



System of
Environmental
Economic
Accounting

SEEA-CF Update

TASK TEAM C

ENVIRONMENTAL ACTIVITY ACCOUNTS AND RELATED FLOWS

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Task Team C – Team members

Name	Organisation	Name	Organisation
Neil Wilson (co-chair)	ONS, United Kingdom	Kaia Oras	Statistics Estonia
Arturo de la Fuente (co-chair)	Eurostat	Levent Alpar	Turkish Statistical Institute, Türkiye
Alessandra Alfieri	IMF	Monica Rodriguez	BCCR, Costa Rica
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Carl Obst	SEEA CF editor	Rodrigo Pizarro	OECD
Celestino Giron	ECB	Sven Kaumanns	Destatis, Germany
Raul Figueroa Diaz	INEGI, Mexico	Vasili Piperoglou	ABS, Australia
Gerry Brady	CSO, Ireland	Viveka Palm	Statistics Sweden
Isabelle Remond-Teidrez	Eurostat	Yuan Chang Ng	Singstat, Singapore
Julie Hass	Independent consultant	Ilaria Di Matteo & Marko Javorsek	UNSD

Task Team C – Topic list

C1: Inclusion of the Classification of Environmental Purposes

C2: Inclusion of the integrated framework for monetary accounts

C3: Extending the scope of environmental activities

C4: Primary and secondary purpose

C5: Climate mitigation and climate adaptation expenditure

C6: Inclusion of potentially environmentally damaging subsidies/related transfers

C7: Elaborating environmental tax abatements

C8: Incorporation of sustainable finance into an accounting framework

Task Team C – GN issues, authors and allocation to tranches

Tranche #1	Tranche #2	Tranche #3
C2 (Integrated framework) – Angelica Tudini	C1 (Inclusion of CEP) – Carl Obst	C8 (Sust. Finance) – Carl Obst
C3 (Scope of env activities) – Isabelle Remond-Tiedrez	C6 (PEDS) ³ – Sven Kaumanns and Ivo Litera	
C4 (Primary and secondary purpose) – Rodrigo Pizarro and Arturo De La Fuente	C7 (Tax abatements) ³ – Viveka Palm	
C5 (Climate expenditures) ³ – Julie Hass		

³: Issue also discussed by the London Group.

Task Team C – status

- Scoping notes drafted, C1 to C8
- Sharing with SEEA CF Technical Committee for review and feedback
- New members have joined TTC from Columbia, Ghana, Mexico, Turkiye, Singapore and from the GFS community
- Drafts of GNs underway for tranche 1; met to discuss drafts of C2 Inclusion of the integrated framework for monetary accounts, and C3 Extending the scope of environmental activities
- Upcoming activities – second drafts of tranche 1 GNs; to discuss tranche 2 GNs in Dec/Jan.

C3 - Extending the scope of environmental activities

- The issue: Environmental activities currently include only environmental protection and resource management activities. Investigating potential extension to scope to include climate change adaptation, environmental disaster management activities, resource use activities, and potentially damaging subsidies. This is about scope; specific papers will be required to detail any agreed items.
- Motivation: Policy needs go beyond protection expenditure and resource management; SEEA CF therefore needs to extend its scope to give a statistical framework that is more relevant for current and future policy.

C3 - Extending the scope of environmental activities

- Links: Linked to a wide number of issues:
 - > C1: Classification of Environmental Purposes (revised CEA) – The CEA will continue to apply to the EPE, RM, EGSS, and integrated EPE Accounts but new categories and classifications will be needed to encompass the structure of Climate Change Accounts, Disaster Expenditure Accounts, PEDS, etc
 - > C2: Inclusion of the integrated framework for monetary accounts – impact on this through expanded scope of environmental activity accounts will need to be determined
 - > C4: Primary and secondary purpose (new) – the secondary purpose is the first step towards expanding the scope of the environmental activities account
 - > C5: Climate mitigation and climate adaptation expenditure (new) – expanding the scope of the environmental activities account is needed to be able to include CC adaptation expenditures and activities

C3 - Extending the scope of environmental activities

- Links: Linked to a wide number of issues:
 - > C6: Inclusion of potentially environmentally damaging subsidies/related transfers – the current scope does not include PEDS so an extension of the scope would be needed to have these included– this work is left to C6 to develop how to extend the scope
 - > C7: Elaborating environmental tax abatements – the current scope of the SNA only includes actual monetary transactions so an extension of the scope of the SEEA-CF would be needed to allow the inclusion of non-SNA, non-transactions in the SEEA-CF. This work is left to C7 to develop exactly how to extend the scope to allow non-SNA economic information
 - > In addition, will need to consider the disaster related expenditure accounts, drawing on the Disaster-related Statistics Framework

C5 - Climate change mitigation and adaptation expenditures

- The issue: The integrated framework describes the general framework for environmental transfers. The EPEA covers part of this, namely the expenditure side. Given the importance of climate expenditure, it warrants a separate module providing a definition, scope and account (based on the integrated accounts), separately for mitigation and adaptation. This issue links to several initiatives, including green budget tagging, Government Finance Statistics (GFS) and preliminary work done through the DGI G20 Data Gap Initiative.
- Motivation: Increasing policy, research and societal demand for a fuller picture of the human-environment interface and related expenditures; criteria are needed to identify and isolate these into separate topic accounts.

C5 - Climate change mitigation and adaptation expenditures

- Links:
 - > C3: Extending the scope of environmental activities - Environmental activities scope needs to extend beyond environmental protection and resource management activities to include climate change adaptation and expenditures for climate change related disasters.
 - > C4: Primary and secondary purpose – The technical aspects of a product or service can be important for identifying and including an activity that is relevant to Climate Change Accounts, Disaster Expenditure Accounts, PEDS, etc. – possibly extending the scope to include secondary purposes.

C5 - Climate change mitigation and adaptation expenditures

- Links:
 - > C1: Classification of Environmental Purposes (revised CEA) – The CEP will continue to apply to the EPE-, RM-, EGSS-, and integrated EPE Accounts. But new categories/classifications will be needed to encompass the full breadth and structure of Climate Change Expenditure Accounts, Disaster Expenditure Accounts, PEDS, etc.
 - > C8: Incorporation of sustainable finance into an accounting framework and how sustainable finance fits with the expenditure side of the picture. These may be related depending on the scope of the sustainable finance work.

C6 PEDS & C7 – Environmental tax abatements

C6: Inclusion of potentially environmentally damaging subsidies/related transfers:

- The issue: SEEA CF2012 references PEDS but does not provide a definition as they are currently out of scope. Accounting practices and SNA terminology can be used to record these flows in SEEA.
- Motivation: As with taxes, subsidies can influence consumption decision and economic activity. Both can have significant environmental impacts. The current SEEA CF only addresses subsidies and similar transfers on the improvement side giving an incomplete picture.

C6 - Inclusion of potentially environmentally damaging subsidies/related transfers

- Links:
 - > A6 – Introduction of thematic accounts and strengthening the link to policy: PEDS classify subsidies as "potentially environmentally damaging", which allows to assess the potential influence of policies and by categorisation allow for policy monitoring and communication of effects, including between policy objectives and environmental outcomes
 - > C1 – Inclusion of the Classification of Environmental Purposes (revised CEA): PEDS could be enhanced by introducing a classification similar to the Classification of Environmental Purposes (CEP) or the classification already used by ETEA. This would provide a clearer framework for understanding the relationship between the environment and PEDS

C6 - Inclusion of potentially environmentally damaging subsidies/related transfers

- Links:
 - > C3 – Extending the scope of environmental activities: Since the PEDS definition classifies subsidies and similar transfers with potentially damaging effects on the environment, the PEDS concept should align with other definitions of environmental activities to ensure consistency across different concepts
 - > C7 – Elaborating environmental tax abatements: Although tax abatements are treated as a separate issue in the SEEA framework, the underlying classification concept can still be applied to them. Important as those with adverse environmental effects should be analysed using the PEDS concept as they can influence economic activity and consumption behaviour in ways similar to explicit subsidies.

C7 Elaborating environmental tax abatements:

- The issue: SEEA CF currently records taxes and subsidies with explicit transactions but excludes implicit fiscal interventions such as tax abatements or preferential tax rates (i.e. those that aren't explicit transactions) under SNA principals. However, these tools are used by governments within fiscal policy; not covering these leaves a gap in the representation of state interventions. The environmental impacts of these can be either positive or negative
- Motivation: As a part of the toolkit used by policymakers, this gap needs to be addressed to improve the transparency and understanding of the environmental effects of policy measures and allow cross-country comparisons

C7 - Environmental tax abatements

- Links:
 - > A6 – Introduction of thematic accounts and strengthening the link to policy:
Environmental tax abatements are classified as tax incentives that directly impact the environment, enabling a clearer assessment of the effects of related policies.
Incorporation into the SEEA CF framework it enhances the ability to monitor the environmental outcomes of policies
 - > A5 – Harmonization with other international classifications and updates of relevant frameworks/manuals
 - > C1 – Inclusion of the Classification of Environmental Purposes (revised CEA):
considering whether the accounting and communication of tax abatements could be improved by adopting a classification system similar to CEP

C7 - Environmental tax abatements

- Links:
 - > C2 – Inclusion of the integrated framework for monetary accounts: Any integration of implicit transaction must fit with existing recording structures for explicit transactions, such as those in EGSS and EPEA
 - > C3 – Extending the scope of environmental activities: The concept of environmental tax abatements should align with other established definitions of environmentally related activities for greater consistency across various related concepts
 - > C6 – Inclusion of potentially environmentally damaging subsidies/related transfers: As tax abatements can have a similar effect as subsidies, the underlying classification principles of PEDS could still be applied to them. It is important to define tax abatements in a way that aligns with the frameworks of PEDS, ESST and ETEA to maintain logical consistency and ensure a coherent approach across related concepts.