

Minutes
18th Meeting of the London Group on Environmental Accounting
Ottawa, Statistics Canada,
2-4 October 2012

1. Art Ridgeway of Statistics Canada opened the 18th meeting of the London Group, followed by Alessandra Alfieri of the United Nations Statistics Division (UNSD) in her capacity as Secretariat of the UNCEEA to provide an update on the issues discussed during the UNCEEA meetings and the side events organized by the UNCEEA in Rio de Janeiro.
2. After the adoption of the SEEA Central Framework, the development of an agreed implementation strategy was considered high priority. A Task Force to develop such strategy was established and Geert Bruinooge of the Statistics Netherlands was elected as chair of the Task Force. The objective of the Task Force was to develop an implementation strategy for the SEEA Central Framework to be presented for adoption to the UN Statistical Commission in March 2013. As requested by the UN Statistical Commission in March 2012, the implementation strategy would be flexible and modular taking into account countries priorities as well as statistical development and cover different phases of the implementation starting an institutional and data assessment to the development of a programme of work with timelines and deliverables.
3. The UNCEEA discussed the project management framework as well as the content of the SEEA Experimental Ecosystem Accounting. It recognized the high policy demand and supported the continuation of the work and finalization of the document as planned for submission to the UN Statistical Commission in March 2013. It also recommended that the SEEA Experimental Ecosystem Accounting be discussed by the London Group to obtain a better understanding of the statistical offices views on possible testing of the concepts proposed.
4. The UNCEEA briefly discussed the SEEA Applications and Extensions. While it recognized the usefulness of the document, it also recommended the development of other materials, such as summary for policy makers which would present applications of the SEEA in a non-technical way.
5. The UNCEEA further recommended that the SEEA-Energy be finalized for submission to the UN Statistical Commission in March 2013.
6. Two events were held during Rio+20, one a learning center providing an overview to the delegates attending the Rio+20 negotiations on the SEEA as well as lessons learnt from its implementation in countries. The other was a side event in which the various international agencies including Eurostat, EEA, OECD, UNDP, UNEP, the World Bank expressed their support for the SEEA as the measuring framework responding to the various policy frameworks championed by each agency (e.g. beyond GDP, 7th Environment Action Programme of the EU, green growth/green economy, poverty environment initiative, climate change, WAVES and natural capital accounting, etc.).

Session 1 – SEEA -- Experimental Ecosystem Accounts

7. The London Group discussed progress in the drafting of the SEEA -Experimental Ecosystem Accounting. Glenn-Marie Lange of the World Bank introduced the policy setting for ecosystem accounting, arguing the need to communicate the value of ecosystem accounting to policymakers and the importance of its link to the System of National Accounts. A number of countries gave an overview of the current status of ecosystem accounting and why ecosystem accounting was considered important. The need to manage expectations in terms of what ecosystem accounting was brought up during the discussion.
8. The SEEA Editor Carl Obst presented an overview of key elements in the SEEA Experimental Ecosystem Accounting. The London Group welcomed the draft. It was suggested that the distinction between the ecosystem and the environment, and whether inter-ecosystem services would be in scope, could be clarified in the draft. It was stated that the plan is to put forward a conceptual framework as a start of a development process. The work is expected to continue due to the requirements of Convention of Biological Diversity 2020 requirements and more experiences will be gained throughout the process.
9. Jean-Louis Weber of the European Environment Agency introduced the summary of the interim responses from the consultation on CICES (Common International Classification of Ecosystem Services), followed by a presentation by Julian Chow of UNSD on a number of key outstanding issues in CICES such as production boundary, the coverage of abiotic services, the underlying principle of the classification and the treatment of intermediate services. The London Group recommended CICES to be placed as a research agenda item of the SEEA Experimental Ecosystem Accounts for future development.
10. Per Arild Garnåsjordet of Statistics Norway gave a presentation on the proposed biodiversity accounts in the SEEA Experimental Ecosystem Accounting, building on the experiences in Norway. It was agreed that biodiversity should be treated as a key characteristic of ecosystems rather than as ecosystem service or process. The view that biodiversity community is keen to follow an accounting approach to account for biodiversity was pointed out.
11. Bram Edens of Statistics Netherland gave an overview of recording options for ecosystem services and degradation in the sequence of accounts. The London Group expressed concerns that chapter on accounting for ecosystems in monetary terms may risk alienating stakeholders, due to its resemblance with the green GDP issue, if materials are not properly introduced. Multiple approaches exist on recording ecosystem services and degradation and it was recommended that the chapter should described multiple options listing out their pros and cons without recommending any single approach on recording ecosystem services and degradation.
12. Carl Obst introduced the carbon accounts in the SEEA Experimental Ecosystem Accounting. It was suggested that the text should reflect the scientific challenges in biocarbon.

13. Stephanie Uhde of the Quebec Institute of Statistics gave an overview of the land accounting in Québec. It was reported that there was a reasonable concordance of the land cover classification suggested in the SEEA Central Framework with data availability for Quebec. The difficulty of integrating multiple data sets into the framework was tackled by the development of decision trees. The project was undertaken using free software and the resource implications was not high. Data processing took times due to the sheer size of the data sets, which may cause difficulties when up scaling the pilot project to the whole Quebec province. The Québec experiences demonstrated the possibility of testing and experimentation of the SEEA Experimental Ecosystem Accounting in practice.
14. François Souldard of Statistics Canada provided an overview of the Canadian MEGS project (measuring ecosystem goods and services) in Canada. It was report that large effort has been undertaken in Canada to provide a GIS-based underpinning of ecosystem data, and valuation would be undertaken for a small pilot region (St Lawrence Park) based upon benefit transfer techniques. Pilot studies have also been undertaken on describing the eelgrass ecosystem by linking data on fisheries which feed upon this, which involved an assessment of the location of the fishermen to show where benefits eventually accrue. The experience of Canada showed the usefulness of the proposed units model in the SEEA Experimental Ecosystem Accounting. Canada uses soil landscape units (around 13 thousand) as the Ecosystem Accounting Units (EAUs), uses a Geographic Information Systems (GIS) grid as Basic Statistical Units (BSUs), and defines Land Cover/Ecosystem Functional Units (LCEUs) based upon 3 factors. However, as a result of these 3 intersections, the number of LCEUs was very large, and the London Group discussed whether and if so, which criteria could be best be used in identifying these units.
15. Mark Eigenraam of the Department of Sustainability and Environment, Government of Victoria Australia, gave an overview of ecosystem accounting in Victoria State in Australia. The proposed system is based upon reference benchmark conditions of analytical units (Reference Condition Accounting), operationalized by the concept of ecological utility which assumes that ecosystem utility is highest in the natural state. The project proposed an Environmental Benefits Index, which is the product of intra- and inter-ecosystem goods and services flows relative to a natural state, to measures the ecological utility. Some examples were also shown for the Victorian ecoMarkets program.
16. The discussion that followed underlined that the current draft does not explain the treatment of inter and intra ecosystem services very well. Other issues that were discussed whether there is a need for an asset classification of ecosystems. Concerns were raised that we should not make the conceptual framework too complex. Richard Mount of the Australian Bureau of Meteorology presented the Joint Perspectives Model developed by the Australian Bureau of Meteorology as a conceptual framework for Environmental Accounting based upon systems theory.
17. Rock Harris of the Department for Environment, Food and Rural Affairs and Jawed Khan of the Office for National Statistics presented the UK plan for developing ecosystem accounts by 2015. The proposed UK approach the approach will be top-down rather than a GIS bottom-up approach to compile ecosystem accounts for different ecosystem types such as timber woodland. Focus of the

project will also be on monetization and valuation of ecosystem services, where various value concepts such as welfare-based approach will be explored

18. Jean-Louis Weber summarized progress of work at the EEA. One of the key indicators proposed was on assessing changes in net landscape and ecological potential.

Conclusions:

19. There was broad overall endorsement of the work for SEEA Experimental Ecosystem Accounting by the London Group. Some concerns were expressed over uncertainty in the data and results, but it was agreed that the final document could provide general guidance on methods, classifications, and a future research agenda and as such would be important for guiding work in countries who want to do experiments on this topic. Particular care would be needed with the text on valuation and adjusting national accounts aggregates so as not to raise unrealistic expectations. The research agenda to be developed for the SEEA Experimental Ecosystem Accounting was viewed as an important and useful component. The important to recognize that this work extends the community of practice beyond national statistics offices and into the natural resource, environment, and other similar branches of government was note. The London Group members will forward comments on the draft to the editor by 15 October 2012.

20. The London Group suggested that the following issues need to be further developed in the draft of the SEEA Experimental Ecosystem Accounting:

- The role of the National Statistics Office in the development of the SEEA Experimental Ecosystem Accounting should be made clear
- The capital model needs to be streamlined further
- Relationships between ecosystems (inter-ecosystems flows) should be made clearer
- The relationship between ecosystem flows and environmental flows should be clarified
- The links to SEEA Central Framework especially, the role of human activity with respect to ecosystems should be made clearer
- The organization process and the boundary issues underlying CICES should be clarified
- The link between environment and geography, in particular the geospatial information, need to be emphasized

Action points

- London Group members to forward their comments on SEEA Experimental Ecosystem Accounting to the SEEA Editor
- The SEEA Editor to revise the drafting of the SEEA Experimental Ecosystem Accounting for its final submission, taking into account comments received from the London Group
- The SEEA Editor to develop a research agenda for future development and for guiding work in countries who want to do experiments on this topic.

Session 2: SEEA Applications and Extensions

21. The SEEA Editor Carl Obst provided an overview of the SEEA Applications and Extensions. The drafts of chapter 1 to 4 have been completed and are open to the LG members for comments until 22 October. The next step will be to complete draft chapter 5 on indicators and dashboards, to improve discussion in Chapter 3 on the environmental-extended input-output table and to finish the next draft by mid-November for broader consultation. The final version of the draft is expected to be finished by mid-January 2013 for the submission to UNSC at its 44th session.
22. In replying to questions on country examples and the concept of subsidy used, it was pointed out that there is an intention to include anonymous examples in the document. The scope of SEEA part 3 will be consistent with the SEEA Central Framework such that the concept of subsidy will be defined in accordance with the boundary and definition used in the Central Framework.
23. The remaining presentations in this session focused on the input-output (IO) modeling. Bram Edens presented on behalf of Arnold Tukker on the progress of the CREEA (Compiling and Refining Economic Environmental Accounts) project on the multi-regional environmental IO tables, followed by a presentation by Viveka Palm of Statistics Sweden on the forest account project in CREEA. The usefulness of IO analysis was recognized. The harmonization of IO models and data sources were identified areas for further development because there had been concerns with conflicting results derived from different types of I-O analysis, the large amount of data required, and the uncertainty about the data source. The need for further collaboration between official statistician and researchers in IO communities was also emphasized.
24. Joe St. Lawrence of Statistics Canada presented works carried out in Statistics Canada on the IO modeling and highlighted a couple of issues for the development of the IO chapter in the SEEA Applications and Extensions. The need for defining analytical and data boundaries and the importance of communication with user and policy maker were stressed. It was noted that the aggregation of heterogeneous industries must be done with care because there are less detailed classification structure to separate heterogeneous industries at the lower level. It was pointed out that the development work in SEEA is able to solve these problems by providing a clear procedure and detailed methodological guidance to the IO practitioner.

Conclusions:

25. The London Group members were satisfied with the current status of SEEA Applications and Extensions and offered their support in its development. It was agreed that SEEA Applications and Extensions would be an important part of the SEEA suite and the development progress is encouraging. It was recommended by some London Group members to have a detailed specification of minimum set of data in the text. Some members voiced out the importance of referencing and putting data and table on the web for training and learning purpose. The Editorial Board took note of these comments and will explore the most appropriate way of dealing with these matters taking into account of the issue of confidentiality. It was also pointed out that links to policy departments are of

particular importance to ensure the relevance of this work. The London Group will forward comments to the SEEA editor by 22 October.

Action points

- London Group members to forward their comments on SEEA Applications and Extensions to the SEEA Editor
- The SEEA Editor to revise the drafting of the SEEA Applications and Extensions for its final submission, taking into account comments received from the London Group
- UNSD to work towards putting reference, example data and table on the SEEA Revision website for training and learning purpose
- The London Group to facilitate further collaboration between official statistician and researchers in Input-Output communities

Session 3 – Energy Accounts and Statistics

SEEA-Energy draft Chapters

26. Alessandra Alfieri of UNSD presented the SEEA-Energy and the plans to finalize it for submission to the UN Statistical Commission. She explained the changes made to the document as a result of the recommendations of the Expert Group and encouraged London Group members to provide comments by mid October. The SEEA-Energy is fully consistent with the SEEA Central Framework. A few issues still remain open as they are under discussion as part of the finalization of the SEEA Central Framework, namely the issue of recording of losses.
27. The London Group discussed the issue of valuation of water in the case of hydropower and considered it important to be addressed in the SEEA-Energy. The issue is on the research agenda of the SEEA-Central Framework and should be addressed in that context. It would be difficult to reach agreement on such a complex issue before the finalization of the SEEA-Energy. Some members of the London Group mentioned that the SEEA-Energy includes expenditures of resource use, which are not included in the classification of environmental activities presented in the Central Framework. Considering the need for data items on resource use for the calculation of the resource rent, it was recommended that they be included but with the clear specification that such expenditures are not environmental.

Energy Accounts in Canada

28. Cindy Lecavalier of Statistics Canada presented the experience of Statistics Canada in compiling physical energy flow accounts. She described how the accounts are constructed using the net availability of energy from the energy balances as the controlled total. She also stressed the importance of using the same classification of energy products used in the Input Output table to allow linking the physical flows of energy with the economic accounts. She described the different data sources and the challenges in integrating them in a common accounting framework and plans to improve source data on households and the service sector.

Energy Statistics Compilers Manual (ESCM)

29. Julie Hass of Statistics Norway provided a brief overview of the content and drafting process of the ESCM, being developed by the Oslo Group on Energy Statistics. She provided a description of the content of Chapter 6 on the compilation of energy accounts.
30. The London Group expressed its willingness to contribute to the drafting of Chapter 6 but noted that the Chapter should cover physical and monetary flows and asset accounts. It further requested that a clear process for drafting the chapter and the ESCM be shared with the London Group.

Energy Accounts in the European Statistical System

31. Anton Steurer of Eurostat described the Physical Energy Flow Accounts (PEFA) builder, an excel-based tool being developed by Eurostat to assist countries in the recording of energy flow accounts based on the SEEA Central Framework. The PEFA builder will be ready for testing in 2013. The main challenges are the adjustments to the residence principle, in particular concerning international transport, the issue of auto producers, considering the different concepts in the SEEA and energy balances and breaking down energy use by industry e.g. final energy consumption in transport and in service industries, etc.
32. The London Group expressed interest in the tool and considered it useful for assisting not only EU countries but more broadly all countries wishing to compile energy accounts. Countries with long history of compiling energy accounts expressed concerns with adapting their data to the PEFA builder requirement. It was clarified that countries were not required to use the PEFA builder to compile energy accounts.

Conclusions:

33. The London Group was briefed on progress on SEEA energy. Comments will be sent to UNSD by October 15th. After a brief update on the ESCM, several countries came forward to offer assistance with the drafting of the unallocated chapter 6 on physical flow accounts.

Action points

- London Group members to forward their comments on SEEA-Energy
- UNSD to revise the drafting of the SEEA Applications and Extensions for its final submission, taking into account comments received from the London Group
- The Oslo Group to share the ESCM and the process for drafting the chapter to the London Group

Session 4 – Water Accounts and Statistics

34. Alessandra Alfieri of UNSD presented the project management framework and annotated outline of the Guideline for the Compilation of Water Accounts and Statistics. The London Group agreed with the proposed outline and suggested to ensure collaboration with current work in the EU by the Task force on Water Accounts, which is also working on a guide. A remark was also made to encourage

further liaising with the research community which traditionally has a strong focus on estimating water use by the agriculture sector, using various types of modeling.

Conclusions:

35. The London Group was briefed on progress on the Guideline for the Compilation of Water Accounts and Statistics. Reaching out to the EU Taskforce on Water Accounts and the research community for collaboration on water accounts and statistics are encouraged

Session 5 – SEEA-- Agriculture

36. Gary Jones of FAO presented FAO plans to advance the SEEA—Agriculture. The project will start from the SEEA Central Framework and assess what data is available from within FAO. Subsequently, it may expand towards fisheries and forest accounts.
37. The London Group welcomed the proposed work and stressed the importance of the FAO involvement in SEEA. Some members asked for the clarification on the vision and on whether objective of the project is to assess the application of FAO data to populate SEEA table or to improve the availability of the agricultural statistics. The importance to bring in key stakeholders on board was stressed. Suggestions were made to have a separate work stream on classifications and on soil. Linking to rural communities (and hence the social community) was also suggested as an interesting topic to explore.
38. Some members expressed concerns that there are several overlaps between different sub-systems of SEEA. A question was raised to what extent the SEEA-Agriculture is in fact more a subsystem of the SEEA Experimental Ecosystem Accounts than a system by itself. It was also remarked that the focus should be on application of the framework rather than the development of a manual.
39. The suggested time frame of 18 months was considered ambitious. Several members expressed their interest in taking part of a subgroup on SEEA-Agriculture: Australia; UK; Sweden; EEA; UNSD; Netherlands; and India. It was suggested that the FAO will write a short paper for consideration of the Bureau of UNCEEA which would enable reporting on the proposed activities to UNSC.

Conclusions:

40. FAO presented the plan for the drafting of this manual. While it was recognised as an ambitious timeline, several countries agreed to offer assistance with the project.

Action points

- FAO to prepare a concept note on the development of SEEA-Agriculture to the Bureau of UNCEEA

Session 6 – Implementation of the SEEA Central Framework

41. This session discussed an interim report from the Task Force on the Implementation Strategy for the SEEA Central Framework presented by Sjoerd Schenau of Statistics Netherlands, followed by a presentation by Suresh Kumar of Central Statistics Office India on progress on Green National Accounts for India and a proposed implementation plan for SEEA.
42. The discussion brought up a number of issues in several areas. The need to cooperate within countries among various agencies and the need to broaden the intended audience were emphasized, given that national statistical offices are not the sole data provider and countries will differ in their institutional set-ups. The need for capacity building in developing countries is recognized.
43. The need to “train the trainers” was recommended to be further elaborated in the implementation strategy. Several countries have experiences with organizing training courses, there is a lot of material available and it may be useful to pull some of this together. It may be useful for the IS to reflect upon how best to get the community of practice going, for instance by regular exchanges of staff or software.
44. It was pointed out that there is a convergence of idea within international agencies in viewing SEEA as the measurement framework that informs policy frameworks. Given the development of Rio+2012 and the post-2015 UN development agenda, it is expected countries resources to develop indicators on sustainable development indicators and the need for a better coordination was emphasized. It was suggested that the role regional coordination could be expanded upon in the implementation strategy. The important to ensure that WAVES and the implementation strategy for the SEEA Central Framework are going in the same directions was also stressed.
45. It was remarked that the implementation strategy advocated a flexible and module approach and country can plan their national implementation strategy based on their national circumstances. Given this, it is still possible to develop a recommended minimum set of table as the initial scope to identify options for countries to choose from.

Conclusion

46. The London Group was briefed on progress on the Implementation Strategy for the SEEA Central Framework and country experiences in the implementation of the SEEA. The London Group is encouraged to be served as a platform to facilitate the international cooperation on the implementation strategy for the SEEA Central Framework. Members of the London Group are encouraged to promote the Implementation Strategy for the SEEA Central Framework in their respective organizations and countries.

Session 7 – Election of the London Group Chair and any other business

47. The London Group elected Joe St Lawrence of Statistics Canada as its new chair.

48. It was noted that for the past 5 years, much of the London Group work has been devoted to the SEEA manuals. There will be other similar work once the manuals are completed in February of 2013. The group was asked to provide advice on topics and activities that they would like to see in the meetings beyond the work on new manuals that are currently on the horizon. Comments from the London Group members will be forwarded to UNCEEA for consideration at a future meeting. Some avenues already suggested include training, building and extending the community of practice, and coordination with other international organisations doing similar work (e.g. World Bank, OECD).

Action points

- London Group members to provide comments on discussion topics and activities for the future meeting to the Chair
- Chair to submit comments from London Group members on future topics and activities to the UNCEEA Bureau for consideration.