

Valuation in the SEEA Update

The World Bank

15th Meeting of the London Group on
Environmental Accounting

Wiesbaden, November 30 2009

Outline

June 10-- Small group of environmental economists with experience in environmental economics + UNSD to draft a Scope of Work

The report

Chapter 1. Conceptual framework and classifications

Chapter 2. Concepts of value

Chapter 3. Valuation of specific ecosystem benefits & damages

Chapter 4. Macroeconomic aggregates and indicators

Chapter 5. The way forward

Update on the work

The WB environment strategy

Chapter 1. Conceptual framework and classifications

Building on the Millennium Ecosystem Assessment:

- Classification of ecosystem services

Detailed list of services was derived in a somewhat ad hoc manner by MA, should be revisited

- Classification of ecosystem assets

Ecosystems overlap

Delivery of a service requires a portfolio of assets

Chapter 2. Concepts of value

Economic welfare vs. SNA

- For ecosystem services already included in the SNA, 'disentangle' the value of ecosystem service from the product which embodies it.
- For ecosystem services not in SNA, the issue is whether they should be, and how they can be included in a manner consistent with SNA valuation.

Other issues:

- Passive uses/biodiversity
- Valuing ecosystem services where financial payment systems are emerging
- Additionality

Chapter 3. Valuation of specific ecosystem benefits & damages

Describe state of valuation for specific issues that are candidates for moving into the SEEA Standard

Priorities not yet set

Other issues to be addressed:

- Accounting issues related to Human Capital require that this form of capital be addressed
- Accounting for publicly owned land, not included in the SNA, where most biodiversity is located
- Valuation of transboundary ecosystems
- Assets in the global commons (atmosphere, high seas)

Chapter 4. Macroeconomic aggregates and indicators

Describe macroeconomic aggregates and indicators that are derived from these accounts & how they could be used

Chapter 5. The way forward

- To provide guidance for those national statistical offices that want to start implementing valuation of ecosystem services
- To identify the research necessary to create consensus and to move the accounts discussed here into the statistical standard

Update on the work

A short term consultant has been hired to work on the following tasks

- Review major conceptual issues related to valuation of ecosystems and national income accounts
- Address specific conceptual issues such as HC valuation, accounting for emerging markets for ecosystems, treatment of non-market services (e.g. public lands, oceans)
- Rank ecosystem services according to how easily their valuation can become a standard
 - Degree of international consensus on valuation methodology
 - Availability of data
- Provide bibliography on valuation methodologies and data sources

Timeline

June 24-26, 2009	Presented Draft SOW to UNCEEA
June-October 2009	Preparation SOW Hiring of Short Term Consultant Beginning of work
Nov 30 2009	Update at the London Group meeting
Mid March	Circulate draft paper to the London Group
April 2010	Convene meeting of the Technical Advisory Group to discuss the draft paper
June 2010	World Bank internal decision meeting
Late 2010	Finalize the paper

Valuation at the WB

- Work for this paper benefits from the work the Bank has been undertaking to measure sustainability and wealth
- It happens when the WBG is preparing a new **environment strategy**
- Productive interaction with the LG will have an important impact for the work with developing countries going forward