

Report on the Outcome of the Global Consultation on the Draft 2025 SNA

Chapter 35 : Measuring the sustainability of well-being

35 comments were received from 15 respondents.

Question 1 – Have the agreed recommendations been reflected appropriately?

One substantive issue was raised.

Issue 35.1.1: The use of a four capitals approach was not sufficiently discussed during the revision process and hence the recommendations in the chapter have not been sufficiently widely endorsed. Issue was raised by one respondent.

Proposed response: After the first round of global consultation on this chapter in late 2023, there was a specific AEG discussion on the question of applying the four capitals approach. The AEG at that time explicitly endorsed the use of the four capitals framing for the discussion but at the same time did not support incorporation of a more integrated, wealth accounting type of approach. Since recommendations for the use of the four capitals approach has a long history of development and support within the economic and statistical communities for over 10 years – it is considered that there has been sufficient time for the national accounts community to reach a position on this topic. No change is proposed.

Question 2 – Is the material in the chapter clear?

Three substantive issues were raised.

Issue 35.2.1: Need to ensure clear description of the concepts of well-being, welfare and sustainability and to ensure clarity on the role of the SNA. Issue was raised by two respondents.

Proposed response: Consistent with proposed refinements in chapter 2 on this issue, relevant changes will be incorporated to ensure consistent application of the terms well-being (to refer to the general concept), material well-being (as the focus of measurement in the integrated framework of the SNA and extended accounts) and economic welfare (as a synonym for material well-being).

Issue 35.2.2: Lack of clarity on the components within economic capital and the associated issue of the boundary between produced assets and cultivated biological resources. A number of concerns were raised about the treated of cultivated biological resources as natural capital. Issue was raised by five respondents.

Proposed response: This is recognised as a wider issue. The proposed response is described in a separate issues note on natural capital related topics.

Issue 35.2.3: Need to clarify the link between natural resources and ecosystem assets in particular with regard to the relationship between ecosystem services and the

production boundary applied in the integrated framework of the SNA. Issue was raised by five respondents.

Proposed response: This is recognised as a wider issue. The proposed response is described in a separate issues note on natural capital related topics.

Nineteen minor additional issues were raised which are considered relevant for inclusion:

- Paragraph 35.1: It is proposed to slightly re-work, in second sentence, as follows (changes highlighted by underlining): “Chapter 2 describes the conceptual framing applied in the integrated framework of the SNA, to support the measurement of sustainability and well-being.”
- Paragraph 35.1: It is proposed to delete, in the last sentence, the words “and accounting”
- Paragraph 35.7: It is proposed to refine text to refer to “measurement of natural capital using the concepts and treatments in the SEEA”.
- Paragraph 35.25: It is proposed to amend second sentence to read “Environmental assets over which ownership rights have not, or cannot, be enforced, such as ~~open seas or air~~ high seas beyond national jurisdiction and most parts of the atmosphere, are excluded.”
- Paragraph 35.26: It is proposed to incorporate suggested amendment on the description of ecosystem types, as follows (changes highlighted by underlining): “There are a wide range of ecosystem types, including savannas, coral reefs, lakes, wetlands and urban ecosystems, where each occurrence of a specific ecosystem type is treated as a distinct ecosystem asset”.
- Paragraph 35.27: It is proposed to incorporate suggested amendment on the description of ecosystem assets, as follows (changes highlighted by underlining): “In effect, accounting for the stock of natural resources focuses on individual components of the biophysical environment whereas accounting for the stock of ecosystem assets focuses on ecosystems as communities of plants, animals and other organisms interacting with their physical environment”.
- Paragraph 35.34: It is proposed to amend the paragraph to avoid contradiction between the first and last sentence concerning the scope of natural resources in the SEEA relative to the integrated framework of the SNA.
- Paragraph 35.35: It is proposed to incorporate suggested amendment on the description of biodiversity, as follows (changes highlighted by underlining): “From an accounting perspective, it is possible to organize data related. to measures of diversity at each of these levels, but diversity itself is not directly measured. For example, accounts can record the extent of different ecosystem types across a country and accounts can be used to record data about certain species.”

- Paragraph 35.42: It is proposed to change the term “accounting themes” to “accounting areas”, to avoid confusion over the use of the word “themes” in relation to thematic accounts.
- Paragraph 35.44: It is proposed to amend the final sentence to clarify the intent of linking monetary and biophysical measures.
- Paragraph 35.51: It is proposed to amend the final sentence to clarify the statement that the SEEA provides a richer and more comprehensive discussion of natural capital relative to the integrated framework of the SNA.
- Paragraph 35.54: It is proposed to incorporate suggested amendment on the description of changes in ecosystems, as follows (changes highlighted by underlining): “Tracking the extent and changes in extent of a country’s land use, land cover and ecosystem types can provide important information on how certain areas of a country are changing (e.g., due to urban expansion), monitor the ways in which land is used (e.g. for agriculture) and underpin analysis of future trends. Tracking ecosystem condition can provide information about how human activity impacts on the condition of the environment. In accounting for land and ecosystems...”
- Paragraph 35.55: It is proposed to change the example to reflect more common situations of ecosystem, as follows: “The changes in characteristics may be large, for example when natural ecosystems are converted to anthropogenic ecosystems (such as urban areas, croplands or dams)”.
- Paragraph 35.57: It is proposed to amend examples for land cover to refer to grass-covered areas (not grassland) and to add waterbodies.
- Paragraph 35.58: It is proposed to re-work paragraph to incorporate suggested amendments to the description of ecosystem accounting, as follows: “Accounting for ecosystems commences with delineating ecosystem assets within an ecosystem accounting area (e.g. a country, province, catchment), based on a classification of ecosystem types. The accounts show the extent of different ecosystem types, for example, forest ecosystems, savannas, mangroves, estuaries, lakes and urban ecosystems, and how their extent is changing over time. The difference between ecosystem extent accounts and land accounts does not concern the account structure but the different classification of areas. In short, ecosystem extent accounts focus on the ecological characteristics of spatial areas (based on functional, structural and compositional characteristics of different ecosystem types) rather than a single characteristic such as land use or land cover”.
- Paragraph 35.62: It is proposed to incorporate suggested amendments to the description of the application of ecosystem accounting, as follows: “The core ecosystem accounting framework can be applied in a range of different ways using the general principles of thematic accounting as described in chapter 38.

This includes, for example, accounting for stocks of carbon, for oceans, and for links between ecosystems and economic activities such as agriculture and tourism”.

- Paragraph 35.117: It is proposed to amend the sentence to show a link between both social and environmental risks and outcomes for government finances.
- Paragraph 35.122: It is proposed to amend the definition of ESG equities to align with final recommendations of the DGI-3 task team.
- Table 35.1: It is proposed to clarify the entries in the table with regard to the scope of natural resources which is slightly different between the SEEA and the integrated framework of the SNA with regard to the treatment of the radio spectrum and renewable energy resources. As required supporting text will also be included in paragraph 35.12. Note also that the terms to be used in this table will be aligned with the proposals in the separate Issues note on natural capital related topics.

Question 3 – Are there any errors in the chapter, or inconsistencies within this chapter or with other chapters?

No substantive issues were raised.

No additional issues requiring changes of the current text were raised.

Question 4 – Are there any other concerns?

Six substantive issues were raised.

Issue 35.4.1: Concern over the use of the term economic capital since natural and human capital can also be considered to be economic. Issue was raised by three respondents.

Proposed response: The term economic capital has been applied as an umbrella term to refer to the group of assets including all economic assets recognised within the integrated framework of the SNA, with exception of those within natural resources. While some have expressed concern, in the absence of a widely endorsed alternative it is proposed to retain the term recognising that the text in the chapter defines its usage in this particular context.

Issue 35.4.2: In Section C on the measurement of natural capital using the SEEA the structure of the discussion was suggested to be changed. One suggestion was to just split land and ecosystems; another suggestion was to change natural resources to environmental assets. Issue was raised by two respondents.

Proposed response: A split of land and ecosystems could be applied. Changing natural resources to environmental assets would be problematic since following the SEEA environmental assets encompass natural resources, land, cultivated biological resources and ecosystems. While some have expressed concern, there are a number of

valid alternatives and on balance it is proposed to retain the current structure. At the end of the day, the SNA should not be seen as the source document for information on the SEEA and this section is intended only to introduce the SEEA.

Issue 35.4.3: Request for the chapter to better explain the link to sustainability and to consider wider conceptions of sustainability – i.e., in relation to better recognising the role of physical and non-monetary measures. Issue was raised by two respondents.

Proposed response: The current text introduces the importance of non-monetary measurement in paragraph 35.2 and an additional reference to monetary and non-monetary measures is proposed for inclusion in paragraph 35.4 towards the end of the first sentence. Measurement in physical terms is reinforced in paragraph 35.5. It is not considered that additional material is required on this issue in the introduction to the chapter in terms of framing the discussion. To further highlight the relevance of non-monetary measures, in paragraph 35.54 (first sentence), it is proposed to explicitly note that the discussion in the paragraph refers to non-monetary data.

Issue 35.4.4: Request for the chapter to better explain the limitations and challenges in the monetary valuation of ecosystem services and assets. Issue was raised by one respondent.

Proposed response: At present the chapter has one section (F.2) that discusses these issues. It is not proposed to amend this section. The relevant text is considered sufficient given the balanced focus that the introduction to the chapter provides for monetary and non-monetary measurement. The issue of the status of the SEEA Ecosystem Accounting is sufficiently explained in section F.2 but a reference to section F.2 is proposed for inclusion at the end of paragraph 35.59 which gives the only short mention of ecosystem accounting in monetary terms in Section C.

Issue 35.4.5: Request that paragraph 35.50 which describes the asset account, to recognise the differences between the asset accounts in the SNA and the SEEA. Issue was raised by one respondent.

Proposed response: This is a good observation since, while in principle these accounts are aligned, the entries are slightly different with SEEA focusing on additions and reductions and SNA focusing on specific transactions and related entries. It is proposed to amend the text in paragraph 35.50.

Issue 35.4.6: Request that since the SNA asset classification will newly include some of which items in relation to environmental issues (e.g., renewable energy installations, fossil fuel installations, electric powered transport equipment, carbon capturing equipment, nuclear fusion equipment), these functional breakdowns of produced assets should be highlighted in paragraphs 35.19 – 35.23.

Proposed response: This is a good suggestion and it is proposed to implement this as an extension to paragraph 35.21.

One minor additional issue was raised which is considered relevant for inclusion:

- Paragraph 35.19: It is proposed to include a reference to definitions and framing of components of economic capital in chapter 11.

Disagreement with agreed recommendations for the update of the 2008 SNA – provided for information only

There were no recommendations regarding which five or more respondents disagreed.

Substantive concerns with 2008 SNA text unaffected by agreed recommendations – provided for information only

There were no substantial concerns regarding the 2008 SNA text unaffected by agreed recommendations.