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Subject: Comments on Monitoring framework for the post-2020 global biodiversity framework

A few thoughts on the monitoring framework for the post-2020 global biodiversity framework

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Nature is a source of wealth, and this needs to be central to the post 2020 Global Biodiversity monitoring framework. Indeed, it needs to be elevated within the framework. Approaching nature as a form of capital and measuring changes in wealth stored by nature communicates to groups that may not be inherently interested in nature and biodiversity. The comprehensive or inclusive wealth framework, along with natural capital valuation based on realized values (Fenichel & Abbott 2014; Fenichel et al. 2018) lets one discuss sustainability in terms of a non-declining value of the comprehensive portfolio of assets. This helps bankers, hedge fund managers and others who are not typically engaged with conservation and sustainability engage. The framework and associated techniques can even be used for endangered species without a direct market value, and doing so brings ecological dynamics into the valuation, see Maher et al. (2020).

There are two critical points to understand that are often missed. First, the total value of assets is not meaningful. The important piece of the puzzle is the change in the value of the portfolio through time. Second, it is imperative to understand the price of a unit of natural capital conditional on the way it is currently being managed, often called the economic program or resource allocation mechanism. This will often lead to lower values for "mis-managed" stocks of natural capital than one might expect. However, using optimal values will fail to capture management changes. This is a major failure if the goal is to measure progress towards sustainable development and conservation, which can be defined as non-declining natural capital wealth. Moreover, optimal values often are not viewed as credible by people not already concerned with nature conservation. All this speaks to Goal B and target 13.

The document speaks often about dollar values. It is important to understand the difference between nominal and real dollar values. Furthermore, traditional approaches to indexing real dollar values are insufficient, when services generated by ecosystem provide benefits to people outside the market. This is because the indexing is based on a *market basket* of goods. Correctly indexing the real dollar price of natural capital requires understanding how natural capital fits in the system. This means measuring the marginal value of natural capital – the price – in context. However, the indexing approach must also satisfy people who regularly deal with adjusting nominal dollar values.

Data to operationalize inclusive or comprehensive wealth accounting and valuing natural capital are increasingly available and will likely expand greatly as countries adopt SEEA.

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