



GFSAC Meeting: May 13-15, 2025

Cover Page

1.23 Environmental Classifications within GFS

Paper: GFSAC/2025/05/2K

For Endorsement

No discussion

Global Consultation Responses:

Do you agree with the recommendations and their incorporation into the update of the GFS manual?	Count
Yes	30
No	0
Partially	4
No Comment	2
Total	36

Global Consultation Comments: Respondents who only “partially” agreed with the proposals highlighted concern around data availability to report the proposed “of which” categories and raised concerns over how standardized the approach would be. Comments included:

- “The proposed changes offer significant improvements in terms of environmental data visibility. Nonetheless, there is a clear contradiction between the desire for greater detail and the practical limitations imposed by existing source data. Compilers may face challenges in separating environmental transactions from broader fiscal data, a problem that calls for further investigation and additional guidance.”
- “We broadly support the ‘of which’ approach as best suited for appending the economic classification. However, we would like to be assured that the outcome allows for comprehensive identification of climate-related spending (and financing). We accept that the System of Environmental-Economic Accounting Central Framework (SEEA CF, to be revised in 2028) should, in principle, cover the subject. But it is the public sector that often bears most of mitigation, adaptation and disaster-related spending, and in our experience, it is the core GFS and not the various other outputs that are more likely to be used in fiscal analysis and decision-making on a day-to-day basis. Thinking globally, the countries most affected by the climate change (and/or receiving climate finance) are also the ones less likely to be producing comprehensive SEEA CF data.”



Comments from many of the respondents who agreed with the proposal also highlighted significant challenges in sourcing the data to provide the additional 'of which' information. However, many also emphasized the importance of the additional information for fiscal analysis and policymaking.

One respondent who agreed with the proposals commented that the proposals did not capture non-timber forest products which was economically significant in their country.

Questions for GFSAC:

- Do you endorse the draft Notice of Decision?



GFS Notice of Decision

DRAFT

1.23 Environmental Classifications within GFS

GFS Notice of Decision:

The update to the *GFSM 2014* will, subject to the outcome of other related GFS research projects¹:

- maintain the existing 'of which' reporting options for environmental taxes, while also maintaining the inclusion and definition of *pollution taxes* (GFS code 114522) in the main GFSM framework;
- introduce 'of which' categories for environmental grants receivable and payable;
- introduce 'of which' categories for Environment, Social and Governance (ESG) and green instruments for debt securities, loans, and equity and investment fund shares.
- introduce 'of which' categories of natural resource rent to include non-renewable mineral and energy resources, renewable energy resources, biological resources, water resources, and other natural resources;
- include separate categories for non-renewable mineral and energy resources, and renewable energy resources into the GFSM classification of stocks and flows;
- update and expand the existing text in *GFSM 2014* Appendix 7 on the relationship of GFS with the SEEA CF to discuss how users and compilers can use GFS for environment-related analysis, thereby broadening the discussion to other sources of government environmental statistics.

GFS Related Documents:

GFS Proposed Recommendations Document	GFSM PR 1.23
GFS Discussion Note	Not applicable
GFS Global Consultations	March 2025
Discussions at GFSAC Meeting(s)	To be added
SNA/BPM Related Documents:	
Guidance/Issue Note	SNA GN WS.12
Global Consultation(s)	SNA Consultations: January 2023
Discussions at the AEG/BOPCOM ² Meeting(s)	AEG: October 2023 ; March 2023 ; October 2022

¹ The other GFS research projects referenced are: (i) 2.19 Accounting for natural resources and their exploitation in GFS, (ii) 2.20 Climate-sustaining and climate-damaging subsidies and other transfers, (iii) 2.21 Presentation of GFS flows related to natural resources, and (iv) 1.2 Treatment of rent.

² AEG = Advisory Expert Group on National Accounts, BOPCOM = Balance of Payments Committee



STATISTICS

GFSM 2014 update