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**ENVIRONMENTAL ACCOUNTING APPLICATIONS
FOR SUSTAINABLE CONSUMPTION AND PRODUCTION POLICIES**

Paper prepared by Department for Environment, Food and Rural Affairs (DEFRA)
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(for discussion)

Environmental accounting applications for Sustainable Consumption and Production policies

Paper for discussion at the UNCEEA meeting, New York, June 2010

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This paper seeks UNCEEA views on

- the approach to developing a glossy booklet of about 30 to 50 pages on environmental accounting applications for Sustainable Consumption and Production (SCP) policies
- the style, structure and scope of such a booklet

1. Introduction

Volume III of the revised SEEA is intended to contain actual and potential examples of applications of environmental-economic accounts. It will probably have to be written from an accounting perspective, with a technical description of the methodologies used and clear links to the relevant parts of each account. However, in order to communicate the relevance of the accounts to a wider, non-technical, audience, it will be necessary to set out similar applications from a policy perspective. Sustainable Consumption and Production (SCP) policies are ideally suited to accounting applications, as they focus on the link between economic activities and environmental outcomes. The intention of a glossy booklet on SCP would be to communicate how the understanding, targeting, monitoring and evaluation of a range of SCP policies can be improved by the use of environmental-economic accounts.

It follows that such a glossy booklet will need to start from the range of policies carried out within the SCP umbrella; it should then go on to identify which policy workstreams can benefit most from accounting applications, and demonstrate by reference to actual applications how the accounts contribute.

2. Progress to date

The paper on SCP policy applications presented to the London Group in Canberra last year¹ set out a framework for SCP policies and described, using examples from the UK, how the environmental

¹ http://unstats.un.org/unsd/envaccounting/londongroup/meeting14/LG14_15a.pdf

accounts had informed policy development in each area. The London Group meeting concluded that the paper was a useful basis for a glossy booklet on SCP applications: the examples given in the paper would need to be incorporated into the booklet in more complete form, with charts or tables where relevant, and would need to be complemented or supplemented by further examples from other countries. Two countries (Sweden and Germany) subsequently provided some references, although it has to be said that for at least some of these examples it has not been clear how the material has actually been used to inform policy development.

The Canberra paper built upon work by UNEP in producing guidance for SCP policies², and in developing SCP indicators for developing countries³, but has not yet benefited from direct advice from the UNEP. It also built upon evidence from the EU in terms of the main focus of policy development⁴.

At the same time the European Environment Agency has been pushing forward on the development of an information base for SCP, through the European Topic Centre which has been developing country profiles of SCP policies⁵, and which has been developing a framework for SCP indicators⁶. This work will be useful in fleshing out the framework of SCP policies and identifying indicators which can be derived from environmental accounts. .

In recent discussions between OECD and UNSD, the relevance of the OECD work on Material Flows Accounts and the recent UN DESA report on trends in sustainable development⁷ was highlighted as useful sources of material on the range of SCP policies and potential indicators. The discussions also identified a number of issues about scope, which are considered further below.

3. Structure of glossy booklet

We envisage that the structure of the booklet should be as follows:

- Background to SCP;

² UNEP: <http://www.unep.fr/shared/publications/pdf/DTIx1028xPA-Planning4change.pdf>

³ UNEP: <http://www.unep.fr/shared/publications/pdf/DTIx1085xPA-SCPindicatorsEN.pdf>

⁴ EU: http://ec.europa.eu/environment/eussd/escp_en.htm

⁵ <http://scp.eionet.europa.eu/announcements/ann1274956105>

⁶ http://eea.eionet.europa.eu/Public/irc/eionet-circle/etc_waste/library?l=/files_etcsdp_website/indicator_presentation/ EN_1.0_&a=d

⁷ http://www.un.org/esa/dsd/resources/res_publtrends_2010_scp.shtml

- Framework of SCP policies, initially categorised into four broad groups: **sustainable production** (particularly focusing on increasing resource efficiency); **sustainable consumption** (changing consumer behaviours); linking production and consumption through support for **sustainable products and sustainable management of materials**; and **Government showing leadership** in its operations and procurement activities;
- A detailed consideration of each policy workstream, setting out in each case specific policy activities where the environmental accounts, linked where necessary with other information systems, have provided, or potentially could provide, relevant information. This will include in the appropriate sections some of the aggregate indicators derivable from or making use of the accounts, including ecological footprints and environmentally-adjusted National Accounts aggregates;
- A general discussion of the strengths and weaknesses of the accounts in supporting SCP policies, covering their importance for sustainable production policies and the areas where further work is needed, particularly for sustainable consumption where an extension to and further analysis of the accounts could potentially contribute to an improved understanding of the impact of different consumer behaviours;
- An annex setting out which accounts are relevant – in theory and in practice – for which policy areas, together with national references and weblinks.

4. Next steps

The following next steps are proposed:

- a) Follow up with UNEP, particularly for information on the experiences of developing countries; review of material from the European Topic Centre, OECD, UN DESA and other sources on policy activities and associated indicators; and incorporation of examples from other countries into the general structure;
- b) Completion of a draft booklet for discussion by WGEIO in November 2010, with a well-structured draft circulated for comment in early October.

5. Issues for UNCEEA

UNCEEA views are sought on

- i. The process described above for the development of a glossy booklet
- ii. The general structure of the proposed booklet

- iii. The coverage of booklet in terms of non-standard accounts, e.g. on the use of Substance Flow Analysis to inform sustainable chemicals policies
- iv. The development of a set of core indicators which are derivable from the accounts and which could be included as an annex within the glossy booklet
- v. The overlap between SCP applications and applications relating to climate change policies, and the implications for potential glossy booklets on other policy themes.

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