Parliamentary Assembly
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COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Recommendation 1653 (2004)[1]

Environmental accounting as a sustainable development tool

Parliamentary Assembly

1. At present, conventional tools for economic analysis do not enable the decision makers using them to reliably ascertain whether the environmental policies implemented are effective or what kind of impact economic policies have on the environment.

2. With regard to environmental costs in particular, the expenditure necessary in order to maintain the pool of natural resources at the level corresponding to the start of the reference period continues largely to be omitted from the economic analyses based on conventional accounting instruments.

3. In 1992, the United Nations' Conference on the Environment (Earth Summit in Rio de Janeiro) marked a decisive turning-point by approving the action plan Agenda 21 on sustainable development, which introduced the concept of "environmental accounting" as a tool for implementing coherent policies in this area.

4. Environmental accounting is a system that can be used to list, organise, manage and supply data and information on the environment in physical and monetary units.

5. On the same basis as all accounting systems, environmental accounting presents an objective picture of the state of, and changes in, the natural heritage, interactions between the economy and the environment, and expenditure on preventive measures, environmental protection and the repair of environmental damage.

6. Environmental accounting is therefore an essential tool for implementing the concept of sustainable development, that is, a style of development that does not jeopardise the planet's resources needed for future generations' life and development on earth. Implementation of the Kyoto Protocol, for example, as well as of Directive 2003/87/EC establishing a scheme for greenhouse-gas-emission-allowance trading within the Community, requires harmonised, reliable and tried-and-tested accounting systems.

7. Over the last ten years, the increased impact of human activities on the environment at local and global level has shown that the environmental costs of development are no longer easily discounted factors, particularly in urban areas, and that it is necessary to use specific tools for measuring and managing them.

8. Moreover, improved access to information has caused rising demand for information on the environment on the part both of citizens and politicians, making better environmental governance necessary.

9. The Parliamentary Assembly notes with satisfaction that, since the Rio Earth Summit, the concept of environmental accounting has been widely recognised as an essential tool that is advocated by organisations such as the United Nations, the World Bank, the Organisation for Economic Co-operation and Development (OECD) and the European Union.

10. It is also very pleased that many Council of Europe member states (such as France, Germany, Italy, the Netherlands and the United Kingdom) have studied and experimented with environmental accounting systems, and that certain towns and cities – which are more directly accountable for the management and quality of their environments – have done the same, mainly using environmental indicators and adapting the methods developed to date to the urban setting.

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1. Text adopted by the Standing Committee acting on behalf of the Assembly on 2 March 2004 (see Doc. 10071, report of the Committee on the Environment, Agriculture and Local and Regional Affairs, rapporteur: Mr Giovanelli).

11. The Assembly underlines the need for all levels of government to adopt suitable environmental monitoring and information systems that can serve as a basis for policy decisions, and strongly believes that environmental accounting is an essential tool of governance.

12. The adoption of an environmental accounting system at all levels of government would enable political decision makers to report to the communities governed on the environmental outcomes of the policies implemented on the basis of reliable data and constantly updated information on the state of the environment. This would also allow the "environment" variable to be incorporated into official decision-making processes at all levels of government and make the environmental effects of government policy more perceptible.

13. Putting in place systems of this kind would permit greater accountability of decision makers and interest groups committed to sustainable development goals, regular environmental monitoring and proper use of environmental data at decision-making level and vertical integration of instruments and policies with regard to sustainable development.

14. The Assembly fully supports the efforts being made to develop environmental accounting and, above all, to move on from the experimental stage to that of its implementation. This would merely redirect current expenditure (relating, among other things, to data collection, statistics, reporting, auditing and environmental indicators), making better use of it but without generating new costs. It emphasises the importance of carrying forward the relevant activities at European level.

15. The Assembly believes that it is important for local and regional authorities to play a key role in the process and urges the Congress of Local and Regional Authorities of the Council of Europe to take into account these proposals and to make a corresponding contribution, notably by disseminating the concept of environmental accounting among European local and regional authorities.

16. The Assembly therefore recommends that the Committee of Ministers:

16.1. prepare a recommendation to the member states on the introduction of environmental accounting at national, regional and local level;

16.2. elaborate a set of European standards incorporating the experience of different European countries in the environmental accounting field;

16.3. call forthwith on member states to systematically include in their economic and social programmes satisfactory assessment of the sustainability of development, drawing on available databases, statistics and environmental indicators.