

Global approaches to Natural Capital, indicators & monitoring

Nature's Benefits: Natural Capital in the South Atlantic

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Outline of presentation

1. Economists' & economic statisticians' view of natural capital & ecosystem services
2. Natural capital assessments & natural capital accounting
3. What is the System of Environmental-Economic Accounting (SEEA)?
4. Uses of SEEA in development planning:
 - International dimensions: CBD, Gaborone Declaration, African Union Commission
 - National dimensions: World Bank Waves
5. Can SEEA help S. Atlantic territories?

1. Natural capital & ecosystem services

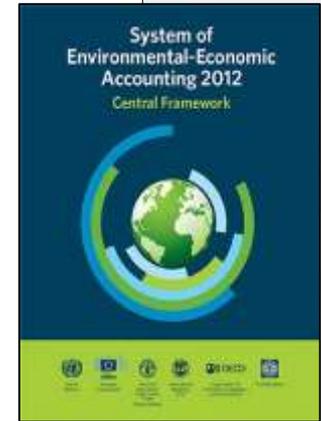
- Natural 'Capital' derived from accounting concept of stocks of assets which flow to economy & community as goods & services.
- Natural capital (stocks) incl. minerals, fisheries, biodiversity.
- ES are flows of natural capital to human uses & incl. harvested food, clean water, raw materials, flood protection, pollination, recreation spaces.
- Economic activities depend on healthy ecosystems for ES to support basic needs, & wellbeing.

2. Natural Capital Assessments & Accounting

- Natural Capital Assessment: collecting & assessing natural capital & ES information to help inform resource planning & policy making. Uses physical & monetary indicators.
- Natural Capital Accounting: accounting framework for expressing natural capital (assets) & flows of ES via physical & monetary indicators.
- Used to show contribution of environment to economic activity & impact of economic activity on environment.

3. Measuring natural capital in the System of Environmental Economic Accounting (SEEA) framework

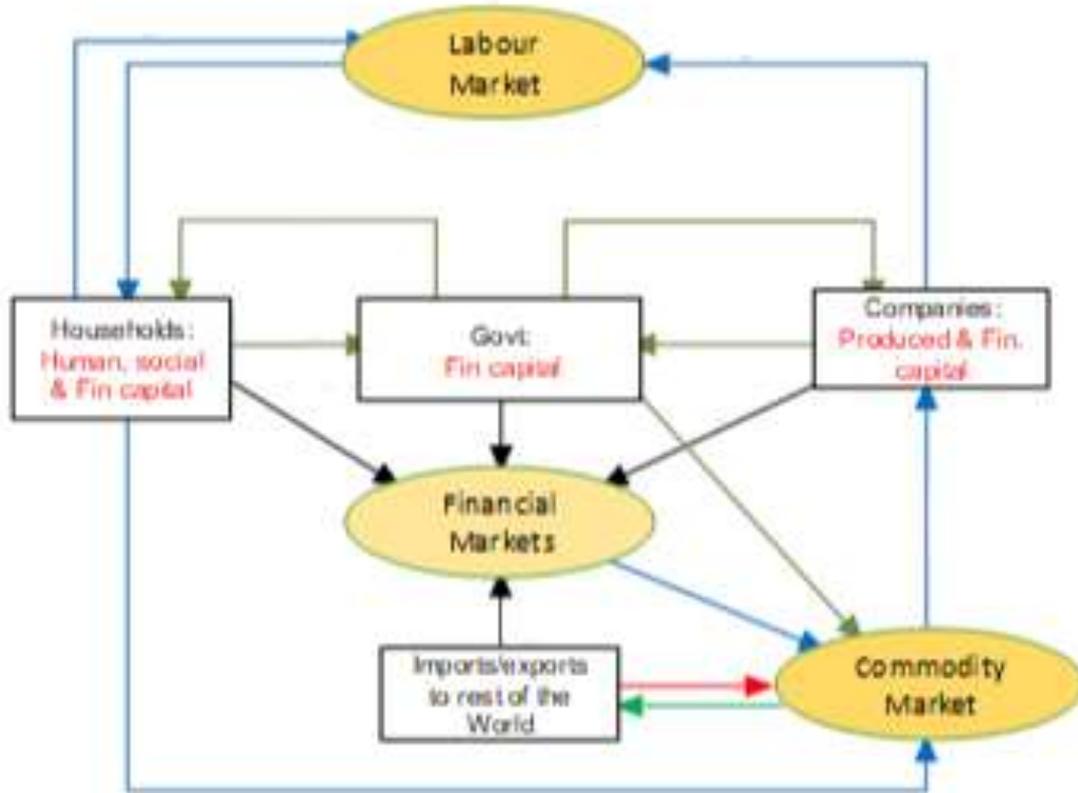
- International statistical std for Natural Capital Accounting (mainly govt use; private sector has Natural Capital Protocol)*.
- Expands System of National Accounts (SNA) (GDP, & other indicators for activity in economy)
- **SNA** records flows of stocks of financial, produced, human assets (capitals) in market economies.
- **SEEA** expands SNA by adding data on natural capital flows to rest of economy; shows relationship between changes in natural capital & changes in other capitals, over time.



A Basic Economy

Financial capital – level, variety of non-physical monetary assets e.g. stocks, savings, credit

Produced capital – items associated with economic activity e.g. infrastructure, equipment, livestock, housing, inventory

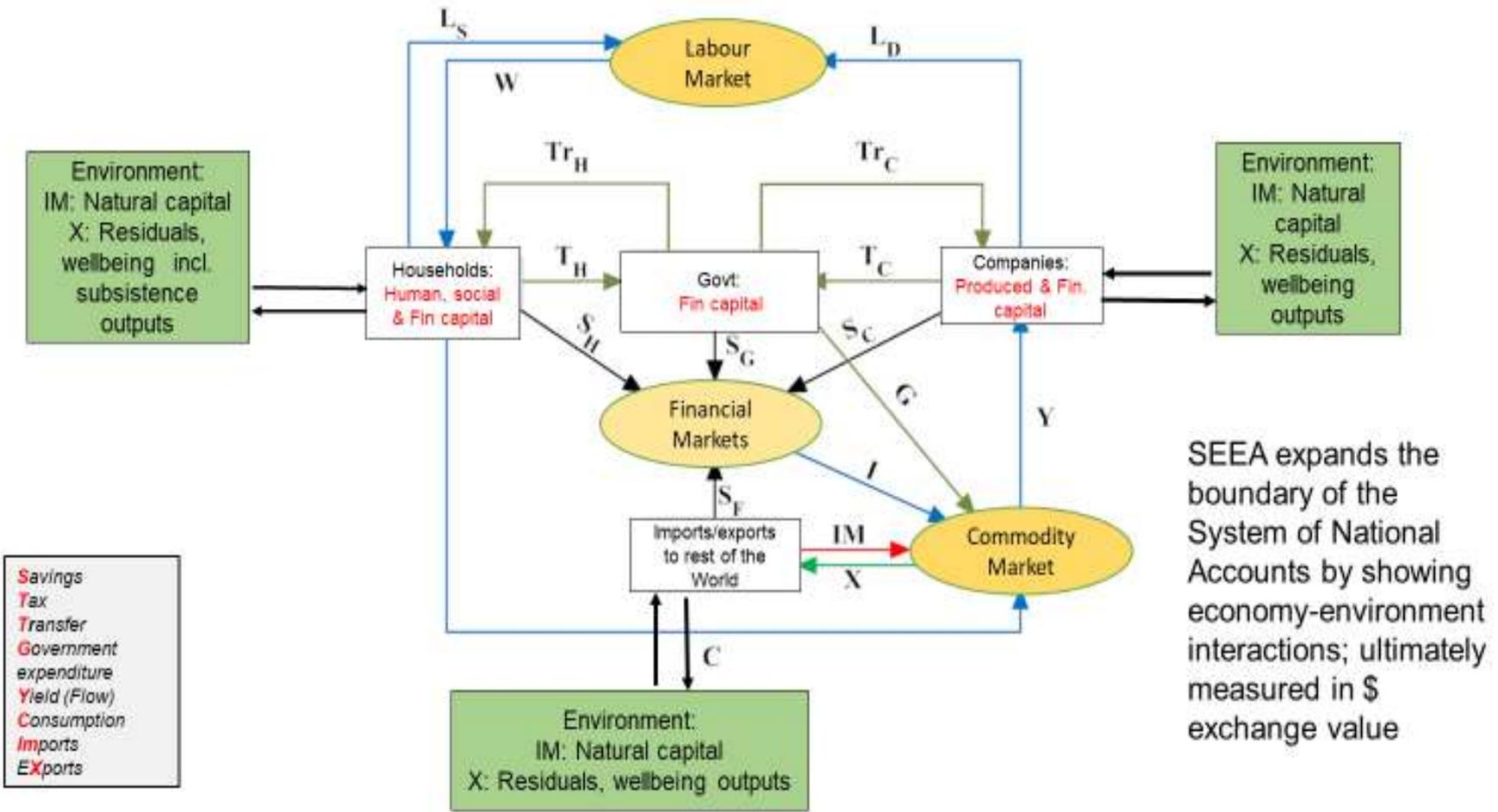


Human capital – skills/ qualifications, innovation, productivity associated with economic activity

Social capital – networks, associations, influence

SNA records changes in financial, produced & human capital & some natural capital e.g. minerals

WHAT SEEA MEASURES: NATURAL CAPITAL INPUTS & OUTPUTS TO THE ECONOMY



SEEA expands the boundary of the System of National Accounts by showing economy-environment interactions; ultimately measured in \$ exchange value

4. Uses of SEEA in development planning

- Enables govts to better understand how environment underpins wealth & economic activity, & to monitor environmental degradation & its costs.
- Puts biodiversity into same decision-making framework as other goods & services.
- Helps mainstream biodiversity issues into national decision-making processes.



4.1 International dimensions

Convention on Biological Diversity, Aichi Target 2:

- “By 2020, at the latest, biodiversity values ... incorporated into national accounting, as appropriate, & reporting systems”.

Gaborone Declaration (10 African Heads of State)

“...to ensure that the contributions of natural capital to sustainable economic growth, maintenance & improvement of social capital & human well-being are quantified & integrated into development and business practice.”

African Union Commission:

“...develop a continental framework on natural resource accounting & strengthen capacity of national planners to integrate natural resources accounting (NRA) in national planning processes” (Rural Economy & Ag. Strategic Plan).

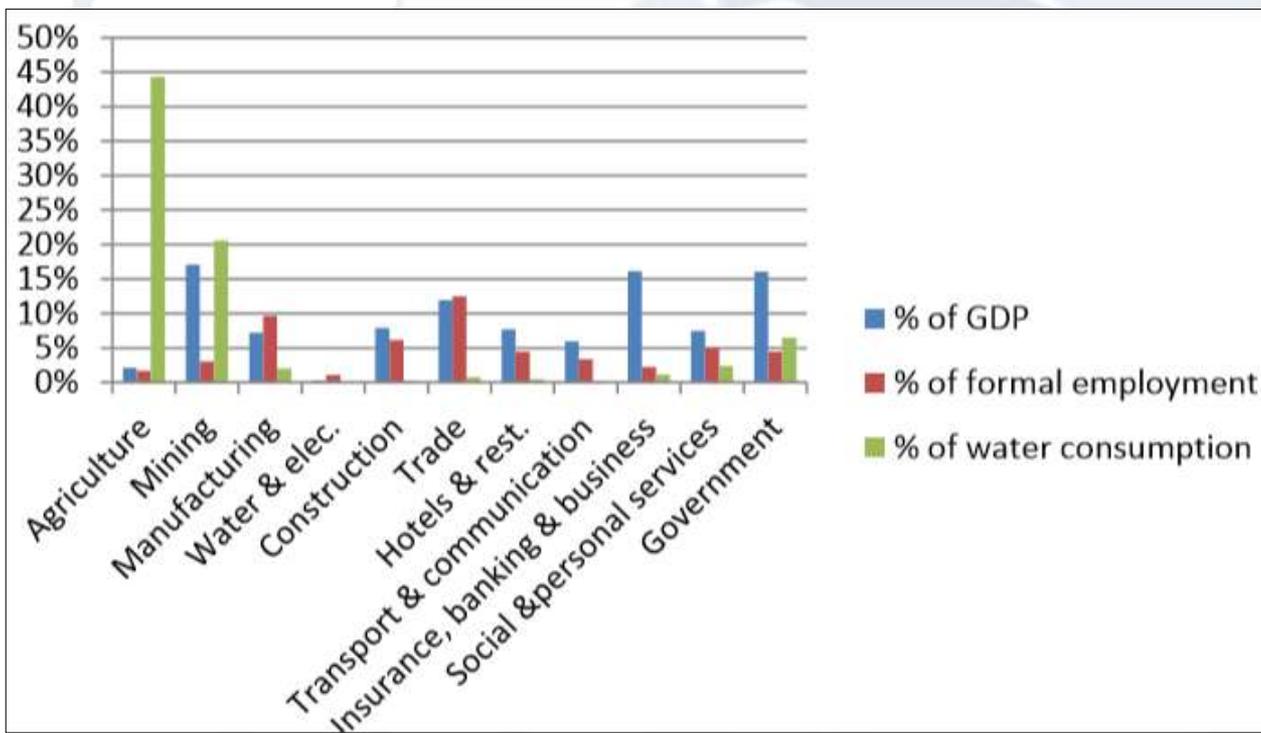
4.2. National dimensions

- Used by national govts. for strategic/ development planning & monitoring performance of regs., programs, policies.
- E.g. World Bank Wealth Accounting & Valuation of Ecosystem Services (WAVES)
 - partnership with Central Banks/Planning & Finance Ministries, academics, NGOs
 - promotes sustainable development by mainstreaming natural capital in development planning & national economic accounting (SNA), using methods of SEEA.

WAVES & SEEA examples: Botswana

- Using water accounts as key tool for water sector reforms.
- Mineral accounts helping develop legislation on mgmt. of mineral revenues, major component of GDP & govt. revenue.

Botswana: Shares of water consumption, GDP & employment by sector (in 2011/12)

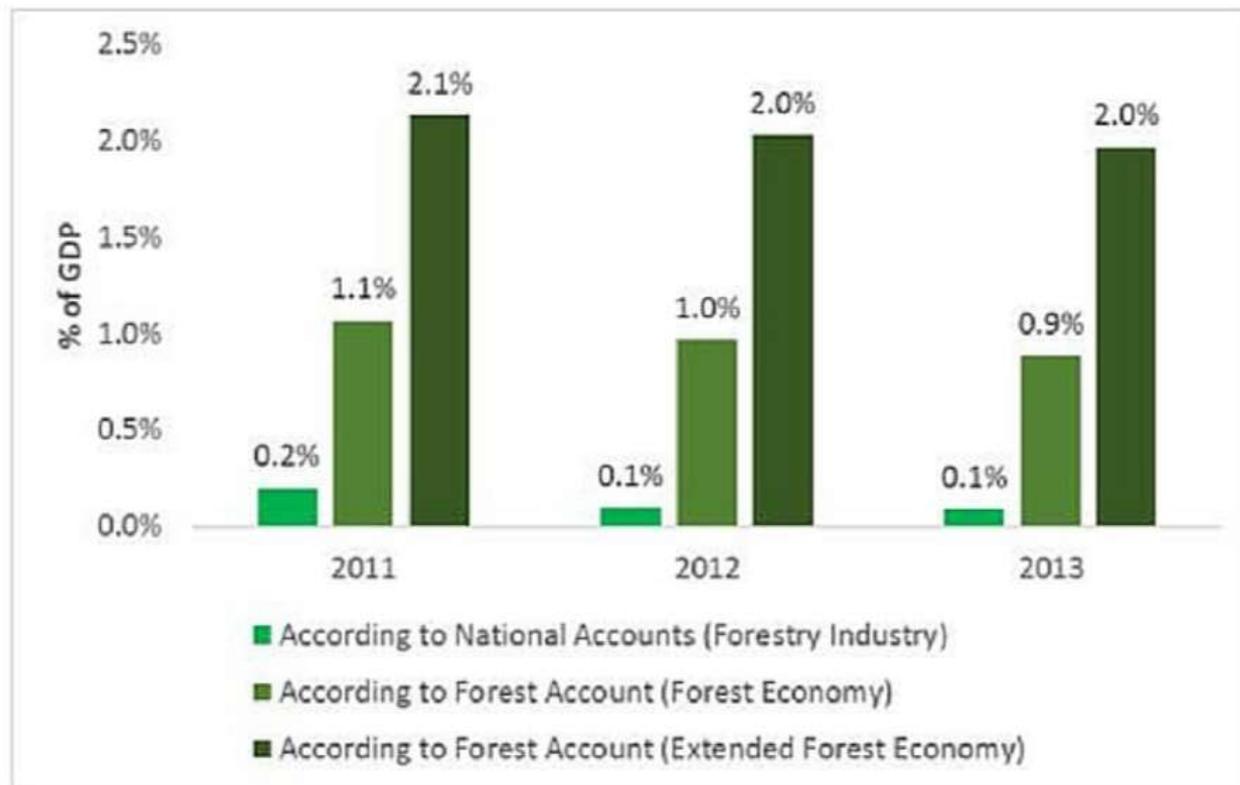


WAVES & SEEA example: Costa Rica forests accounts

Showed forests contribute more to Costa Rica's GDP than thought: ~2%, incl. returns from timber, NTFPs, & economic activities using forest products.

Industry figures from SNA only consider timber extraction, 0.1% to GDP in 2013.

Forests' Contribution to the Economy of Costa Rica (Percentage of GDP)



5. Can SEEA help S. Atlantic territories?

- For S. Atlantic territories with env. assets, important to incorporate natural capital into economic development planning.

But little information on:

- current economic activity (SNA)
 - baseline extent & condition of natural capital
 - contribution of natural capital to economic activity
 - costs of environmental degradation on economic activity & wellbeing
- Still, when Planning & Finance Ministries recognise economy-environment dependencies, & importance of funding env. assets to maintain ES flows to economy & community, it's a major step!

Thank you for listening
&

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