

Green Economy and Measuring the Environmental Goods and Services Sector (EGSS)

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Green economy policies were endorsed by world leaders at the 2012 UN Conference on Sustainable Development (Rio+20) as a strategy for achieving sustainable development and poverty eradication. Multiple measurement frameworks have been developed internationally for the green economy or green growth. Among this literature, two major categories of green economy measurement can be identified: (i) indicators that reveal trends of decoupling between economic activity and environmental pressures and (ii) measures of the portion of economic activity with a purpose of reducing environmental pressures or improving the sustainable management of natural capital. The United Nations standard for environmental-economic accounting, known as SEEA, broadly defines and provides a list of categories for environmental-related activities, and an environmental goods and services sector (EGSS), based on whether there is a purpose to reduce environmental pressures or manage resources sustainably. Applying the SEEA standard to the collections of economic statistics used in national accounts would allow for calculation of a number of relevant indicators for green economy measurement, such as the proportions of environmentally-related employment, income, production, and investment. However, implementation of EGSS and the Classification of Environmental Activities (CEA) requires addressing several practical challenges, particularly related to identifying and maintaining a registry of basic information on environmental goods, services, and the enterprises in the environmental goods and services sector. This paper briefly reviews some of the practical challenges for measuring green activity within an economy from the perspective of the current national accounting standards.

Key Words: Green Economy, Environmental Accounting, Sustainable Development