



**GPS**  
Global Program  
on Sustainability



**WORLD BANK GROUP**



System of  
Environmental  
Economic  
Accounting



PBL Netherlands Environmental  
Assessment Agency



# Greening the recovery to make it last

## The role of natural capital accounting

Paper prepared for 5<sup>th</sup> 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



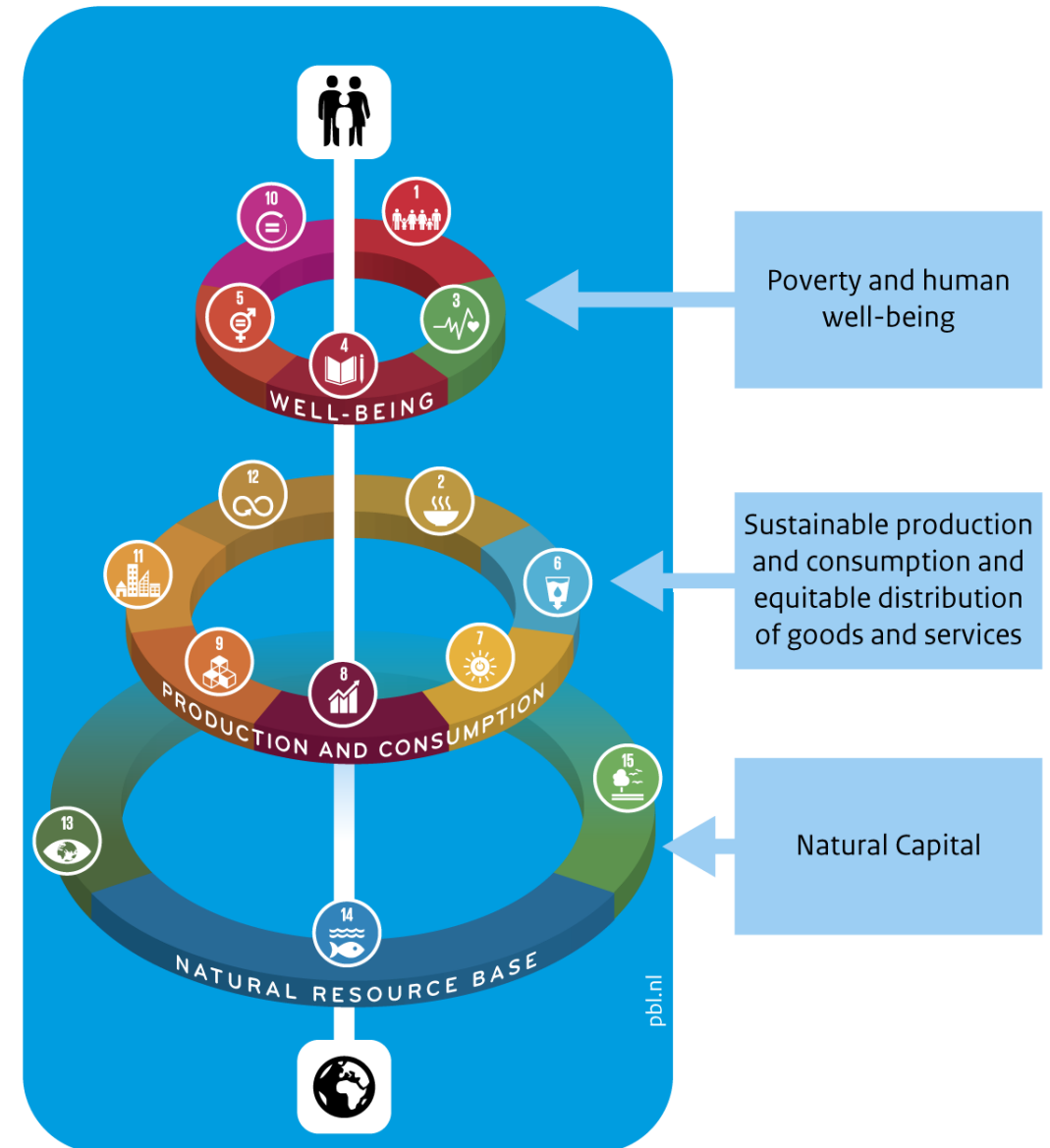


# Green recovery





# Human well-being is critically dependent on natural capital





- 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

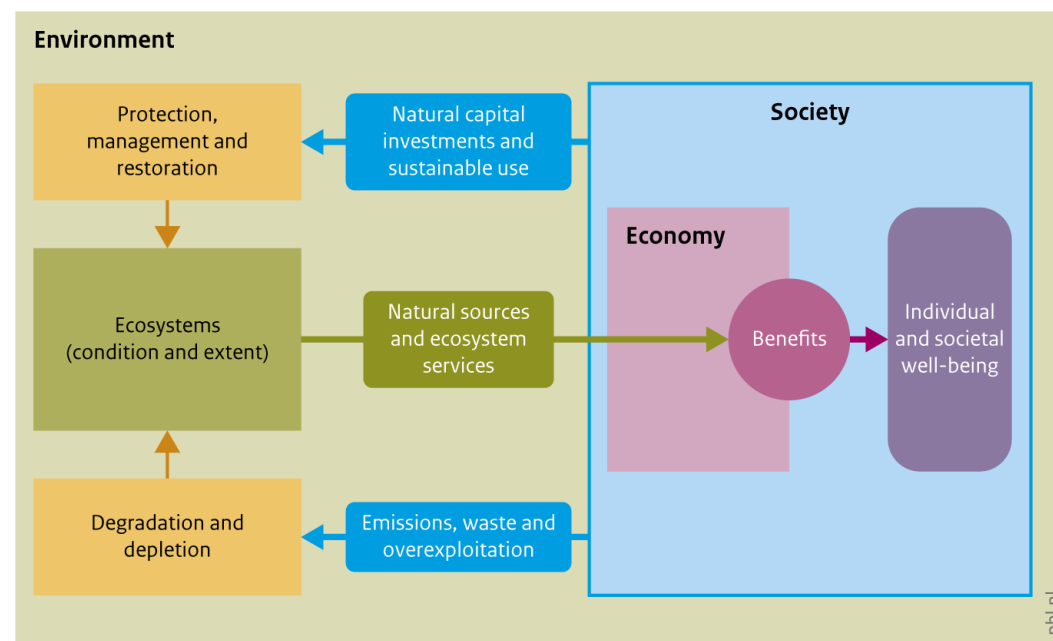
- Recovery is used to further sustainability transitions (investments and reform)



# 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

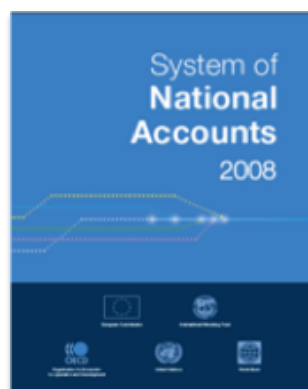


# Natural capital accounting





# 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



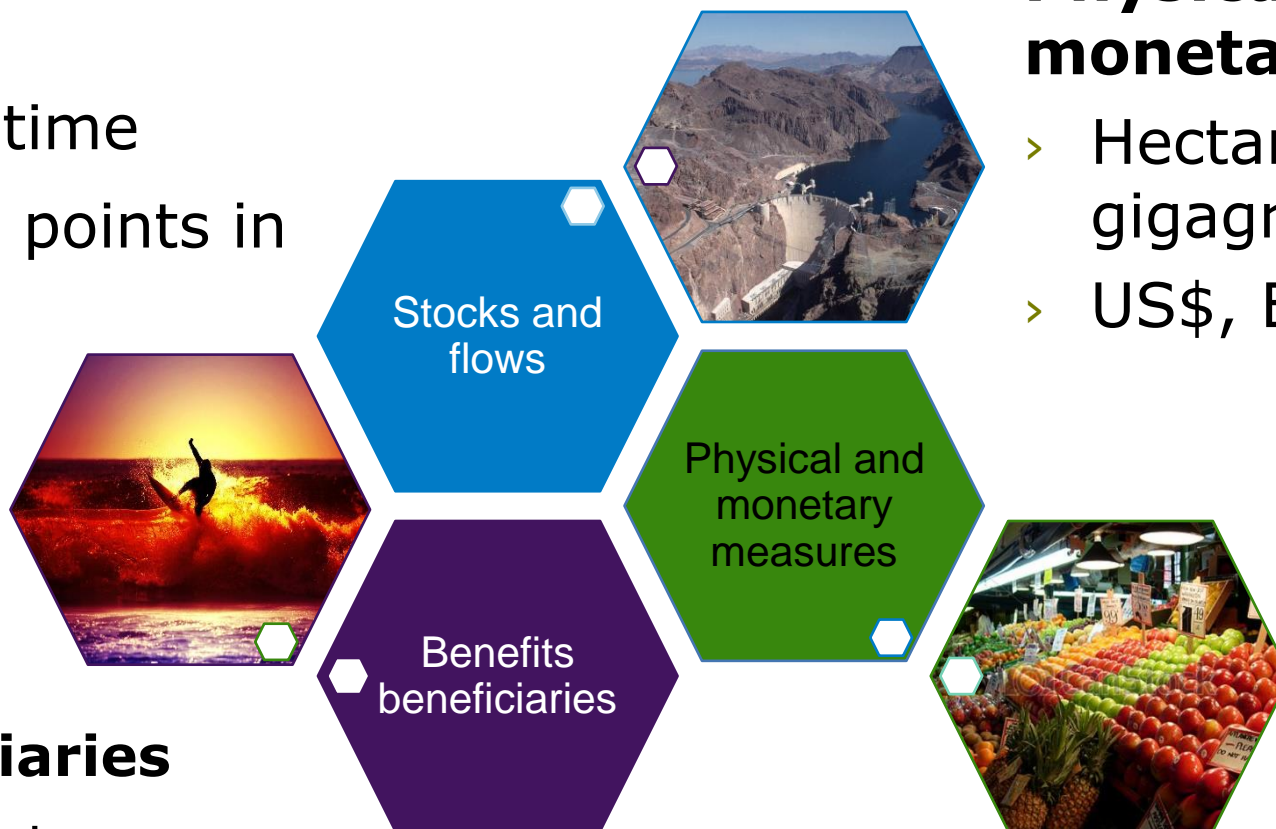
# A system of accounts

## 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

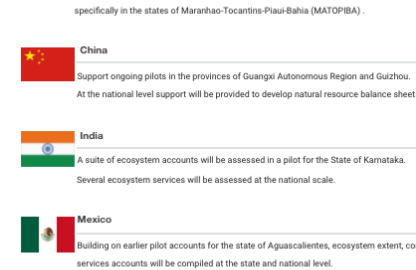
- › People, industries and sectors



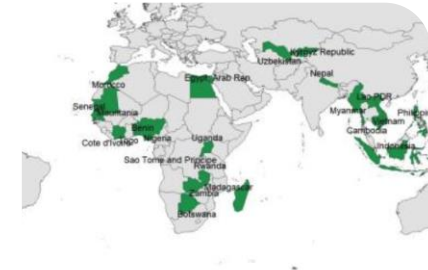


# Countries are implementing SEEA

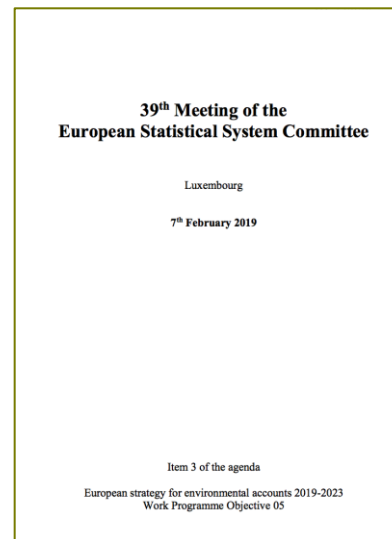
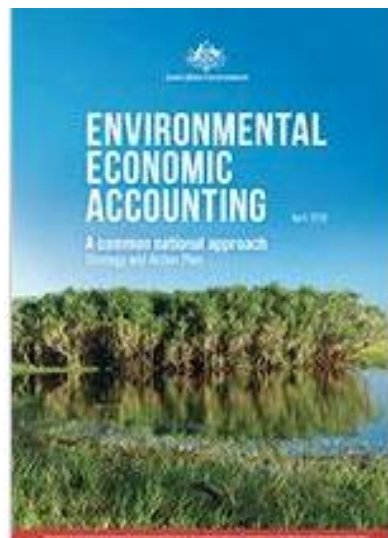
- NCA production underway in nearly 100 countries
- Plans, strategies and road maps for putting NCA are in place or being developed



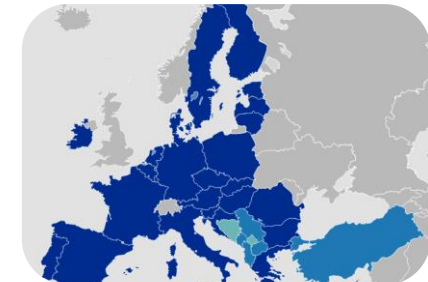
NCAVES



WAVES/GPS



South Africa's  
strategy



Accounts  
mandated in EU

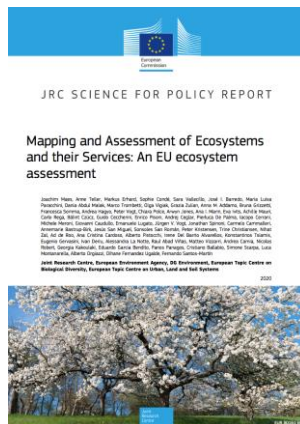




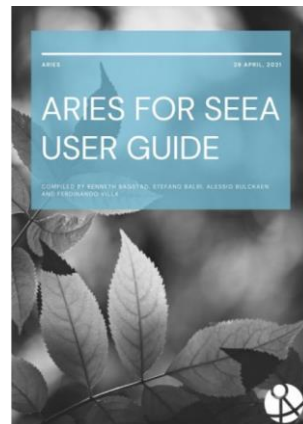
# What took years, can now takes months

- 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. . .



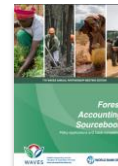
<https://publications.jrc.ec.europa.eu/repository/handle/JRC1203>



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



The SEEA family and searchable archive  
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World Bank Forest accounting sourcebook  
[https://www.wavespartnership.org/sites/waves/files/kc/forest\\_resourcesbook.pdf](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](https://ec.europa.eu/eurostat/cros/content/gsbpm-generic-statistical-business-process-model-theme_en)



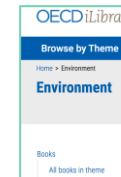
Eurostat manuals and guides  
[www.ec.europa.eu](http://www.ec.europa.eu)



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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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

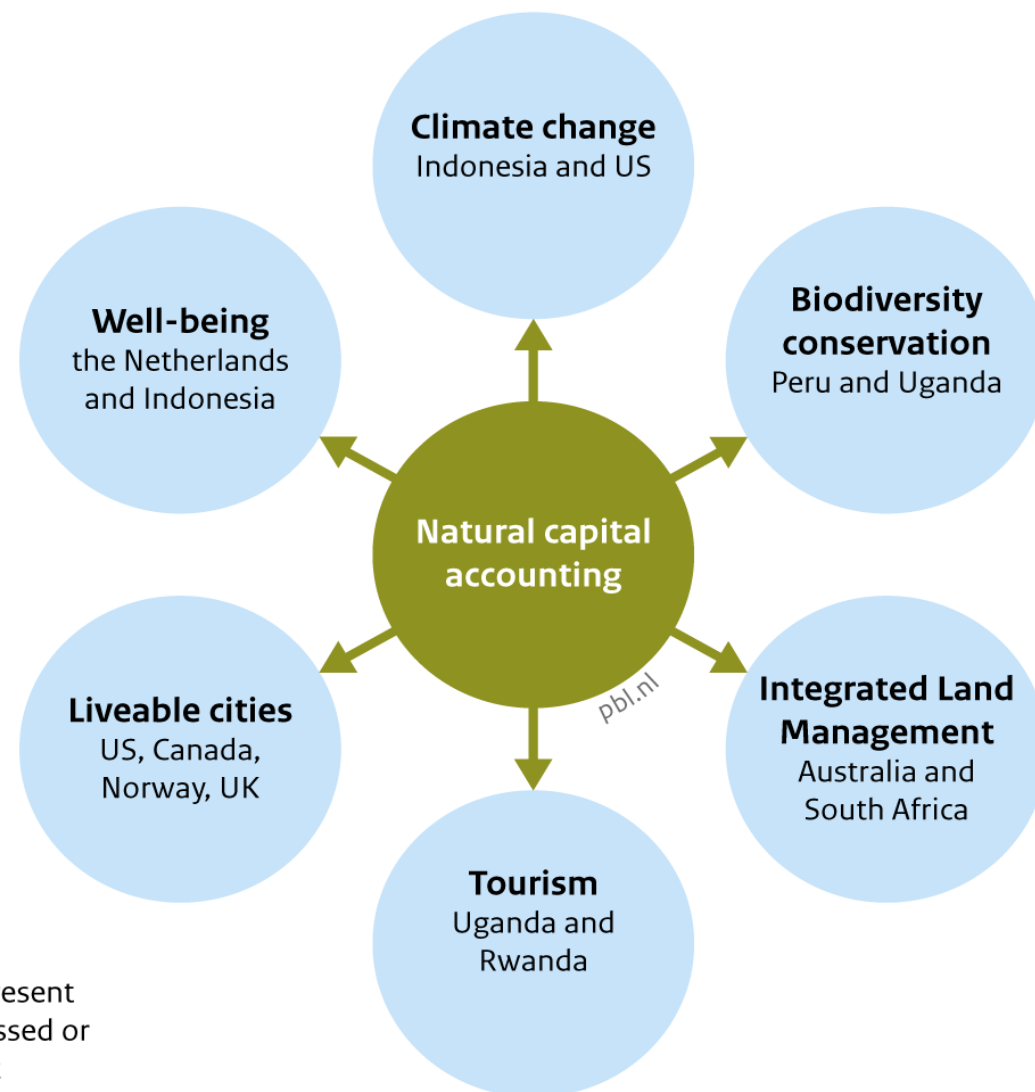
NCA mentioned in some recovery packages or strategies. E.g.

- 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





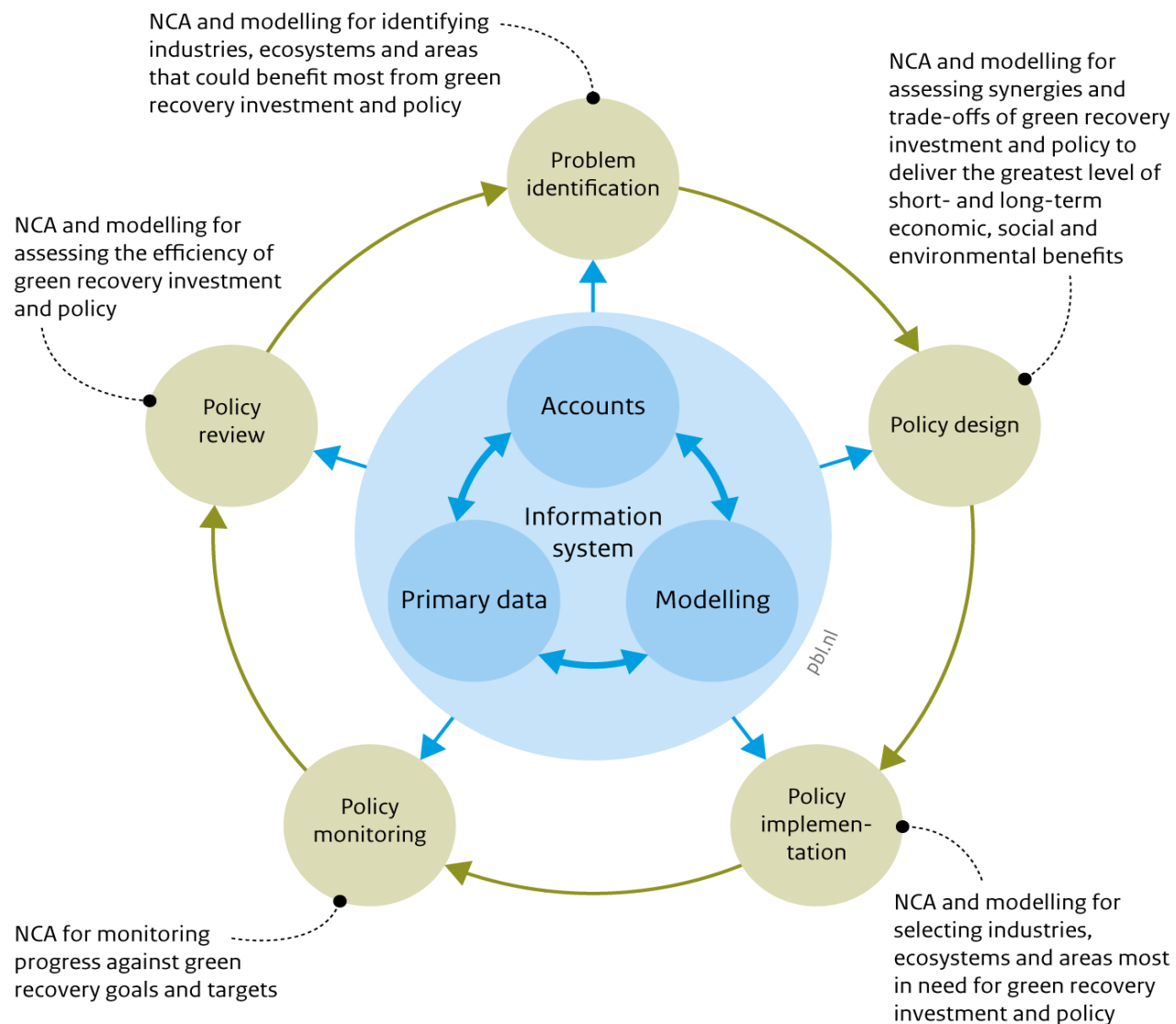
# NCA and the policy cycle

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

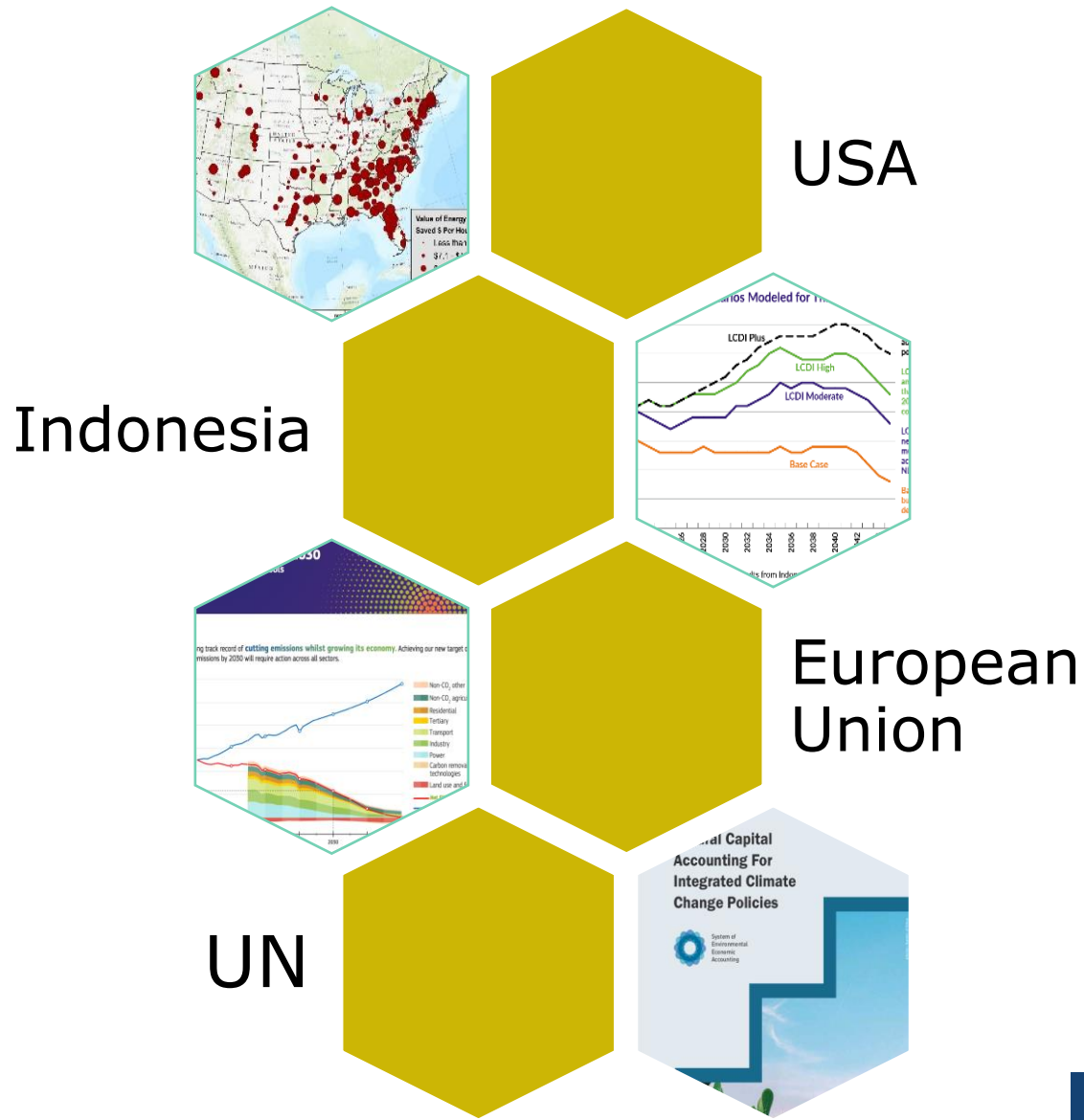




# Examples of NCA and climate change



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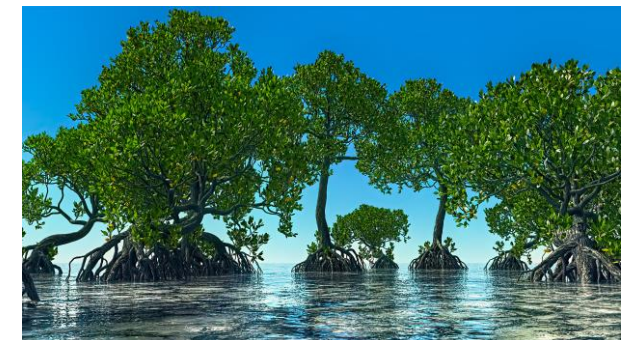


Most green recovery spending  
in on climate change

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

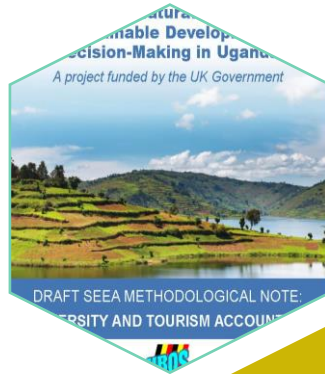




# Examples of NCA and biodiversity conservation

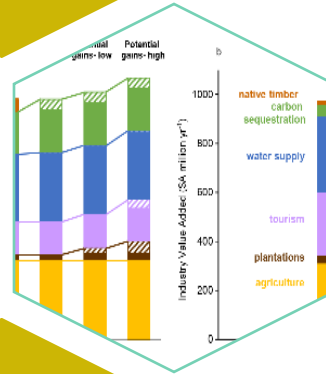


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Uganda

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 5<sup>th</sup> Policy Forum
- › Session 4 builds to this





# Thank you

To the people helped us with the report,  
including

- › Interviewees
- › Expert workshop participants
- › The 5<sup>th</sup> 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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