

INTERNATIONAL CONFERENCE ON
MOUNTAINS AND CLIMATE CHANGE

Market based measures for environment

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Outline

- Why do we need Market Based Measures for environment ?
- Where are we?: SEEA
- What the World Bank is doing?: WAVES and beyond

Why do we need Market Based Measures for environment?

GDP is not a measure stock of wealth.

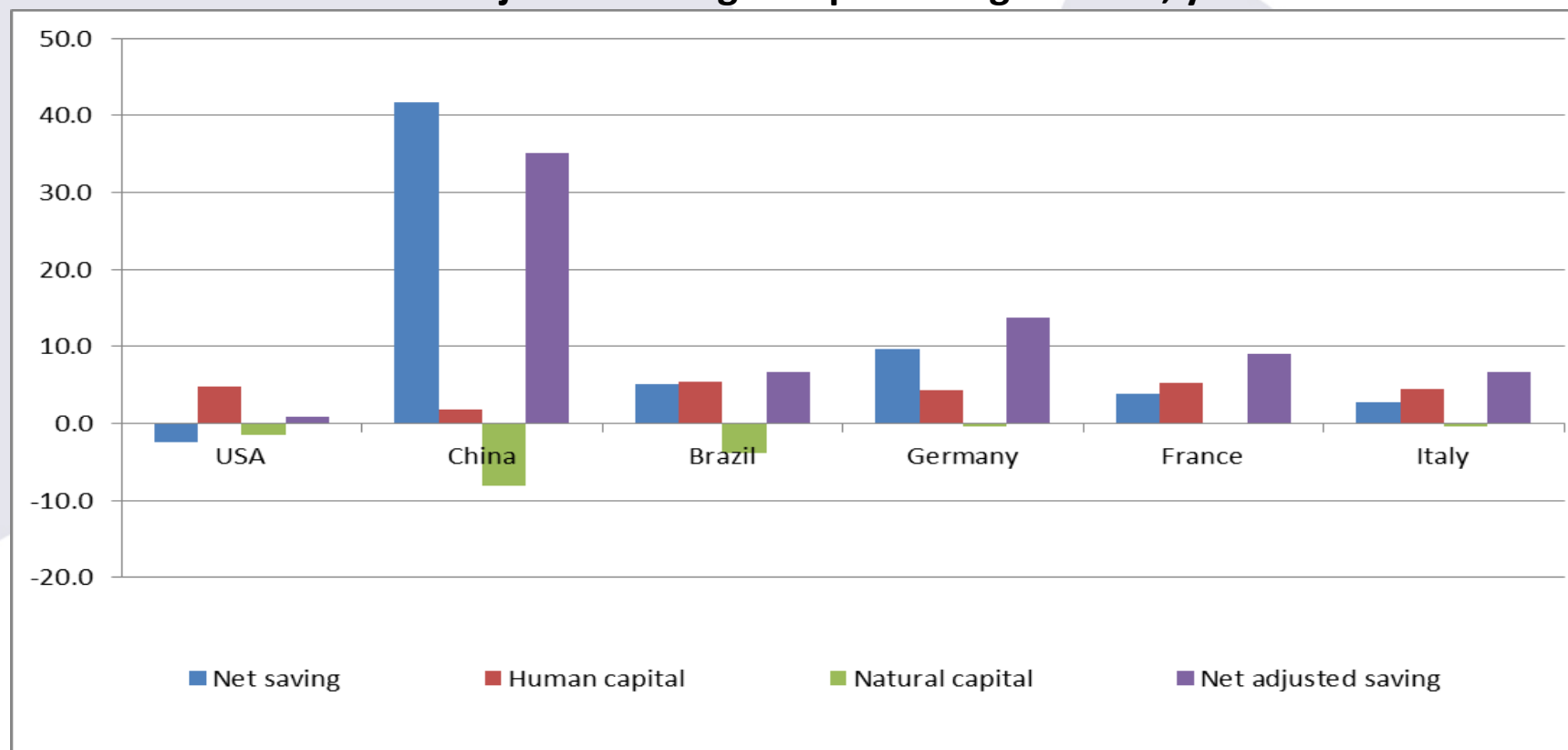
GDP does not take into account the contribution of all assets involved in the economic process, like natural capital. Contributions of forests, wetlands, and agricultural land are not fully captured in national accounts or may be hidden.

For example, when a country exploits its minerals, it is actually depleting wealth. The same holds true for over-exploiting fisheries or degrading water resources. These declining assets are invisible in GDP and so, are not measured

Therefore GDP cannot be used to answer questions like: are income and growth sustainable? Will the same level of income be available for our children?

Example of the possible size of the distortions.

Net and net adjusted Saving as a percentage of GDP, year 2011



Source: WDI 2013, World Bank

Where are we? SEEA

A long standing concern:

”A first step towards the integration of sustainability into economic management is the establishment of better measurement of the crucial role of the environment as a source of natural capital and as a sink for by-products generated during the production on of man-made capital and other human activities.....A program to develop national systems of integrated environmental and economic accounting in all countries is proposed.”

Chapter 8 Par.41, Agenda 21 (1992)

Where are we? SEEA-Central framework

- The System of Environmental-Economic Accounting Central Framework has been adopted as International statistical standard by the UN Statistical Commission at its 43rd session in February 2012.
- It will be published by the UN, EC, FAO, OECD, IMF and World Bank.
- The SEEA Central Framework provides the internationally agreed standard concepts, definitions, classifications, accounting rules and tables for producing internationally comparable statistics on the environment and its relationship with the economy.
- Building upon the SNA, it organizes environmental and economic information in a systems approach that covers the stocks and flows that are relevant to the analysis of environmental and economic issues.
- Using the accounts compiled following the principles of SEEA Central Framework, a number of policy relevant questions can be answered including questions related to the use of natural resources as well as depletion of such resources.

Where are we? SEEA-Central framework

- The lack of international agreed methodologies to natural capital evaluation is now solved by the adoption of SEAs.
- However this is only the first of several obstacles in moving towards practical implementation of natural capital valuation.
- Other major barriers are i) lack of uptake of natural capital accounting by policy makers, especially finance ministers; II) capacity limitations in many developing countries; iii) lack of leadership in moving “beyond GDP”.

What the World Bank is doing?: WAVES and beyond

- The World Bank Group leads a partnership to advance natural capital accounting internationally.
- The Wealth Accounting and the Valuation of Ecosystem Services (WAVES) partnership aims to promote sustainable development by ensuring that natural resources are mainstreamed into development planning and national economic accounts.

WAVES objectives:

- Help countries adopt and implement accounts that are relevant for policies and compile a body of experience.
- Develop an ecosystem accounting methodology.
- Establish a global platform for training and knowledge sharing.
- Build international consensus around natural capital accounting.

WAVES achievements:

- Since WAVES was launched at the 2010 Convention on Biological Diversity meeting, Botswana, Colombia, Costa Rica, Madagascar, and the Philippines have embarked on programs for natural capital accounting endorsed at the highest level of their governments, with extensive technical support from WAVES.
- These countries have established national steering committees, carried out extensive stakeholder consultations, identified policy priorities and designed work plans for implementation.
- The countries' work plans include compiling accounts for natural resources like timber, water, and minerals, following the SEEA Central Framework, as well as experimental accounts for ecosystems like watersheds and mangroves.

WAVES next steps:

- Since Rio+20, 68 countries have supported a communiqué that calls on governments, the UN system, international financial institutions and other international organizations to strengthen the implementation of natural capital accounting.
- In April 2013, more than 35 ministers, vice-ministers and senior officials of finance, development and environment came together for a High-level Ministerial Dialogue on NCA. They were part of a larger group of more than 60 countries, the ‘first-movers’ of NCA, who were sharing technical know-how and the set-up of institutions needed to move the agenda forward.

What the World Bank is doing?: NEW GOALS

- Eradication extreme poverty by 2030
- Tackling income inequality by a more inclusive growth model
- Reaching the two goals in social , environmental and fiscal sustainable framework

What the World Bank is doing?: A NEW STRATEGY

- Focus the engagement with client countries on their most important challenges to achieving the goals
- Becoming a solution using the large body of expertise accumulates in at the banks to help tackle development challenges
- Leveraging resources and ideas from external development partners and private sector

What the World Bank is doing?: A NEW ORGANIZATION

14 Technical Practices

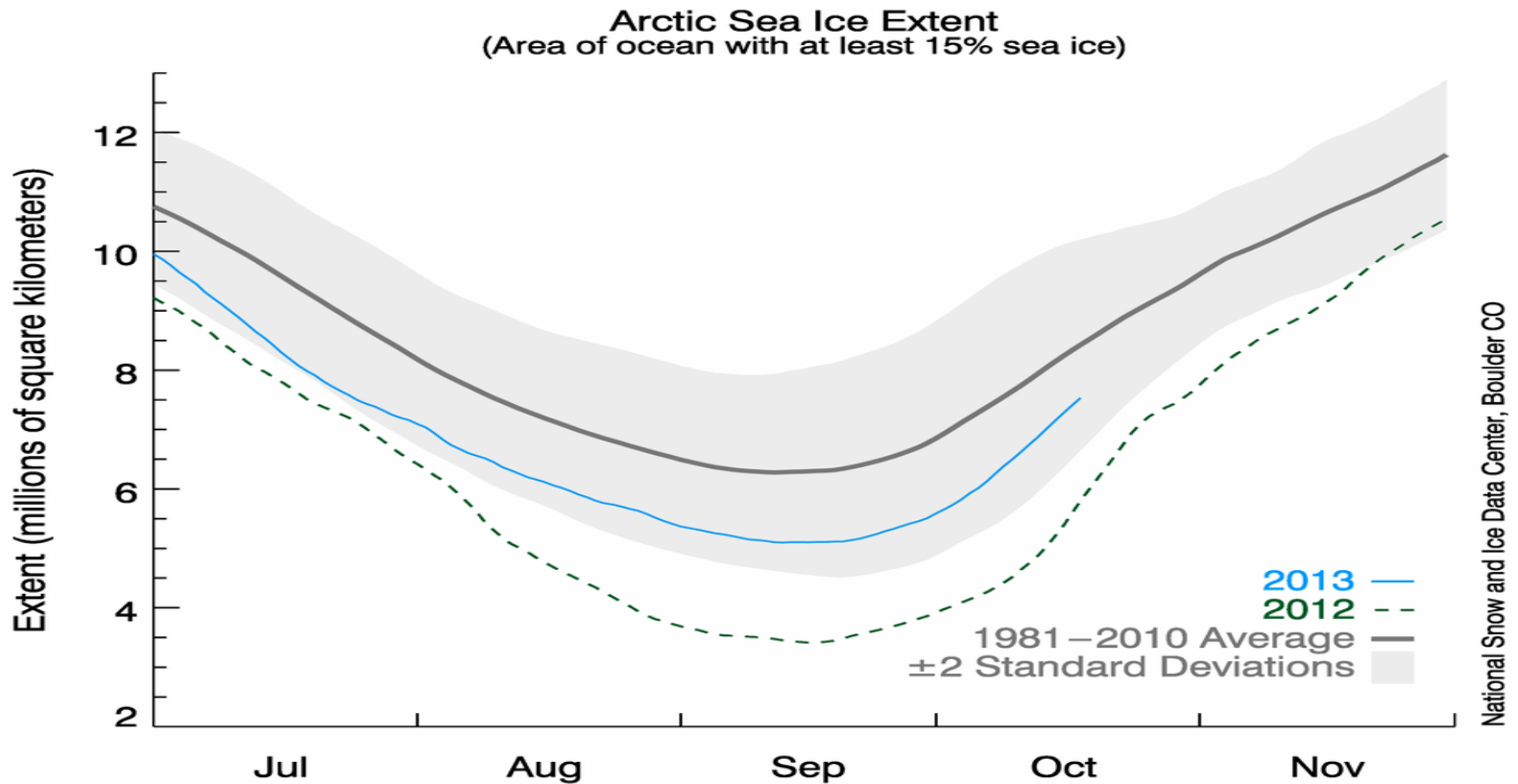
Agriculture	Finance & Markets	Poverty	Urban, Rural & Social Development
Education	Governance	Social Protection & Labor	Water
Energy & Extractives	Health, Nutrition & Population	Trade & Competitiveness	
Environment & Natural Resources	Macroeconomics & Fiscal Management	Transport & ICT	

What the World Bank is doing?: A NEW ORGANIZATION

Proposed Cross-Cutting Solution Areas	WBG Strategy
Climate Change	<i>Connectivity, Growth, Sustainability, Climate Change, Gender</i>
Fragility, Conflict, & Violence	<i>Connectivity, Inclusion, Fragility & Violence, Growth</i>
Gender	<i>Connectivity, Fragility & Violence, Gender, Inclusion</i>
Jobs	<i>Connectivity, Fragility & Violence, Inclusion, Growth</i>
Public Private Partnerships	<i>Growth, Inclusion, Connectivity, Sustainability, Partnership</i>

Thanks

Why do we need Market Based Measures for environment?



National Snow and Ice Data Center, Boulder CO

18 Oct 2013

What the World Bank is doing about mountains?:

- Direct involvement with specific project in mountains area
- Partnership

What the World Bank is doing about mountains? Example of direct involvement



What the World Bank is doing about mountains? Example of direct involvement

HIMACHAL PRADESH

- Located in the Western Himalaya
- Forms the catchments of rivers flowing into north India & Pakistan
- Food, water and ecological security of north India
- Supports delicate and sensitive ecosystems including sub-tropical, temperate and cold desert conditions
- Area: 55,673 Sq. Kms. Forest cover 37,033 sq. kms; 66.5% of total geographical area



What the World Bank is doing about mountains?: SUPPORTING PARTNERSHIPS

WORLD BANK ENGAGEMENT IN THE CRYOSPHERE

The World Bank is supporting scientific assessment of the impacts of SLCPs on cryosphere and global partnerships for policy responses

What the World Bank is doing about mountains?: SUPPORTING PARTNERSHIPS

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Mountain Partnership
working together for mountain people and environments

The World Bank is member of the Mountain Partnership. It provides financial support for the activities of the Strategic Initiatives on Mountains and Climate Changes with specific focus on:

- 1) Advocacy
- 2) Capacity Building
- 3) Knowledge exchange and communication
- 4) Governance