

**14<sup>th</sup> Meeting of the London Group on  
Environmental Accounting  
Canberra, 27 – 30 April 2009**

**List of issues – Valuation**

**Glenn Marie Lange, World Bank**

## Session 6 – Research agenda for SEEA Volume II

### 18. List of issues – Valuation

#### **Issue 1: Expanding the scope of valuation in Volume II**

SEEA-2003 limited coverage to valuation of environmental degradation. Volume II of the revised SEEA should take a much broader approach to valuation, taking as its starting point the measurement of the value of environmental benefits/ecosystem services. Conceptually, degradation is the loss of services so valuation of degradation requires valuing those services (benefits). Many benefits are delivered as intermediate inputs to production and are already included in the SNA, but implicitly. Many countries are finding it useful for policy to make these values explicit, e.g., to know the contribution of forests to maintenance of clean, sediment-free water.

#### **Recommendation/Issue for discussion:**

*Should the scope of Volume II be expanded to include environmental benefits as well as damages?*

The set of topics covered in volume II should include, but not be limited to, the following:

#### **Clear definition of economic value and valuation techniques**

Clarify the economic concept of value, distinguishing the ‘benefit/damage’ approach from the ‘maintenance’ approach. Non-market valuation techniques and their relation to SNA concept of value will be described.

#### **Identifying and describing valuation of priority environmental benefits & damages**

It is not feasible to value all non-market environmental benefits and damages so a practical guide that prioritizes the major ones should be developed. Discussion will include an assessment of the feasibility of valuation and recommendations for implementation in a manner consistent with SNA. There should also be guidelines for expanding coverage of benefits and damages where relevant.

#### **Adjusted aggregates and indicators**

The treatment adopted for the revised SEEA is to include discussion of adjustments to national accounting aggregates go in the relevant Volume (I or II), while indicators are included in Volume III. The Advisory Group (see below) will prepare draft text for both.

#### **Damages to human health and human capital**

A major cost of pollution is damage to human health, and one cannot value degradation (a flow) without accounting for the corresponding asset. While the SEEA is not the place to develop human capital accounts, some discussion of human capital should be included here including a review of the current state of theoretical and applied work on this issue and how it could be taken forward (although not necessarily by the London Group)

**Recommendation/Issue for discussion:**

*Are there other major topics which should be covered? Should the issue of human capital be included?*

**ISSUE 3: Process and timeline for addressing these issues**

An Advisory Group is needed to do the technical work, draft reports, and—as raised by UNSD—build ownership and support in the SEEA revision process. This group will include technical experts (economists and national accountants), representatives from agencies participating in the SEEA revision process that have expressed a strong interest in addressing valuation. There should also be representation from developing countries. A list developed with UNSD would include the following—but I am still discussing how best to raise this at the LG so that we don't get an unworkable group.

Potential Advisory Group members:

- World Bank staff—Kirk Hamilton, Glenn-Marie Lange, Giovanni Ruta
- Giles Atkinson, technical expert, London School of Economics, UK
- Jeffrey Vincent, technical expert, Duke University, USA
- Australian Bureau of Statistics-TBD
- UNSD, as the secretariat of the UNCEEA
- Statistics Netherlands, Mark De Haan, chair of the London Group
- Bureau of Economic Analysis (USA)
- UNEP (Anantha Duraiappah)
- European Environmental Agency, which is working on Ecosystem Accounting
- Developing country representation is desirable
  - India (Haripriya Gunimeda, technical expert?) has contributed funds to the SEEA revision process and is a member of the UNCEEA Bureau
  - South Africa (Rashid Hassan, technical expert?) has contributed funds to the SEEA revision process

Much of the work will be carried out by a small group of technical experts in consultation via email with the entire Advisory Group.

**Meetings:**

One meeting with all members of Advisory Group should be held. All other communication will be by email.

**Funding**

Members from agencies in developed countries cover their own costs. Others will need support for attending meetings and any work they do. It will be necessary to raise funds for the activities of the Advisory Group.

**Timeline:**

April 2009: List of issues paper prepared for London Group, April 2009

June 2009: Issues paper presented to UNCEEA, June 2009

By late 2009

Identify & recruit members of working group and advisory group  
Advisory group meets

Working group prepares draft paper on recommendations for London Group  
Mid-2010: Outcomes paper presented to UNCEEA  
2011: Chapters drafted with recommendations to UNCEEA  
2012: Final draft chapters ready for editor in April 2012

**Recommendation/Issue for discussion:**

*How to fund activities of the Advisory Group?*