

System of Environmental Economic Accounting

Session 8: Overview of the SEEA CF update process

Regional Training Workshop on SEEA Asset Accounts for Sustainable Development

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Why update the SEEA Central Framework

Since the adoption of the SEEA Central Framework as an international statistical standard in 2012....

- Increased experience (94 countries as of 2024)
- Methodological advances (e.g., updated classifications)
- SEEA Ecosystem Accounting (2021)
- 2025 SNA adopted by the UNSC in March 2025
- Better respond to emerging policy demands for integrated environmental and economic data in support of climate change, circular economy, disaster risk reduction, resource management, green growth and jobs, biodiversity and others



Background

• Mandated by the UN Statistical Commission in March 2024 to:

- > Better respond to emerging demands for integrated environmental and economic data in support of climate change, circular economy, disaster risk reduction, resource management, green growth and jobs, biodiversity and other policies
- > Reflect the changes of the 2025 SNA and BPM and other recently revised standards, classifications and manuals, as appropriate
- Coordination with other revision processes, in particular Government Finance Statistics (GFS) and Classification of Functions of Government (COFOG)
- Timeline for the revision process: March 2028
- UN Statistical Commission in March 2025:
 - > Endorsed the **list of issues** for the update of the SEEA CF and **the update process**



Update process

- The update process was endorsed by the **UNSC in 2024**
 - > carried out under the auspices of the UNCEEA
 - > follows a three-pronged approach :
 - (a) undertaking technical research to reach recommended guidance on the issues identified for the update;
 - (b) engaging in broad consultations with compilers, users and relevant stakeholders;
 - (c) coordination and collaboration with different expert communities and update processes to ensure consistency and relevance of the updated recommendations .
- Plan to include a broad set of stakeholders: statisticians, national accountants, policy makers, academia, the broader environmental-economics community, ecosystem science community, private sector, SEEA users, etc.



Update process (cont'd)

- **Close coordination** is being sought with groups such as:
 - > Government Finance Statistics Advisory Committee (GFSAC) and the revision of GFS;
 - > United Nations Committee of Experts on International Statistical Classifications (UNCEISC), and the revision of the Government Finance Statistics Manual and the Classification of the Functions of Government (COFOG);
 - > Intersecretariat Working Group on National Accounts (ISGWNA) and the Advisory expert group on National accounts (AEG) which just released the 2025 SNA; and
 - > Other groups as relevant.
- It is expected that this coordination will ensure a consistent set of recommendations and will leverage on combined research and consultative processes.



Governance of the update process

- UNCEEA: to oversee and coordinate the SEEA CF update at high level
- UNCEEA Bureau: to provide regular oversight and guidance
- Technical Committee on the SEEA CF: to carry out the update and act as the editorial board
- Task teams: to address the issues and prepare guidance notes for endorsement of TC
- London Group: to support the process by conducting research and discussing draft guidance notes

London Group





Timeline

• Throughout the process, there will be close coordination with GFS and COFOG revision processes

SEEA

Activity	Timeline	Responsibility ^a
 Identification of task team co-chairs, authors of guidance notes and task team members 	Q4 2024 - Q1 2025	Technical Committee,
 Drafting of guidance notes for the issues by task teams in the order of priority and complexity of the issues Staggered global consultation on the guidance notes upon approval by the Technical 	2025 - 2026 Q3 2025 - Q3 2026	Secretariat Task teams, London Group, individual experts, Secretariat Secretariat
Committee	2020	
 Revision and finalization of the guidance notes 	Q1 2026 – Q1 2027	Task teams, Technical Committee, Secretariat
 Drafting relevant text to replace the text in the SEEA Central Framework 	Q1 2026 - Q1 2027	Editor, Technical Committee
 Global consultation on individual chapters 	Q1 – Q2 2027	Secretariat
 Global consultation on the whole text of the updated SEEA Central Framework 	Q3 2027	Secretariat
 Finalization of the updated SEEA Central Framework and submission to the Commission 	Q4 2027	Editor, Technical Committee, Secretariat, UNCEEA
Adoption of the SEEA Central Framework	Q1 2028	Statistical Commission

Four task teams: co-chairs and editor

Editor: Carl Obst

Task Teams and co-chairs:

Task Team	Co-chairs
A: Overarching topics, including consistency with SNA	Peter Meadows (Australian Bureau of Statistics) Joe St Lawrence (International Monetary Fund)
B: Physical flow accounts	Matthew Prescott (Statistics Canada) Roberto Astolfi (Organization Economic Co-operation and Development)
C: Environmental activity accounts and related flows	Neil Wilson (Office for National Statistics, United Kingdom) Arturo de la Fuente (Eurostat)
D: Asset accounts	Riaan Grobler (Statistics South Africa) Sjoerd Schenau (Statistics Netherlands)

List of issues for the SEEA

Process for the identification of the issues:

- Initial list of issues (35): put together by the TC based on the research agenda of the SEEA Central Framework; issues arising from its implementation; discussions at the meetings of the London Group on Environmental Accounting; and issues from the update of the 2008 SNA
- **Initial prioritization**: based on based on policy impact and benefit; conceptual impact; complexity; and time requirements
- **Global consultation** from Jul-Sept 2024 (115 responses!)
- The revised **list of issues (29)** was review by the TC, UNCEEA Bureau, UNCEEA and **endorsed by the UNSC** in March 2025



List of issues (by Task Team)

Task team A: Overarching topics, including consistency with SNA

Providing a broad overview of links between SEEA CF and SEEA EA
Indicators
Update of existing information on EE-IOT
How SEEA CF accounts can be made spatially explicit
Harmonization with other international classifications
Introduction of thematic accounts to link to policy
Extension to social domain
Explicitly linking/integrating environmental activity accounts (ch. 4), asset accounts (ch. 5) and flow accounts (ch. 3)
Consistency with the 2025 SNA

	B1	Description of PSUTs
Task team B: Physical flow accounts, ch. 3	B2	Further clarifying treatment of losses (e.g. energy, water)
	B3*	Treatment of carbon flows
	B4	Inclusion of text on quarterly accounts
	B5*	Differences between PSUTs and EW MFA
	B6	Inclusion of residual flows to ecosystem type, i.e. pressure account
	B7	Elaboration of waste accounts
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* High priority issues



List of issues

Task team C: Environmental activity accounts and related flows, ch. 4

- C1* Inclusion of the Classification of Environmental Purposes
- C2* Inclusion of the integrated framework for monetary accounts
- C3* Extending the scope of environmental activities
- C4* Primary and secondary purpose
- C5* Climate mitigation and climate adaptation expenditure
- C6 Inclusion of potentially environmentally damaging subsidies/related transfers
- C7 Elaborating environmental tax abatements
- C8 Incorporation of sustainable finance into an accounting framework

Task team D: Asset accounts, ch. 5

D3	Inclusion of accounts for physical produced assets
D4	Consideration of water as a produced asset (e.g. (artificial reservoirs)
D7	Valuation of water
D8	Treatment of the atmosphere as an asset

D1 Inclusion of the carbon stock account

* High priority issues



A9: Consistency with the 2025 SNA

Why? : Consistency between SEEA CF and 2025 SNA

What? : several sub issues.....

- a. Treatment of biological resources
- b. Economic ownership and the depletion of natural resources
- c. Treatment of renewable energy resources as assets
- d. Treatment of specific taxes / subsidies in driving resource rent
- e. Treatment of emission trading schemes
- f. SNA asset classification
- g. Accounting for land
- h. Etc.



System of National Accounts
2005
2025

B3: Treatment of carbon flows in the SEEA CF

Why?

- Data on carbon emissions and carbon update to the atmosphere play a key role in climate policies
- SEEA CF does not provide clear guidance with regard to LULUCF

- a) Can LULUCF related carbon emissions and carbon uptake flows be included in SEEA CF, and more particularly in the air emission accounts?
- b) If they are to be included, to what industries these emissions / uptake should be allocated?
- c) How should the use table for air emissions look like?
- d) What other human induced flows should be included in the SEEA CF?







C5: Climate expenditures





Why?

- Increasing interest to monitor climate mitigation and climate adaptation expenditures
- Now only partly included in SEEA CF, no clear guidance

- What is the scope of Climate mitigation expenditures? How does it link to the new CEP classification?
- Can climate adaptation be included in the scope of the SEEA CF?
- Are the expenditures accounted at full costs or extra costs?
- How do the accounts look like? How to ensure consistency with the other accounts?
- How do we deal with the problem of shifting technological standards when it comes to climate change mitigation?



D1: Inclusion of the carbon stock account

Why?

- Strong policy driver for comprehensive and coherent measurement of carbon stocks and flows to support responses to climate change.
- From an accounting perspective the structure of a carbon stock account is very similar to a water resources asset account and hence conceptually within scope of SEEA CF.

- Clearly delineating the boundaries between the five different carbon reservoirs (atmosphere, biosphere, oceans, geosphere, economy)
- Considering whether all carbon reservoirs should be within scope of a carbon stock account
- Clarifying the scope of carbon in the economy to be considered
- Clarifying the measurement scope of carbon in the biosphere to be considered (e.g. peatlands and similar ecosystem types)
- Considering the need for spatial detail in the measurement of carbon stocks



D3: Inclusion of accounts for physical produced assets

Why?

- There is a key environmental-economic interest to also describe produced assets in physical terms (Circular Economy).
- Accounting for produced assets also in physical terms make the SEEA CF more comprehensive

- a) What is the scope of produced assets to be included? What about produced assets that have been fully depreciated (e.g. E-waste)?
- b) What classification should be considered?
- c) Can the same asset accounting structure be used as for natural resources?
- d) Should physical produced assets also focus on the material content?
- e) What (additional) links with the physical Flow accounts should be considered?





D4: Consideration of water as a produced asset

Why?

- The current SEEA Central Framework (CF) does not consider water in artificial reservoirs as a produced asset → production is only recorded at the point water is abstracted from any water body (natural or artificial).
- Water in artificial reservoirs is not naturally occurring. The water comes to be in artificial reservoirs through a process of production.

- How should the production boundary be defined for water in artificial reservoirs in relation to the SNA and SEEA-CF?
- What are the implications for accounting tables, including the addition of inventory columns and the division of water supply industries?
- How should losses (e.g., evaporation from reservoirs) be recorded and attributed?
- What guidance is needed for recording managed aquifer recharge, rainwater harvesting by households, and other emerging water management practices?



D7: Valuation of water

Why?

- There is little doubt of the economic and social importance of water and hence better understanding its relative value and how this is changing over time is an important set of information for decision making.
- At present, the SEEA CF provides no real guidance to compilers and this has been recognised as a limitation / gap for many years.

- What is the specific target of valuation, for example, water resources as stocks, the value of abstracted water?
- What scope of water resources should be considered, for example, only those water resources where there is abstraction?
- Should the valuation of all ecosystem services and abiotic flows supplied by water resources be considered, including passive uses of water? (e.g. hydropower, recreation, fishing)
- What valuation framework and concepts should be applied? What valuation methods are available for consideration?
- How should water quality be taken into account?



D8: Treatment of the atmosphere as an asset

Why?

- There are a range of policy issues, in particular the response to climate change, for which a more complete accounting for our connection to the atmosphere would appear warranted. This includes accounting for emission permits and measuring ecosystem services.
- Other policy issues of relevance include management of air quality, management of air travel and management of radio spectra.
- From a comprehensive accounting perspective, the atmosphere is a somewhat missing component from the SEEA.

- Investigate the potential accounting entries that would be required to account for the atmosphere as a distinct asset type in the scope of environmental assets of the SEEA CF and the implications of this recording on other accounts and treatments within the system.
- Determining the appropriate boundary of the atmosphere in physical terms
- Accepting that the atmosphere can be treated as an environmental asset under SEEA CF, should it be accounted for more analogously to land or to natural resources (e.g. mineral resources)?
- Can the atmosphere satisfy the definition of an economic asset as per 2025 SNA? In which case how would the concept of economic ownership be applied?



Output of the update process

Scoping notes for all issues

> To provide an agreed basis for further research and discussion of the update issues.

Guidance notes of the issues

- > Description of the issue
- > Review of existing measurement and research
- > Alternative conceptual options and treatments
- > Recommendations on conceptual treatment
- \rightarrow Global consultation

Draft chapters

 \rightarrow Global consultation

New SEEA CF (2028)



Possibilities for engagement in the update process

- Follow the update process at <u>SEEA CF update website</u>
- Engage in the global consultations to provide a view on the various guidance notes:
 - > Tranche #1 January February 2026
 - > Tranche #2 May June 2026
 - > Tranche #3 September October 2026
- Facilitate the outreach to relevant national institutions during the global consultation
- Coordinate feedback to global consultations among different thematic areas within own organization and other relevant national agencies (if applicable)
- Meeting of the London Group on Environmental Accounts will discuss issues for the SEEA Central Framework update (see <u>https://seea.un.org/content/london-group-environmental-accounting</u>)



THANK YOU

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