



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS  
STATISTICS DIVISION  
UNITED NATIONS



System of  
Environmental  
Economic  
Accounting

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## SEEA Central Framework update

# Scoping note for issue C2: “Inclusion of the Integrated framework for monetary accounts”

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Note: This Scoping Note has been prepared in the context of the SEEA Central Framework update, mandated by the United Nations Statistical Commission in 2024. A set of [29 issues](#) was identified for the update process and endorsed by the United Nations Statistical Commission in 2025. As an initial step, Scoping Notes were developed for each issue to elaborate on its description and provide a common understanding of the work required to fully investigate and formulate recommendations for the updated SEEA Central Framework. Each Scoping Note was prepared by a lead author and discussed in the relevant Task Team. They were subsequently reviewed by the SEEA CF Technical Committee and the UNCEEA, and approved by the SEEA CF Technical Committee.

## 1 Background

1. The central framework of the SNA provides a comprehensive description of the economic system by means of a sequence of interconnected flow accounts (relating to production, generation, distribution, redistribution or use of income as well as changes in assets and liabilities held by institutional sectors) and balance sheets.
2. In addition, supply and use tables record the supply of goods and services – produced by domestic industries or imported – and the allocation of those supplies between intermediate or final uses, including exports.
3. In the field of environmental accounts, an integrated framework for monetary environmental accounts would be, according to Eurostat’s definition “... constituted by several accounts, each one being a module independent from the others but fitting tightly together. ‘Fitting tightly’ means that the modules are part of a single, bigger conceptual framework that is embedded and fully consistent with the SNA; variables and aggregates produced for one account can be re-used in another account ...”. [Eurostat, 2018]
4. A single conceptual framework providing a comprehensive picture of the actions and activities by economic operators for environmental purposes would bring benefits both from the producers’ and the users’ perspective.
5. The current version of the SEEA central framework does not include an integrated framework.
6. A proposal in this direction, encompassing different aspects of monetary environmental accounts, was proposed by Eurostat and previously endorsed by the SEEA CF Technical Committee.
7. Taking into account the existence of previous work, and considering the high conceptual improvement deriving from this kind of tool, the development of an integrated framework for monetary environmental accounts has priority level ‘0’ within the SEEA CF research agenda, i.e., it is one of the "Must-do" issues. These are defined as being fundamental to the SEEA CF, having high policy demand or issues for which work has already been done and needs to be reflected in the updated SEEA Central Framework. Comments from the global consultation on the initial list of issues were taken into account in the preparation of the scoping note.

## 2 Current accounting treatment of the issue in the SEEA CF

8. In the SEEA central framework, the representation of the interaction between the environment and the and economy in monetary terms is primarily based on (see Chapter 4):
  - a. the definition of a functional classification – the Classification of Environmental Activities (CEA);
  - b. the description of two accounts based on CEA, the Environmental Protection Expenditure Account (EPEA) and the Environmental Goods and Services Sector account (EGSS);
  - c. the identification of other transactions of interest, particularly environmental taxes and subsidies.
9. SEEA CF Chapter 6 recognizes that monetary supply and use tables are a possible tool to provide integrated information in the domain of environmental accounts also in combination with physical supply and use tables as well as asset accounts.
10. In the same context, the potential of a sequence of economic accounts to present information on all environmentally related transactions and flows is acknowledged.

11. Existing differences between EPEA and EGSS, particularly with regard to accounting structure, scope, coverage of environmental activities and products, implies that they can be directly used to build up information within an integrated framework only to a limited extent.

### 3 Identification of the actual framework and related methodological aspects

12. The layout of the integrated Framework originally proposed by Eurostat (2018) and endorsed by the SEEA CF TC includes a set of Supply and Use Tables (SUT), and two flows accounts: Production and Expenditure. In order to build the accounts in the integrated framework on a common basis, the proposal also covers a set of concepts and definitions as well as a set of specific features, namely scope, variables, valuation rules and main classifications used. The sections below present the integrated framework accounts (3.1) and the main concepts and methodological features (3.2) as a starting point for the TT discussion.

#### 3.1 Proposed accounts for the integrated framework – extract from existing document

13. The **Supply Table** provides the value of available environmental products (resources) either produced within the economy (by groups of economic activity) or imported. In detail the following variables are included in the Supply Table:

- Output at basic prices, by ISIC (International Standard Industry Classification) categories
- Imports
- Taxes and subsidies on products
- Trade and transport margins
- Total supply at purchaser’s prices (sum of the previous components)

Each variable is cross classified by classes (or groups of classes) of the Classification of Environmental Protection Activities (CEPA) and the Classification of Resource Management Activities (CREMA) and by kind of product (goods and services). A simplified Supply Table is as follows:

	Output by ISIC industry				Imports	Taxes less subsidies on products	Trade and transport margins	Total supply
CEPA goods								
CEPA services								
CREMA goods								
CREMA services								

14. The **Use Table** describes who uses the environmental products made available and for what kind of use (intermediate consumption, final consumption, investments, exports). In detail the following variables are included in the Use Table:

- Intermediate consumption, by ISIC category
- Final Consumption, by General Government (GG) and Households
- Gross fixed capital formation by General Government, specialized/secondary and ancillary producers
- Exports
- Total use at purchaser’s prices (sum of the previous components)

Each variable is cross classified by classes (or groups of classes) of the CEPA/CREMA and by kind of product (goods and services). A simplified Use Table is as follows:

	Intermediate consumption by ISC industry			Final consumption		Gross fixed capital formation			Exports	Total use
				General Gov.	Households	General Gov.	Specialized & secondary producers	Ancillary producers		
	CEPA goods									
CEPA services										
CREMA goods										
CREMA services										

15. The **Production Account** describes the amount of output and value added generated by the production of environmental products, the intermediate consumption of environmental products, the amount of output available for resident users. A simplified production account for an individual environmental (CEPA/CREMA) purpose is as follows:

	Corporations			Government	Households	Rest of the world	TOTAL
	EP/RM producers		non-EP/RM producer s				
	specialist producer s	other producer s					
Intermediate consumption of producers of EP/RM							
Value added of producers of EP/RM							
<b>TOTAL output of producers of EP/RM (basic prices)</b>							
Intermediate consumption of EP/RM products (-)							
VAT and other taxes on EP/RM products (+)							
Subsidies on EP/RM products (-)							
Trade and transport margins							
Imports of EP/RM goods and services (+)							
Exports of EP/RM goods and services (-)							
<b>TOTAL environmental output available for uses by resident units (at purchasers' prices)</b>							

16. The **Expenditure Account** describes how much the institutional sectors of the economy spend for an environmental purpose. A simplified expenditure account for an individual environmental (CEPA/CREMA) purpose is as follows<sup>1</sup>:

	Corporations		Government	Households	Rest of the world	TOTAL
	specialist	non specialist				
Intermediate consumption on EP/RM products						
Final consumption on EP/RM products						
Gross fixed capital formation on EP/RM products						
<b>TOTAL use of EP/RM products by resident units</b>						
Gross fixed capital formation (on non-EP/RM products) for EP/RM production						
Acquisition less disposals of non-financial, non-transfers not included in the total use of EP/RM						
Environmental subsidies on products						
Transfers to the rest of the world (+)						
Transfers from the rest of the world (-)						
<b>TOTAL national environmental protection expenditure</b>						
Environmental subsidies on production						
Social contributions and benefits						
Other current transfers						
Capital transfers						
Earmarked taxes						
<b>TOTAL national environmental protection expenditure</b>						

### 3.2 Proposed main concepts and definitions for the integrated framework – extract from existing document

17. **Environmental products.** *Environmental products* can be distinguished into products for environmental protection and for resource management. Other products are non-environmental. Environmental products can be distinguished according to which is their primary purpose. Products whose only purpose or primary purpose is environmental can be called *primary purpose* environmental products, or *specific* environmental products for short. *Cleaner/ Resource-efficient* products are those non-specific environmental products which serve a *secondary* environmental purpose because they prevent pollution or environmental degradation/ natural resource depletion compared with equivalent 'normal' products (otherwise said: their secondary purpose is environmental protection/resource management).
18. **Environmental activities.** SEEA-CF encompasses Environmental protection activities (EP activities) and Resource management activities (RM activities) defined according to SEEA-CF (§§ 4.12 and 4.13) as all activities and actions which have as their main purpose respectively the prevention, reduction and elimination of pollution and of any other degradation of the environment and preserving and maintain the stock of natural resources. Environmental activities encompass both activities that directly serve an environmental purpose (also called characteristic environmental activities) and activities which do not directly serve an environmental purpose but which produce

<sup>1</sup> The first row titled “TOTAL national environmental protection expenditure” reports the expenditure by institutional sector regardless of who actually bears the costs. The subsequent rows allow to calculate how much each different sector contributes to the financing of the national environmental expenditure. For this reasons the second row titled “TOTAL national environmental protection expenditure” differs from the first one as regards the distributions by sectors.

specifically designed products whose use serves an environmental purpose (also called non-characteristic environmental activities).

19. **Environmental expenditures** – (In this case the source of the definition is the Introduction to the Classification of Environmental Purposes). Environmental expenditure consists of: expenditure *on* environmental products e.g. purchase of solar panels; and expenditure incurred *for* environmental (production) activities. This means that some environmental expenditure relates to environmental activities, and other expenditure relates to environmental products (goods and services). Expenditures on environmental products are not always related to environmental (production) activities, e.g. purchase of environmental services, like waste or wastewater management by a corporation undertaking non-environmental production activities. The expenditure considered covers both final uses (final consumption, gross fixed capital formation) and intermediate consumption. Expenditure can be incurred by corporations, households or government (the latter frequently aggregated with non-profit institutions serving households - NPISH).

#### 4 Issues to be considered by the TT

20. With respect to the proposed concepts and definitions reported above (3.2), the TT might consider whether to confirm them or not. Discussions on the issue carried out in international fora, such as, for example, the G20 Data Gap Initiative – Recommendations 6 and 7, will also be taken into account and include clarifying the alignment between the proposed framework and the relevant reporting requirements. As well, the coherence with the wider framework for accounting in monetary terms, including balance sheets for environmental assets, will be considered.
21. With respect to the proposed layout of the accounts of the integrated framework, the TT might discuss the following main issues: structure of the layout, possible updates and valuation of ‘cleaner products’. As concerns possible needed updates, one necessary update stems from the adoption and implementation of the new Classification of Environmental Purposes (CEP) as an international statistical classification. As regards the valuation of ‘cleaner’ and ‘resource efficient products’, the TT will discuss whether to account for the ‘environmental share’, which can be measured by the extra cost of the cleaner/re product compared to an equivalent normal product (a. k. a. extra costs valuation or additional cost valuation).

#### 5 Links to other SEEA CF update issues

22. Work on the integrated framework for monetary accounts, is linked to the following SEEA CF update issues: C1 - Inclusion of the Classification of Environmental Purposes (revised CEA); Possible links with issue C8 - sustainable finance – can also be discussed (although within the framework of environmental accounts public transfers are considered).
23. Links will also need to be considered to any implications arising from an expansion of the set of environmental activities to be covered in the SEEA CF as being discussed in update issues C3 and C5. This will need to consider the range of accounts that might be described for environmental activities as a whole and for individual themes such as climate mitigation. Of particular note will be careful description of potential overlaps across accounts covering different themes.

#### 6 References

24. Useful references for the TT include (but are not limited to):
  1. Eurostat proposal for an integrated framework [Eurostat, 2018]:

Integrated framework for environmental activity accounts, presented at the 13th meeting of UN Committee of Experts on Environmental-Economic Accounting (UNCEEA), New York, 21-22 June 2018, <https://seea.un.org/events/thirteenth-meeting-unceea>

2. Countries' pilot implementations of an integrated framework for monetary environmental accounts, for example:
  - Integrated Framework for monetary environmental accounts: a pilot study for Italy, available at: <https://www.icaas.eu/papers>;
  - other pilot implementation studies to be identified.
3. Classification of environmental purposes (CEP).  
[https://unstats.un.org/UNSDWebsite/statcom/session\\_55/documents/BG-4e-CEP-E.pdf](https://unstats.un.org/UNSDWebsite/statcom/session_55/documents/BG-4e-CEP-E.pdf)  
- also in relation to concepts and definitions

## **7 Relevant experts and stakeholders**

25. The relevant experts and stakeholders to be consulted for the purposes of reviewing the content of the guidance note and as part of a broader consultation are compilers of environmental monetary accounts.