

System of Environmental Economic Accounting

SEEA Experimental Ecosystem Accounting; Applications of the SEEA

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Objectives of the Session

- Overview of the SEEA Experimental Ecosystem Accounting
- Linking SEEA with SDGs
- Indicators



SEEA Experimental Ecosystem Accounting



One Environment: Two Perspectives



Ecosystem Assets are environmental assets viewed from a systems perspective



SEEA Experimental Ecosystem Accounting (SEEA EEA)

- An integrated accounting framework for ecosystem stocks (assets) and flows (services)
 - Measures the contributions of ecosystem to economic and other human activity
 - Takes a detailed spatial approach (geography and statistics)
- A synthesis of current knowledge on ecosystem services, ecosystem condition and related concepts
 - "Experimental" because significant measurement challenges remain and further testing of concepts is needed









Ecosystem Accounting model





Statistical units



Ecosystem units

- Spatial areas that form the conceptual base for accounting and the integration of relevant statistics.
- Delineation is based on ecological characteristics
- Where various ecological data are not available, a land cover based delineation can be used as a starting point



Broad steps in ecosystem accounting



b. Monetary Accounts





Ecosystem condition

Table 4.4 Changes in ecosystem condition for an LCEU

	Characteristics of ecosystem condition							
	Vegetation	Biodiversity	Soil	Water	Carbon			
	Indicators	Indicators	Indicators	Indicators	Indicators			
	(e.g. Leaf area	(e.g. species	(e.g. soil	(e.g. river	(e.g. net			
	index,	richness,	organic matter	flow,	carbon			
	biomass,	relative	content, soil	water	balance,			
	mean annual	abundance)	carbon,	quality,	primary			
	increment)		groundwater	fish	productivity)			
			table)	species)				
Opening condition								
Torrest in an little								
improvements in condition								
Improvements due to natural								
regeneration (net of normal								
natural losses								
improvements due to numan								
activity								
Reductions in condition								
Reductions due to extraction								
and harvest of resources								
Reductions due to ongoing								
human activity								
Catastrophic losses due to								
human activity								
Catastrophic losses due to								
natural events								
Closing condition								

Using basic measures, can derive table of changes in condition.

Could also be done by referencing each indicator to a reference condition.



Ecosystem extent account

	Type of Ecosystem Unit															
	Artificial surfaces	Herbaceous crops	Woody crops	Multiple or layered crops	Grassland	Tree-covered areas	Mangroves	Shrub-covered areas	Regularly flooded areas	Sparse natural vegetated areas	Terrestrial barren land	Permanent snow and glaciers	Inland water bodies	Coastal water and inter-tidal areas	Sea and marine areas	TOTAL
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Opening extent Additions to extent Managed expansion Natural expansion Upward reappraisals Reductions in extent Managed regression Natural regression Downward reappraisals Net change in extent																
Closing extent																



Example: South African pilot study - Ecosystem extent accounts (by biome) for KZN



Hectares	Grassland	Savanna	Indian Ocean	Wetland	Forest
			Coastal Belt		
Opening balance 1840	4 581 933	3 259 059	893 967	393 718	202 822
Total reductions in stock	1 651 736	840 380	528 754	107 567	18 208
Total reductions as a % of 1840	36	26	59	27	9
Opening balance 2005	2 930 197	2 418 679	365 213	286 151	184 614
Total reductions in stock	277 108	208 607	59 723	18 276	9 792
Total reductions as a % of 1840	6	6	7	5	5
Opening balance 2008	2 653 090	2 210 072	305 490	267 875	174 822
Total reductions in stock	68 092	34 757	11 782	9 082	3 128
Total reductions as a % of 1840	1	1	1	2	2
Opening balance 2011	2 584 998	2 175 315	293 708	258 793	171 694



Source:

Driver, A., Nel, J.L., Smith, J., Daniels, F., Poole, C.J., Jewitt, D. & Escott, B.J. 2015. Land and ecosystem accounting in KwaZulu-Natal, South Africa. Discussion document for Advancing SEEA Experimental Ecosystem Accounting Project, October 2015. South African National Biodiversity Institute, Pretoria.

Ecosystem condition account

(End of accounting period)

	Ecosystem characteristics									
		Water								
Type of Ecosystem Unit	Vegetation	resources	Soil	Carbon	Biodiversity	Air				
Artificial surfaces										
Herbaceous crops										
Woody crops										
Multiple or layered crops										
Grassland										
Tree-covered areas										
Mangroves										
Shrub-covered areas										
Regularly flooded areas										
Sparse natural vegetated areas										
Terrestrial barren land										
Permanent snow and glaciers										
Inland water bodies										
Coastal water and inter-tidal areas										
Sea and marine areas										



Example: An Experimental Ecosystem Account for the Great Barrier Reef Region 2015 by ABS

TABLE 3.5: VEGETATION CONDITION, BY NRM TERRESTRIAL REGION, GREAT BARRIER REEF REGION, 2000-01 to 2011-12, Index (2000-01 = 100)

	2000-01	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
NRM Region	g C/m ⁺ /day	pointa	pointa	pointa	pointa	pointa	points	points	points	pointa	points	pointa	pointo
Burdekin	1.70	100	68	53	63	50	72	73	106	106	95	131	100
Burnett Mary	1.90	100	87	105	116	93	101	72	117	114	110	148	125
Cape York	2.12	100	99	82	88	91	90	103	99	104	88	111	99
Fitzroy	1.84	100	71	80	82	69	81	64	119	107	108	151	112
Mackay Whitsunday	3.59	100	<mark>8</mark> 9	74	84	75	83	87	99	90	88	93	97
Wet Tropics	3.11	100	102	91	91	95	93	102	104	106	96	100	98
Total GBR Region	2.38	100	88	81	88	80	87	86	106	103	96	117	103



Source: Information Paper: An Experimental Ecosystem Account for the Great Barrier Reef Region 2015 http://www.abs.gov.au/AUSSTATS/abs@.nsf/Latestproducts/4680.0.55.001Main%20Features12015?opendocument &tabname=Summary&prodno=4680.0.55.001&issue=2015&num=&view=

Expected bundle of ecosystem services





Ecosystem services: Water Provisioning



• SEEA only accounts for the final ecosystem service of water provisioning



Ecosystem services: carbon sequestration



O SEEA

Ecosystem services supply and use table

ECOSYSTEM SERVICES SUPPLY TABLE

			Type of economic unit									Туре	of Ec	osyst	tem U	nit								
	UNITS	Agriculture, forestry and fisheries	Electricity, gas supply	Water collection, treatment and supply	Other industries	Households	Accumulation	Rest of the world - Imports	- Artificial surfaces	Herbaceous crops	Woody crops	Multiple or layered crops	אן Grassland	D Tree-covered areas	Mangroves	Shrub-covered areas	Begularly flooded areas	Sparse natural vegetated areas	Terrestrial barren land	Permanent snow and glaciers	the luland water bodies	Coastal water and inter-tidal areas	너 Sea and marine areas	TOTAL SUPPLY
Ecosystem services									-	~	5		5	0	,	0	5	10		12	10	11	10	
Provisioning services																								
Regulating services					A											В								
Cultural services																								
Products					С											Ð								

ECOSYSTEM SERVICES USE TABLE

			Type of economic unit			Type of Ecosystem Unit																		
	UNITS	Agriculture, forestry and fisheries	Electricity, gas supply	Water collection, treatment and supply	Other industries	Households	Accumulation	Rest of the world - Exports	Artificial surfaces	Herbaceous crops	Woody crops	Multiple or layered crops	Grassland	Tree-covered areas	Mangroves	Shrub-covered areas	Regularly flooded areas	Sparse natural vegetated areas	Terrestrial barren land	Permanent snow and glaciers	Inland water bodies	Coastal water and inter-tidal areas	Sea and marine areas	TOTAL USE
									1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Ecosystem services																								
Regulating services					F											C								
Cultural services					•																			
Products					G											H								



Thematic accounts

- Standalone accounts on topics of interest in their own right
- Direct relevance in the measurement of ecosystems and in assessing policy responses.
- Thematic accounts include accounts for land, carbon, water and biodiversity.

Primary reservoir	Geocarbon (Mt C)	Hectares (million)	Biomass carbon (Mt C)	Soil organic carbon (Mt C)	Total biocarbon (Mt C)
Biocarbon					
Natural ecosystems					
Rangelands		596.3	6,374	6,603	12,977
Non rangelands:					
Eucalypt native forests		16.7	4,671	3,753	8,424
Shrub lands & woodlands		14.7	500	636	1,137
Grass, shrub & heath lands		1.6	37	51	87
Rainforests		2.3	1,225	252	1,477
Other		0.7	15	16	32
Marine ecosystems		1.8	114	1,084	1,198
Fresh water ecosystems		9.9	4	7	11
Total Natural ecosystems		644.0	12,941	12,402	25,343
Semi-natural ecosystems					
Highly modified rangelands		50.0	750	1,500	2,250
Grazing in modified pastures		32.9	132	1,315	1,447
outside rangelands					
Total Semi-natural ecosystems		82.9	882	2,815	3,697
Agricultural ecosystems					
Cropping		25.5	102	1,022	1,124
Irrigated agriculture		2.6	12	105	117
Plantation wood		2.4	177	120	296
Reservoir/dam		0.6	1	6	7
Other		6.3	120	244	363
Total Agriculture ecosystems		37.4	412	1,497	1,907
Settlements		2.6	30	79	108
Other		0.5	7	19	26
Total Settlements and Other		3.1	37	98	134
Total biocarbon ^d		767.4	14,270	16,811	31,081





Source: https://coombs-forum.crawford.anu.edu.au/publication/hc-coombs-policy-forum/4708/carbonaccounting-australia

Broad steps in ecosystem accounting



b. Monetary Accounts





Linking SEEA with SDGs



Methodological Consistency for SDGs: An Integrated Architecture

- Integration of the SDG indicator framework requires methodological consistency across themes and levels of monitoring.
- This methodological consistency should be supported by statistical frameworks such as the SNA and SEEA.
- Indicators based on statistical frameworks benefit from:
- Aligned definitions and classifications
- Coherence when combining environmental and economic statistics
- A common and comprehensive approach to disaggregation
- Including for all component statistics of an indicator
- International comparability



Scope of alignment

• 41 of the indicators currently under discussion by the IAEG-SDGs can be defined according to the SNA and SEEA

Sustainable Development Goals	# indicators informed by SNA & SEEA		Sustainable Development Goals	# indicators informed by SNA & SEEA		
2) Zero Hunger	2	(/10)	11) Sustainable Cities and Communities	3	(/11)	
6) Clean Water & Sanitation	5	(/9)	12) Responsible Consumption & Production	3	(/11)	
7) Affordable & Clean Energy	4	(/6)	14) Life below Water	6	(/10)	
8) Decent Work & Economic Growth	4	(/15)	15) Life on Land	9	(/13)	
9) Industry, Innovation & Infrastructure	3	(/10)	17) Partnerships	1	(/20)	
10) Reduced Inequalities	1	(/12)	1, 3, 4, 5, 13, 16	None	(/71)	



Methodological Consistency for SDGs

	Material Flows & Solid Waste	Energy & Carbon Emissions	Water & Wastewater	Agriculture, Forestry & Fishery	Ecosystems	Land Use & Management
Efficiency/ Productivity in the use of Natural Resources	 How do we 	e define efficiency? e measure efficienc e disaggregate and e juxtapose enviro	Pow do we define cy/productivity in t compare across se nmental and econo	e productivity? he use of natural r ctors? mic information to	esources?) derive these indic	cators?
Waste Minimization and Treatment	 When is so How do we 'good wast How do we 	mething considere e define reuse and e management'? e disaggregate and	ed waste? How is th recycling? How do l compare this acros	us defined? we define 'regula ss sectors?	r collection', 'safe t	treatment' and
Sustainability and Management of Resources	 How do we How do we How do we How do we 	e define and comp e classify and mon e use tools such as	are economic uses o itor management o GIS and land accou	of natural resource f those resources? Inting to inform th	es to their availabili ນ່ຣ?	ity?
Monetary Indicators	11. How do we environme	e measure and clas ntal issues?	ssify expenditure, ta	axes and subsidies	on the manageme	ent for different

- The answers to these questions should be consistent across indicators.
- Aligning indicators to the SEEA and SNA helps build this consistency



Alignment of Energy Indicators: Example

- Target 7.3: By 2030, double the global rate of improvement in energy efficiency
- Current Proposal: Rate of improvement in energy intensity (%) measured in terms of primary energy and GDP
- Why use the SEEA and SEEA-Energy?
 - Application of common accounting concepts and principals in the SEEA Energy and SNA allowing for coherence when combining physical and monetary information
 - A common and comprehensive basis for disaggregation of both the numerator (SEEA-Energy Accounts) and denominator (SNA) based on ISIC

SEEA Aligned Indicator: Gross Value Added by Industries (Constant Prices)

Energy End Use by Industries

Energy end use: The use of energy products in producing goods and services (intermediate consumption of energy by industry). (*Derived from the SEEA Supply and Use Tables for Energy*.)

Gross value added: The difference between output and intermediate consumption in constant prices.

Alignment of Water Indicators: Example

- Target 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
- Current Proposal: Percentage change in water use efficiency over time
- Why use the SEEA and SEEA-Water?
 - A consistent definition of water use to be applied across sectors, and coherence in the way in which "value" is defined and measured across sectors
 - A common and comprehensive basis for disaggregation of both the numerator (from the SEEA PSUT for water) and denominator (SNA) based on ISIC

SEEA Aligned Indicator: Total Water Use Gross Domestic Product

NOTE: This Indicator for the whole economy can be disaggregated by Economic Activity based ISIC when using the SEEA-Water accounting structure.

Total Water Use: Water intake of an economic unit. Water use is the sum of water use within the economy (i.e. one economic unit intaking water received through distribution from another economic unit.) and water directly abstracted from the environment.

Gross value added: The difference between output and intermediate consumption in constant prices.

Alignment of Sustainable Growth Indicators: Example

 Target 8.4: Improve progressively. through 2030, global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead

Current Proposal: Resources productivity

SEEA Aligned Indicator: Domestic Material Consumption Gross Domestic Product

Domestic Material Consumption (DMC): is derived from economy-wide material flow accounts (EW-MFA) a physical flow account included in the SEEA-CF. DMC is defined as the domestic extraction of materials (excluding bulk flows of water and air) plus physical imports minus physical exports. DMC measures the total amount of materials (excl. bulk flows of water and air) that are directly/actually used in a national economy, i.e. by resident units



Alignment of Ecosystem Indicators: Example

- Target 15.1: By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements
- Current proposal: Forest area as a percentage of total land area

SEEA Aligned Indicator: Forest areas Total land area

Forest areas: The area of forest land can be defined following two different perspective and the two should not be confounded. 1) Land cover ; 2) Land use perspective:

- The FAO Land Cover Classification System (LCCS) in the SEEA Central Framework provides a basis for defining and classifying any piece of land with rigorous syntax and clear classification criteria for land cover that can be supplemented with information on properties and characteristics of the basic objects.
- The Classification of Land Use provided in the SEEA Central Framework for detailed explanation of each forest land covered land used for forestry, natural conservation, water provision, etc.

Total country area is defined as the area enclosed by all inland borders and if applicable, the normal baselines (low-water mark) and straight baselines on the seaward side. In the SEEA Central Framework, land accounts encompass areas covered by terrestrial land and inland water resources such as river and lakes. In certain applications, the land accounts may be extended to include areas of coastal water and a country's exclusive economic zone.

SEEA: Streamlined Reporting for SDGs



Methodological Consistency resulting from implementation of the SEEA reduces reporting burden of national ministries/agencies:

- Single Data System to Inform Indicators
- Data Compiled Once for Many Purposes
- Reduced need for countries to make arduous data adjustments for international reporting

Facilitates **streamlined reporting process for global SDG Indicators**

 Consistent definitions, classifications and spatial units at national and international level allows for direct transmission of information



Indicators



Indicators





Resource use and environmental efficiency

- Efficiency indicators compare trends in economic activity
 - such as value-added, income or consumption with trends in specific environmental flows such as emissions, energy and water use, and flows of waste
- <u>Intensity</u> indicators -- ratio of the environmental flow to the measure of economic activity
- <u>Productivity</u> indicators -- inverse of intensity.



Resource use and environmental efficiency

- Efficiency indicators—two broad categories
- Environmental efficiency indicators
 - characterise the environmental and economic efficiency with which **pollutants and other residuals** generated in production and consumption are mitigated, controlled and prevented.
 - They are usually expressed as intensity or productivity ratios.
- <u>Resource efficiency indicators</u>
 - characterise the efficiency with which **natural resources**, including water, energy and other materials are used in production and consumption.
 - usually expressed as intensity or productivity ratios.
 - relate environmental variables such as the extraction, supply or consumption of natural resources and materials to economic variables such as output, income and value added.



Resource use and environmental efficiency

- Environmental efficiency indicators
 - Greenhouse Gas (GHG) or CO2 productivity
 - Air pollutant emission intensities
 - Water pollution intensities
- Resource efficiency indicators
 - Material productivity or intensity indicators
 - Energy productivity or intensity indicators
 - Water use productivity or intensity indicators



Example - Industry level water use intensity indicators



Resource use and environmental efficiency-decoupling

- Absolute: growth in the environmentally relevant variable is flat or decreasing while economic activity increasing
- Relative: growth rate of the environmentally relevant variable is positive but less than the growth rate of the economic variable



Example – EGSS contributions to GDP and employment



Taxes example: Environmental tax revenue by type





Taxes example: Environmental tax revenue as % of GDP





Example of indicators drawn from SEEA Energy and the national accounts

Measurement issue	Indicator	Data sources for the indicator					
		SEEA Energy	National accounts				
Decoupling: Can economic growth happen without a similar increase in energy use?	Energy use per GDP	Physical supply-use tables for energy	Production account				
Are expenditures on energy becoming relatively more or less burdensome for households?	Share of household income spent on fuel and electricity	Monetary supply-use tables for energy	Account for secondary distribution of income				
How many years of energy extraction is left if extraction continues as now?	Resources-to- production ratio	Physical asset accounts for energy					
Is the economy weak sustainable?	Total national wealth	Monetary asset accounts for energy	Balance sheets				



THANK YOU

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