System of
Environmental
Economic
Accounting

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

Organization & country:	NSO – IBGE / Brazil

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.

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

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?

Click here and start typing (The length of your response is not limited by this text box.)

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

To clarify the understanding of the idea of valuing the contribution of ecosystem assets - ecosystem services, it is interesting to have a paragraph better defining the concept of benefits as expressed in the SNA: *'An economic benefit is defined as denoting a gain or positive utility arising from an action. It implies a comparison between two states. This can be elaborated within the SNA so that benefits are seen as rewards for providing services, such as those of labor and capital to production and also the means of acquiring goods and services for production, consumption or accumulation in the current period or in future periods.'* (2008 SNA 3.19). It could be placed in annex 8.1 or else along the text of chapter 8, next to paragraph 8.19.

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

Paragraphs 8.21 and 8.22 explain that In some cases, ecosystem services contribute to the production of SNA benefits (goods and services within the production boundary of the SNA) and in these cases, the values of ecosystem services are implicitly within exchange values recorded in the national accounts, mentioning the example of pollination, that contributes to agricultural output. But, the text should be more specific why the values of some ecosystem services are implicitly within the exchange values recorded in National Accounts. Paragraph 8.22 mentions the case where ecosystem services contribute to non-SNA benefits, giving the example of air filtration services, that will contribute to cleaner air whose exchange value is not implicitly included in National Accounts measures of output. However, do air filtration services also not contribute to greater output in some sectors (affecting the housing prices)? Wouldn't that be the case where such services cover but are not limited to SNA benefits?
What defines that the value of an ecosystem service is implicitly within the exchange values in national accounts? The essentiality of this service for the SNA output?
Another important issue is the treatment of unique ecosystems and ecosystem services which surpass the geographical area of countries, such as the Brazilian Amazon. The Ecosystem Services it provides are captured at different geographical scales: local (in the form of natural/biological resources) regional (maintain rainfall for agriculture and the potential of its biodiversity) and global (carbon capture, climate, biodiversity). The

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regional and global benefits only exist and can be captured when the forest acts as a regional entity. One of the main scientific questions of our time is to ascertain the extent the forest can be deforested/degraded before these services are compromised to a point of no return. The precautionary principle is paramount in this case as is some form of economic valuation of the ES it provides, which are spatially diffuse and extend geographically beyond the country that bears the cost of its management and protection. There is global consensus about this (e.g. REDD+ initiatives). However, REDD+ payments are results-based and cannot be equated to PES, or used to derive value.

Exchange values, no matter what valuation technique is used, or discount rates (how far into the future is unknown) do not capture this particular singular attribute, when the Amazon acts as a whole, being analogous to the catastrophic situation of global warming effects. A welfare-based approach, such as proposed by Pearce (1992), when option and existence values are taken under consideration would be called for, since changes do not occur at a marginal level and exchange values in shadow markets cannot be equated to welfare ones.

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?

There is a wide variety of estimation methods for valuation when there are no market prices for ES, many of them requiring econometric modelling and simulation techniques. Would it be possible to indicate methods that require more sophisticated techniques than others that require simpler techniques? Perhaps a table listing the methods could help.

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

In paragraph 9.20 "Although techniques in the first two categories…" refers to the paragraph just above (9.19) or the categories related to market price for ES?

In paragraph 9.43, on the alternative use method of conversations about difficulties in the appropriate alternative use school. Is there an objective criterion for choosing an alternative use? Would it be the use in which the lost benefit is greater?

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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?

Click here and start typing (The length of your response is not limited by this text box.)

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

Click here and start typing (The length of your response is not limited by this text box.)

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

Click here and start typing (The length of your response is not limited by this text box.)

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

In paragraph 10.12, if the understanding is correct, the first two activities are related to an increase in ecosystem enhancement, while the last (complaint) would be related to ecosystem conversions. Perhaps it is worth changing the first sentence by replacing the word enhancement with a synonym like ´improvement´ to avoid confusion in understanding the classification.

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?

Click here and start typing (The length of your response is not limited by this text box.)

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?

Click here and start typing (The length of your response is not limited by this text box.)

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

Click here and start typing (The length of your response is not limited by this text box.)