



# Making Sustainability Count: From the WAVES Partnership to a Global Program on Sustainability

November 2018



Wealth Accounting and the Valuation of Ecosystem Services [www.wavespartnership.org](http://www.wavespartnership.org)



# Context: global momentum for sustainability

## Opportunities

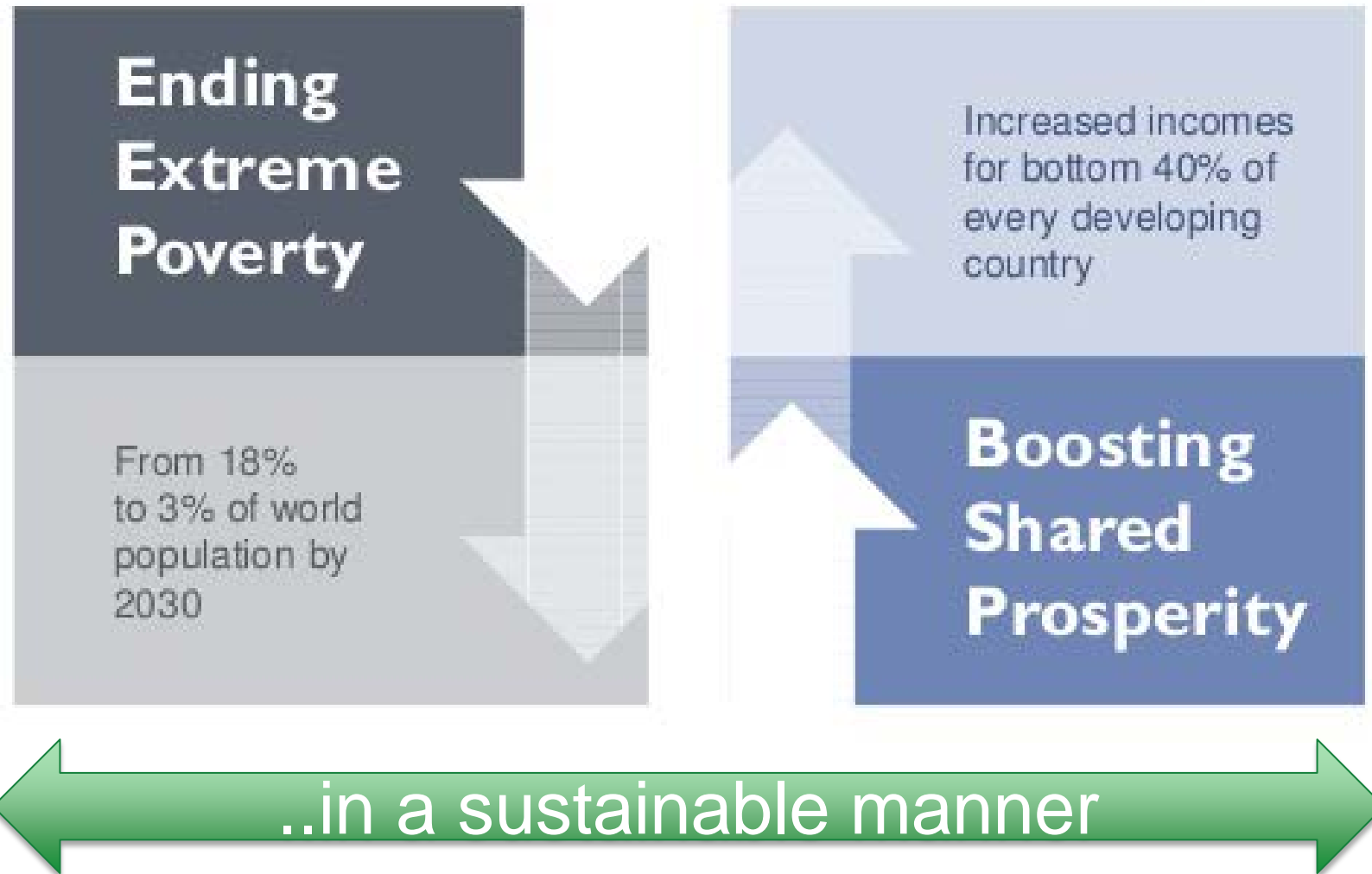
- SDGs, NDC
- Expanding NCA efforts at country level
- Private sector engagement
  - Natural capital protocol
  - Green financing (Green/ Blue bonds, etc)
- World Bank: integrated reporting, inclusion of metrics to assess environmental sustainability of development outcomes



## Challenges

- Measuring overall progress on sustainable development that complement gross domestic product (SDG 17.19 )
- Scaling up use of NCA for decision making
- Mobilizing financing to support sustainability

# World Bank goals





# From WAVES...

The screenshot shows the top section of the WAVES website. On the left is the WAVES logo, which consists of a stylized green and blue leaf with a red sun-like shape above it. To the right of the logo is the text "Wealth Accounting and the Valuation of Ecosystem Services". Below this is a navigation menu with links for "Home", "News and Events", "Wealth accounting", "Natural Capital Accounting", "Knowledge center", "Partners", and "About Us". A search bar is located in the top right corner with the text "Search website and knowledge center" and a "Search" button. Below the navigation is a large banner image of a river flowing through a lush green forest. A white text box is overlaid on the left side of the banner, containing the text: "WAVES is a World Bank-led global partnership that aims to promote sustainable development by ensuring that natural resources are mainstreamed in development planning and national economic accounts." Below this text is a blue button labeled "Learn More".

### Highlights

Around the world, activities and news about natural capital accounting is on the rise. Here we feature a collection of the latest stories, publications and multimedia content related to our sector.



### Knowledge Center

In the WAVES Knowledge Center, you can access our free online collection of useful Natural Capital Accounting and Wealth Accounting resources.

WAVES Annual Report 2017  
Publication | 2017 | May 2017 | WAVES

WAVES: Valorar el capital natural para un desarrollo sostenible



# ..to the pillars of the GPS



## Window 1 - Information

**Objective: Develop information base and tools to inform policy & investment decisions**



## Window 2 -Implementation

**Objective: Build countries' capacity to produce and use natural capital accounting for policy and planning decisions**



## Financial System

## Window 3 - Incentives

**Objective: Integrate sustainability in the functioning of financial markets**

**Program Management and Administration**

## **GPS Objective**

**Promote the use of quality data on natural capital and ecosystem services to inform government and financial sector decisions**



# Pillar 1: Global information on natural capital and sustainability



# Pillar 1: Global information on natural capital and sustainability

## Challenges

- Insufficient data and methodology gaps on natural capital (e.g. fisheries) and ecosystem services (e.g. watershed protection)
- No consensus yet on how to meet SDGs 17.19 (measuring overall progress on sustainable development to complement gross domestic product)
- As a result, no easy way for countries to assess their sustainability performance against their peers

## Objectives

**To provide global data (at national and sub-national levels) and tools to measure environmental sustainability, which could be used:**

- a) to help countries (and the international development community) better understand the sustainability of their economies;
- b) to provide essential data for the other pillars of the GPS:
  - for Pillar 2, as a basis for countries to better analyze the impact of proposed policies and investments on their stock of natural capital
  - for Pillar 3, to introduce a natural capital dimension in financial decision-making





# Pillar 1: components and outputs

Components	Activities/ Outputs
1.1 Measuring sustainability	<p><b>Broaden the scope of natural capital measurement:</b></p> <p>Comprehensive platform of improved global data on natural capital and ecosystem services (including new areas e.g. fisheries, land degradation, watershed protection, etc)</p>
	<p><b>Assessing sustainability</b></p> <p>a) Valuation tools, including economic valuation of natural capital/ ecosystem services. externalities/ environmental health damages, natural resource depletion/ degradation;</p> <p>b) Technical reports on decoupling indicators, drivers of change of natural capital and ecosystem services, extended multi factor productivity (MFP - including natural capital)</p>
1.2 Mainstreaming sustainability	<p><b>High level publications for the broader development community:</b></p> <ul style="list-style-type: none"> <li>• Expanded Changing Wealth of Nations</li> <li>• Sustainability modules in Macro/Poverty Outlooks, Global Economic Prospects</li> </ul>
	<p><b>Integration of sustainability in project cycle (World Bank and others)</b></p> <p>Guidance notes and training for integrating sustainability:</p> <ul style="list-style-type: none"> <li>• At the planning/ policy level (e.g. SCDs, CPFs, NCDs)</li> <li>• At the project level (e.g. CBA, M/E, ESF)</li> </ul>



## **Pillar 2: Country level support to integrate natural capital approaches in decision making**



# Pillar 2: Country level support to integrate natural capital approaches in decision making

## Challenges

- Inadequate availability of Natural Capital Accounts (NCA) at country level
- Need to expand experience in using NCA approaches to inform policy making and investment decisions

## Objectives

**Institutionalize NCA approaches at the country level by strengthening capacity to:**

- a) Acquire, maintain and update data and information on natural capital and the values of ecosystem services both in physical and monetary terms;
- b) Use such data in the design and implementation of development policies, programs and projects, including those co-financed by the World Bank.



# Pillar 2: components and outputs

Components	Activities/ Outputs
2.1 Country level support	<p>Establish NCA systems in Core Implementing Countries (CICs)</p> <p>8 to 12 Countries supported</p>
	<p>Deliver Targeted Technical Assistance to specific policies/projects (ESF)</p> <p>16 to 24 Initiatives supported</p>
2.2 Regional cooperation	<p>Support Regional Communities of Practice (RCPs)</p> <p>Support Targeted regional cooperation activities</p>
2.3 Global engagement	<p>Support global knowledge sharing</p> <p>(e.g. Natural Capital Policy Forum)</p> <p>Support strategic partnerships</p> <p>Collaboration with strategic partners (e.g. UNEP, UNDP, UN-DESA, CI, OECD and GDSA)</p>



# Innovation: broadening the modalities of delivery

Scale of NCA application	Modality of execution	
	World Bank Executed	Recipient Executed
National Level (top-down)	A	
Project M/E & ESF Level (bottom-up)		

## Legend

Existing modality of delivery

# Innovation: broadening the modalities of delivery

Scale of NCA application	Modality of execution	
	World Bank Executed	Recipient Executed
National Level (top-down)	A	(B) (◇)
Project M/E & ESF Level (bottom-up)	C	D

## Legend

	Existing modality of delivery
	New Modalities

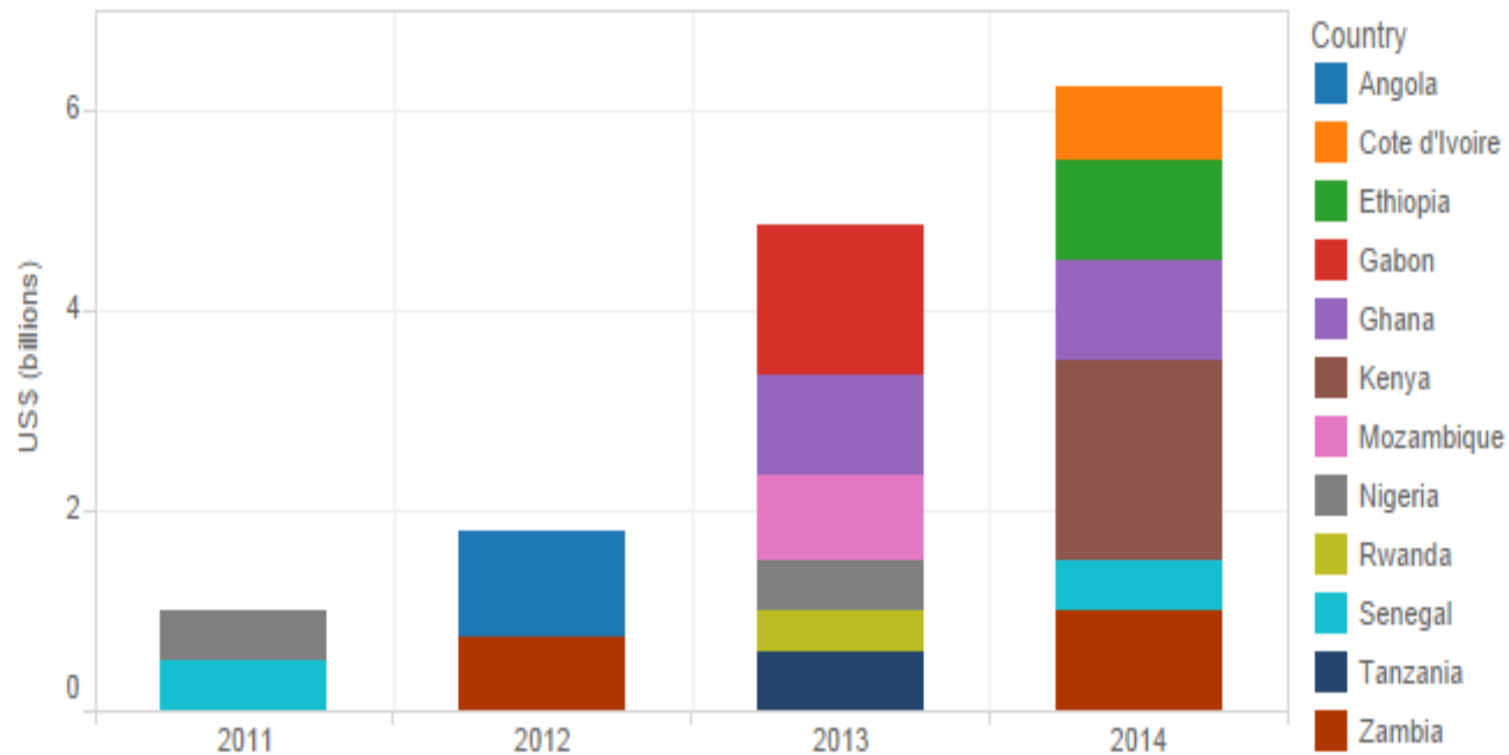
Note: (◇) It is expected that modality (B) could work only to the extent that it would be part of larger project including a national level NCA capacity building component

## Deep dive on Pillar 3: Promoting sustainable finance



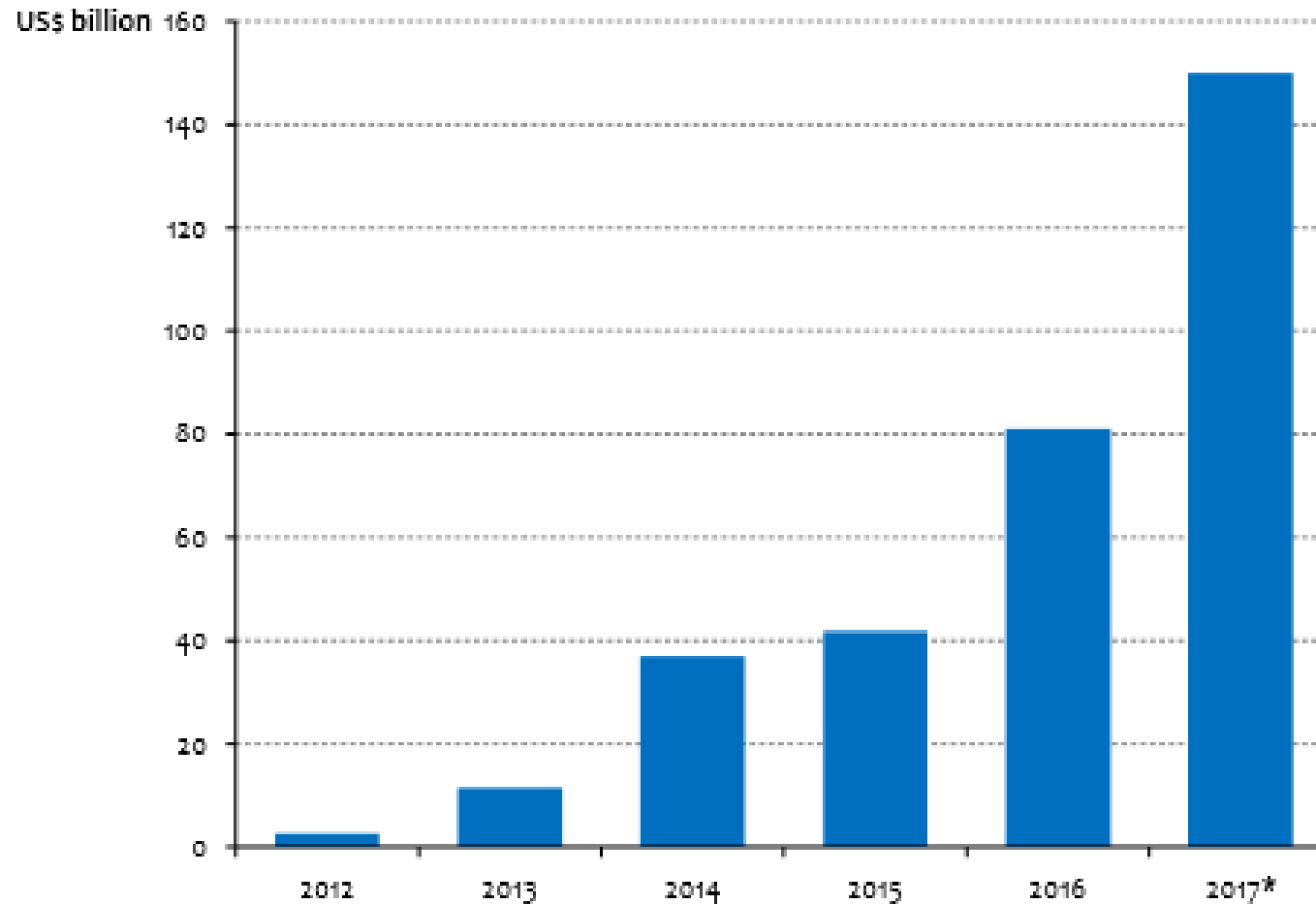
# Context: growing importance of bond financing for lower income countries

Public and publicly guaranteed bond issuance in Sub-Saharan Africa, excluding South Africa (2011-14)





# Rapid expansion of green bond



Source: Climate Bonds Initiative; \*Climate Bonds Initiative estimated value for 2017



# Pillar 3: challenges and objectives

## Challenges

- Achieving sustainability requires a step increase in financing: meeting the SDGs in low- and lower-middle-income may cost \$1.4 trillion per year (up to 40% of which in natural capital or combined produced and natural capital)
- Strong demand from financial market operators on improved ESG criteria, in particular for sovereign bodns

## Objectives

- a) Providing improved sustainability information for financial markets
- b) Demonstrating methodologies which could be used by the market to evaluate the risk/ return profile of financial assets
- c) Integrating information on environmental sustainability in the assessment of the overall stability and development of financial systems, enabling authorities to utilize that information in the regulation of financial markets
- d) Engaging with various financial sector stakeholders on the way forward for sustainable finance, and providing capacity building and technical assistance where appropriate



# Pillar 3: components and outputs

Components	Activities/ Outputs
3.1 Improved sustainability information for financial markets	<p><b>Establish a financial markets oriented sustainability information platform</b></p> <p>A data platform to help investors and others to better take environmental sustainability into account</p>
3.2 Research Agenda	<p><b>Research agenda on effects of sustainability on the financial sector</b></p> <p>Support a research agenda on how environmental sustainability affects risks and returns for investors, including insights on materiality of environmentally related financial risks and opportunities (Conferences, technical workshops and research papers)</p>
3.3 Sustainable finance assessments	<p><b>Development and testing of a sustainable finance assessment framework</b></p> <p>Development of a diagnostics framework to assess the impact of climate and related environmental risks and opportunities on the financial sector. This will include piloting of this framework in a selection of target countries.</p>
3.4 Capacity building, disclosure, and engagements	<p><b>Capacity building and technical assistance to countries</b></p> <p>Provide capacity building and technical assistance on implementing sustainable finance measures and instruments at the country level.</p> <p><b>Developing an impact reporting framework to support disclosure</b></p> <p>Preparing a model for impact reporting against environmental goals (such as the relevant SDGs) that can be used by issuers of financial instruments to build sustainable capital markets.</p>



# A crowded space: how GPS will add value



## World Bank's comparative advantage

- Blend of skills (environment, public finance, financial markets)
- Neutral broker

## Different roles for different circumstances

- Initiator/ Catalyst
- Facilitator
- Technical partner



# Broad network of partnerships

Pillar	External Partners
P1: Information on Global Sustainability	UNSD, IPBES, UNEP, FAO, NatCap Project, Global Earth Observation (GEO), NASA, ESA, IUCN, WRI, WWF, TNC
P2: Implementation at country level	Country Governments; UNDP; UNSD
P3: Incentives for Sustainable financing	NCC; UNEP FI; GPIF



# Make Sustainability Count

**THANK YOU!**

