

# Best Practices for Activity Accounts

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## Summary of Discussions at the 21st London Group meeting

*2-4 November 2015, Den Haag, The Netherlands*

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### Introduction

This document summarises the discussion of best practices in the compilation of so-called activity accounts in accordance with the System of Environmental-Economic Accounting Central Framework (SEEA-CF). It comprises Environmental goods and services, Environmental protection and resource management expenditure, environmentally related taxes, and environmentally motivated transfers. The discussions follow on a request from the United Nations Committee of Experts on Environmental-Economic Accounting (UNCEE), the goal of which was to provide practical compilation guidance that can be incorporated into the Technical Notes. These are being drafted for the various subject-matter areas of the SEEA-CF. Presentations related to this discussion can be found on the London Group website <http://unstats.un.org/unsd/envaccounting/londongroup/meeting21.asp> hosted by United Nations Statistics Division (UNSD).

Countries and international organisations contributing presentations for this discussion were Norway, Mexico, Australia and Eurostat.

### Summary of best practices

#### *Environmental goods and services sector*

The environmental goods and services sector is meant to cover the industries that have environmental laws or environmental awareness as a vital part of their business, examples include waste and water treatment, renewable energy and certified green products. The importance of **expert validation** of results was highlighted, and should be something built into the programme of work in this domain. Before choosing between a survey or compiling statistics based on registers one needs to consider that in some cases, establishments and enterprises may not even know what green activities they are engaged in, as the area is still rather new.

It is **important to not underestimate the challenge** associated with producing these accounts.

**Practice is still evolving** regarding defining and categorising EGSS, (e.g. what is clean technology, what is “green” apart from the core businesses such as waste management and water treatment). The coverage depending on if the activities are found via registers or surveys make it difficult to compare across countries (e.g. differing approaches to how much of the indirect activities are being measured).

### *Environmental protection and resource management expenditures, transfers and taxes*

**Lack of classifications** impedes the work, for example when trying to filter government budget lines to get at the relevant expenditures related to policy issues such as e.g. sustainable management. On the industry side, the lack of industry classifications in this area requires taking an activity perspective and, for example, looking at the number of full time equivalents in each industry devoted to environmental activities rather than trying to classify entire establishments to this category.

The **differing coverage, concepts and definitions** pose challenge for interpretation. Environmental Protection Expenditures is dealing with the issue of what the 'extra' costs are that respond specifically to environmental legislation and that are not part of 'normal management'. However, Environmental Goods and Services statistics cover the entire size of green businesses and what can be the expected size, growth and gains from having greener policies. This may pose challenge for interpretation if users believe that they are the same thing, one from the cost side and the other from the demand side, and that they should balance. Since one is focussed on the 'the extra cost' and the other covers a broader scope, they will not be easily matched.

**Environmentally related Taxes** were identified as an area that is easier to compile, suggesting that the technical notes could identify them as a quick-win topic. Eurostat work should result in a better definition of potential problems and solutions given the voluntary questionnaire to member states in 2015 and efforts to implement EU reporting.

### *Issues for all the topics:*

Work in this domain often **requires the construction of new data collection systems**. Systematisation is a big help in this area, so this should be considered in the work plan for these accounts. It makes compilation easier, and provides more time for analysis and interpretation.

**Institutional arrangements and cooperation is required** in this work given the cross-cutting nature of the data and subject-matter.

**Quick start methodological guidance** is important in this area to help with the interpretation of the larger manuals.

**Policy makers want detail** when they receive these data. Broad estimates can be developed, but it should be clear from the outset that there will be a demand for this to be broken down into more detailed estimates. This is an issue for macro analysis in general and communication with users is a key to understanding what statistics can give and where detailed studies will have to be used.

**Making requirements for activity accounts known to SNA** compilers can be a successful means of incorporating the necessary detail into existing production processes to facilitate activity accounts production, at least for environmental taxes and for industry breakdowns. This links to the current European discussions on an **integrated framework for monetary accounts**.

It was noted that the measurement of **expenditures on biodiversity** is required under the Convention on Biological Diversity, and value measurement is a requirement under the Aichi Targets. This should be noted in the technical note.

**Eurostat's ESTP courses** were identified as a resource for specific training.