

Natural Capital Accounting and Valuation of Ecosystem Services project

Overview of current status of implementation



1 CONTEXT

The Global Strategy for the European Union's Foreign and Security Policy, adopted in June 2016, stresses the importance to enhance energy and environmental resilience. In this context, the EU has decided to engage with Partner Countries under the Foreign Partner Initiative which have ratified the CBD such as Brazil, China, India, Mexico, and South Africa, on making progress on Experimental Ecosystem Accounting and valuation. EU has selected these strategic partners, because they are large countries, very rich in nature and biodiversity and suffering from the global biodiversity loss and damage to the environment. The EU is strongly committed to further strengthening the CBD as the key international instrument for achieving global biodiversity targets and to making sure that it is effectively implemented.

The 2030 Agenda for Sustainable Development was adopted by world leaders in September 2015 at an historic UN Summit, and on January 1st 2016 the 17 Sustainable Development Goals (SDGs). The UN Statistical Commission at its 45th Session in 2014 recognized the SEEA as an important statistical framework for the 2030 Sustainable Development Agenda and the Sustainable Development Goals (SDGs) indicators. The 2030 Agenda and its accompanying goals and indicators provide the overarching context for this project.

1.1 Objectives

The objective of the project is to advance the knowledge agenda on Natural Capital Accounting, in particular ecosystem accounting, by initiating pilot testing of the SEEA Experimental Ecosystem Accounting in five strategic partner countries to the EU, with a view to:

- Improving the measurement of ecosystems and their services (both in physical and monetary terms) at the (sub)national level;
- Mainstreaming biodiversity and ecosystems in (sub)national level policy-planning and implementation;
- Contributing to the development of internationally agreed methodology and its use in partner countries.

In order, to reach this objective, engagement with policy makers at all stages of the project implementation is crucial. Their participation will enable to sensitize them to the work undertaken in natural capital accounting and to take on board their questions. For policy makers, the work on natural capital accounting must inform better decision-making, both through a) the collection of credible, validated data under an internationally-mandated architecture (the System of Environmental-Economic Accounting [SEEA] framework), and b) the process of engagement with the statistical and policy community.

The EU has secured funding for a 3-year project which is implemented as a partnership between the United Nations Statistics Division (UNSD), the United Nations Environment Programme (UNEP) and the Secretariat of the Convention on Biological Diversity (SCBD), and managed by UNSD.

1.2 Scope

The scope of the project is the experimentation and testing of the SEEA Experimental Ecosystem Accounting (SEEA EEA) and its policy use. The SEEA Central Framework as such is not within scope. There are some Central Framework accounts (e.g. land accounts, carbon accounts, timber and water accounts) that feature both in the Central Framework and in SEEA-EEA, and as such these are all in scope. However, the expenditure accounts for ecosystems and biodiversity are not in scope.

1.3 Scale

The scale at which piloting of ecosystem accounts will be undertaken will depend on the country in question, based on national priorities and capabilities. Some accounts (e.g. ecosystem extent and condition) may be piloted at the national level. For ecosystem services supply and use accounts, a gradual approach may be chosen by piloting the measurement at the local / regional level.

1.4 Organisation

The Action consists of a number of work packages that have been aggregated into 7 workstreams.

Table 1: Work streams built up from work packages

1 Pilot ecosystem accounts in physical and monetary terms (by country)		
	1.2	National coordination mechanism and national assessments
	2.2	Models of ecosystem condition, and services used for statistical and accounting purposes
	2.3	Compilation of ecosystem accounts in physical terms
	2.4	Valuation of ecosystem services
2 Methodology		
	1.4	Guidelines on methodologies and classifications of ecosystems and ecosystem services in physical terms
	1.5	Guidelines on methodologies for valuing ecosystems and ecosystem services in monetary terms
	1.11	Forum on advancing ecosystem accounting (annual)
	2.1	Methods for measurement of ecosystems and their services in physical terms
3 Indicators		
	1.1	Sustainable development indicator set based on SEEA Experimental Ecosystem accounts
	1.3	Testing selected indicators
4 Business accounts		
	1.12	Workshops on linking SEEA and Business accounting (two)
5 Communication, outreach and advocacy		
	1.6	National communication and outreach strategy
	1.7	Global communication and outreach strategy
	1.10	Global knowledge platform
6 Training/capacity building		
	1.8	Material for training modules for ecosystem accounts in support of capacity building
	1.9	Material for training modules for valuation of ecosystem accounts
	2.2	Models of ecosystem condition, capacity and services used for statistical and accounting purposes (national training workshop)
	2.3	Compilation of ecosystem accounts in physical terms (regional training workshop)
	2.5	Analysis of values of ecosystem services under different scenarios (regional training workshop)
7 Scenario analysis for policy options (by country)		
	2.5	Analysis of values of ecosystem services under different scenarios

2 STATUS OF IMPLEMENTATION (JULY 2017 TO MAY 2018) – SELECTED ELEMENTS / ACTIVITIES

2.1 Workstream 1 – pilot ecosystem accounts (physical + monetary (by country))

Brazil

- The work plan is to work on 2 parallel tracks:
 - Pilot ecosystem accounting using the Soil and Water Assessment Tool (SWAT) in the region of Matopiba (Rio Grande hydrographic basin, States of Maranhão-Tocantins-Piauí-Bahia). This region has been selected due to the growth of agricultural activity over the Brazilian Cerrado, the geodiversity of landscapes, as well as data availability.
 - Develop a national plan: the recently adopted national law on Green Domestic Product, which explicitly mentions SEEA, provides a clear momentum to the development of a national plan with prioritisation of specific environmental accounts, as well as the development of national coordination mechanism.
- Ad 1) This pilot will initially consider the following Ecosystem Services: soil retention and water flow regulation, carbon sequestration / storage.
- Ad 2) A second country mission is foreseen in September;
- A Regional training workshop will be held in the week of 19-23 November in Rio;
- Water accounts have been published by IBGE and ANA during the World Water Forum in Brasilia; Brazil will participate in a session during the Stockholm World Water Week on “The potential for Natural Capital Accounting for Better Water Management” jointly organized by WAVES, Dutch Ministry of Foreign Affairs and UNSD;

Mexico:

- INEGI will present its first project results during the Forum of Expert (mainly on ecosystem extent; condition); work is under way on ES services carbon; water; crops; and coastal protection);
- Access to data has been problematic not for the lack of data, because there is not an institutional mechanism for INEGI to get access to it.
- Due to the upcoming elections and change of government, the Forum and national workshop will be held in 2019.
- The results of the pilot in Aguascalientes will be disseminated through a publication, presented to the Aguascalientes government local secretaries. The results will also be presented to all INEGI committees at state level.
- The national assessment containing an inventarisation of data sources and policies that can be supported by NCA in Mexico almost completed;

South Africa

- The first inception mission took place from 19-22 September in Pretoria and led to the creation of the project reference group which meets regularly, consisting of SSA, SANBI, EU Delegation to South Africa, Department of Environmental Affairs;
- A National stakeholder workshop was held on 19 March in Pretoria, South Africa, in which around 80 people participants from a wide range of organisations. The outcome of the workshop lead to the development of the work programme of 2018 and 2019, which was endorsed by the project reference group on 7 June.
- The proposed ecosystem accounts to be compiled during the project are as follows:

- National land and ecosystem extent accounts;
- Full suite of ecosystem accounts for KZN; - will provide pilot for national ecosystem service accounts)
- City-region accounts (several)
- Protected area accounts
- Marine ecosystem accounts
- Endangered species accounts/ Species in trade accounts
- The National Strategy on SEEA/NCA will be revised; the idea is to develop a 10-year strategy (2020-2030) revised after 5 years; a national assessment report will be drafted as important input, to be presented/discussed at the National Forum.
- There will be a series of international events related to Natural Capital Accounting in South Africa during the 1st week of September, namely the PAGE ministerial conference and the regional NCA policy. The progress of the project implementation in South Africa will be presented at these conferences.

China:

- The first inception mission took place from 29 Oct – 3 Nov 2017 and led to agreement of an initial proposal to strengthen the national compilation of natural resource balance sheet on land, forestry and water and pilot ecosystem accounting in the provinces of Guangxi Zhuang Autonomous Region and Guizhou Province have been agreed upon.
- A 2nd mission to China took place from 21-29 May 2018, where the 2 pilot provinces – namely Guangxi autonomous region and Guizhou province were visited from 21-25 May to assess the policy priority and existing work on ecosystem assessment; address technical issues and discuss the initial programme of work to implement ecosystem accountings using the SEEA EEA approach. The project team also hold a stakeholder meeting in Beijing and a series of bilateral meetings in Beijing from 27-29 September to discuss the draft programme work and address methodological issue related to the natural resource balance sheet and pilot ecosystem accounting programme.
- The main policy demand of NCA in China are for the assessment of provincial official performance for their effort in protecting the environment and ecological compensation at the provincial level.
- A draft national plan for the project implementation was developed cumulating in presenting results at the CBD COP 2020 that will be held in Beijing; more detailed work programme at national and the provincial level will be developed shortly.

India:

- A national consultant has been working on the national assessment;
- CSO India has recruited 4 national consultants to work on SEEA accounts;
- 2nd mission (with a technical focus) planned for 5-11 July; The objectives of the mission are to:
 - Discuss the draft assessment report with CSO India, the national consultant, and other stakeholders;
 - Train and sensitize the national project team on biophysical modelling in the context of ecosystem accounting;
 - Conduct bilateral meetings with key stakeholders of the project in India.
 - Organize a meeting of the technical committee to agree on a list of pilot studies to be undertaken as next steps within the project;

2.2 Guidelines/ methodological work

- The project activities are integrated in the work program of the section; The Policy Forum on Natural Capital Accounting the Hague (22-23 Nov 2017) (jointly with WAVES and the Dutch Ministry of Foreign Affairs), The Forum of Experts in Glen Cove (18-20

- June 2018) (jointly with WAVES) as well as the Expert Meeting in Ecosystem Valuation in Bonn (24-26 April 2018) (jointly with BfN and UN Environment) were (partly) funded through the project;
- The project has (in addition to contributing to the SEEA EEA revision process), two main deliverables:
 - Development of guidance on biophysical modeling / ecosystem accounting;
 - Development of valuation and policy application guidelines;
 - Ad 1) A first draft review of biophysical models (strength and weaknesses) has been prepared by a consultant; complementary exercises are undertaken by the World Bank and Conservation International; these results should feed into the development of guidance (in support of the revised SEEA EA);
 - Ad 2) UNEP is responsible for this deliverable; a consultant has prepared a first draft outline for this document, based on the Bonn outcomes; summaries of valuation work undertaken in project countries are almost ready for China; India; South Africa; and Mexico.

2.3 Indicators:

- UNEP-WCMC has assessed various global indicator sets; a first draft of the working document on the assessment on the linkages between global indicator initiatives, SEEA modules and the SDG targets report will be posted as the background paper and presented at the expert forum in New York;
- At the national level, UNEP-WCMC has communicated with the project focal points in Mexico and South Africa to examine the national indicator initiative in these 2 countries.
- A side event will be organized during the expert forum to discuss the indicator initiatives with the 5 project countries;
- The expert workshop will likely be scheduled in Q1 2019 in Cambridge, UK.

2.4 Business accounting:

- There are both contacts with the Natural Capital Coalition (specifically with NCC's Data Information Flow project; and Joining Forces initiative) as well as with UNCTAD;
- A concept note has been written for a 1st Business accounting workshop with a focus on water related ecosystem services; likely to be held in 2019 in one of the project countries.

2.5 Communications and outreach

- The second quarterly SEEA newsletter is scheduled for release mid-June;
- A senior communications consultant has been brought on board to assist with a wide-range of communication needs, both at the global and national levels;
- Discussion Forum has been set-up that will have 3 landing spaces: on the SEEA EEA revision; on the EU Project; and for UNCEEA;
- New features including an updated knowledge center are being added to the site;

2.6 Training:

- The first regional training workshop on the SEEA EEA was held in Beijing from 6-8 November 2017. The workshop was hosted by the NBS China and It brought together approximately 90 statisticians and government officials from 20 countries who are either involved in policy making or in the compilation of information on sustainable development and environmental issues.

- IBGE offered to host the second regional training workshop in the week of 19-23 November 2018 at their training center in Rio; The training will be organized jointly by UNSD, UNEP and UN-ECLAC (Santiago and Brasilia);
- SEEA EEA e-Learning has been translated into Spanish by GIZ; INEGI has agreed to vet the translation so it can be used leading up to the Regional Training translated into Spanish;

2.7 Scenario Analysis

- Work not planned to start. Discussion with South Africa, China, Brazil on potential scenario's.