Wealth accounts available for 141 countries, 1995 to 2014

Market exchange rates

Human capital—explicit estimates possible now

Still missing:
- Fisheries
- Water
- Agr land degradation (unsustainable farming practices)
- Natural hazard protection, esp. flooding

The Changing Wealth of Nations 2018

Long Term Prosperity and Well-Being

National Income / GDP

Total Wealth

Produced Capital

Natural Capital

Human Capital

Net Foreign Assets

Machinery Equipment Structure

Urban Land

Energy/Minerals

Agricultural Land

Forests

Protected Areas

Male/Female and Employed/Self-employed

Total Assets-Total Liabilities
Global Wealth Grew 66% from 1995 to 2014

Changing shares:

- East Asia’s share grew from 20% to 26%
- Sub-Saharan Africa’s share did not change
- Europe & Central Asia and N. America declined from 75% to 65%
Wealth in Low- and Middle-income Countries

Shares of Global Wealth, 1995 and 2014

Distribution of wealth among low- and Middle-income countries, 2014

China - 45%
Brazil - 12%
India - 7%
Mexico - 4%
Indonesia - 4%
Low income - 2%
Other Lower middle income - 11%
Other Upper middle income - 15%
Percent Change in Wealth Per Capita

- Asia leads
- Africa: mixed performance

At risk:
- Fragile-conflict states
- Resource rich states
Growth in Total Wealth and Per Capita Wealth, 1995 to 2014

Population growth impacts per capita wealth, especially in low- and middle-income countries
A closer look at growth in Sub-Saharan Africa

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Growth of wealth in EAP (low and middle income countries) 
Country average (excluding China): 68% per capita
Wealth Accounting: Development as portfolio management

- Is current GDP sustainable, or are we liquidating capital?
- How much to save vs. consume?
- What assets to invest in?

Low- and middle-income countries: leverage natural capital to build infrastructure, human capital, etc.

Percent Shares of Wealth by Asset Type

<table>
<thead>
<tr>
<th></th>
<th>Produced capital</th>
<th>Natural capital</th>
<th>Human capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td>14</td>
<td>47</td>
<td>41</td>
</tr>
<tr>
<td>Lower middle income</td>
<td>25</td>
<td>27</td>
<td>51</td>
</tr>
<tr>
<td>Upper middle income</td>
<td>25</td>
<td>17</td>
<td>58</td>
</tr>
<tr>
<td>High income: non-OECD</td>
<td>22</td>
<td>30</td>
<td>42</td>
</tr>
<tr>
<td>High income: OECD</td>
<td>28</td>
<td>3</td>
<td>70</td>
</tr>
<tr>
<td>World</td>
<td>27</td>
<td>9</td>
<td>64</td>
</tr>
</tbody>
</table>

Note: Net foreign assets are small and negative, except for High-income non-OECD countries.
Human Capital as a driver of development

- largest component of global wealth, 64%
- increases rapidly as economies grow

Human Capital: Share of Wealth vs Per Capita Value in 2014

- Low income
- Lower middle income
- Upper middle income
- High income: OECD

- Human capital, US$ per capita
- Human capital, share of total wealth
Natural capital remains important as its share of wealth declines

- Natural capital remains important even as countries grow and develop.
- Growing an economy is not about liquidating natural capital to build other assets.
- Natural capital per capita is highest in upper middle and high income OECD countries.
Growth achieved by investing in renewable Natural Capital for resilient growth, not by depleting it

Growth of Renewable assets and Total wealth, per capita, all countries
Where is CWON used in the World Bank?

More than half of Systematic Country Diagnostics use wealth accounts—provides the macroeconomic perspective on Nat Cap and the economy:

1. Measuring macro-economic performance:
   Not only, ‘Is GDP growing?’, but, ‘Is GDP growth sustainable?’

2. Sectoral applications and fiscal policy implications:
   How will economy benefit from better mgmt. of Nat Cap (forest, water, fisheries, land, minerals & energy)?
   • Resource rents finance development, poverty reduction
   • Fiscal benefits from less damaging natural hazards – utilizing nature-based infrastructure
   • From current market value to potential economic value—the benefits of optimizing natural capital

3. Work on human capital supporting gender analysis and the Human Capital Project
Macroeconomic indicators using wealth, especially natural capital accounts

1. Change in wealth per capita at national level
2. Adjusted net national income (ANNI) and Adjusted net savings (ANS) (published in World Development Indicators annually)
3. Fiscal balance/Gross operating balance, adjusted for natural resource depletion
4. Public sector balance sheet including natural resources (IMF’s Fiscal Monitor, *Managing Public Wealth*)
5. Total Factor Productivity including natural resources
What we’ve learned for CWON 2020

Extensive engagement with country teams and regional teams within the World Bank, country clients and external partners

1. Expand CWON 2020 for missing natural capital:
   - water & fisheries
   - ecosystem services: wetlands, mangroves, coral reefs
   - degradation: air pollution, agriculture & forest degradation -- link degradation to human capital

2. Policy focus
   - Benefits from natural resource policy reform
   - Macro/fiscal policy and indicators using wealth accounts
   - Climate change: impact on assets + stranded assets

3. Link to other factors for assessing sustainability risk
   - Institutions, governance, policies
   - Critical natural capital, monitored in biophysical terms

4. Dissemination and user-friendly tools
Thank you!
A closer look at growth in South Asia

Growth in total and per capita wealth, 1995 to 2014

- Nepal
- Bangladesh
- India
- Sri Lanka
- Pakistan
- Maldives

Low income
Lower middle income
Upper middle income
A closer look at growth in Latin America

Growth in total and per capital wealth, 1995 to 2014

- Growth in total wealth
- Growth in total wealth per capita

Low income: Haiti, Nicaragua, Guatemala, Honduras, Bolivia, El Salvador, Guyana
Lower middle income: Peru, Ecuador, Panama, Dominican Republic, Costa Rica, Paraguay, Colombia, Belize, Brazil, Mexico, Suriname, Jamaica
Upper middle income: Dominican Republic, Costa Rica, Paraguay, Colombia, Brazil
High income: non-OECD: Peru, Ecuador, Panama, Bolivia, El Salvador, Guatemala, Honduras, Nicaragua, Haiti
High income: OECDE: Mexico, Brazil, Argentina, Chile
A closer look at growth in Middle-east and North Africa (excluding high-income countries)

Growth in total wealth
Growth in per capita wealth

-50%
0%
50%
100%
150%
200%

West Bank and Gaza
Morocco
Yemen, Rep.
Djibouti
Egypt, Arab Rep.
Tunisia
Jordan
Lebanon

Lower middle income
A closer look at growth in new EU-member states

Growth in total wealth
Growth in total wealth per capita

Bulgaria  Romania  Latvia  Lithuania  Croatia  Slovak Republic  Poland  Estonia  Hungary  Slovenia

High income: non-OECD  High income: OECD

The Changing Wealth of Nations 2018
Ageing of population, slow wage growth, & other factors affect human capital in some countries.

**Human Capital Share of Total Wealth in 1995 and 2014**

<table>
<thead>
<tr>
<th>Category</th>
<th>1995</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low income</td>
<td></td>
<td></td>
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<tr>
<td>Lower middle income</td>
<td></td>
<td></td>
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<tr>
<td>High income: non-OECD</td>
<td></td>
<td></td>
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<tr>
<td>Upper middle income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
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