

Government Dialogue on Natural Capital 2018

Summary sheet results work stream 1: Accounting

Brief description	
This work stream focused on the links between natural capital accounting by governments and the private sector, using existing frameworks such as the UN-SEEA and the Natural Capital Protocol.	
Who is involved	
<i>Lead-country</i>	Australia
<i>Lead-partners</i>	ICAEW
<i>Participants</i>	Botswana, France, Ghana, Japan, Netherlands, Nigeria, South Africa European Commission, GDSA, IUCN, Natural Capital Coalition
What has been done	
A narrative was developed which explores public and private approaches to natural capital accounting and the potential synergies between them. It is intended that the accounting narrative supplements the natural capital narrative being developed under work stream 3 and showcases some of the case studies gathered under work stream 2. Accounting case studies were collected to contribute to work stream 2 inventory.	
Results	
<ul style="list-style-type: none"> • The narrative developed includes a comparison of the aims, outputs, level of prescription, comparability and connectivity to other information, and valuation and aggregation approaches between the public and the private accounting frameworks. It also includes case studies from Costa Rica and Scotland to showcase the use of accounting frameworks and application in public and private sectors respectively. • The narrative highlighted that: <ul style="list-style-type: none"> ○ Public and private sectors have been incorporating natural capital thinking in their decision making through the use of accounting frameworks, although these are still developing. ○ These accounting frameworks have been developed in isolation from each other but they have areas of convergence and there is an increasing interest in understanding their linkages and complementarities. ○ Opportunities for cross learning and alignment going forward may include common classifications, and measurement and valuation techniques to ensure that private and public approaches to integrating natural capital into decision making are mutually reinforcing, while still ensuring enough flexibility to support different accounting purposes. • It is intended that the narrative and case studies facilitate further discussion and information sharing on public and private natural capital approaches between countries. It will be publicly accessible on the Government Dialogue tab within the Natural Capital coalition website. 	
Lessons learned	
<ul style="list-style-type: none"> • Natural capital accounting is a relatively new concept and still under development so the narrative needed to convey the progress in getting to today's state of play whilst recognizing that there may still be a long way to go in fully influencing decision making with the information produced. <ul style="list-style-type: none"> ○ Given the nascent state of these frameworks, the case studies to date reflect little collaboration between sectors and only early application of the information in policy and investment decision making. This may also be a reflection of the disconnection between 	

account producers and users. However, where available, case studies are a great format to demonstrate value to governments and business alike to increase adoption.

- There is still more work to do in refining and further disseminating educational materials describing in simple terms the public and private accounting frameworks to assist governments and companies to adopt them.
- There is also more work to do in identifying when and how these accounting approaches need to align and where the opportunities are or could arise for this.
- While there are more than 80 countries in the world developing and using natural capital accounting to inform decision making, some countries and companies still face difficulty to engage in this work as they are in early stages of learning or lack the resources to start developing natural capital accounts. Future work could focus on capability building support for those players through cross-learning opportunities such as regional events, and knowledge exchange networks/platforms.

What next

- In the interest of simplicity, the narrative does not fully explore current frameworks for corporate natural capital accounting. Future work could look to supplement the narrative with more detailed analysis of developments in this space, including the work of the UK's Natural Capital Committee, the Task Force on Climate-related Financial Disclosures, the EU's Non-Financial Information Directive, and the World Business Council For Sustainable Development's Balance Sheet of the Future Project.
- Development of the narrative identified a series of high level benefits of integrating public and private approaches to natural capital accounting. To support the advancement of this work further opportunities for discussions between business and government could be scoped, and an appropriate platform to support information sharing identified.
- The Combining Forces initiative is proposing to progress a series of actions to support better integration of public and private sector approaches to natural capital. Further work under this work stream, and the broader Government Dialogue, should be designed to complement these efforts with a focus on what governments can do to support them.

Contact

Sarah-Jane.Hindmarsh@environment.gov.au

richard.spencer@icaew.com