SEEA EEA Revision: Outstanding issues in Monetary valuation and integrated accounting for ecosystem services and assets

Presentation for SEEA EEA Virtual Expert Forum
15 July 2020
Context: Links to the revision process

• Chapters 8-11 drafted based on material from various discussion papers on monetary valuation and accounting prepared during 2019 and 2020

• It was recognised that some issues would require further consideration and discussion

• Global consultation process from late-May to early-July received substantive feedback on those issues (current around 60 responses received)

• Feedback grouped as concerning
  > Conceptual and definitional issues
  > Implementation issues
  > Drafting issues (including examples)

• Process now commencing to consider the outstanding issues and propose additional text and/or responses to the feedback ahead of a second round of global consultation in October 2020.

• Discussion on specific topics to support determining update and revision process
Issue #1: Global climate regulation services

• Ongoing discussion on the description and valuation of ecosystem services related to the role of carbon sequestration and storage

• New approach developed focusing on concept of carbon retention.

• Key questions are:
  > Views on the new approach?
  > What are the appropriate measurement boundaries?
  > What issues arise in deriving a valuation based on an annuity or user cost approach?
  > Extent to which the risk of release of carbon should be factored into the price of the service
Issue #2: Recreation-related services

- The common approach to valuation of these services is to use the travel cost method but this tends to focus on the benefits rather than the ecosystem contributions
- Alternatives have been proposed including the Simulated Exchange Value methods and using visitor expenditures as a proxy
- Key questions are:
  > Are these the most feasible methods for valuing the services in an accounting context?
  > What alternatives might be considered?
  > Is there a preferred approach?
Issue #3: Option, insurance and bequest values in ecosystem accounting

- General discussion on monetary valuation of ecosystems readily incorporates option, insurance and bequest values but the use of these value concepts in an accounting context is unclear.
- There are links to the concepts of resilience and capacity and the measurement of biodiversity.
- Key questions are:
  - How should the link between individual ecosystem services and the maintenance of options for supplying ecosystem services in the future be considered?
  - What is the role of option, insurance and bequest values in valuing individual ecosystem services and assets?
Issue #4: Asset valuation & accounting entries

- Chapter 10 provides a description of a full suite of ecosystem asset account entries, including opening and closing values and ecosystem degradation. These are to be implemented following an NPV method which requires consideration of a range of factors.

- Key questions are:
  > What factors need to be considered in applying the concepts of NPV in an ecosystem accounting context, especially concerning changes in the value of ecosystem assets?
  > In distinguishing the changes in value due to ecosystem enhancement, degradation and conversion, is the approach described in Annex 10.1 appropriate?
Issue #5: Framing of values

• Valuation of ecosystems and the environment is a complex and multi-faceted exercise and accounting will not provide a complete valuation reflecting all perspectives.

• Given this reality how should the core ecosystem accounts of the revised SEEA EEA be best considered in light of a broad framing of values, such as considered in IPBES.

• Key questions are:
  > What approach should be taken to the framing of values for the revised SEEA EEA?
  > What is the role of different ecosystem accounts in supporting discussion of values?
  > What complementary and alternative presentations of accounting based data can best support discussion of ecosystem values?
Enjoy the discussion