

The Inclusive Wealth Report

The two most commonly used reports by the development community to gauge progress in human well-being have been the World Bank's World Development Report and the United Nations Development Programme's Human Development Report (HDR). The former report uses the Gross National product per capita (GNP/capita) as the yardstick for measuring economic progress which is used as a proxy for measuring well-being progress. The HDR in turn reports on a composite indicator called the Human Development Index (HDI) that includes literacy and life expectancy and GNP/capita. Both indicators tell us that the world on the average has progressed over the last 50 years.

On the other hand the Millennium Ecosystem Assessment (MA) reported in 2005 that 15 of the 24 ecosystem services it assessed were in decline with the major drivers causing these declines occurring over the last 50 years. . It goes on to report that the probability of many developing countries to achieve their Millennium Development Goals (MDGs) will be in jeopardy if the present rate of ecosystem services decline continues. There seems to be a dichotomy here between what the two most influential reports are saying of human progress and the main findings of the MA. The question we have to ask ourselves is if these two indicators are giving us an accurate picture of progress or are they misleading us.

That they mislead can be deduced from the fact that neither GNP/capita nor HDI says anything about the state of the natural environment (natural capital, as it is now called). Like reproducible capital (roads, buildings, machinery) and human capital (education, health) and public knowledge (science and technology), nature is a capital asset. The MA took pains to show that natural capital produces a multitude of services, some of which are essential for survival (e.g. air, pollinators) or useful in the production of goods and services (forest cover, fisheries). Recent studies (Arrow et.al 2004, Dasgupta 2006, Perrings 2006, Barbier 2005) have shown how natural capital can be combined with manufactured capital, human capital, public knowledge, and institutions in such a way that the resulting index (which can be called Inclusive Wealth or the sustainability index) is able to reflect the progress or regress of economies.

The plenary roundtable will present a brief overview of the development of The Inclusive Wealth Report (IWR)- joint initiative by the World Bank, UNEP and IHDP. Key challenges and policy opportunities will be discussed and deliberated.