



INCLUSIVE WEALTH OF PAKISTAN:

The Case for Investing
in Natural Capital
and Restoration



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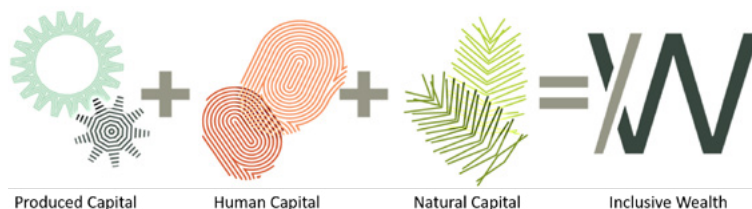
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GLOSSARY OF TERMS AND REFERENCES MAY BE INCLUDED

HC	Human Capital
IW	Inclusive Wealth
IWI	Inclusive Wealth Index
NC	Natural Capital
PC	Produced Capital

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FOREWORD

COVID19 has tragically revealed that a business-as-usual approach will not take us to a world of living in harmony with nature. We need a fresh approach to measure progress and sustainability. It is time to adopt a new paradigm that recognizes the comprehensive value of nature and understands that quality of life and well-being cannot be measured adequately through gross domestic product (GDP) alone. Our current linear way of thinking – where we use and discard with a blink of an eye – as the health of natural capital like forests, topsoil and marine life continues to erode – will simply not work anymore. Yet, it is our collective responsibility to ensure that each generation leaves behind at least as much of a productive base as it has inherited from its predecessor. How does one therefore measure a productive base in a way that ensures sustainability?

Nature is fundamental to the existence and flourishing of a nation's economy. Measuring the stock of wealth in a manner that includes natural capital is key to tracking sustainability and well-being of the nation. I am delighted that the Ministry of Climate Change of Pakistan and the United Nations Environment Programme have released an assessment of the inclusive wealth of Pakistan between 1990 and 2019. The Report estimates that while wealth and income in Pakistan has increased, its natural capital – as in other parts of the world – has deteriorated. However, as the Report also notes, the recent restoration work undertaken by Pakistan has halted the decline in natural capital since 2018.

An economy's inclusive wealth is such because it accounts for the value of its stock of assets of manufactured capital (roads, buildings, machines, equipment), human capital (knowledge, aptitude, education, skills), and natural capital (forests, agricultural land, rivers and estuaries, the atmosphere and the oceans – ecosystems more generally). The value of natural capital is notoriously difficult to capture but is nonetheless foundational to an economy's ability to produce goods and services for its citizens.

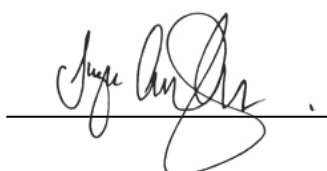
If inclusive wealth, adjusted for population and equitable distribution, increases as governments try to meet the 17 Sustainable Development Goals (SDGs), then the Goals will be sustainable. If not, we risk eroding the productive capacities of nations to achieve sustainable development.

To shift the world in a direction of more sustainable measures of wealth and well-being, UNEP continues to improve the advancement of Inclusive Wealth through a bi-annual global analysis. UNEP is also supporting countries to carry out their own estimates of inclusive

wealth to deepen their understanding of sub-national national disparities that may exist in the trends of natural, human and produced capital. An inclusive wealth analysis allows governments to track whether they are on course to meet the Sustainable Development Goals. The importance of this approach has been underscored by the Dasgupta Review of Economics of Biodiversity undertaken for the United Kingdom's Treasury.

It is heartening to see new investments in natural capital since 2018 as a result of massive restoration programmes lead by the Government of Pakistan. A greater emphasis on investments in nature will support the country on the path to sustainability, and in addressing the devastating impacts of climate change, which are more acutely felt by the most vulnerable communities.

I welcome the launch of this Report as we mark World Environment Day 2021, with Pakistan as the global host. The Report makes a powerful case for continued improvements in our understanding of inclusive wealth, and therefore, on the crucial role of restoration in the economic decisions of Pakistan. As we embark on the United Nations Decade of Ecosystem Restoration aiming to protect, halt and reverse ecosystem degradation, I hope this Report will provide a useful compliment to important restoration efforts underway across the world.



Inger Andersen
Under-Secretary-General
of the United Nations and
Executive Director of the
UN Environment Programme

FOREWORD

Pakistan is fortunate to be custodians of such rich diversity in landscapes, including the towering Pamirs and Karakoram Range, grand plateaus, dramatic Sindh and Makran coastlines and the Indus River system providing some of the most fertile land on earth. Pakistan's thriving agricultural sector is especially susceptible to increasing irregularity and uncertainty over climatic conditions.

The threats associated with climate change and rapid loss of biodiversity and ecosystems are rising. It is with this impetus that Prime Minister Imran Khan scaled Khyber Pakhtunkhwa's response in 2014 to the Bonn Challenge which saw 872,000 (millions) seedlings planted up to June 2017. This nation-wide initiative was named the Ten Billion Tree Tsunami Project (TBTP) and the ongoing objective is to replenish wildlife and forests in Pakistan and improve protected area conservation. **The Ten Billion Afforestation Project has a total target of 3.296 billion plants to be planted/ regenerated by the end of Phase - I in June, 2023. A total of 859.426 million plants were planted/regenerated over an area of 381,374 hectares between 2018 and April, 2021 all over Pakistan.**

These objectives will see large amounts of carbon sequestered, helping to mitigate climate change and provide resilient ecosystems that will provide some buffers against devastating impacts of natural disasters. This is not to say that the provincial level initiative was without challenges; serious losses, irregularities and deviations from federal and provincial components had to be addressed and need to be improved when scaling up afforestation. These efforts led to the increase of forest area in KPK from 20.31% to 26.6% and greatly helped in increasing the forest cover by 6.3% during 2014-19.

The pilot project Clean Green Pakistan Movement (CGPM), initiated by the Prime Minister Imran Khan has been successfully implemented in 20 cities of Pakistan in 2020,

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