Wealth and well-being

Long Term Prosperity and Well-Being

National Income / GDP

Total Wealth

Produced Capital
- Machinery
- Equipment
- Structures
- Urban Land
- Energy/Minerals
- Agricultural Land
- Forests
- Protected Areas

Natural Capital
- Energy/Minerals
- Agricultural Land
- Forests
- Protected Areas

Human Capital
- Male/Female
- Employed / Self-employed

Net Foreign Assets
- Total Net Foreign Assets
- Total Assets - Total Liabilities
Global wealth grew 66% between 1995 and 2014.

The share held by Middle income countries increased from 19% to 28%.

The share held by Low income countries didn’t change.
Total wealth grew everywhere, but per capita wealth did not.
Most African countries increased wealth, but for some, not enough to keep up with population growth.

Wealth per capita declined in 10 African countries ➔ assets critical for generating future income may be depleted, a trend not reflected in annual income growth figures.
The composition of wealth changes with economic development.

### Percent Shares of Wealth by Asset Type

<table>
<thead>
<tr>
<th></th>
<th>Produced Capital</th>
<th>Natural Capital</th>
<th>Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low Income</td>
<td>14</td>
<td>47</td>
<td>41</td>
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<tr>
<td>Lower middle</td>
<td>25</td>
<td>27</td>
<td>51</td>
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<tr>
<td>Upper middle</td>
<td>25</td>
<td>17</td>
<td>58</td>
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<tr>
<td>High income non-OECD</td>
<td>22</td>
<td>30</td>
<td>42</td>
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<tr>
<td>High income OECD</td>
<td>28</td>
<td>3</td>
<td>70</td>
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<tr>
<td>World</td>
<td>27</td>
<td>9</td>
<td>64</td>
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Note: Net foreign assets are small and negative, except for High-income non-OECD countries.
... but growing an economy is not about liquidating natural capital to build other assets.

Natural capital per capita is highest in upper middle and high income OECD countries.
At the global level, agricultural land, fossil fuels & minerals grew the most.
Varying trends in renewable resources in the developing regions, with forest value per capita declining almost everywhere.
Where is CWON used?

More than half of SCDs use wealth accounts--provides the macroeconomic perspective on Nat Cap and the economy:

1. Measuring macro-economic performance:
   Not only, ‘Is GDP growing?’, but, ‘Is GDP growth sustainable?’

2. Sectoral applications and Fiscal policy implications:
   How will economy benefit from better mgmt. of Nat Cap (forest, fisheries, land, mineral & energy)?
What’s next for CWON?

• Missing natural capital, expand CWON for
• Air pollution: make explicit the impact on human capital
• Make relevant to CMUs and country economists:
• Make it easy to use: country tool on platform for easy use
• Link to other factors essential for assessing sustainability
  — Institutions, governance, policies
  — Critical natural capital, monitored in biophysical terms
Focus on Africa
Wealth in Africa is highly concentrated in 2 countries, while per capita wealth shows large diversity

- SSA has 2% of global wealth, but 13% of population
- Gabon is wealthiest per capita, followed by Mauritius, Botswana, Namibia, South Africa
- 26 countries have wealth/capita < $30k
- 6 countries have wealth/capita <$10k

- Two countries account for about half
- Six countries hold 2/3 of SSA wealth
Most African countries increased wealth, but not enough to keep up with population growth

<table>
<thead>
<tr>
<th>Country</th>
<th>Low income</th>
<th>Lower middle income</th>
<th>Upper middle income</th>
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<tbody>
<tr>
<td>Zimbabwe</td>
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<td>Burundi</td>
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<td>Congo, DR</td>
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<td>Comoros</td>
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<td>Madagascar</td>
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<td>Tanzania</td>
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<td>Gabon</td>
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<td>Gabon</td>
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<td>South Africa</td>
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<td>Mauritius</td>
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<td>Botswana</td>
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<td>Namibia</td>
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- Wealth/capita declined in 10 African countries ➔ assets critical for generating future income may be depleted, a trend not reflected in annual income growth figures
Africa: Value of Natural Capital Grows with Wealth

- As countries gain wealth, renewable NR wealth tends to grow in absolute terms (even while it may decrease as a share of the total)
- Non-Renewable NR capital does not exhibit the same strong trend
- NB: SA, Nigeria & ETH not shown – to make more points visible in graphic
Focus on 10 countries with growth/capita < 0

- Most had growth in non-renewable NC
- Most depleted renewable NC substantially (8 depleted by >25%)
- All had high population growth
- Most failed to accumulate human capital
The Environment & Natural Resources Global Practice
The BIG picture ...
Sustainable Approaches Fundamental for Growth + Prosperity
Urgent ACTION is needed to avert Earth’s tipping points
Climate tipping elements:
What are they and how worried should we be?

- Most immediate threats
- Threshold in distant future
- Disastrous, yet uncertain
- Competing factors at play
- More research needed
- Gradual changes

- Shifting Tundra Melting Permafrost
- Melting Greenland Ice Sheet
- Disappearing Arctic Summer Sea Ice
- Shifting Tundra Melting Permafrost
- Dying Boreal Forests
- Anoxic Ocean
- Slowling Jet Stream
- Melting Himalayan Glaciers
- Released Methane Hydrates
- Chaotic Indian Summer Monsoon
- Collapsing Coral Reefs
- Weakened Marine Carbon Pump
- Collapsing Deep Antarctic Circulation
- Disintegrating West Antarctic Ice Sheet
- Enduring El Nino-Southern Oscillation (ENSO)
- Dying Amazon Rainforest
- Greening Sahara/Sahel
- Chaotic Indian Summer Monsoon
- Collapsing Coral Reefs
- Weakened Marine Carbon Pump
- Collapsing Deep Antarctic Circulation
- Disintegrating West Antarctic Ice Sheet
- Enduring El Nino-Southern Oscillation (ENSO)
- Dying Amazon Rainforest
- Greening Sahara/Sahel
Planetary Boundaries: Need to balance biological/physical and economic/social systems
Our business in ENR and in the Bank...
Green Business: Pursues Effective Use and Management of Forests and Landscapes

US$ 6.1 Billion in active and pipeline
Blue Economy: Approach Cuts Across Entire Blue Spectrum With a Focus on Sustainability

US$ 3.6 Billion in active and pipeline
Brown Business: Improves Health Globally through Pollution Management

US$ 4.6 Billion in active and pipeline
Safeguards Business:

Environmental Risk Management & Environmental and Social Framework Roll-Out
Economics of Sustainability Moving Policy Agendas
The Climate Infusion:

ENR GP Contribution to Climate Co-Benefits
Innovation and Disruptive Technologies
Our robust growth path

ENR GP net commitments per year

ENR GP Lending FY 13-FY 19 in US million

ENR GP number of projects FY 13-FY 19
Arigato Gozaimashita
ありがとうございます