



DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION
UNITED NATIONS



System of
Environmental
Economic
Accounting

SEEA Central Framework update

Scoping note for issue C8: “Incorporation of sustainable finance into an accounting framework”

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Finalized in September 2025

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 to the issue

1. The short description of issue C8 “Incorporation of sustainable finance into an accounting framework” from October 2024 is:

“There is increased policy interest for recording sustainable finance. This is a new and complex topic, and the role of accounting frameworks for supporting the organization of relevant information could be considered as part of the updated SEEA CF.”

2. The scope for discussion for this update issue is broad. It recognises that while direct measurement of the level of sustainable finance is of interest, there is a wider potential of the accounts of the SEEA CF to provide information to support understanding this theme.
3. As a starting point for discussion, the recently adopted 2025 SNA describes the measurement of sustainable finance as considering “the financing activities that are considered to be contributing to the achievement of more sustainable outcomes” (2025 SNA 35.120). The umbrella scope is termed ESG (Environmental, Social and Governance) finance and the component which is focused on the environment is termed green finance. They are defined as

ESG finance is finance for activities or projects that sustain or improve the condition of the environment or society or governance practices. Green finance is finance for activities or projects that sustain or improve the condition of the environment. (2025 SNA 35.122)

4. This high level definition is then applied to the range of financial instruments in scope of the SNA, namely debt securities, loans, equity and investment fund shares/units. ESG and Green versions of each financial instrument are defined including, in supporting documents, methods for determining the purpose of finance – i.e. whether the finance is sustainable or not. As part of the SEEA CF update, it will be necessary to consider these definitions and the incorporation of relevant text.
5. In addition to considering financial instruments, the broad framing of the update issue opens up the possibility of considering links to the role of other SEEA accounts in supporting the discussion of sustainable finance. At a high level four accounting areas may be considered, these are detailed below. Overall, there are a number of ways in which information from a range of SEEA CF accounts could support a discussion on sustainable finance and complement the 2025 SNA proposals for recording sustainable finance by type of financial instrument.
6. In addition to the new definitions incorporated into the 2025 SNA, an annex on sustainable finance was included in the updated Balance of Payments Manual (BPM7) and the content of that annex may provide additional insight into ways in which sustainable finance measurement can be supported through the SEEA CF.
7. It is noted that the IMF Monetary and Finance Statistics Manual and Compilation Guide (MFSM) will also be updated over the coming three years. There may be research from that process that can complement the work in the context of the update of the SEEA CF.
8. Finally, it is noted that there is substantial private sector knowledge and expertise on sustainable finance and while there are no definitive standards at this stage there is much research and other content that can be considered in providing a strong statistical response to the issues.

2 Motivation for considering a change to the SEEA Central Framework

9. The short description of the update issue commences by recognising the policy interest in sustainable finance. Although this is a relatively new field of research and measurement, one of the key drivers for statistical involvement in this field is the desire to avoid or limit instances of “greenwashing”. Greenwashing occurs when there are no standard definitions or principles that are applied and hence measurement following alternative definitions occurs and comparability becomes limited. In this situation it is possible to make potentially inaccurate claims. This has the effect of reducing confidence in the market and limiting the flow of funds into sustainable finance. It is widely recognised that to provide the scale of investment required to meet environmental and sustainability challenges it will be necessary to build the confidence of investors and agencies regulating and supervising the financial system. Establishing internationally agreed standard definitions and frameworks is a powerful component of the response.
10. The use of the SEEA CF to support the development of international measurement standards reflects (a) the potential of an accounting approach to integrate data across different parts of the sustainable finance activity (from identifying investment requirements and opportunities to assessing return on investment); and (b) the rationale of the SEEA to organise information on the link between the environment and the economy.

3 Nature of the proposed change and research questions

11. The broad proposal for consideration is to incorporate additional content in the SEEA CF to discuss the ways in which sustainable finance activity can be supported and organized.
12. The appropriate starting point for the Guidance note is the definitions of sustainable finance instruments following the 2025 SNA. For the purposes of the SEEA Central Framework update the focus should be on green finance being the sub-set of sustainable finance that concerns the environment.
13. The key question to consider is the connection and alignment between the green finance definition “to sustain or improve the condition of the environment” and the definition of environmental activities in the SEEA CF. For the purposes of framing the Guidance note, the initial assumption is that there should be a close alignment – i.e. that green finance should concern financing those activities considered environmental activities in the SEEA CF. Thus the starting option is to limit the scope of green finance to the financing of EP and RM activities. However, this option will need further examination to clarify measurement boundaries, in particular considering the potential for the scope of environmental activities to broaden (issues C3 and C5) and considering any changes in scope arising from the discussion of primary and secondary purpose (issue C4). The examination should also consider the treatment of financing of defensive expenditures which may be of interest.
14. The discussion of the relationship between the SNA green finance definition and SEEA’s environmental activities will also need to clarify the appropriate interpretation of “sustains or improves the condition of the environment”. For example, whether this should be considered in terms of an ex-post assessment and how this requirement links to the concept of purpose in the definition of environmental activities. Questions of interpretation of the scope of green finance should also consider developments in the financial sector, for example in sustainable finance taxonomies, which incorporate criteria of “do no harm” in addition to “sustain or improve”. Such extended requirements/thresholds are not applied in the SEEA Central Framework.

15. In addition to delineating the scope of measurement for green finance, there are four, high-level SEEA CF accounting areas that may be considered to have links to supporting analysis of green finance. These are:
 - a. Using SEEA CF information on environmental flows – air emissions, water, energy, etc – to identify areas in which additional investment in sustainable solutions would be appropriate and to record changes in environmental outcomes arising from additional investment.
 - b. Using SEEA CF information on environmental assets – water resources, timber resources, aquatic resources, etc - to identify areas in which additional investment in sustainable solutions would be appropriate and to record changes in environmental outcomes arising from additional investment.
 - c. Using SEEA CF information on environmental activities to record expenditures on sustainability related investments (which are funded via green finance instruments)
 - d. Connecting SEEA CF information on the financing of environmental activities by source of finance (e.g. government, corporate, rest of the world) to financing data by financial instrument. This would, in effect, examine the development of SNA from whom-to whom tables for green finance.
16. Further, it would be possible to use SEEA Ecosystem Accounting information on ecosystem extent and condition and flows of ecosystem services to identify areas in which additional investment in sustainable solutions and to record changes in environmental outcomes arising from additional investment.
17. The annex on sustainable finance included in the updated Balance of Payments Manual (BPM7) - Annex 10: Integrating Measures of Sustainable Finance and Climate Change into External Sector Statistics recommends the recording of data on financial instruments for sustainable finance for the external sector consistent with the SNA. It also highlights a number of measurement topics for which existing BPM based data might be applied or for which further development of guidance and frameworks would be relevant. These include data for the assessment of risks for economies, sectors and entities due to climate change, data on the physical location of direct investments by counterpart economies, and trade in goods related to the transition to a low-carbon economy. In some cases, data from the SEEA accounts may support this analysis.
18. The focus of the discussion here has been on measuring data to support discussion of specific or portfolio investments through sustainable financial instruments. Consideration may also be given to the role that SEEA CF data might play in supporting discussion of the links between the environment and other parts of the finance system including non-life insurance and systemic risks to the financial system as a whole, although this should be considered a lower priority for investigation.
19. Finally, the Guidance note should consider the feasibility of collecting data on green finance, particularly from the financial sector, to support the compilation of relevant accounts.

4 Links to other SEEA CF update issues

20. As noted above, there are connections to a number of other SEEA CF update issues. In particular:

- a. Issue A4 – How SEEA CF accounts can be made spatially explicit & Issue B7 – Inclusion of residual flows to ecosystem type, i.e. pressure account. Sub-national and finer scale data will support more nuanced understanding of the needs for investment and the extent of the return to investments in the environment.
- b. Issue A5 – Harmonization with other international classifications and updates of relevant frameworks/manuals. In particular concerning revisions to MFSM.
- c. Issue A6 – Introduction of thematic accounts and strengthening the link to policy. An option might be to consider that sustainable finance is an accounting theme that can be the focus of a tailored set of accounts.
- d. Issue A9 – Consistency with the 2025 SNA revision issues. To incorporate the newly introduced definitions of sustainable finance instruments.
- e. Issue C3 - Extending the scope of environmental activities. Since green finance will be spent on environmental activities then the scope of measurement for the expenditure and the finance should be strongly aligned.
- f. Issue C4 – Primary and secondary purpose. Since identification of sustainable and green financial instruments is based on assessing the purpose of the financing it would be relevant to consider a consistent application of principles.
- g. Issue C5 – Climate mitigation and climate adaptation expenditure: As for Issue C3, there should be strong alignment between the scope of sustainable finance and expenditure in these areas.
- h. Issue D3 – Inclusion of accounts for physical produced assets. The exposure to climate change and other nature related risks will be better understood with knowledge of the location and physical characteristics of produced assets.

5 Existing materials

- 21. Potential materials that may be considered in developing the Guidance note include (but are not limited to):
 - a. 2025 SNA Chapter 35 and related Guidance Notes
 - b. BPM7 Annex 10
 - c. Corporate and finance sector materials on defining and measuring sustainable finance – for example from the Network for Greening the Financial System (NGFS) the International Sustainability Standards Board (ISSB) and the Irving Fisher Committee on Central Bank Statistics (IFC).
- 22. In developing the Guidance note it will be necessary to identify the relevant experts and stakeholders for the purposes of both drafting the content of the note and also ensuring appropriately wide consultation. These experts and stakeholders have not been identified at this stage.