UN adopts landmark framework to integrate natural capital in economic reporting

Countries agree to go beyond GDP with new framework that accounts for nature’s contribution to economy

New York, 10 March—In a move that may reshape decision and policy-making towards sustainable development, the United Nations adopted a new framework today that includes the contributions of nature when measuring economic prosperity and human well-being.

The new framework— the System of Environmental-Economic Accounting—Ecosystem Accounting (SEEA EA)—was adopted by the UN Statistical Commission and marks a major step forward that goes beyond the commonly used statistic of gross domestic product (GDP) that has dominated economic reporting since the end of World War II. This measure would ensure that natural capital—forests, wetlands and other ecosystems—are recognized in economic reporting.

Experts emphasize that while a statistic such as GDP does a good job of showing the value of goods and services exchanged in markets, it does not reflect the dependency of the economy on nature, nor its impacts on nature, such as the deterioration of water quality or the loss of a forest.

UN Secretary-General António Guterres welcomed the adoption of the new economic and environmental framework. “This is a historic step forward towards transforming how we view and value nature. We will no longer be heedlessly allowing environmental destruction and degradation to be considered economic progress.”

The new framework can also underpin decision-making at two crucial conferences later this year—COP15 on Biodiversity in Kunming and the Glasgow Climate Conference, COP 26.

According to a new UNEP report, “Making Peace with Nature,” the global economy has grown nearly fivefold over the last 50 years, largely due to a tripling in extraction of natural resources and energy that has fuelled growth in production and consumption. Over the same time, the world population has increased by a factor of two, to 7.8 billion people, and though on average prosperity has also doubled, about 1.3 billion people still live in poverty and some 700 million are hungry.

“This is a major step forward,” said Inger Andersen, UNEP Executive Director. “The new framework can be a game changer in decision-making. By highlighting the contribution of nature, we now have a tool that allows us to properly view and value
nature. It can help us bring about a rapid and lasting shift toward sustainability for both people and the environment.”

The adoption comes at a time when climate change continues its relentless march and the world is on track to reach new highs of warming, climbing to at least 3°C above pre-industrial levels by 2100. According to the World Meteorological Organization, 2020 was in a dead-heat to be one of the three warmest years on record, and 2011-2020 was the warmest decade on record, with the warmest six years all being since 2015. And the loss of biodiversity and ecosystem integrity, together with climate change and pollution will undermine our efforts on 80 per cent of the Sustainable Development Goal targets.

And yet countries continue to make decisions on the economy without consideration to environmental impacts. Governments are still directing more than US$5 trillion in annual subsidies to fossil fuels, non-sustainable agriculture and fishing, non-renewable energy, mining, and transportation.

“As governments to the Convention on Biological Diversity get ready to agree and implement a framework that will recraft our relationship with nature, this new framework will provide an impetus for an accurate accounting of the value of biodiversity” says Elizabeth Maruma Mrema, Executive Secretary of the Convention on Biological Diversity. “In so doing, it is a step towards sustainable development.”

The new framework recognizes that ecosystems deliver important services that generate benefits for people. In essence, they are assets to be maintained, similar to economic assets. For example, forests play a role in providing communities with clean water, serving as natural water filters with trees, plants and other characteristics, such as soil depth, that help absorb nutrient pollution like nitrogen and phosphorous before it can flow into streams, rivers and lakes.

More than 34 countries are compiling ecosystem accounts on an experimental basis. With the adoption of the new accounting recommendations, many more countries are expected to begin implementing the system, though a significant number of countries will require assistance and additional resources for statistical data collection.

Information on the new framework can be found at https://seea.un.org/ecosystem-accounting

Hashtag #MakeNatureCount

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