

System of
Environmental
Economic
Accounting

***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



United Nations

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

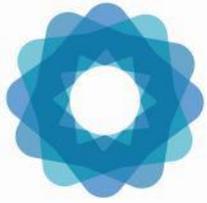
- General discussion on monetary valuation of ecosystems readily incorporates option, insurance and bequest values but the use of these value concepts in an accounting context is unclear
- There are links to the concepts of resilience and capacity and the measurement of biodiversity.
- Key questions 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?



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