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DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
STATISTICS DIVISION  
UNITED NATIONS



System of  
Environmental  
Economic  
Accounting

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## System of Environmental-Economic Accounting 2012 – Experimental Ecosystem Accounting Revision

### First Global Consultation on:

**Chapter 8: Principles of valuation for Ecosystem Accounting**

**Chapter 9: Accounting for ecosystem services in monetary terms**

**Chapter 10: Accounting for ecosystem assets in monetary terms**

**Chapter 11: Integrated and extended accounting for ecosystem services and  
assets**

### *Comments Form*

**Deadline for responses: 6 July 2020**

**Send responses to: [seea@un.org](mailto:seea@un.org)**

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Organization & country:	FRANCE/MTES/CGDD/SDES

The comment form has been designed to facilitate the analysis of comments. There are twelve guiding questions in the form, please respond to the questions in the indicated boxes below. To submit responses please save this document and send it as an attachment to the following e-mail address: [seea@un.org](mailto:seea@un.org).

All documents can be also found on the SEEA EEA Revision website at:

<https://seea.un.org/content/seea-experimental-ecosystem-accounting-revision>

In case you have any questions or have issues with accessing the documents, please contact us at [seea@un.org](mailto:seea@un.org)

### **Questions related to Chapter 8**

**Question 1: Do you have comments on the principles proposed to underpin monetary valuation for the revised SEEA EEA, including the use of exchange values and net present value approaches?**

Regarding the accounts of ecosystem services, France considers that these accounts in monetary terms are not relevant in environmental statistics and should remain at the research stage, given the complexity of measuring the phenomena under study. The proposed chapters are a confirmation of the complexity of this topic for several reasons.

The valuation of ecosystem services is a way to construct a synthetic aggregate. Comparing valuation of the assets and ecosystems between years are a way to compute change in state of the services, with an aggregated indicator.

From this point of view, to construct a synthetic indicator (cf. another chapter) has the same objective. Moreover, the weight of the indicators could be more pertinent because they could be chosen in terms of environmental pertinence and not with regards of market considerations.

But, France has pointed out the difficulties of the aggregated indicators. Moreover, the number of methods and assumptions to compute this monetary valuation is not consistent with the approach of national accounts (based on survey or administrative data).

France needs elements of proof by international users (outside the statistical community) that valuation of ecosystems services is a more pertinent approach than the cost of restoration.

Indeed, in France, to give a valuation of the Nature with the cost of restoration to reach a political target is more pertinent for political users than the net value approach as proposed in chapter 10. In the cost of restoration approach, the cost of a service ultimately is the cost of restoring it to a good state, like a consumption of fixed capital.

This previous remarks have a forward conclusion: to change the gross domestic product is not pertinent. We strongly disagree with chapter 11.

Last point, the proposal is not consistent with the challenge to follow the contribution of one state to the international situation (demand-side indicators).

**Question 2. Do you have any suggestions for topics to include in Annex 8.1?**

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To exclude the analysis of the costs of restoration in the SEEA-EEA is not consistent with the documents which were sent previously.

Restoration costs should be added in this annex or in an annex 8.2.

### **Question 3. Do you have any other comments on Chapter 8?**

This chapter needs to open the topic of the state of Nature for worldwide challenges (climate change, loss of biodiversity, etc.) and not only to focus on services for resident users of local ecosystems.

From this point of view, how could we compute some valuation for assets with a lifetime which could be very different between a climate change consistent with Paris agreement and a climate change in the business-as-usual scenario?

France asks if it is even pertinent to compute any monetary valuation for global assets, when the major issue about the atmosphere or oceans condition is to enable human life.

### **Questions related to Chapter 9**

#### **Question 4. Do you have comments on the range of valuation methods proposed for use in estimating exchange values of ecosystem services?**

Chapter 9 shows the range of possible methods and requires additional work to further specify which methods are applied to each ecosystem and service.

When different methods are used but are inconsistent with each other, the results can't be aggregated.

So France disagrees with the inclusion of this chapter within the scope of "national accounting".

We will show this point with one example:

Paragraph 9.56 states that "the valuation of the biomass harvested" is to be calculated on the basis of the contribution of the ecosystem to the price of the product (and not on the basis of the price of the product). This means that the price of the ecosystem service for the fish caught is not the value of the sale of the fish.

If this were the case, as specified in paragraph 11.10, it is indicated that it is an additional intermediate consumption of the user sector, i.e. of the fishery. The adjusted value added of this sector would then be strongly negative (since the intermediate consumption of ecosystem services will be the same as the output of fisheries).

Fishing should therefore be valued using the method described in paragraph 9.30: the residual value method. Production minus all costs is then identical to a fictitious rent (resource rent) to the ecosystem. With this model, if a fishing enterprise is working at loss, then the value of the ecosystem service would be null.

This example confirms the need to clearly specify the methods for each service and each ecosystem: a time-consuming task that cannot be part of the field of official statistics.

Moreover, the price of ecosystem service can sometimes vary from one territory to another (section 9.5), which means more sources and more assumptions.

**Question 5. Do you have any other comments on Chapter 9?**

This chapter is too weak to allow comparable monetary accounts on ecosystems services.

Then some ecosystems services valuation could be left to some users who need it, following fit-for-purpose methods, but not in the purpose to build a national aggregated value.

**Questions related to Chapter 10**

**Question 6. Do you have comments on the definitions of entries for the ecosystem monetary asset account including ecosystem enhancement, ecosystem degradation and ecosystem conversions?**

This part of the Chapter 10 clarifies usefully some definitions. This part could be a separate chapter.

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**Question 7. Do you have comments on the recommendations concerning the selection of discount rates for use in NPV calculations in ecosystem accounting?**

The choice of the discount rate is a "matter of considerable importance since it can have a significant effect on the resulting present value estimate and its interpretation" (paragraph 10.42).

Paragraph 10.44 indicates that it may be necessary to provide ranges for the results: "estimates of the value of ecosystem assets might be provided using different assumptions concerning the discount rate".

However, the proposals on this "discount rate" range from market interest rate, discount rate for public policy, or rate of "long term government bonds".

This means having a volatile discount rate ("market-based discount rates" or "long term government bonds"), worse sometimes below zero (long term bond) or depending on the policy choices of the government.

The national accounts cannot be highly dependent about the government's policy choices or so volatile.

It is impossible to consider this paragraph relating to the NPV of environmental assets consistent with the scope of national accounting.

It would be proposed a discount rate that is consensual and, above all, that is sufficiently low.

**Question 8. Do you have comments on Annex 10.1 describing the derivation and decomposition of NPV?**

It would be useful to replace this purely theoretical annex with a real practical case from a country's experience.

**Question 9. Do you have any other comments on Chapter 10?**

For reasons of comparability and reliability, national accounts need to rely on observation, surveys, administrative data and, to a lesser extent, on assumptions for what cannot be measured (undeclared work, tax evasion).

However, the calculation of the net present value is based on a large number of assumptions.

More problematic, those assumptions are not about the present, but about the future:

- socio-political context (paragraph 10.54);
- impact of population change (paragraph 10.53);
- future flows of services (paragraph 10.55), including the future impact of changes in the

water cycle, climate change or ocean acidification (paragraph 10.58).  
- unit prices of services (paragraph 10.49) and the assumptions and calculations described in Chapter 9;

This first reason explains France's opposition to this chapter.

The calculation of NPV, with the assumption that trends will be the same in the future, is the only approach that makes sense to show the sustainability of our economic system. This requires less assumption, but it is still necessary to estimate the likely lifetime of a service given the speed of environmental degradation (overexploitation of a resource, global warming).

The absence of restoration costs, another approach to assess the non-sustainability of a policy and making the link with public policy issues, is the second reason that leads France to reject this chapter.

### **Questions related to Chapter 11**

**Question 10. Do you have comments on the proposed structure of the extended balance sheet that integrates the monetary values of ecosystem and economic assets?**

As mentioned, the construction of this table requires such a lot of assumptions and data sources that it seems complex. Simplification of the NPV method would be an indispensable step.

Moreover, the absence of "marine areas beyond the exclusive economic zone" (paragraph 11.46) and of the atmosphere confirms the lack of relevance of the proposed model for monitoring global issues. The sentence "all ecosystems are considered as resident units" (paragraph 11.53) confirms also this point.

Beyond a difficulty in computation, it is therefore the relevance of this table that is problematic.

Its presence in the SEEA is not yet possible because there is no consensus method to operate such accounts in a comparable way between countries, and furthermore because this approach doesn't allow to consider the main global challenge to maintain the planet in good health and in a favourable condition to allow human life.

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**Question 11. Do you have comments on the approaches to assigning the ownership of ecosystem assets that underpins the structure of the extended sequence of institutional sector accounts?**

The implementation of public policy to protect the environment does not depend in any way on the owner. This approach is unfounded for policy makers.

**Question 12. Do you have any other comments on Chapter 11?**

All the comments made so far lead to France's opposition to the modification of the central framework and thus of the computation of the GDP, as presented in chapter 11.5.

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