



Natural Capital Accounting and Valuation of the Ecosystem Services Project

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Why in News

Natural Capital Accounting and Valuation of the Ecosystem Services (NCAVES) India Forum-2021 is being organised by the **Ministry of Statistics and Programme Implementation** (MoSPI) in virtual format.

The MoSPI has taken up several initiatives under the **project “Natural Capital Accounting and Valuation of Ecosystem Services (NCAVES)”** which **aims to advance the theory and practice of ecosystem accounting in India.**

Key Points

- **About the Project:**

- The NCAVES Project, funded by the European Union, has been jointly implemented by the **United Nations Statistics Division (UNSD)**, the **United Nations Environment Programme (UNEP)** and the **Secretariat of the Convention of Biological Diversity (CBD)**.
- **India** is one of the **five countries taking part in this project** - the other countries being **Brazil, China, South Africa and Mexico**.
- In India, the NCAVES project is **being implemented by the MoSPI** in close collaboration with the **Ministry of Environment, Forest and Climate Change (MoEF&CC)** and the **National Remote Sensing Centre (NRSC)** under the **Department of Space**.

- **Natural Capital Accounting (NCA):**

- It is an umbrella term covering efforts to make use of an **accounting framework** to provide a systematic way **to measure and report on stocks and flows of natural capital.**

Natural capital is another term for the **stock of renewable and non-renewable resources** that combine to yield a flow of benefits to people.

- NCA covers accounting for **individual environmental assets or resources, both biotic and abiotic** (such as water, minerals, energy, timber, fish), as well as accounting for **ecosystem assets** (e.g. forests; wetlands), biodiversity and **ecosystem services, in both physical and monetary terms.**
- Just like the compilation of national accounts of a country is guided by the **System of National Accounts (SNA)**, for natural capital accounting, the **System of Environmental-Economic Accounting (SEEA)** is taken.
 - The System of Environmental-Economic Accounting (SEEA) provides a **framework for measuring the link between the environment and the economy.**
 - SEEA-Central Framework **was adopted in February 2012** as an international statistical standard by the **UN Statistical Commission.**
 - The SEEA accounts bring into direct focus the relationship between the environment and economy **not revealed through traditional measures of economic activity, such as Gross Domestic Product (GDP).**

- **Ecosystem Services:**

- As a part of an ecosystem, humans derive lots of benefits from the biotic and abiotic components. These benefits are collectively termed as **ecosystem services.**
- Ecosystem services are classified into **four types:**
 - **Provisioning Services:** This includes the products/raw materials or energy outputs like **food, water, medicines and other resources from ecosystems.**
 - **Regulating Services:** This includes the services which regulate the **ecological balance.** For example, forests purify and regulate air quality, prevent soil erosion, and control greenhouse gases etc.
 - **Supporting Services:** These form the basis for other services. They provide **habitat for different life forms, retain biodiversity, nutrient cycling, and other services for supporting life on the earth.**
 - **Cultural Services:** It includes **recreational, aesthetic, cultural and spiritual services,** etc. Most natural elements such as landscapes, mountains, caves, are used as a place for cultural and artistic purposes.

- **Benefits:**

- The participation in the project has helped MoSPI commence the compilation of the **Environment Accounts as per the UN-SEEA framework and release environmental accounts in its publication “EnviStats India”** on an annual basis **from 2018**.
- Several of these accounts are closely related to the social and economic attributes, making them a **useful tool for the Policy**.
- Another tool under the NCAVES project is the development of the **India-EVL Tool** which is essentially a look-up tool giving the **values of various ecosystem services** in the different States of the country.
- **Ecosystem accounting** can produce information on the extent of ecosystems, their condition based on selected indicators, and the flow of ecosystem services.

Source:PIB