





# Updating the SEEA CF

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# Content



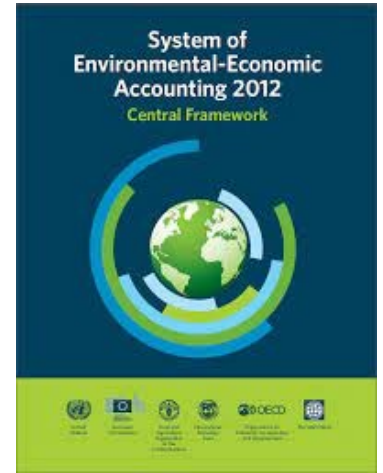
System of  
Environmental  
Economic  
Accounting

- Process so far
- Issue list
- Role on the London group
- Questions to the London Group



# Background

- Eleven years ago the SEEA Central Framework (SEEA CF) was adopted as an international statistical standard by UNSC.
- Ongoing work on the SEEA CF research agenda since 2012
- 2019 and 2021: discussion in UNCEEA on updating of SEEA CF
- June UNCEEA meeting: seek UNCEEA's view on the possible update of the SEEA Central Framework, its scope and timeline



# Why update the SEEA CF ?

- General user needs
- Responding to policy needs
- Alignment with the revised SNA
- Alignment with the SEEA EA



# UNCEEA meeting June 2023

The UNCEEA....

- **Agreed to an update of the SEEA Central Framework** with a focused scope while requesting the SEEA CF Technical Committee to further elaborate the criteria for prioritization of the issues, further evaluate the costs and benefits of addressing the issues and develop a timeline for addressing each issue;
- Noted **concerns on resources and the capacity** of national statistical offices and international organizations, and requested the Bureau to identify resources to support the SEEA update;
- Noted that a **proposal for the SEEA CF update** should be developed for consideration by the UN Statistical Commission in March 2024 and thus would need to be finalized before November 2023



# Revised issue list

- Prepared by SEEA CF TC
- Based on 'old' research agenda, ongoing SNA revision, input London Group etc.
- Focus primarily on **chapter 4 on monetary flow accounts**, whereas for the other chapters the focus will be on the consistency with the SNA and alignment with the SEEA EA.
- The issues have been grouped into **five broad categories**:
  - A. Classifications
  - B. Changes/ improvements to SEEA CF
  - C. Linking SEEA CF - SEEA EA
  - D. New topics / extensions
  - E. Applications of SEEA
- **Prioritization needed**



A. Classifications		
A1	Classification of environmental functions (CEF)	Inclusion of the Classification of environmental functions
A2	Residuals	In the SEEA CF 2012 there is no single classification of all residuals. A complication arises from the fact that the various groups of residuals overlap.
A3	Environmental assets	The asset classification is also an issue in the SNA update. There is a need for a harmonized asset classification for the SNA/SEEA with from a SEEA perspective the inclusion of natural resources / ecosystems / renewable energy resources etc.
A4	land use/ land cover	Revision of the interim land use and land cover classifications
A5	International classifications used in SEEA	Currently the revision of ISIC, CPC, SIEC and COFOG is ongoing. This will have an impact on SEEA, although (probably) not on the SEEA manual itself





## Changes/ improvements to SEEA CF

B1	Link to important policy themes	Text of SEEA CF could be improved by making more explicit links between the accounts and important policy themes like climate change mitigation, circular economy and nature/ biodiversity
B2	Integrated framework for monetary accounts	The integrated framework for monetary accounts brings all related transactions and transfers together in a comprehensive and coherent framework including some newly developed terminology / definitions for environmental products and activities.
B3	Biological resources	--> Issue for the SNA update, with (possible) implications for the SEEA CF
B4	Economic ownership / depletion natural resources	--> Issue for the SNA update, with (possible) implications for the SEEA CF
B5	Treatment of Emission trading schemes	--> Issue for the SNA update, with (possible) implications for the SEEA CF
B6	Treatment of renewable energy resources as assets	--> Issue for the SNA update, with (possible) implications for the SEEA CF
B7	Distinction taxes and services	--> Issue for the SNA update, with (possible) implications for the SEEA CF
B8	EW MFA	There are several differences in treatment between EW-MFA and the physical supply and use tables, as described in SEEA CF. Over the last years some work has been done to solve these issues.
B9	Description and uses PSUTs	Regarding Circular Economy policies, there is an increased interest in using PSUTs to describe also flows within the economy which warrants a more elaborate description (maybe revisiting some of the material in the SEEA 2003)
B10	Waste accounts	Description of the waste accounts could be further elaborated and improved, including the description of recycling

<b>B11</b>	Treatment of losses	There are a number of issues related to losses which are not fully described in the SEEA CF and which need to be further clarified to assist countries in implementation. These include energy losses and water losses.
<b>B12</b>	Water as a produced asset (artificial reservoirs)	This was also an issue at the SEEA CF 2012 revision, we need to see if we have to revisit this issue.
<b>B13</b>	Linkage/integration of environmental activity accounts (Ch.4) and the asset and flows accounts (Ch.3 &5)	Accounts are now described all separately, where the links and integration of the different accounts is one of our key selling points.
<b>B14</b>	Environmental tax abatement	Environmental tax abatements are an important policy instrument in many countries. These do not reflect a direct transaction but should be described in more detail.
<b>B15</b>	Treatment of processing abroad	To introduce more clear explanations and recommendations in SEEA CF (and/or related guidelines) on the conceptual treatment of processing abroad.
<b>B16</b>	Terminology	To review and provide more clear explanations on a selected set of terminologies in the SEEA CF that may result in confusion.
<b>B17</b>	Production boundary	To revisit the boundary of economy and environment and to provide more clear explanations and recommendation on the treatment of borderline cases such as landfill and mine environment.
<b>B18</b>	Treatment when there is deviation between SNA and SEEA	Monetary allocations do not match to physical flows, for example on time allocation of emission permits.
<b>B19</b>	Own account production	To introduce more clear explanations and recommendations on the conceptual treatment of on own account production of goods and services and their allocation to economic units.

## Linking/ aligning SEEA CF - SEEA EA

C1	Overview links and overlaps SEEA CF - SEEA EA	Chapter 2 needs to include a broader overview of the links and overlaps between SEEA CF and SEEA EA (based on what is already in SEEA EA)
C2	Valuation	--> incorporate insights from SEEA EA and SNA update
C3	Natural inputs - provisioning services/ abiotic flows	There is a strong link between natural inputs - provisioning services/ abiotic flows which should be described in detail
C4	Air emission accounts / LULUCF	Emissions related to LULUCF are not part of the SEEA CF air emission accounts. These emissions may be (partly) included in the accounts. In addition, carbon sequestration may be included in the accounts (by extending the use table).
C5	Water quality accounts	Water quality is part of the SEEA EA condition accounts, but could also possibly be included as a separate account (in asset chapter) in SEEA CF.
C6	Carbon account	The carbon account has strong links both with the SEEA EA and SEEA CF accounts. It should be investigated whether a) the carbon account should (also) be included in SEEA CF and b) if this warrants a more elaborate description (e.g., carbon in the economy).
C7	Accounting for soil resources	This is a clear link with the SEEA EA condition account. Do we still need this account in SEEA CF and if yes, should it be revised?



## New topics/ additions to SEEA CF

D1	Quarterly air emission and other SEEA flow accounts	A short description on the inclusion of air emission and other SEEA flow accounts such as water and energy flow accounts on a quarterly basis to the SEEA CF could be added
D2	Physical produced assets	A key characteristic of SEEA is that it looks as physical stocks and flows. Yet, physical asset accounts for produced assets are not part of SEEA CF. There in an increasing interest is these kind of stocks
D3	Recording residual flows to ecosystem type (pressure account)	PSUTs in the SEEA CF include one column for the environment. For some residuals it is interesting to record where they end up, i.e., in which ecosystems. This would be a pressure flow account (which is not included in the SEEA EA)
D4	Extension of the scope of environmental activities	Environmental activities include only environmental protection and resource management activities. It could be investigated if and how to extend the scope to include also adaptation and environmental disaster management activities.
D5	Climate adaptation expenditure / transfers	Climate adaptation expenditure / transfers are not in scope regarding the definition of environmental protection / resource management. It should be investigated if these environmental related transfers can be added
D6	Potentially environmentally damaging subsidies/ related transfers	Environmental harmful subsidies are not described in SEEA CF (being out of scope). However, accounting practices and SNA terminology can be used to include these in SEEA as there is a clear policy interest in these transfers.
D7	Sustainable finance	There is increased policy interest for recording sustainable finance. This is a new and also complex topic, and we need to investigate if it is feasible to capture this into an accounting framework (i.e., sector accounts).
D8	Carbon capture and storage	Removal of carbon emission through economic process by industry is currently not recorded in the SEEA Central Framework (e.g., air emission accounts).



## Applications of SEEA

E1	Thematic presentation of the accounts	Improve description on policy and analysis related to SEEA that can be framed and presented in specific environmental themes that are cross-cutting across SEEA CF and EA. Such environmental themes including forest, carbon and ocean
E2	Environmental-extended input-output analysis	incorporate the new insights and improve description on environmental-extended input-output analysis taking into account of recent advance in this area such as FIGARO
E3	Circular economy	There is increased policy interest for measuring circular economy. Explicit reference to link the circular economy paradigm to the SEEA Central Framework is recommended.

# Possible timeline

Activity	Timeline
Preparatory work leading to the update of the SEEA CF	Q4 2023
Identify sources of funding	Q4 2023-2024
Agree on priority issues and identify possible contributors	Q4 2023
Proposal for SEEA CF update to be submitted to UNSC	Q4 2023
SEEA CF update discussion at UNSC	March 2024
Finalize preliminary issue list in consultation with stakeholders	Q2 2024
Global consultation on the issue list	Q3 2024
Establish working groups and issue lead	Q4 2024
Global consultation on the issue papers	2025
Drafting relevant text to replace the text in the SEEA CF	2026-27
Global consultation on the chapters	2027
Adoption of the SEEA CF	2028



# Role of the London group



- Broad group of experts on SEEA
- Discuss crosscutting issues with SEEA EA and SNA
- Physical meetings (!)
- More in depth discussions for certain issues

# Questions to the London Group

- The scope of the update of the SEEA Central Framework will be focused and targeted, with priority. **Do you have any remarks with regard to the current issues? Which issue do you consider as a priority area to be addressed taking into consideration of the resources requirement**
- The current project management framework is still under development. **What role would the London group like to play with regard to the SEEA CF update ?** Would the London Group be able to conduct research into selected SEEA CF update issues and develop the agenda for its annual meeting to facilitate the methodological discussion and support the SEEA CF update process ?
- It is envisaged that a next step will be the identification of possible contributors to commit to work on the priority issue. **Interest from London Group members to contribute to the SEEA CF update is welcome**







**Facts that matter**