

Press Release

Public Release: June 17th, 2012

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Countries should implement inclusive wealth accounting

A report released today provides a path forward on how countries can implement inclusive wealth accounting, and illustrates how it could be a better and more comprehensive indicator than GDP to assess the wealth of a country.

STANFORD, CA – There has for some time been a shared recognition that conventional indicators, such as gross domestic product (GDP), are failing to capture the full wealth of a country. Even in the global recession, many economies appear to be getting wealthier. However, economic development is often happening at the expense of natural capital – what people want or need from nature. Despite significant advances in environmental protection over the past 25 years, humanity has failed to conserve resources, safeguard natural ecosystems, or otherwise ensure its own long-term viability. The limitations in conventional economic indicators may be in part fueling unsustainable development because changes in natural assets and environmental services are not factored into national accounts, rendering those accounts less useful as an indicator of changes in value.

In order to address these concerns, the UN University and UN Environment Program, in partnership with the Natural Capital Project, released the *Inclusive Wealth Report* (IWR) today at the Earth Summit 2012 (Rio+20). *The Inclusive Wealth Report* proposes an approach to sustainability based on measuring natural, manufactured, human, and social forms of capital. It represents a crucial first step in transforming the global economic paradigm, by ensuring that we have the correct information with which to assess our economic development and well-being – and to reassess our needs and goals.

The *Inclusive Wealth Report 2012* (IWR 2012) introduces an economic index that calculates the wealth of nations and provides a more comprehensive picture of a country's development and well-being than other macroeconomic indicators like GDP.

The report provides policymakers with an initial analysis toward a broader and more comprehensive way of measuring progress by looking at the full suite of capital. This report is the first attempt to apply these metrics at a national level for 20 countries around the world.

"Our GDP is predicted to go up because of the Deepwater Horizon Oil Spill in the Gulf of Mexico" says Heather Tallis, a biology research associate at Stanford and lead scientist at the Natural Capital Project. "Do we really think the spill made the United States better off? I don't think so."

Dr. Tallis is the lead author of an IWR chapter, *Inclusive wealth accounting for regulating ecosystem services*. The chapter was written in collaboration with Steve Polasky, Juan Sebastian Lozano, and Stacy Wolny, also affiliated with the Natural Capital Project. The chapter illustrates how we can start to do national-scale accounting of ecosystem services, even in developing countries with poor data.

Using InVEST (Integrated Valuation of Environmental Services and Tradeoffs), a free and open-source software suite developed by the Natural Capital Project to map and value environmental goods and services, the authors demonstrate how ecosystem services such as drinking water quality and carbon sequestration can be incorporated into inclusive wealth accounting. The approach is demonstrated in Ecuador and Colombia, where the World Bank Wealth Accounting and Valuation of Ecosystem Services program is interested in advancing the cause of inclusive wealth reporting.



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The Inclusive Wealth Report is an initiative of the UNU-IHDP, the Secretariat of the International Human Dimensions Programme on Global Environmental Change, with support from the United Nations Environment Programme (UNEP), in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project.

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The Natural Capital Project works to develop and provide practical ecosystem service concepts and tools, apply these tools in select areas around the world in order to demonstrate the impact of ecosystem service approaches in policy and decision outcomes, and engage and educate influential leaders and practitioners to advance change in policy and practice. The Natural Capital Project is an innovative partnership among the Woods Institute for the Environment at Stanford University, the World Wildlife Fund, The Nature Conservancy, and the Institute on the Environment at the University of Minnesota, aimed at aligning economic forces with conservation. Its vision is a world in which people and institutions recognize natural systems as capital assets, appreciate the vital roles they play in supporting human well-being and incorporate the intrinsic and economic values of natural capital into decision making.

Related information:

Inclusive Wealth Report 2012

<http://www.ihdp.unu.edu/>

Natural Capital Project

<http://www.naturalcapitalproject.org>

International Human Dimensions Programme on Global Environmental Change (UNU-IHDP)

<http://www.ihdp.unu.edu/>

United Nations Environment Programme (UNEP)

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