**“A call from WWF to measure what we treasure”**

**Media Backgrounder – Valuing natural wealth**

Heading into the UN Conference on Sustainable Development in Brazil, WWF has urged political leaders to use this powerful opportunity to change the way that progress is measured, so that the value of natural capital – or natural wealth – is included in national accounts and corporate balance sheets. This call comes amid growing international consensus that GDP is too one-sided and does not take into account the environmental or social dimensions of development and well-being or sustainability.

### WWF Director General Jim Leape said, “We need Rio+20 to deliver new environmental indicators so that we can measure what we treasure. We need indicators that go far beyond GDP, measuring environmental quality, nature and biodiversity, and social stability and wellbeing. We need indicators that are clear and transparent, and a clear timeline for implementation. We will not be able to build an economy that the Earth can sustain as long as GDP continues to be the sole measure of progress.”

Until now, natural wealth or capital has been considered as “global commons” and therefore treated as a “free good”. WWF is calling for governments, the private sector and civil society to cooperate to better regulate its use. Natural wealth or natural capital can be seen as the stock of ecosystems that provides a renewable flow of goods and services.

In order to manage natural wealth sustainably, it needs to be properly recognized in national accounts, development and poverty reduction strategies and in corporate balance sheets. In parallel to traditional financial accounts, nations and companies alike must be encouraged to publish accounts of the natural wealth they depend on, and how much it has increased or decreased over the previous year.

Practical measures to measure natural wealth are underway throughout the world, although many are in preliminary stages.

**Valuing natural capital or natural wealth in the Heart of Borneo**

The Heart of Borneo (HoB) is one of the planet’s richest biological treasure troves. It is home to approximately 6 per cent of the world’s biodiversity. Heart of Borneo forests ecosystems contain the headwaters of 14 of Borneo’s 20 major river systems on the island and provide important ecosystem services across an area of 54 million ha, more than 70 per cent of Borneo, benefiting over 11 million people.

WWF is working closely with local communities, indigenous peoples, and businesses in the region to support the leadership by the governments of Brunei, Indonesia and Malaysia under the Heart of Borneo Initiative.

“In the Heart of Borneo we aim to create practical economic and social benefit arguments for conservation of natural capital and develop solutions that show how the biodiversity, forests and ecosystems of the HoB can become the engines for green growth and sustainability into the future. WWF and partners aim to show that these forests are worth more standing than cut down,” said Adam Tomasek (Leader, WWF’s Heart of Borneo Initiative).

In the green economy scenario, sustainable management of natural capital leads to increases in its value, with net benefits accruing to present and future generations. In relation to forests, for example, maintaining forest cover and improved management of standing forests enhances biodiversity, carbon storage and enhances water and energy security. This results in higher revenue from forest products and ecotourism, and reduced public and social costs associated with environmental degradation.

“Under the Heart of Borneo Initiative, the three national governments are aiming to integrate the value of forests, biodiversity and watershed services into national and local development plans, and to optimize economic returns to improve livelihoods. In addition to its importance for biodiversity conservation and sustainable forest management, the Heart of Borneo holds global significance in reducing greenhouse gases from deforestation and degradation, as well as potential to move economies of Brunei, Indonesia and Malaysia to a low carbon and green growth future,” said Tomasek.

**The Natural Capital Declaration**

With the launch of the *Natural Capital Declaration* – to take place in Rio during the conference – WWF and three financial institution partners are part of an innovative group showing its commitment to the eventual integration of Natural Capital considerations into private sector reporting, accounting and decision-making. An ultimate aim is the standardization of measurement and disclosure of Natural Capital use by the private sector.

WWF has also outlined concrete ecosystem accounting policies that governments can follow within the Rio+20 context. These include ensuring strong legal frameworks for the sustainable use of natural resources and encouraging compliance, through mandatory national accounting and reporting systems. Governments can also strengthen the regulatory framework for corporate accounting so that it contains environmental impacts and, in securities filing, environmental disclosure and environmental risk.

**Inclusive Wealth Indicators in national reporting**

Also due for release at the Rio conference is the *Inclusive Wealth Indicator* report, on the inclusive wealth of 20 countries, compiled by United Nations University’s International Human Dimensions Programme UNU-IHDP with UNEP support and in collaboration with the UN-Water Decade Programme on Capacity Development (UNW-DPC) and the Natural Capital Project of which WWF is a founding partner. It features Australia, Brazil, Canada, Chile, China, Colombia, Ecuador, France, Germany, India, Japan, Kenya, Nigeria, Norway, the Russian Federation, Saudi Arabia, South Africa, USA, United Kingdom and Venezuela – which represent 56 per cent of the world’s population and 72 per cent of GDP. The “Inclusive Wealth Indicator” is designed to go beyond GDP as a measure of economic progress, with metrics for natural, human and manufactured capital considered together to obtain a more comprehensive value.

In the EU, the No Net Loss Working Group has been established under the EU Biodiversity Strategy to ensure no net loss of biodiversity and ecosystem services. This working group links to Resource Efficient Europe, which has a specific section on natural capital and ecosystem services and promotes the use of the innovative financial and market based instruments. The UK, meanwhile has established a Natural Capital Committee to improve Government understanding of the value of Natural Capital, and to prioritise actions to support and improve the UK’s natural wealth.

WWF hopes that its call to “measure what we treasure” will not fall on deaf ears during the Rio+20 conference.

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