

System of Environmental Economic Accounting

SEEA Technical Note: Environmental Goods and Services Sector Accounts

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SEEA Technical Notes

This note is a part of a series of Technical Notes prepared to support the development of data based on the System of Environmental Economic Accounts (SEEA) Central Framework, the first international standard in environmental economic accounting. Since SEEA is not a single account but a series of modules, the accounts in each of the various modules can be developed separately in accordance with the priorities and the resource availability in each country.

The series of Technical Notes is comprised of one note addressing general issues that cut across domains focusing on processes and operational aspects that encourage efficient implementation of the standard and associated data compilation exercises and a number of notes on specific topics. It is recommended that those wishing to develop data related to any of these specific topics should read the general process note in conjunction with the note on the specific topic to be developed.

These notes summarize the data requirements and other operational considerations designed to provide sufficient guidance to initiate the development of the accounts. The notes also provide reference information for additional publications that will support the full development of the accounts and provide information on extensions and linkages that can be exploited once the accounts and tables are in place.

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I. Introduction

1. Environmental goods and services sector (EGSS) accounts quantify the supply of environmental goods and services and the economic activities of the environmental producers. The environmental goods and services sector is a sub-set of the whole economy. It is the group of economic units engaged in producing environmental goods and services, otherwise said, the producers engaged in environmental activities. The environmental goods and services sector is sometimes called ‘green economy’, ‘eco-industries’ or ‘environmental industry’.
2. The general purpose of SEEA Technical Notes is to summarize the key features for a given topic to support countries in the implementation of the SEEA and provide initial guidance to countries wanting to implement the specific SEEA module. This technical note provides an overview of the EGSS based on the System of Environmental Economic Accounting 2012 Central Framework (SEEA CF) which was adopted by the United Nations Statistical Commission in 2012 as the international statistical standard for environmental-economic accounts. Furthermore, the UN Committee of Experts on Environmental-Economic Accounting (UNCEEA) approved in its 2018 meeting an integrated framework for economic environmental accounts as state of the art of functional accounts (SEEA CF, chapter IV).¹ This technical note follows the integrated framework.
3. The EGSS account is one of the SEEA environmental activity accounts. Environmental activity accounts record the transactions in monetary terms between economic units that may be considered environmental (SEEA CF, chapter IV). The EGSS account has strong links with other SEEA environmental activity accounts, in particular with the environmental protection expenditure accounts (EPEA) and the environmental subsidies and similar transfers accounts.
4. The EGSS account is an elaboration of the System of National Accounts (SNA) in the sense that the environmental activities are already part of the SNA but are not separately identified. For this reason, many terms, concepts and definitions in EGSS are those from the SNA, for instance: output, gross value added, etc. The statistical units and industries in EGSS are also those of the SNA. Using the same accounting conventions that apply to the SNA allows to easily relate environmental protection to other transactions and aggregates from SNA. Some concepts which exist in SNA are more important in EGSS, such as output. Some methodological elements in the EGSS account do not exist in SNA, such as the functional classification of environmental protection activities (CEPA). The EGSS account estimates are consistent with the estimates found in the SNA with the exception of the treatment of ancillary activities which are explicitly included in the EGSS for completeness of coverage.
5. This Technical Note describes the main features of the SEEA EGSS account, and presents a set of core accounts which comprise an adapted version of the accounts as presented for the EGSS in the SEEA Central Framework, and the integrated framework, to focus and guide initial compilation. Section II has a brief presentation of the main conceptual elements and features of EGSS. Section III

¹ Cover document (https://seea.un.org/sites/seea.un.org/files/briefing_note_for_unceea_-_integrated_framework_sv_002.pdf) and detailed document (https://seea.un.org/sites/seea.un.org/files/seea_paper_integrated_framework_estat_v5.pdf)

describes the EGSS Core account and main aggregates. The Core account represents a minimum set of information which countries should aim to compile and report, explicitly identifying the most important data items for the module at hand. Countries may often wish to extend the minimum level of detail in areas deemed particularly policy relevant. Section IV provides highlights of such possible extensions and also how EGSS links with other SEEA environmental activity accounts. Section V presents a combined presentation for EGSS with other SEEA and SNA accounts. This combined presentation provides countries with a template to present and disseminate an aggregated set of key information relevant to the module at hand from a range of sources (including the SEEA and SNA). The information included in the combined presentations are data items which are of key relevance to policy makers and which, often in combination, are used to calculate particularly important indicators (including the Sustainable Development Goals (SDG) indicators). Section VI provides an overview of the data sets required to produce the core tables including the data sources and compilation methods. Section VII provides references and links to supporting material.

II. SEEA CF accounts for environmental goods and services sector

Scope

6. The environmental goods and services sector is a sub-set of the whole economy. It is necessary to determine its scope. There are three possible approaches: establishing which economic activities are within scope (i.e. which ones are environmental activities), or which products are environmental, or which producers are environmental. Whereas environmental producers, activities and products are quite closely related, there is no perfect 1:1 relation between them as environmental producers may also be engaged in non-environmental activities (as secondary activities), and environmental activities may also produce non-environmental products. This means, for instance, that the exports of units engaged in environmental activities may not be identical to the exports of environmental products. The figures are different and it may be costly or impossible to reconcile them.
7. SEEA CF defines *environmental activities* as those economic activities whose primary purpose is to reduce or eliminate pressures on the environment or to make more efficient use of natural resources. These various activities are grouped into two broad types of environmental activity: environmental protection and resource management.
8. *Environmental protection activities* are those activities whose primary purpose is the prevention, reduction and elimination of pollution and other forms of degradation of the environment. Those activities and actions also include all measures taken in order to restore the environment after it has been degraded. Activities which, while beneficial to the environment, primarily satisfy the technical needs or the internal requirements for hygiene or safety and security of an enterprise or other institution are excluded from this definition.
9. *Resource management activities* are those activities whose primary purpose is preserving and maintaining the stock of natural resources and hence safeguarding against depletion. These activities include, but are not limited to, reducing the withdrawals of natural resources; restoring natural resource stocks; the general management of natural resources; and the production of goods and services used to manage or conserve natural resources.

10. These definitions are based on the primary purpose principle. On paper, several approaches are possible to discern if the primary purpose of an economic activity is environmental or not. For instance: presumed effect, motivation, intention stated in legislation, real effect, etc. For SEEA, the best approach to establish the primary purpose is the technical nature of the economic activity, i.e. inputs, a production process and outputs characterizing a given activity.
11. The technical nature criterion helps to identify if the primary environmental purpose of an activity or a product is environmental or not. However, in practice, compilers of EGSS accounts need more operational basis to identify which activities, producers and producers fall within the scope of EGSS. For instance, to identify which units belong in the EGSS in a list of producers or in the business register, or to identify in a database of imports and exports flows which ones concern environmental products. This identification requires expert analysis and judgement, case by case. Given the complexity and the impracticality, many countries use operational lists of environmental activities and products. These lists must be discussed and established by experts, using the environmental purpose as guiding principle.
12. *Environmental products* may be goods or services. Environmental products are produced, designed and manufactured for purposes of environmental protection and resource management. Products whose only purpose or primary purpose is environmental can be called primary purpose environmental products, or *specific environmental products* for short.
13. There can also be some environmental products for which the primary purpose is not environmental but which may serve a secondary environmental purpose. *Cleaner products* are those non-specific environmental products which serve a secondary environmental purpose because they prevent pollution or environmental degradation because they are less polluting at the time of their consumption and/or scrapping, compared with equivalent 'normal' products (otherwise said: their secondary purpose is environmental protection). Examples include mercury-free batteries and cars or buses with lower air emissions. *Resource-efficient products* are those non-specific environmental products which serve a secondary environmental purpose because they help to prevent natural resource depletion because they contain fewer natural resources in the production stage and/or require less natural resources during the use stage, compared with equivalent 'normal' products (otherwise said: their secondary purpose is resource management). Examples are recycled paper, renewable energy, heat from heat pumps and solar panels, resource-efficient appliances and water-saving devices such as tap filters. Cleaner products and resource-efficient products are valued in EGSS at their full value, contrarily to other SEEA accounts which value them at extra costs compared to equivalent products with no secondary environmental purpose.
14. *Environmental producers* are those economic units performing environmental activities. They may also engage in non-environmental activities. Conversely, environmental activities can be principal or secondary or ancillary activities of the corresponding production unit (see SNA §5.8-5.10). EGSS only records environmental activities and environmental products, any non-environmental activity and product must be excluded from the estimates. Failing to do so leads to different estimates based on an environmental activity approach and an environmental product approach.
15. The national boundaries of the EGSS account the same as in SNA and the Balance of Payments: EGSS accounts are compiled for resident environmental producers. A producer is resident within a

country when it engages or intends to engage in economic activities in that country for at least one year.

Variables

16. The main variables in EGSS accounts are: output, gross value added, employment and imports. The definitions of these EGSS variables are consistent with SNA, and they are as follows:
17. **Output** is the result of economic production. Production is an activity, carried out under the responsibility, control and management of an institutional unit, that uses inputs of labour, capital, and goods and services to produce outputs of goods and services. EGSS scope is limited to the output of environmental activities or to environmental products, as seen above. Output is valued at basic prices, which is the same valuation as in SNA (see SNA § 3.146).
18. **Gross value added** (GVA) is the value of output less the value of intermediate consumption. Intermediate consumption are the goods and services used up when producing output. GVA is a cornerstone concept in national accounts, even more important than output, because adding the output of all producers in the country would lead to double-counting, instead adding the GVA of all producers delivers the correct total output (this is because some output is further used as intermediate consumption to produce other output). However, when considering a sub-set of the whole economy, such as EGSS, the concept output becomes more relevant. It is noted that, by construction, the difference between EGSS gross value added and output is the intermediate consumption of the environmental producers. This variable is relevant in other SEEA accounts, such as EPEA. Synergies between EGSS and EPEA are further explored in section IV 'Extensions and links'.
19. **Employment** is defined as all persons, both employees and self-employed persons, engaged in some productive activity that falls within the production boundary of EGSS. If an EGSS producer is also engaged in non-environmental activities only the share of employment relating to the environmental production is to be recorded in EGSS. Employment can in principle be measured in persons, hours worked or full-time equivalents. The full-time equivalent is the number of full-time equivalent jobs, defined as total hours worked divided by average annual hours worked in full-time jobs. The reason for EGSS to report employment in full-time equivalents is that many environmental activities may be performed on a part-time basis, in the sense that jobholders may be engaged indistinctively in environmental and non-environmental activities in the same job. In those circumstances, reporting employment measured in number of persons risks to provide a biased picture (underreporting or overreporting depending on the circumstances).
20. **Imports** of environmental goods and services consist of transactions in products (sales, barter, and gifts) from non-residents to residents. In SNA, imports occur when the economic ownership of the good changes between resident units and non-resident units or when a service is rendered by a non-resident to a resident. EGSS records the imports of environmental products; they are the same as the imports of environmental producers only if non-environmental, secondary activities of these producers are taken out.

21. All the EGSS variables, except employment, are measured in currency units rather in physical terms, unlike a number of other accounts in SEEA.
22. Other variables besides those listed above are possible in EGSS account. Exports is one clear case as it is useful to measure exports alongside imports. Other possible EGSS variables are, for instance: intermediate consumption of environmental producers, taxes and subsidies on environmental production, compensation of employees of environmental producers. Some of these variables can be relevant for EPEA.

Classifications

23. The EGSS variables use the following breakdowns:
 - Economic activity of the environmental producers, according to the ISIC classification
 - Environmental function of the environmental producers, according to the classification of environmental activities
 - Type of economic output: market, non-market, ancillary, own final use
 - Type of environmental product: specific product, cleaner product and resource-efficient product (see paragraphs 12 and 13).
24. Economic activities can be classified according to the International Standard Industrial Classification (ISIC). This is the standard statistical classification of productive activities. ISIC has 88 categories at division (2-digit) level, which is probably too exigent for EGSS compilers. For this reason aggregating divisions is frequent practice.
25. Environmental producers can also be grouped by their main economic activity according to ISIC. EGSS gross value added and employment can be classified by ISIC meaning the GVA and employment of the environmental producers in the corresponding ISIC industry.
26. Whereas ISIC is a classification of activities, it is sometimes used for products. When EGSS output is classified by ISIC, is used to group the output of environmental producers in the same industry (i.e. engaged in the same principal activity). *Stricto sensu*, imports and exports should not be classified by ISIC because they are flows of products and ISIC is a classification of activities. A different classification would be needed, such as the Harmonised System (HS). However, in practice, EGSS imports and exports could be classified by ISIC too, under the understanding that it means the ISIC of the producers involved in exports and imports. This proxy can be extended to government units too, insofar they are engaged in exports and imports, which is rare. However, imports of environmental products by households cannot be classified by ISIC because households are only consumers; this is minor flaw insofar households rarely purchase imported environmental products.
27. The transactions in environmental protection products can be disaggregated by their functional purpose using the Classification of Environmental Activities (CEA) as presented in Table 1.

Table 1 Classification of Environmental Activities: overview of groups and classes

Group	Classes
I: Environmental protection (EP)	1 Protection of ambient air and climate
	2 Wastewater management
	3 Waste management
	4 Protection and remediation of soil, groundwater and surface water
	5 Noise and vibration abatement (excluding workplace protection)
	6 Protection of biodiversity and landscapes
	7 Protection against radiation (excluding external safety)
	8 Research and development for environmental protection
	9 Other environmental protection activities
II: Resource management (RM)	10 Management of mineral and energy resources
	11 Management of timber resources
	12 Management of aquatic resources
	13 Management of other biological resources (excluding timber and aquatic resources)
	14 Management of water resources
	15 Research and development activities for resource management
	16 Other resource management activities

28. The part of the CEA about environmental protection is also known as Classification of Environmental Protection Activities (CEPA); the part about resource management is also known as Classification of Resource Management Activities (CReMA). CEPA and CReMA are mutually exclusive so that an environmental activity should fit into one and only one of their classes. Table 1 shows CReMA as stated in the SEEA CF. Some countries, notably in Europe, use a more recent version of CReMA. Finalisation of the CEA classification is in the SEEA CF research agenda.
29. EGSS breakdowns by CEA (and CEPA & CReMA) are important because they enable the identification of sub-sectors of the environmental economy, such as: climate-change activities, biodiversity activities, renewable energy activities, etc. Frequently policy makers request data about such specific sub-sectors rather than for the whole EGSS.
30. Environmental products can be market output or non-market output or output for own final use or ancillary output. These are concepts from national accounts (see SNA §§6.95ss). Market output is intended for sale at economically significant prices; this is the normal situation in a market economy. Non-market output is output undertaken by general government in the absence of economically significant prices, e.g. public waste management. Output for own final use consists of products retained by the producer for his own use as final consumption or capital formation, e.g. if a producer of machinery keeps some of his machines to enable his own production activities. Ancillary output supports production activities undertaken within an enterprise in order to create the conditions within which the principal or secondary activities can be carried out, e.g. in-house treatment of waste water by businesses. Output for own final use and ancillary output are different concepts: ancillary output is only use as intermediate consumption, i.e. as part of running production, whereas output for own final use can only be used as final consumption (by government or households) or as capital formation. Ancillary environmental output are recorded in EGSS more explicitly than in SNA in

order to provide a more complete picture of the environmental sector (see SNA §§5.39ss).

This classification (in market, non-market, for final use or ancillary) is meant for output. It can also be used for gross value added and for employment. It is not normally used for imports nor exports.

III. Core accounts and aggregates for the EGSS

31. The EGSS core account in its most basic form is a set of tables, one for each variable, broken down by the 4 main breakdowns.
32. Alternative presentations of the Core account are possible, in particular with alternative breakdowns. Furthermore, it is possible to present the variables cross-classified by two or more breakdowns simultaneously. This adds relevance for analysis. It also helps to produce more robust estimates because it forces EGSS to take more decisions to reconcile data sources. However can significantly increase the number of cells to be estimated and the pressure on the EGSS compilers to produce reliable estimates. This pressure can be relieved by grouping (i.e. reducing the number of) the classification categories. Which breakdowns are cross-classify and at which level of detail is an important design decision for EGSS compilers. Factors in that decision are: data sources available, user data needs, integration with compilation of other SEEA accounts. Two alternative presentations of the Core account are shown as examples.
33. The Core account presented here represents a minimum for compilation. National compilers may consider additional breakdowns and extensions.

Core account: Environmental goods and services sector

1. EGSS by economic activity

	Output (million USD)	GVA (million USD)	Employment (000's FTE)	Exports (million USD)	Imports (million USD)
ISIC A	100	50	0.9	50	40
ISIC B	1,600	1,050	9.9	1,060	800
ISIC C	4,000	3,550	37.1	2,400	2,240
ISIC D-E	11,600	5,200	97.6	40	60
ISIC F	4,000	3,400	28.1	50	130
ISIC G-U	450	200	26.7	300	130
TOTAL	21,750	13,450	200.5	3,900	3,400

2. EGSS by environmental function

	Output	GVA	Employment	Exports	Imports
CEPA 2	5,200	3,200	28.6	80	130
CEPA 3	12,400	7,700	65.6	1,700	1,700
other CEPAs	4,150	2,550	24.5	20	70
TOTAL	21,750	13,450	118.7	1,800	1,900
env protection					
CReMA 13A	7,000	5,400	32.9	100	600
CReMA 13B	6,100	2,900	28.4	650	500
Other CReMAs	4,400	3,100	20.6	1,350	400
TOTAL	17,500	11,400	81.8	2,100	1,500
res management					
TOTAL	39,250	24,850	200.5	3,900	3,400

3. EGSS by environmental products

	Output	GVA	Employment	Exports	Imports
Specific prods	19,830	10,110	114.7	2,880	2,750
Cleaner prods	9,320	7,770	40.6	220	350
Resource-efficient prods	10,100	6,970	45.2	800	300
TOTAL	39,250	24,850	200.5	3,900	3,400

4. EGSS by type of output

	Output	GVA	Employment	Exports	Imports
Market activities	27,025	18,297	127.5	-	-
Non-market acts	7,343	3,430	48.4	-	-
Ancillary acts	2,915	1,812	15.0	-	-
Activities for own final use	1,968	1,311	9.6	-	-
TOTAL	39,250	24,850	200.5	3,900	3,400

Core account (alternative 1): Environmental goods and services sector

	Output at basic prices						Total output	Gross value added at basic prices						Total GVA	Employment						Total employment	Imports	Exports
	ISIC A	ISIC B	ISIC C	ISIC D-E	ISIC F	ISIC G-U		ISIC A	ISIC B	ISIC C	ISIC D-E	ISIC F	ISIC G-U		ISIC A	ISIC B	ISIC C	ISIC D-E	ISIC F	ISIC G-U			
CEPA 2		500	900	2,900	900		5,200	300	800	1,400	700		3,200	1.9	3.4	19.9	3.4		28.6	130	80		
<i>Specific products</i>		500	200	2,500	130		3,330	300	150	1,150	80		1,680	1.9	0.8	17.2	0.5		20.3	100	80		
<i>Cleaner products</i>			700	400	770		1,870		650	250	620		1,520		2.6	2.8	2.9		8.3	30			
CEPA 3		800	2,800	6,100	2,700		12,400	600	2,600	2,000	2,500		7,700	3.0	10.5	41.9	10.1		65.6	1,700	1,700		
<i>Specific products</i>		400	400	5,500	300		6,600	200	200	1,800	150		2,350	1.5	1.5	37.8	1.1		41.9	1,400	1,500		
<i>Cleaner products</i>		400	2,400	600	2,400		5,800	400	2,400	200	2,350		5,350	1.5	9.0	4.1	9.0		23.6	300	200		
other CEPAs	100	300	300	2,600	400	450	4,150	50	150	150	1,800	200	200	2,550	0.4	1.1	1.1	17.9	1.5	2.5	24.5	70	20
<i>Specific products</i>	100	100	100	2,000	100	100	2,500	50	50	50	1,400	50	50	1,650	0.4	0.4	0.4	13.8	0.4	0.6	15.8	50	
<i>Cleaner products</i>		200	200	600	300	350	1,650		100	100	400	150	150	900	0.0	0.8	0.8	4.1	1.1	2.0	8.7	20	20
TOTAL environmental protection	100	1,600	4,000	11,600	4,000	450	21,750	50	1,050	3,550	5,200	3,400	200	13,450	0.4	6.0	15.0	79.8	15.0	2.5	118.7	1,900	1,800
CReMA 13A	50	250	2,200	1,400	1,900	1,200	7,000	30	120	2,050	600	1,800	800	5,400	0.2	0.9	8.3	9.6	7.1	6.8	32.9	600	100
<i>Specific products</i>	50	150	700	800	300	1,200	3,200	30	20	550	200	200	800	1,800	0.2	0.6	2.6	5.5	1.1	6.8	16.8	500	100
<i>Resource-efficient products</i>		100	1,500	600	1,600		3,800		100	1,500	400	1,600		3,600	0.0	0.4	5.6	4.1	6.0	0.0	16.1	100	
CReMA 13B		200	2,300	500	1,000	2,100	6,100		150	1,250	150	400	950	2,900	0.0	0.8	8.6	3.4	3.8	11.8	28.4	500	650
<i>Specific products</i>		50	300	100	200	500	1,150		40	50	20	140	150	400	0.0	0.2	1.1	0.7	0.8	2.8	5.6	400	300
<i>Resource-efficient products</i>		150	2,000	400	800	1,600	4,950		110	1,200	130	260	800	2,500	0.0	0.6	7.5	2.8	3.0	9.0	22.8	100	350
Other CReMAs	100	600	1,400	700	600	1,000	4,400	50	450	1,150	350	450	650	3,100	0.4	2.3	5.3	4.8	2.3	5.6	20.6	400	1,350
<i>Specific products</i>	50	400	1,000	500	400	700	3,050	30	300	850	300	300	450	2,230	0.2	1.5	3.8	3.4	1.5	3.9	14.3	300	900
<i>Resource-efficient products</i>	50	200	400	200	200	300	1,350	20	150	300	50	150	200	870	0.2	0.8	1.5	1.4	0.8	1.7	6.3	100	450
TOTAL resource management	150	1,050	5,900	2,600	3,500	4,300	17,500	80	720	4,450	1,100	2,650	2,400	11,400	0.6	3.9	22.1	17.9	13.1	24.2	81.8	1,500	2,100
TOTAL	250	2,650	9,900	14,200	7,500	4,750	39,250	130	1,770	8,000	6,300	6,050	2,600	24,850	0.9	9.9	37.1	97.6	28.1	26.7	200.5	3,400	3,900

Core account (alternative 2): Environmental goods and services sector

Output	Employment									TOTAL	Employment									TOTAL	TOTAL
	CEPA 2	CEPA 3	Other CEPAs	TOTAL EP	CReMA 13A	CReMA 13B	Other CReMAs	TOTAL RM	TOTAL		CEPA 2	CEPA 3	Other CEPAs	TOTAL EP	CReMA 13A	CReMA 13B	Other CReMAs	TOTAL RM	TOTAL		
ISIC A			100	100	50		100	150	250	ISIC A			0.4	0.4	0.2		0.4	0.6	0.9		
Market			100	100	50		100	150	250	Market			0.4	0.4	0.2		0.4	0.6	0.9		
Non-market										Non-market											
Ancillary										Ancillary											
Own final use										Own final use											
ISIC B	500	800	300	1,600	250	200	600	1,050	2,650	ISIC B	1.9	3.0	1.1	6.0	0.9	0.8	2.3	3.9	9.9		
Market	425	680	255	1,360	213	170	510	893	2,253	Market	1.6	2.6	0.9	5.1	0.8	0.7	2.0	3.3	8.4		
Non-market										Non-market											
Ancillary	50	80	30	160	25	20	60	105	265	Ancillary	0.2	0.3	0.1	0.6	0.1	0.1	0.2	0.4	1.0		
Own final use	25	40	15	80	13	10	30	53	133	Own final use	0.1	0.2	0.1	0.3	0.0	0.0	0.1	0.2	0.5		
ISIC C	900	2,800	300	4,000	2,200	2,300	1,400	5,900	9,900	ISIC C	3.4	10.5	1.1	15.0	8.3	8.6	5.3	22.1	37.1		
Market	810	2,520	270	3,600	1,980	2,070	1,260	5,310	8,910	Market	3.1	9.5	1.0	13.5	7.5	7.7	4.8	19.9	33.4		
Non-market										Non-market											
Ancillary	90	280	30	400	220	230	140	590	990	Ancillary	0.3	1.1	0.1	1.5	0.8	0.9	0.5	2.2	3.7		
Own final use										Own final use											
ISIC D-E	2,900	6,100	2,600	11,600	1,400	500	700	2,600	14,200	ISIC D-E	19.9	41.9	17.9	79.7	9.6	3.4	4.8	17.9	97.6		
Market	1,450	3,050	1,300	5,800	700	250	350	1,300	7,100	Market	10.0	21.0	9.0	39.9	4.8	1.7	2.4	9.0	48.8		
Non-market	1,160	2,440	1,040	4,640	560	200	280	1,040	5,680	Non-market	8.0	16.8	7.2	31.9	3.8	1.4	1.9	7.2	39.0		
Ancillary	145	305	130	580	70	25	35	130	710	Ancillary	1.0	2.1	0.9	4.0	0.5	0.2	0.2	0.9	4.9		
Own final use	145	305	130	580	70	25	35	130	710	Own final use	1.0	2.1	0.9	4.0	0.5	0.2	0.2	0.9	4.9		
ISIC F	900	2,700	400	4,000	1,900	1,000	600	3,500	7,500	ISIC F	3.4	10.1	1.5	15.0	7.1	3.8	2.3	13.1	28.1		
Market	765	2,295	340	3,400	1,615	850	510	2,975	6,375	Market	2.9	8.6	1.3	12.8	6.0	3.2	2.0	11.1	23.9		
Non-market										Non-market											
Ancillary										Ancillary											
Own final use	135	405	60	600	285	150	90	525	1,125	Own final use	0.5	1.5	0.2	2.3	1.1	0.6	0.3	2.0	4.2		
ISIC G-U			450	450	1,200	2,100	1,000	4,300	4,750	ISIC G-U			2.5	2.5	6.8	11.8	5.6	24.2	26.7		
Market			203	203	540	945	450	1,935	2,138	Market			1.1	1.1	3.1	5.3	2.5	10.9	12.0		
Non-market			158	158	420	735	350	1,505	1,663	Non-market			0.9	0.9	2.4	4.1	2.0	8.5	9.3		
Ancillary			90	90	240	420	200	860	950	Ancillary			0.5	0.5	1.4	2.4	1.1	4.8	5.3		
Own final use										Own final use											
TOTAL	5,200	12,400	4,150	21,750	7,000	6,100	4,400	17,500	39,250	TOTAL	28.6	65.5	24.5	118.6	32.9	28.4	20.7	81.8	200.5		

34. EGSS is not a functional expenditure account, such as the Environmental protection expenditure account (EPEA), but it provides essential information for a supply table of environmental products, parts of a use table of environmental products and most of a production account.
35. All in all, the Core account provides information on the environmental production and supply of environmental products. It is the basis for the following indicators:
- Growth of the environmental sector, also called ‘environmental growth’ or ‘green growth’. Growth is measured as the year-on-year change of the GVA. To neutralise effects of changes in prices (inflation) EGSS GVA should be measured in volume (see SNA chapter 15).
 - Employment in the environmental sector, also called ‘environmental growth’ or ‘green jobs’.²
 - Imports of environmental products.

These figures can be compared to SNA data on value added, employment, imports & exports, etc. for the whole economy or parts of it. It is possible e.g. to calculate shares of the environmental sector in the whole economy, or to compare growth rates.

IV. Extensions and links

36. As explained above, the EGSS account is only one of the environmental activity accounts in the SEEA CF. Links with other SEEA environmental activity accounts exist and can be exploited. Moreover a joint compilation system for several accounts can be envisaged, which would deliver economies of scale, efficiency gains and more robust estimates.
37. Links are strongest between the EGSS and the Environmental protection expenditure account (EPEA). Whereas EGSS addresses the output, gross value added, growth, exports and other production-related variables (employment, consumption and investment needed for production), EPEA addresses the expenditure (consumption, investment, financing). There are obvious overlaps and complementarity between EPEA and EGSS.
38. Indeed, there is an SNA accounting relation called product balance, applicable to any product and in particular to environmental protection products, which further cements the links between EGSS and EPEA. In a product balance, the amount of a product available for use within the economy must have been supplied either by domestic production or by imports. The same amount must be used for intermediate consumption, final consumption, capital formation or exports:

$$\text{output} + \text{imports} = \text{intermediate consumption} + \text{final consumption} + \text{capital formation} + \text{exports} \quad (\text{Equation 1})$$

² The International Labour Organisation standard definition for Green Jobs is very similar but not identical to EGSS employment as it has an additional requirement that the jobs are decent. https://www.ilo.org/global/topics/green-jobs/news/WCMS_220248/lang--en/index.htm

Because of differences in SNA valuation rules in the left and right side of Equation 1, it is necessary to add taxes on products less subsidies on environmental products, and trade and transport margins, to the left-hand side.

39. This product balance allows e.g. deriving the expenditure variables needed for EPEA from supply variables should they be known, for instance from EGSS.

$$\text{intermediate consumption} + \text{final consumption} + \text{capital formation} = \text{output} + \text{imports} - \text{exports} + \text{items to adjust valuation} \quad (\text{Equation 2})$$

40. Whenever EGSS and EPEA are combined or one is used to derive the other, it is essential to be aware that, while they are fully consistent, there are some differences between them which require adjustments. There are three main differences. First, the scope of EGSS is broader: whereas EGSS covers environmental protection and resource management activities, EPEA covers only environmental protection. Secondly, EGSS and EPEA use different valuation principles, according to SNA, but reconciling them is possible. For instance output is valued at basis prices whereas consumption and gross fixed capital formation are valued at purchasers' prices. Thirdly, EGSS typically estimates cleaner products at their full value whereas EPEA does it at extra costs. Data should be adjusted accordingly.
41. It is also possible to estimate some parts of the economy (say some products or some sectors) using the left-hand side of equation 2 and other parts with the right-hand side part. The best framework to accomplish it is a supply and use table of environmental production products.
42. Another SEEA environmental activity account related to EPEA is the resource management expenditure account (ReMEA). This account is the twin sister of EPEA for resource management. It studies demand and financing of resource management. Most variables, concepts and definitions are the same as EPEA but it uses a classification of resource management (CReMA) instead of environmental protection (CEPA). For historical reasons and availability of data sources, ReMEA is far less advanced than EPEA even if they are conceptually similar.
43. EGSS, together with EPEA and ReMEA, can be used to set up supply and use tables of environmental products. A supply and use table is a set of two tables with similar structure: the supply table shows how environmental products are produced and imported; the use table shows how these products are used by companies, households and government and exported. The tables follow the format of the 'general' monetary supply and use tables of the SNA. The supply and use tables have detail of 'individual' environmental categories (detail by CEPA-CReMA and are more suitable for detail by type of environmental product), which instead the production and expenditure accounts do not have.
44. A supply and use table for environmental products is shown below. For the purpose of illustration, this table includes environmental protection products and resource management products, but EPEA is only concerned with environmental protection. The totals in the supply table and use table are identical for each product or group of products. Colors illustrate which account may be the basis for the table data, but it can be different e.g. if EGSS or EPEA include additional variables.

Supply table for environmental products

SUPPLY	Output at basic prices						Total output basic prices	Imports	Taxes less subsidies on environmental products	Trade and transport margins	Total supply purchasers' prices
	ISIC A	ISIC B	ISIC C	ISIC D-E	ISIC F	ISIC G-U					
CEPA 2		500	900	2 900	900		5 200	130	300		5 630
<i>Specific products</i>		500	200	2 500	130		3 330	100	200		3 630
<i>Cleaner products</i>			700	400	770		1 870	30	100		2 000
CEPA 3		800	2 800	6 100	2 700		12 400	1 700	600		14 700
<i>Specific products</i>		400	400	5 500	300		6 600	1 400	500		8 500
<i>Cleaner products</i>		400	2 400	600	2 400		5 800	300	100		6 200
other CEPAs	100	300	300	2 600	400	450	4 150	70	200	50	4 470
<i>Specific products</i>	100	100	100	2 000	100	100	2 500	50	150		2 700
<i>Cleaner products</i>		200	200	600	300	350	1 650	20	50	50	1 770
TOTAL environmental protection	100	1 600	4 000	11 600	4 000	450	21 750	1 900	1 100	50	24 800
CReMA 13A	50	250	2200	1400	1900	1200	7 000	600	350		7 950
<i>Specific products</i>	50	150	700	800	300	1200	3 200	500	300		4 000
<i>Resource-efficient products</i>		100	1500	600	1600		3 800	100	50		3 950
CReMA 13B		200	2300	500	1000	2100	6 100	500	300		6 900
<i>Specific products</i>		50	300	100	200	500	1 150	400	250		1 800
<i>Resource-efficient products</i>		150	2000	400	800	1600	4 950	100	50		5 100
Other CReMAs	100	600	1400	700	600	1000	4 400	400	200	50	5 050
<i>Specific products</i>	50	400	1000	500	400	700	3 050	300	150		3 500
<i>Resource-efficient products</i>	50	200	400	200	200	300	1 350	100	50	50	1 550
TOTAL resource management	150	1050	5900	2600	3500	4300	17 500	1 500	850	50	19 900
TOTAL	250	2650	9900	14200	7500	4750	39 250	3 400	1 950	100	44 700

= EGSS-based
 = based on ESST or EPEA+ReMEA or EGSS
 = via balancing of supply-use of products

Use table for environmental products

USE	Intermediate consumption (by corp., government, households) (breakdowns by industry)						Total intermediate consumption	Final consumption		Gross fixed capital formation	Exports	Total use at purchases' prices
	ISIC A	ISIC B	ISIC C	ISIC D-E	ISIC F	ISIC G-U		Government	Households			
	CEPA 2		200	100	1500	200		2 000	150	1 400	2 000	80
<i>Specific products</i>		200	100	1500	200		2 000	150	1 400		80	3 630
<i>Cleaner products</i>										2 000		2 000
CEPA 3		200	200	4100	200		4 700	800	2 000	5 500	1 700	14 700
<i>Specific products</i>		200	200	3700	150		4 250	750	2 000		1 500	8 500
<i>Cleaner products</i>				400	50		450	50		5 500	200	6 200
Other CEPAs	50	150	150	800	200	250	1 600	450	1 300	1 100	20	4 470
<i>Specific products</i>	50	50	50	600	50	50	850	350	750	750		2 700
<i>Cleaner products</i>		100	100	200	150	200	750	100	550	350	20	1 770
TOTAL environmental protection	50	550	450	6400	600	250	8 300	1 400	4 700	8 600	1 800	24 800
CRema 13A	20	130	150	800	100	400	1 600	2 000	100	4 150	100	7 950
<i>Specific products</i>	20	130	150	600	100	400	1 400	1 800	100	600	100	4 000
<i>Resource-efficient products</i>				200			200	200		3 550		3 950
CRema 13B		50	1050	350	600	1150	3 200	1 500	250	1 300	650	6 900
<i>Specific products</i>		10	250	80	60	350	750	600	150		300	1 800
<i>Resource-efficient products</i>		40	800	270	540	800	2 450	900	100	1 300	350	5 100
Other CRemAs	50	150	250	350	150	350	1 300	800	150	1 450	1 350	5 050
<i>Specific products</i>	20	100	150	200	100	250	820	600	100	1 080	900	3 500
<i>Resource-efficient products</i>	30	50	100	150	50	100	480	200	50	370	450	1 550
TOTAL resource management	70	330	1450	1500	850	1900	6 100	4 300	500	6 900	2 100	19 900
TOTAL	120	880	1900	7900	1450	2150	14 400	5 700	5 200	15 500	3 900	44 700

= EPEA-based = ReMEA-based

V. Combined Presentation and Aggregates


45. This section presents two accounts that can be produced as combined presentations of the EGSS with other SEEA activity accounts, in particular EPEA and ESST. As will be seen, these accounts are an extension of the Core account presented in section III. These combined presentations can be used to derive indicators and to put in relation with SNA aggregates for the whole economy.
46. The first combined presentation is an environmental protection production account. It presents information on the output of all environmental protection goods and services by the economy and how much of this output is available for domestic uses. The top part of the account is a combined production and generation of income account that is also presented in SEEA CF (table 4.2). The bottom part of the account shows how much environmental output is available for national uses and links directly to the expenditure account.
47. The bottom part of the account (rows 11-20) reports output, imports and exports of environmental protection products, i.e. the information from the right-hand side of equation 2. This information is organised in such a way as to prepare the calculation of the corresponding expenditure for the EPEA and the final calculation of the national expenditure on environmental protection (NEEP; for details refer to the SEEA Technical Note on EPEA). In particular, row 15 explicitly deducts the intermediate consumption of EP products for the production of other environmental protection products, to avoid a double-counting of those products in the expenditure side, as stated in paragraph

Error! Reference source not found.. Row 22 adjusts the valuation of cleaner products, as output, imports and exports in rows 11-20 value them at full costs whereas for the NEEP they are sought at extra costs.


48. The top part of the account (rows 1-10) reports relevant variables concerning the producers of environmental protection products which were not in the Core account. In particular the sum of intermediate consumption (row 1) and the value added (row 2) equals the total output (row 11). The remaining top part of the account reports how income is generated by the producers of environmental protection and the gross value added is distributed to the production factors as income (note how the sum of rows 6-10 is row 5). All these variables follow the definitions of SNA, and can thus be compared with the corresponding variables from SNA for the whole economy or for each sector. Finally, row 24 reports another variable about the producer of EP products, namely employment. Contrarily to all the other variables in the EPEA, which are measured in currency units, employment is measured in jobs, full-time equivalents or persons employed.


Combined presentation of a production account based on EGSS, EPEA and ESST


	Corporations		non-EP producers	Government	Households	Rest of the world	TOTAL
	EP producers						
	specialist producers	other producers					
1 Intermediate consumption of producers of EP	4 100	1 950		2 950			9 000
5 Value added of producers of EP	9 950	850		5 550			16 350
6 Compensation of employees	3 750	250		2 000			6 000
7 (Other) Taxes on production (+)	450	60		1 700			2 210
8 (Other) Subsidies on production (-)	300	5		1 200			1 505
9 Consumption of fixed capital	1 500	100		400			2 000
10 Net operating surplus	4 550	445		2 650			7 645
11 TOTAL output of producers of EP (basic prices)	14 050	2 800		8 500			25 350
12 market output	13 500	2 300		4 500			20 300
13 non-market output	0	0		4 000			4 000
14 own account output	550	500		0			1 050
15 Intermediate consumption of EP products (-)	1 700	NA		800			2 500
16 VAT and other taxes on EP products (+)	600	100		2 100			2 800
17 Subsidies on EP products (-)	500	90		1 510			2 100
18 Trade and transport margins	30	10		10			50
19 Imports of EP goods and services (+)						1 900	1 900
20 Exports of EP goods and services (-)						1 800	1 800
21 TOTAL environmental output available for uses by resident units (at purchasers' prices)	12 480	2 820		8 300		100	23 700
22 Correction for valuation of cleaner and resource-efficient products at extra costs (-)	400	90		200		10	700
23 TOTAL environmental output available for uses by resident units (at purchasers' prices; cleaner products valued at extra costs)	12 080	2 730		8 100		90	23 000
Supplementary item							
24 Employment of producers of EP (jobs or full-time equivalents)	270 000	30 000		100 000			400 000

 = EGSS-based

 = EPEA-based

 = not applicable

 = based on EPEA or EGSS or ESST

 = via balancing of supply-use of products

49. The second combined presentation is an expenditure account. This is an extension of the core account for the EPEA (see SEEA Technical Note on EPEA). The top part of the account (rows 1-10) reports the expenditure on environmental protection products by resident units. The middle part of the expenditure account (rows 11-16) is identical to the Core account for EPEA. The bottom part of the expenditure account (rows 17-20) shows more detail on the financing part of the expenditure than the core account. This additional information is mostly based on ESST, although it may also be based on an extension of EPEA. They are all flows between the sectors of the economy, so that they cancel out in the national total (total of each row is zero) and with the rest of the world. Correspondingly, the national total of rows 16 and 22 are identical, but they distribution by sector differs: NEEP in row 16 reports who spends on environmental protection whereas row 22 reports who finances the expenditure.

Combined presentation of an expenditure account based on EGSS, EPEA and ESST

	Corporations			Government	Households	Rest of the world	TOTAL
	EP producers		non-EP producers				
	specialist producers	other producers					
1 Intermediate consumption on EP products	2 900	400	1 000	4 000			8 300
2 <i>specific environmental protection products</i>	2 600	300	700	1 100			4 700
3 <i>cleaner products</i>	300	100	300	900			1 600
4 Final consumption on EP products				1 400	4 700		6 100
5 <i>specific environmental protection products</i>				1 250	4 150		5 400
6 <i>cleaner products</i>				150	550		700
7 Gross fixed capital formation on EP products	2 600	2 100	1 000	2 900			8 600
8 <i>specific environmental protection products</i>	1 800	1 400	650	1 900			5 750
9 <i>cleaner products</i>	800	700	350	1 000			2 850
10 TOTAL use of EP products by resident units	5 500	2 500	2 000	8 300	4 700		23 000
11 Gross fixed capital formation (on non-EP products) for EP production	1 900	1 000	500	1 000			4 400
12 Acquisition less disposals of non-financial, non-produced assets for EP production	50	NA	NA	NA			50
13 Transfers not included in the total use of EP products						100	100
14 Transfers to the rest of the world (+)						800	800
15 Transfers from the rest of the world (-)						700	700
16 TOTAL national environmental protection expenditure	7 450	3 500	2 500	9 300	4 700	100	27 550
17 Environmental subsidies on production (D39)	-10	-5	0	15			0
18 Social contributions and benefits (D6)	-400	-40	-20	1 220	-760		0
19 Other current transfers (D7)	50	10	5	5	0	-70	0
20 Capital transfers (D9)	15	5	NA	10	0	-30	0
21 Earmarked taxes (D2)	20	10	0	-30	0		0
22 TOTAL national environmental protection expenditure	7 085	3 460	2 485	10 580	3 940	0	27 550

= EGSS-based
 = EPEA-based
 = ESST-based
 = not applicable
 = based on EPEA or EGSS or ESST

VI. Compilation

50. The compilation of SEEA accounts should be founded on the GSBPM as outlined in the first note in this series “Statistical Production Processes for Implementation of the SEEA-Central Framework”.

Overarching Management Functions

1 Specify Needs	2 Design	3 Build	4 Collect	5 Process	6 Analyze	7 Disseminate	8 Evaluate
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Specify Needs, Design & Build



51. It is often the case when building accounts (SEEA or SNA for example) that one of the goals is to use existing data sources as much as possible. In such a case, the Specify Needs, Design and Build phases will often need to be undertaken simultaneously and iteratively, as one evaluates the capacity of existing data sets to meet needs relative to the potential costs of initiating new data development.
52. Since the role of protecting the environment is organized differently across nations, the first step in developing an EGSS account is to document these responsibilities in one's country. The organizations with these responsibilities will be important in determining the data needs but may also have expertise and existing data sources that can support the development of the accounts.
53. Consult with policy makers, stakeholders and potential data providers on the environmental protection activities of interest for the country. Setting out the specific activities that would be of interest to the information needs of the country should be done at this stage. This will provide a basis to examine the adequacy of the existing data and assess where additional information may be required.
54. It will be important to find the appropriate balance between the detail sought by policy makers and analysts and the capacity of the statistical infrastructure to deliver sufficiently robust estimates particular in the early stages of development. When first setting up an EGSS account, care should be taken to not be overly ambitious. It is advisable to focus on major producers and products in the initial development and then improve the estimates as experience with the account is acquired. For EGSS this may be starting with the environmental producers engaged in market activities. However it is also important to recognize the demands for detailed estimates so that the development of data sources and systems can anticipate eventual improvements in these dimensions.
55. These initial steps may not need to be undertaken for each data cycle but should be revisited periodically in conjunction with longer term planning cycles.
56. Part of the design phase is making the scope of environmental activities operational. The SEEA CF definition of environmental activities, introduced in Section II, emphasizes the purpose of the activities and actions. Experience over the years has shown that several interpretations of the concept of 'environmental' and of the determination of the purpose may exist. Therefore, the national compilers must identify environmental protection activities, products and producers in classifications, lists and business registers. As explained in paragraph 11, many countries use operational lists of environmental activities and products. These lists must be discussed and established by experts, using the environmental purpose as guiding principle. Using lists created for other environmental activity accounts, such as EPEA, is also an option and it reinforces coherence between accounts. This work can also be facilitated and coordinated at international level, as to produce lists that can be shared across countries; however some room for adaptation to national circumstances is normally required. Because there is considerable technological progress in product

development in the environmental domain, it is important to update product and activity lists on a regular basis.

57. Setting the scope of cleaner and resource-efficient products may require a dedicated effort. Some approaches are: identify groups of goods with the greatest negative environmental impacts during their production, use or scrapping; examine for each group the goods with the relatively best environmental performance levels; estimate the part which is considered as the 'leading green edge' of the market, based on current standards; identify the codes of the standard classifications where the identified goods are currently classified.
58. The next step is identifying potential data sources and assessing their suitability for estimating the desired variables for the full range of environmental activities and products. A separate analysis of activities and products may be necessary. Sources can be e.g. the national accounts or the economic statistics feeding into the accounts, both the production account, but also government financing are important sources. Consider links to other environmental data initiatives planned or underway that could be potential data sources or provide guidance in classifying or identifying environmental protection expenditures (EPEA for example).
59. Each data source may cover only subsets of the EGSS. The sources may be partly overlapping or have different scopes. A careful integration is therefore needed. A data map may assist in this task. Such data map shows which subsets of EGSS can be compiled from which data sources. Each national compiler will have different sources available and may need its own data map. An example is shown below.

Example data map for compilation of EGSS accounts (source: Eurostat EGSS handbook)

		Market and non-market production of EGS: waste-water, waste and water management services	Market production of EGS other than waste-water, waste and water management services: non-capital goods and services	Market production of EGS: capital goods and services	Non-market production of EGS: other than waste-water, waste and water management services	Ancillary production of EGS
EP	Protection of ambient air and climate		EPE, NA_64, NA_SUT, LFS		EPE, NA_64, LFS	
	Wastewater management	EPEA, NA_64, NA_SUT, LFS	likely to be small			
	Waste management					
	Protection of soil, ground-water and surface water		EPE, NA_64, NA_SUT, LFS, AGRI (for organic farming)	EPE, NA_64, NA_SUT, NA_GFCF, LFS		EPE, NA_64, LFS
	Noise and vibration abatement				EPE, NA_64, LFS	
	Protection of biodiversity and landscape		EPE, NA_64, NA_SUT, LFS			
	Other EP (protection against radiation, env. R&D and other env. Protection)					
RM	Management of forest resources		IEEAF, NA_64, NA_SUT, LFS		IEEAF, NA_64, NA_SUT, LFS	
	Management of waters		likely to be small	NA_64, NA_SUT, NA_GFCF, LFS		
	Production of energy from renewable sources		NA_64, NA_SUT, SBS, LFS, ENSTAT, IEEAF, IEA, FAO/OECD	NA_64, NA_SUT, NA_GFCF, LFS	likely to be small	
	Heat/energy savings		likely to be small			
	Other RM		as far as material recovery is recorded in national accounts under NACE/CPA E28 it is included in waste management			

Legend
 = empty cell by definition
 = suitable data not identified yet by Eurostat

Legend:
 NA_64: National accounts aggregates by industry
 NA_SUT: National accounts supply and use tables
 EPE: Environmental protection expenditure account
 SBS: Business surveys
 LFS: Labour force survey (employment estimates)
 IEEAF: forest accounts or statistics
 IEA: International Energy Agency;
 FAO/OECD: Biofuel prices
 AGRI: agricultural statistics

60. Typically, there are fewer direct sources to estimate EGSS gross and value added and employment than output and exports. If there is no specific survey that collects gross value added and employment related to EGSS the best option is to use ratios of GVA to output and employment to output and to apply these ratios to the estimated EGSS output. The most practical way of compiling such ratios is to extract data from national accounts: output data, GVA and employment are generally published in national accounts with an industry breakdown and can be easily aggregated to the breakdown required for the EGSS accounts. Business surveys may also be used to derive such ratios, in particular whenever they are available with higher industry detail than national accounts.
61. An important data source are national accounts, in particular detailed estimates e.g. by industry or supply-use tables. In some cases the detail may not be sufficient to identify environmental activities, in particular for market producers (corporations). One case where detailed data may exist is in government financial data given the growing interest and focus on these activities by many governments.

62. Environmental data sets used for other SEEA activity accounts may provide information on production of Environmental goods and services accounts (see section IV). Also, economic data programs may provide some data of use for the identification of these activities.
63. Business surveys may collect data on output (turnover), gross value added, number of employees, etc. This is useful in particular for market output. There are however conceptual differences between the concepts in business surveys and EGSS, as the latter are aligned to national accounts. Using business surveys as sources requires adjustments to meet the definitions and valuation principles. Typically, general-purpose business surveys provide little indication on the share of environmental output in an industry. Complementary information is necessary. Sector-specific statistics can be used to estimate shares of the EGSS in broader industries, for example organic farming within agriculture and production of renewable energies within electric power generation.
64. External trade statistics provide information on imports and exports. A detailed analysis of product codes is necessary to identify the environmental products.
65. Administrative data on environmental protection activities and regulation may also provide sources for some aspect of environmental protection. Business associations may be a source of producers of environmental services. Increasingly individual businesses and industry associations are highlighting members activities related to environmental activities and these reports may provide ratios such as portions of activities or full-time equivalent activity that can be used to estimate the associated values. Contacting the association may provide access to lists of members or the associations may be prepared to use its own expert knowledge of sector activities to identify major producers and products relevant for the economy. They also often have knowledge of patterns of international trade and also which activities or products are not significant for the particular economy.
66. Finally, adding questions to existing surveys or developing new surveys may be an option. However, care should be taken as the distribution of environmental expenditures may be distributed widely and not well correlated with other activity thus making surveying challenging. This may be particularly true for capital investment where expenditures can be widely dispersed with timing tied to the more general investment decisions of the firm or highly concentrated in response to government initiatives.
67. At this point, if sufficient basic data is not available to produce estimates for one or more important production of environmental goods or services, it may be necessary to initiate a project to establish a new source of data. This may mean that the development of the sector splits into two paths: one that can provide partial coverage with existing data and one where development would have to await the availability of basic data.
68. In some cases where partial data exist but there are some important data gaps, it may be a good idea to construct a preliminary set of estimates based on related flows or modelling to fill the gaps. This could be done to aid in the development of the missing basic data.
69. In the case where basic data must be developed, it is recommended that a separate project be initiated to develop the necessary data. This project should follow the GSBPM steps and generic principle as set out in the first note in this Technical Note series. Depending on the organization of

responsibilities within the statistical infrastructure of the country, this step may involve additional agencies or sectors of the NSI.

Collect

70. Secure access to data, associated metadata and the rights to disseminate the estimated variables that are derived from that data. Where needed, obtain access to expertise in organizations from which data is being sought to assist with analysis and/or training. The terms of access under current institutional arrangements are key. The terms should support cooperative working arrangements and the release of data with sufficient detail to address the policy issues important for the country. This step can take considerable effort and time in cases where institutional arrangements are not yet established. It will be important for all agencies involved to clearly appreciate the mandate of the other agencies and associated constraints.
71. Given that data may be acquired from a number of institutions or agencies, it may be beneficial to establish standard data transfer protocols in particular for data collected and processed frequently.
72. Databases for the basic data and the associated accounts must be established. As the SEEA links to the SNA, existing database structures and associated processing systems may be a good source for this development. These databases should also allow easy linking with standard data sets for related domains so that verification and confrontation of data is facilitated. It is also important to collect metadata with each period or at least verify that it has not changed so as to be aware of any changes to classification, definitions, etc.
73. Import data and process data including applying concordances that may be required between the classifications used in the imported data and the classifications to be used in the estimates. Identification at the entity level may also allow the use of micro data linking techniques. This may allow the linking of data across survey and administrative data sets to provide new detailed data categories.

Process

74. Some adjustments will be required to add components. In this sense, it is important to closely examine the metadata associated with the data sources to assess coherence between data sources. Assess whether or not the definitions conform to and/or support those set out for the required activities in the design stage. If not, is the shortcoming important or can it be overcome with estimates based on alternate sources? Also, key at this stage is to clearly ascertain the classification, conceptual and coverage differences across the various data sets to be used as basic inputs.
75. Decide if for some elements there are better alternatives than the supply approach. For households and government, a demand side approach may be the best one, i.e. measuring their expenditure. Instead, the activities of market producers may be best approached from the supply side.
76. Prepare estimates, including the estimation of data for any data gaps. Many of the efforts to estimate EGSS have been based on using proxies from other data sources to estimate ratios that are applied to

national accounts information. Given the use of proxies to estimate some data and the varying quality and coverage of these, it is likely that different methods will need to be considered for each industry/sector of the economy.

77. Once all required variables have been derived, they should be put into a common format and confronted with existing data from other sources such as the SNA, business association outputs or measures from other departments or agencies.

Analyse

78. Analyse tables and graphic representations including undertaking an analysis of time series where possible and recognising the likely need for multiple iterations of this and the previous step. Data quality should be assessed and documented at this stage.
79. The steps in the above three paragraphs are the core activities in building the estimates and will be repeated in cycle during each production period. This allows the strength of the accounting approach to be used to confront the various data sources and check for consistency and reasonableness in comparison to other datasets such as the related national accounts values.
80. The first time accounts are estimated for a new program, particular attention needs to be made with regard to adjustments required to the source data to ensure the methods used are appropriate and sound. Given that proxy data and ratios are likely to be used for these estimates, the reasonableness of the initial estimates needs to be thoroughly assessed.
81. It is recommended that in cases where significant basic data come from other agencies, the staff of those agencies be asked to participate in the analysis of the estimates. These experts often have in depth knowledge that can allow the identification and resolution of inconsistencies.

Disseminate

82. Disseminate estimates, including material to assist interpretation (e.g. indicators, methodological notes and statements of data quality)
83. The dissemination of data should always be accompanied by sufficient documentation and metadata to allow users to fully understand the information being disseminated. This is particularly important for the initial dissemination of a new program of data where one might want to identify the initial data as 'experimental' or 'preliminary' and make it clear that user input is being sought in order to improve future releases.

Evaluate

84. Archive data and related methodological and other documentation. Review estimates, data sources, methods and systems, including actively seeking user feedback.
85. These last two steps are very important for all statistical programs but when initiating a new program of data, seeking user feedback is crucial. This in turn depends on the existence of good documentation on the methods and systems so as to properly inform users and assess their feedback.

VII. References

- SEEA-Central Framework: https://seea.un.org/sites/seea.un.org/files/seea_cf_final_en.pdf
- SNA 2008: System of National Accounts <https://unstats.un.org/unsd/nationalaccount/sna2008.asp>
- Integrated framework https://seea.un.org/sites/seea.un.org/files/briefing_note_for_unceea_-_integrated_framework_sv_002.pdf and https://seea.un.org/sites/seea.un.org/files/seea_paper_integrated_framework_estat_v5.pdf

Handbooks:

- [Eurostat Handbook Environmental Goods and Services Sector, edition 2016](#)
- [Eurostat Practical Guide Environmental Goods and Services Sector, edition 2016](#)
- [Eurostat EGSS list of environmental products based on CPA and CN – 2015 \(V. June 2016\)](#)
- [OECD-Eurostat Environmental goods and services industry manual, edition 1999](#)
- [SERIEE — European System for the collection of economic information on the environment, 1994 version](#)

Examples of disseminations of statistics, Eurostat:

- Statistics Explained: https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Environmental_economy_%E2%80%93_statistics_on_employment_and_growth
- [Energy, transport and environment indicators pocketbook, 2018](#) — Statistical book, 2018

Examples of dissemination of statistics, country level:

- Instituto Nacional de Estadística: <http://www.ine.es/jaxi/menu.do?type=pcaxis&path=/t26/p067/p02/prot/&file=pcaxis&L=0> (In Spanish and English)
- Statistics Sweden: http://www.scb.se/en_/Finding-statistics/Statistics-by-subject-area/Environment/Environmental-accounts-and-sustainable-development/Environmental-protection-expenditure/ (in Swedish and English)
- Statistisches Bundesamt: https://www.destatis.de/DE/PresseService/Presse/Pressemitteilungen/2014/12/PD14_458_325.html (In German and summary in English)

National studies:

- Australian bureau of Statistics (2014): [Towards an Environmental Expenditure Account, Australia](http://abs.gov.au/AUSSTATS/abs@.nsf/ProductsbyCatalogue/B1F37803A00F845ACA257D2B00131763?OpenDocument)
- National Institute of Statistics, Romania (2014) [Environmental accounts: Environmental protection expenditure accounts \(EPEA\), Air emissions accounts \(AEA\), Environment industry accounts \(EGSS\)](#)
- Statistics Norway (2013) [Environmental protection expenditure accounts \(EPEA\)](#)

More national reports available in link:

- <https://circabc.europa.eu/ui/group/b01d2930-990e-44fb-9121-a9a6b00a1283/library/fd1694a6-819c-415b-80a8-3067b888366b/details>