



GPS
Global Program
on Sustainability



WORLD BANK GROUP



System of
Environmental
Economic
Accounting



PBL Netherlands Environmental
Assessment Agency



Australian
National
University

Greening the recovery to make it last

The role of natural capital accounting

Paper prepared for 5th Policy Forum on Natural
Capital Accounting for Better Decision Making

15-09-2021 | Paul Lucas and Michael Vardon





Overview of the presentation

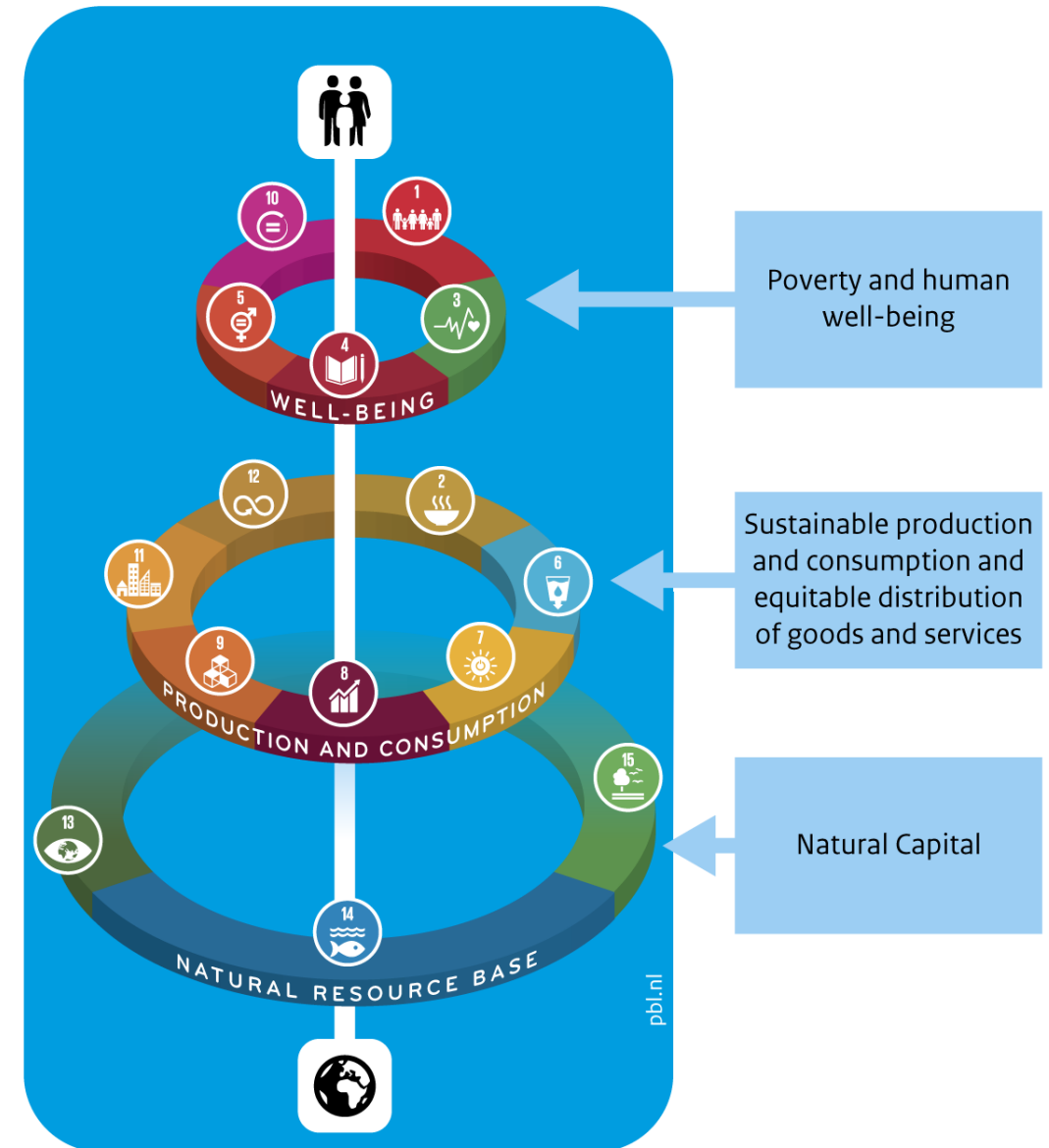
- › Green recovery
- › Natural Capital Accounting
- › How NCA supports a Green recovery
- › Next steps for NCA and green recovery
- › Survey results



Green recovery

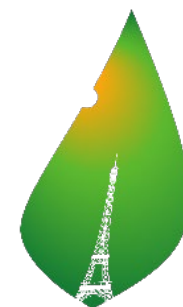


Human well-being is critically dependent on natural capital



Natural capital is increasingly under pressure

- › World is not on track to achieve globally agreed goals
 - Environmental degradation continues
 - SDG achievement facing increased constraints
- › Sustainability transitions required to bend the trend and reduce pressure
 - Valuing and embedding natural capital in decision-making



PARIS2015
UN CLIMATE CHANGE CONFERENCE
COP21·CMP11



Current recovery plans ignore the value of natural capital

- Around 17.000 billion of stimulus package announced
- Many stimulus packages reinforce negative environmental trends
- Few investments in natural capital
- Risk of increased social costs and reduced ability to repay debt



Recovery stimulus is unique opportunity to put the world on a sustainable development pathway

A 'green' recovery embraces benefits in terms of both

- › Short-term jobs and economic growth
- › Addressing long-standing human and environmental challenges

To

- › Improve the environment, decrease inequality and increase resilience

Co-benefit

- Recovery has synergies with sustainability transitions

Necessary condition

- Recovery should not get in the way of sustainability transitions (do no harm)

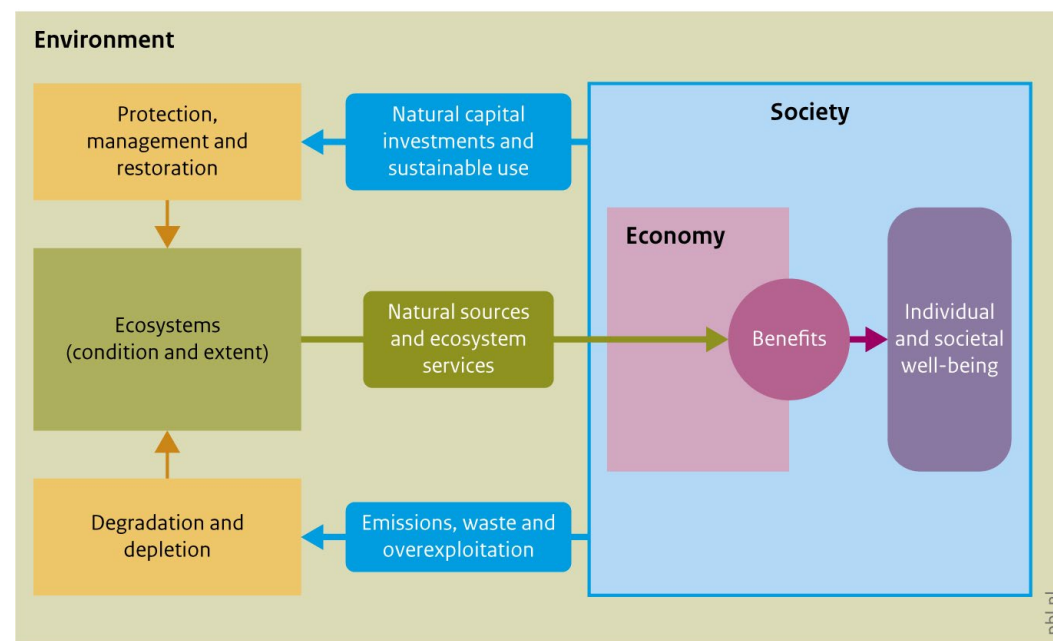
Opportunity

- Recovery is used to further sustainability transitions (investments and reform)

Investing in natural capital is part of a green recovery

- Short- and long-term benefits
 - employment and economic growth
 - Social and environmental benefits
 - Improved ecosystem resilience and help to avoid future pandemics
- Need for integrated economic and environmental data and thinking

Relationships between environment, society and economy

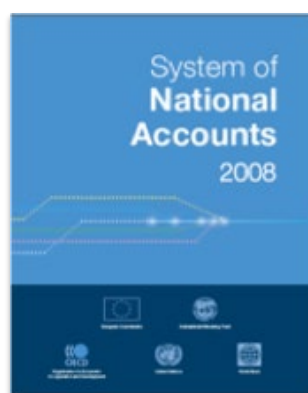


Source: PBL

Natural capital accounting



The standard for NCA: System of Environmental-Economic Accounting (SEEA)



System of National Accounts

- Monetary measures
- Asset and production boundaries set by economics
- Production defined as being capable of being sold in markets
- Assets defined as being owned and capable of being used for economic gain



SEEA Central Framework

- Physical quantity measures added to monetary measures
- Asset boundary expanded
- Assets no longer have to be owned or capable of being used for economic gain



SEEA Ecosystem Accounting

- Physical quality (or condition) measures added
- Production boundary extended
- Production from ecosystems recognized and does not need to be sold in markets

March 2021
adopted by the
United Nations

Can now move on
with certainty

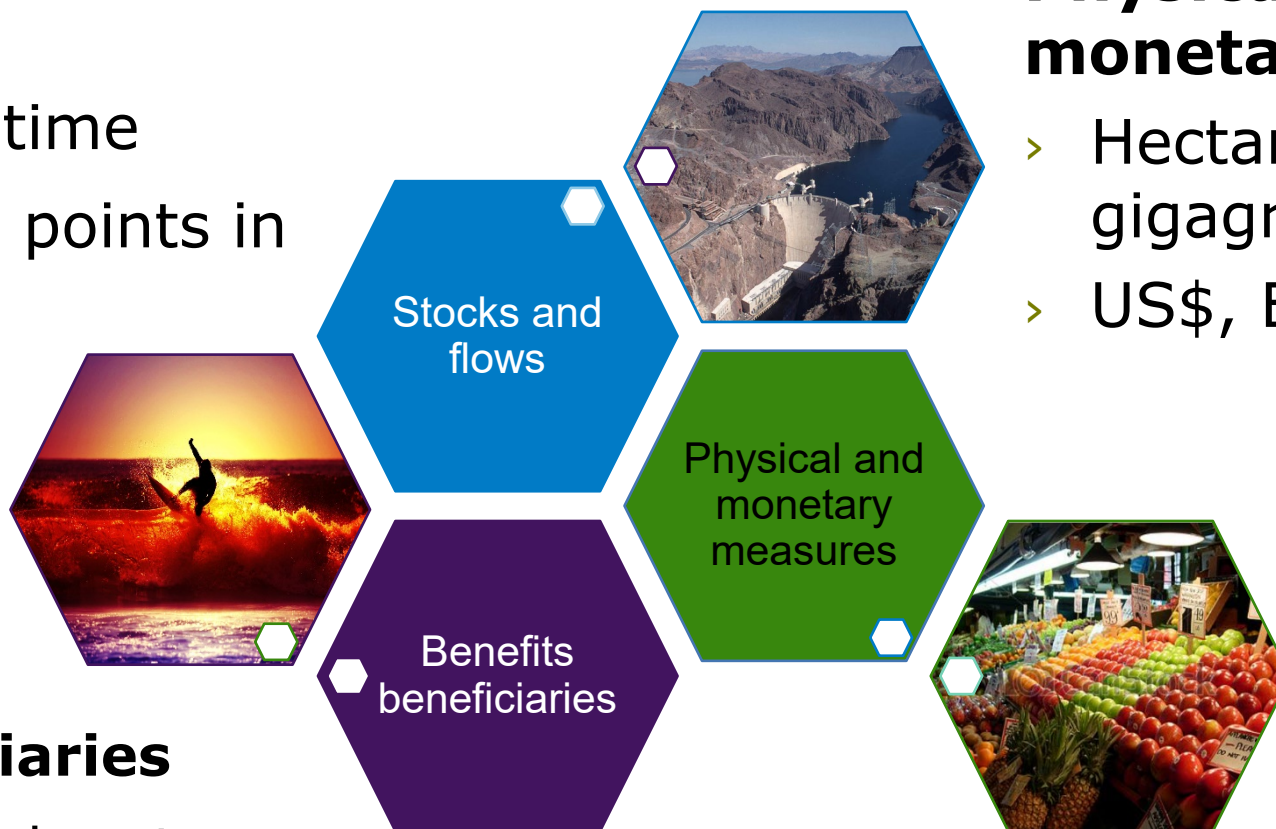
A system of accounts

Stocks and flows

- › Stock at a point in time
- › Flows between two points in time

Physical and monetary

- › Hectares, litres, gigagrams, etc.
- › US\$, EU€, CN¥, etc.

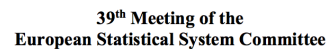


Benefits and beneficiaries

- › People, industries and sectors



- NCA production underway in nearly 100 countries
- Plans, strategies and road maps for putting NCA are in place or being developed



Luxembourg
7th February 20

Item 3 of the agenda

European strategy for environmental accounts 2019-2023
Work Programme Objective 05

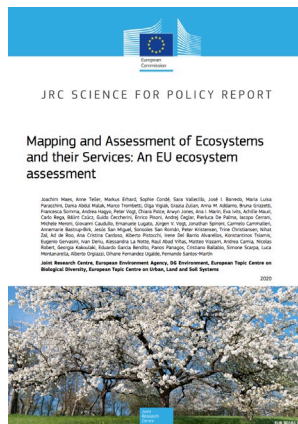




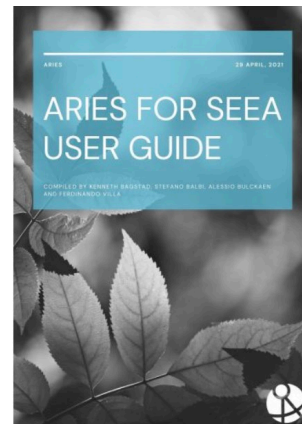
What took years, can now takes months

- Increasing NCA knowledge, online tools and growing expertise
- With cooperation and goodwill much can be achieved
- Accounts do not have to be perfect to be useful

How can I estimate and record the emissions from landfill in the greenhouse gas accounts. . .



<https://publications.jrc.ec.europa.eu/repository/handle/JRC1203>



<https://aries.integratedmodelling.org/aries-for-seea-explorer/>



The SEEA family and searchable archive
<https://seea.un.org/content/homepage>



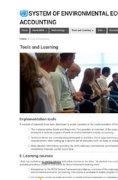
World Bank Forest accounting sourcebook
https://www.wavespartnership.org/sites/waves/files/kc/forest_resourcesbook.pdf



UNECE General Statistics Business Processing Model (GSBPM)
https://ec.europa.eu/eurostat/cros/content/gsbpm-generic-statistical-business-process-model-theme_en



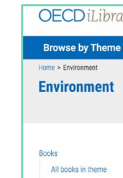
Eurostat manuals and guides
www.ec.europa.eu



UNSD tools and learning
<https://seea.un.org/content/tools-and-e-learning>



World Bank WAVES Knowledge Centre
<https://www.wavespartnership.org/knowledge-center>



OECD i-Library environment



Green Growth Knowledge Platform
<https://www.greengrowthknowledge.org/>



London Group on Environmental Accounting
<http://unstats.un.org/unsd/envaccounting/londongroup/>



FAO SEEA Agriculture Forestry and Fisheries
<http://www.fao.org/economic/ess/environment/methodology/en/>



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Professional Learning

Introduction to Environmental Accounting
<https://cce.anu.edu.au/all-subjects/introduction-to-environmental-accounting.a>

How NCA supports green recovery



NCA is already used to support decision- making

The major components of green
recover have already been
examined using NCA

- We have the experience

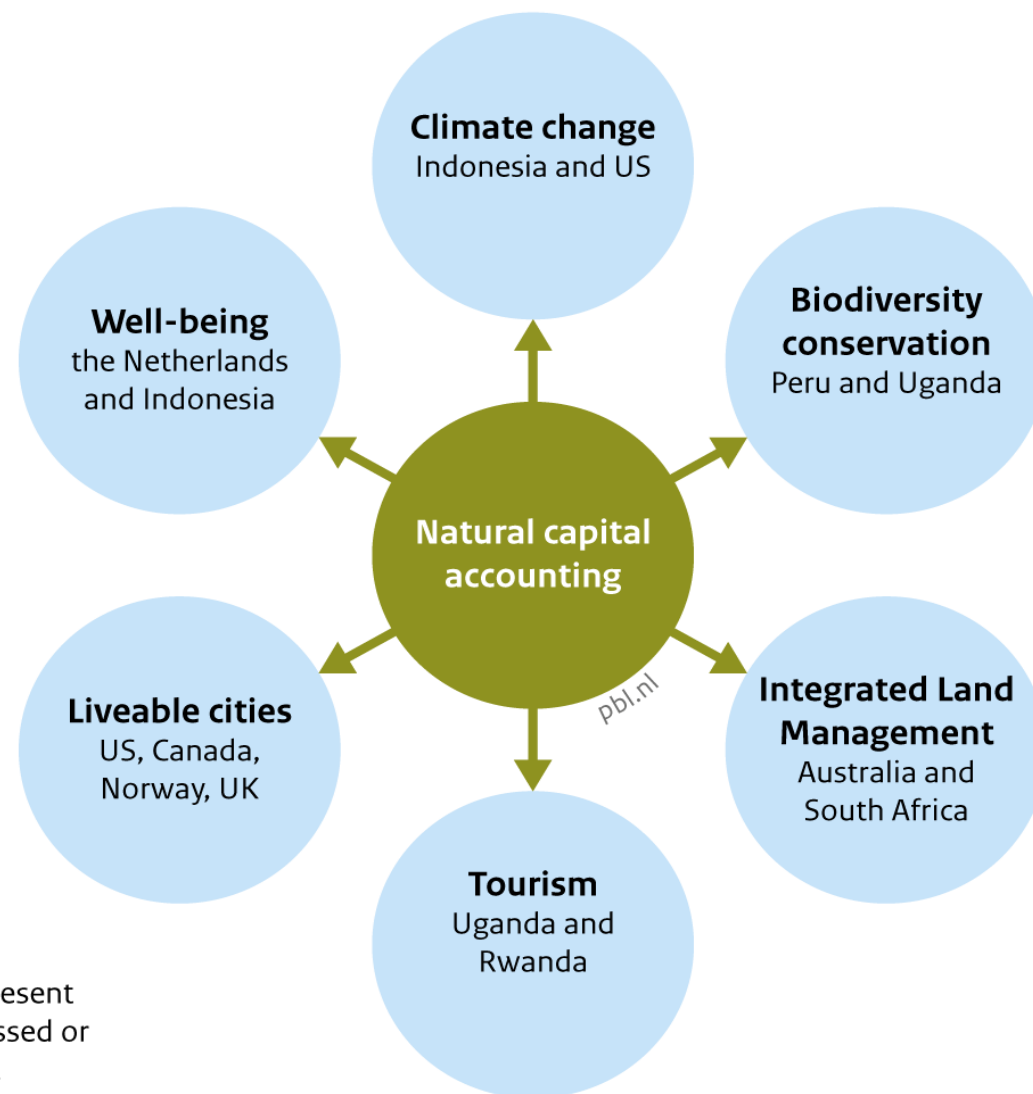
NCA mentioned in some recovery
packages or strategies. E.g.

- Rwanda
- Uganda
- African Union

Importance of natural capital more
generally recognised

- Dasgupta Review

Components of green recovery and related NCA-examples



The countries represent
case studies discussed or
cited in this report



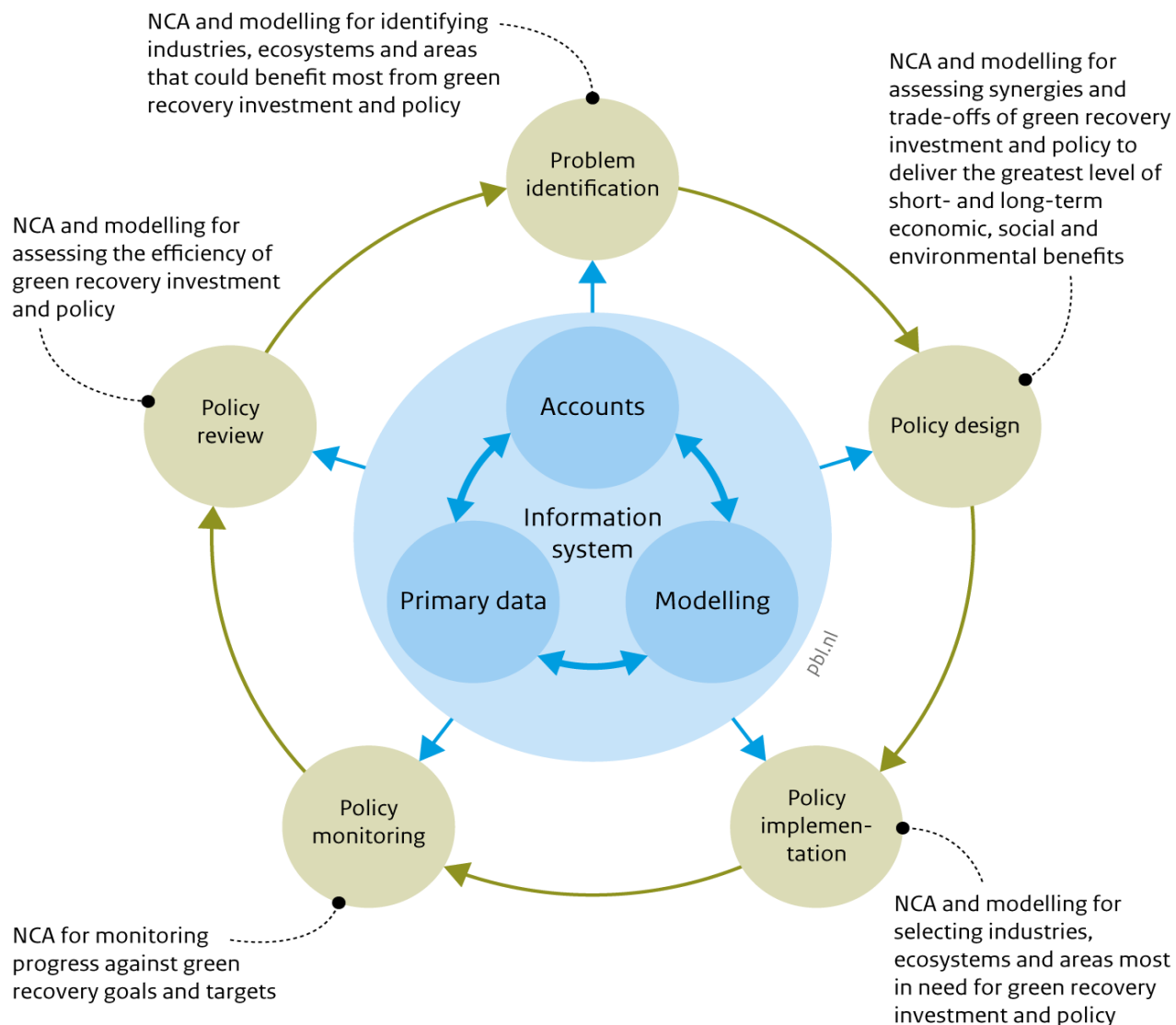
NCA and the policy cycle

An **information system** that supports the **full policy cycle**

From experimental to main stream

- Moving from the “accounting push” to the “policy pull”
- Made possible by the work of many people, spanning countries, disciplines and agencies and sectors

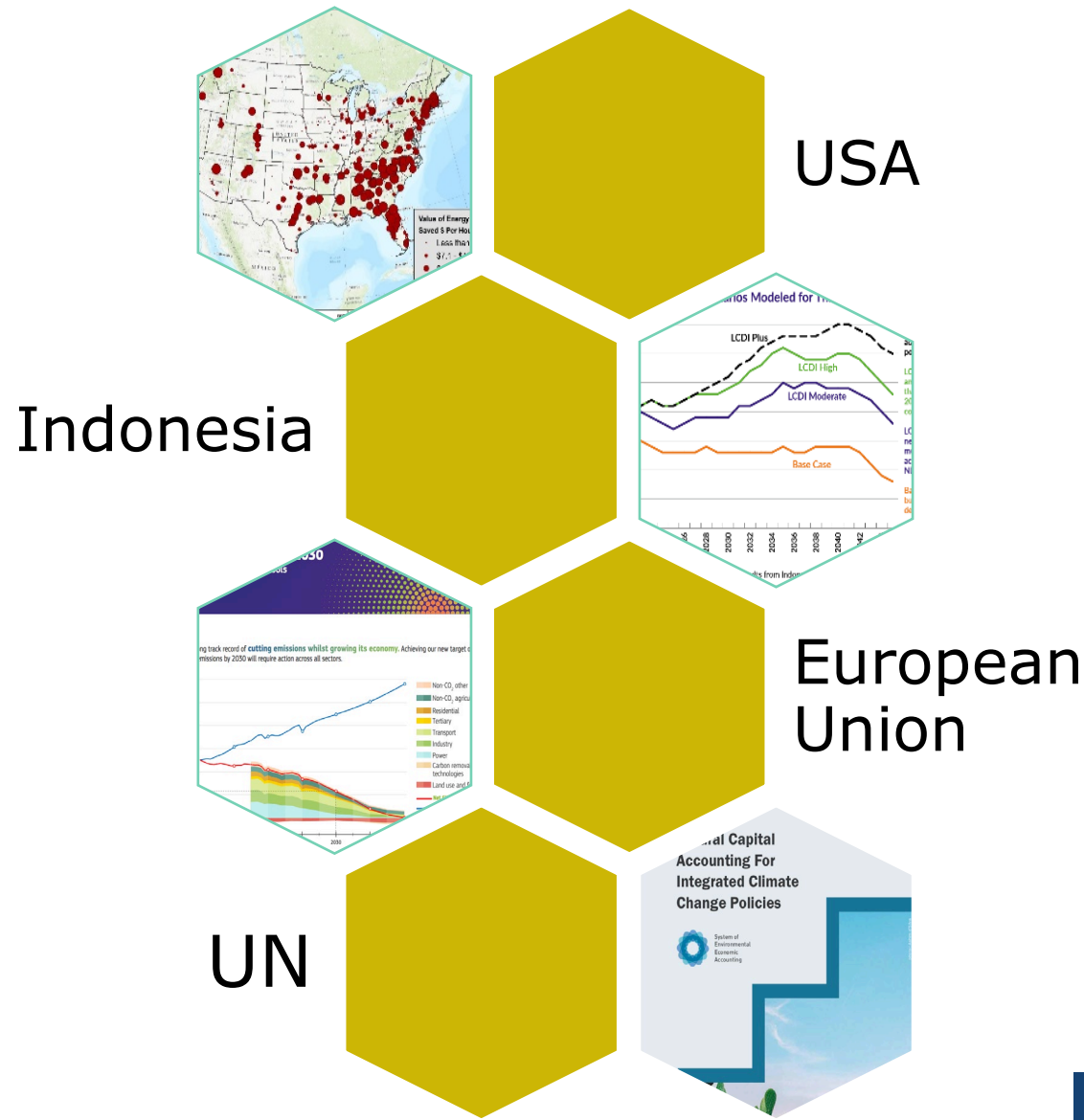
Use of natural capital accounting for green recovery across the policy cycle



Examples of NCA and climate change



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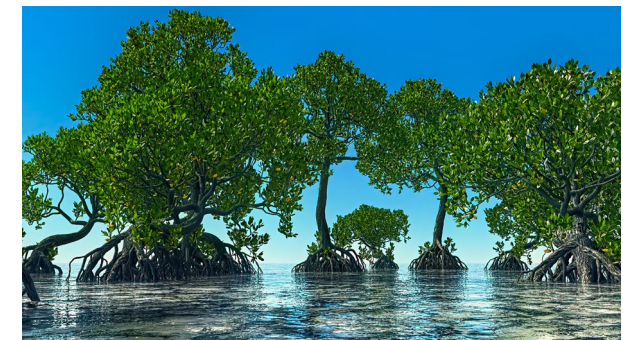


Most green recovery spending
in on climate change

Accounts and modelling

There are co-benefits with
biodiversity conservation

- Conservation and restoration
of forests stores and
sequesters carbon and also
provides habitat for species



Examples of NCA and biodiversity conservation

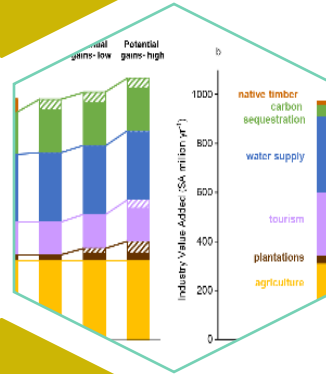


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Uganda

Australia



World Bank



Examples from around the world

- Accounts and modelling

Governments using accounts to assess trade-offs and make decisions

- Payments for ecosystem services
- Sector planning



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NCA can help create an enabling environment

- **Reform incentives:** reveal how policies, taxes and subsidies are influencing the economy and the environment
- **Mobilise finance:** provide insights in costs, as well as economic, social and environmental benefits of investments and policies
- **Integrate and mainstream policies:** assess synergies and trade-off of investments and policies across issues, time, sectors and space
- **Ensure equity and inclusiveness:** Assess implication of investments and policies on ecosystem services and different groups that depend on them
- **Provide for policy adaptation:** Monitor progress and assess the effectiveness and efficiency of investments and policies in terms of costs and benefits for the economy, environment and society

Next steps for NCA and Green Recovery



From the general to the specific

Living principles of NCA that is 'fit for policy purpose'

Comprehensive

1. Inclusive, 2. Collaborative, 3. Holistic

Purposeful

4. Decision-centred, 5. Demand-led

Trustworthy

6. Transparent and open, 7. Credible

Mainstreamed

8. Enduring, 9. Continuously improving, 10. Embedded

We have a base

- The Policy Forum is consolidating and sharing experience
- Community is getting bigger
- We have the "living principles"

How can we use these to mainstream NCA across government

Capitalising on the opportunities

UNFCCC meeting in Glasgow in November 2021

CBD meeting in Kunming in October 2021 and April 2022

SDG “Decade of Action”

Investment in NCA is part of Green Recovery

Others?

How can this community make it happen?

- › This is ultimate objective of the 5th Policy Forum
- › Session 4 builds to this



Thank you

To the people helped us with the report,
including

- › Interviewees
- › Expert workshop participants
- › The 5th Policy Forum Steering Committee

To the Government of the Netherlands for
sponsoring the report

To the many, many people that have brought
the green recovery and natural capital
accounting to point where is on the brink of
breaking into the mainstream



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