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Meeting on Environmental-Economic Accounting
Copenhagen, 20-21 September 2004

Report of the Meeting on Environmental-Economic Accounting
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A Introduction

1. The United Nations Statistics Division (UNSD) and the United Nations Environment Programme (UNEP) organized a meeting hosted by the European Environment Agency (EEA) in Copenhagen September 2004 to discuss the proposal for the creation of the United Nations Committee on Environmental-economic Accounting. The meeting was held immediately before the London Group meeting to allow participants to take part in both meetings. The role of the Committee was discussed at length and the outcome of the discussion as well as the future activities towards the establishment of the Committee are presented below.
2. Participants in the meeting included representatives from international organizations - namely, Eurostat, United Nations Development Programme (UNDP), European Environment Agency (EEA), the United Nations Economic and Social Commission for Western Asia (ESCWA), the Economic Commission for Latin America and the Caribbean (ECLAC) -, the London Group, and several countries at different stages of implementation of the accounts and from various regions in the world. Experts, with theoretical and practical experience in environmental accounting, were also invited to participate in the meeting. OECD and the World Bank, although not present in the meeting, expressed their support for this initiative in preliminary consultations.
3. The meeting was opened by Ms. Alessandra Alfieri (UNSD), Mr. Hussein Abaza (UNEP) and Mr. Ronan Uhel (EEA). The agenda and list of participants are attached in Annex I and II respectively. They are also available on the UNSD website (<http://unstats.un.org/unsd/envAccounting/list-of-documents.htm>).
4. The proposal to create the Committee on Environmental-economic Accounting was prompted by the pressure to raise the profile of environmental and economic accounting within national statistical offices and the users' community. Although the initial proposal of UNSD and UNEP was restricted to the creation of a Task Force which would deal with the implementation of the accounts in countries and promotion of the accounts in the users' community, it became evident that in order to effectively advance this new area of statistics, a body which would encompass all the different facets of environmental-economic accounting should be created. As a result, the proposal for the creation of a Task Force changed into the creation of a UN Committee.
5. At the beginning of the meeting to set the scope of the discussion, UNSD presented the new proposal and suggested possible areas of work for the Committee. The identification of these areas was the results of the analysis of a questionnaire which was prepared by UNEP and UNSD and sent to the participants prior to the meeting in order to focus and facilitate the discussion at the meeting. The role and responsibilities of the Committee were discussed at length during the rest of the meeting.

B Analysis of the Questionnaire

6. A Questionnaire was distributed to participants prior to the meeting. It covered questions on the status of implementation environmental accounts in countries, constraints in the implementation of the accounts, and possible roles of the Committee. Twelve countries, five international organizations and one expert replied to the questionnaire. All the replies to the questionnaire are available on the UNSD website <http://unstats.un.org/unsd/envAccounting/list-of-documents.htm>.

7. Availability of financial and human resources, availability of data, as well as institutional support were considered the main constraints in the implementation of the accounts by most of the participants. Two countries also found that the methodological publications did not provide enough guidance on how to compile the accounts. This was particularly true for controversial topics (e.g. valuation of non-market services provided by the environment).

8. The majority of the countries responding to the Questionnaire indicated that the compilation of the accounts, although often supply driven, at least at the initial stage of compilation, became increasingly linked to users' demand. For a small number of countries the compilation of the accounts is still supply driven. Common practice has been to start with the implementation of a wide range of accounts and, after consultation with the users, regular compilation only of those accounts which reflect the users' priorities is continued.

9. The responses to the Questionnaire identified the need to raise the profile of environmental accounting both within national statistical offices as well as in the users' community as one of the priority areas of work for the Committee.

C Summary of the discussion

10. Countries in the meeting reaffirmed that environmental-economic accounting is high on their agenda. They pointed out that the creation of a Committee on Environmental-Economic Accounting was the way forward to mainstream environmental accounting and related statistics and to raise the profile of the accounts as the tool to measure sustainability of growth and development.

11. Participants felt that it was timely for environmental-economic accounting to be housed in an international organization. They recognized that the United Nations was the most suited organization to take this role and welcomed the UNSD/UNEP proposal.

12. Participants stressed the importance of the Committee to promote the use of environmental and economic accounting to measure sustainable development. This was recognized as the overarching theme for the activities of the Committee.

13. On the basis of the responses to the Questionnaire by the meeting's participants and of the discussion during the meeting, five broad areas of work for the Committee emerged. They included: (1) coordination, (2) promotion of the accounts to the user's community, (3) methodology, (4) technical cooperation, and (5) harmonization of data.

There was common agreement that the Committee would be responsible for all those areas. The summary of the discussion is grouped according to the above areas of work and is presented below together with a summary of the discussion on the organizational structure of the Committee.

1. Coordination

14. It was recognized that the Committee should play a major role in coordinating activities in environmental-economic accounting. Although it was recognized that the London Group was coordinating efficiently activities in the development of methodologies among its members, there remains a void in terms of coordination among agencies (e.g. users and producers of environmental accounts, regional commissions, policy-focused agencies, etc.) as well as wide dissemination of country practices and technical cooperation activities. To this end, several participants suggested the creation of a website for the Committee which would contain an electronic archive of past and recent case-studies in environmental accounts, training material, information on on-going country projects and a roster of experts. The website, hosted by UNSD, would serve as a 'knowledge management' platform on environmental accounting and would be a reference point for the dissemination and sharing of information on environmental accounting (e.g. good practices, methodologies, etc.).

15. As a first activity, it was recommended that the Committee would make a global assessment which would cover (i) the status of implementation of the accounts in countries, including methods and classifications used; (ii) the use of the accounts for policy-making; and (iii) possible causes of impediments in the implementation in countries. This assessment would then facilitate the formulation of specific programmes to assist countries in the implementation of the accounts, develop a strategy to promote the accounts, decide on priorities, etc.

16. The idea of creating a Committee's Newsletter was very well received. The Newsletter would have the objective not only to inform practitioners of current events and activities in environmental accounts, but also to disseminate success stories to the users' community as well as present new methodological developments.

2. Promotion of the accounts to the user's community

17. Countries clearly expressed the need for promoting integrated economic and environmental information systems as opposed to indicators' lists in order to meet the increasing users' demand for conducting integrated economic and environmental policies. They reiterated that environmental-economic accounting would provide the necessary framework for analysing the impact of economic growth on long-term sustainable development.

18. Raising awareness of the uses of the accounts beyond the statistical community was considered one of the objectives of the Committee. The accounts have been mostly supply driven, at least at the initial stage of compilation, and the users' community is not fully aware of the potential uses of the accounts. The Committee should play a more active role in raising awareness of the existence of the environmental accounts and its uses to the users' community which is necessary for a regular compilation of the

accounts. Ways to disseminate the results of the account so as to bring attention to the usefulness of compiling the accounts should be developed.

19. In order to promote the use of environmental accounts, a number of activities that the Committee could undertake were suggested. These activities include: the development of materials (e.g. research papers, articles, etc.) which show the benefits of compiling these accounts; the organization of meetings and/or conferences focused on the policy uses and applications of the accounts which bring together producers and users of the accounts; the development of stronger and more evident links between the accounts and the poverty reduction strategies, the accounts and the derivation of indicators used both at international (Millennium Development Goals' indicators, International Conventions, etc.) as well as at national level.

3. Methodology

20. Although the publication of the handbook of National Accounting "Integrated Environmental and Economic Accounting – SEEA 2003" is a major step forward towards the harmonization of concepts and practices in the implementation of environmental-economic accounting, a lot of work is needed to bring the SEEA to the level of a standard. A research agenda should include both the harmonization of current practices in areas where the methodology is already well advanced as well as development of best practices in more experimental and high demand areas (e.g. valuation of non-market services, etc.).

21. There was a general concern among participants that, by undertaking methodological work, the Committee would duplicate the work of the London Group on Environmental Accounting as the London Group already provides a forum for the exchange of experience in the field and has played a major role in the advancement of methodology. In particular, the question of the relationship with the London Group was addressed during both the meetings of the Committee and the London Group. The result of the discussion is presented in Section 6 of this report.

4. Technical cooperation

22. With the publication of the SEEA-2003, an increasing number of countries has embarked in the implementation of the environmental-economic accounts. Several participants stressed the importance for the Committee to build capacity and facilitate the implementation of environmental accounts in countries. In this regard, they voiced the need to develop practical handbooks and training material on how to compile and use the accounts. These materials would help not only developing countries wanting to embark on the implementation of the accounts but also developed countries, with considerable experience, as they would help train new staff, in particular in offices with high turnover. Existing handbooks on environmental accounts were considered too theoretical for those who are not familiar with the topic. The need for timely translation of the materials in various languages was also stressed.

23. Cooperation among the different data producers and users within countries was identified as key in the successful and long-term sustainable implementation of the environmental-economic accounts. The Committee should play a role in raising

awareness on the importance of institutional arrangements and providing a forum to share country practices.

24. The need to adopt a regional approach to technical cooperation was stressed. It was considered helpful for countries from the same region to share experience, to learn from each other and, if needed develop specific training material for the region. In this regards, the United Nations Regional Commissions could play an active role in coordinating technical cooperation activities.

5. Data harmonization

25. A major constraint to the implementation of the accounts is the availability of data. Data are often produced by different agencies and are not always available and suited to be used as such in an accounting framework. This is true both at country level as well as for international organizations. Participants emphasized the importance of bringing environment statistics and environmental accounting closer together. The Committee should coordinate its work with other formal bodies in environment statistics such as the Interagency Working Group on Environment Statistics.

26. Possible areas of work for the Committee include the development of guidelines on how to collect data for the compilation of environmental accounts and the investigation of existing data sources both at the international level and in the scientific community (e.g. satellite images, etc.) that could potentially be used to compile the accounts. There was a general consensus that, as a long term objective, the Committee should work towards the harmonization of data.

6. Organizational structure

27. During the meeting, various options for the organizational structure of the Committee and its relationship to the London Group were discussed. Various options were discussed. As for the composition of the Committee, there was a general consensus that members should be senior managers from international agencies and developed and developing countries, although it was noted that in some cases there would be overlap with London Group membership. It was noted that although it was necessary to keep the Committee of reasonable size in order to allow for deliberation on technical issues, a mechanism to get other countries and interested parties involved should be developed. In this regards, the UN Committee website could serve as a vehicle for disseminating information.

28. There was a clear feeling that the development of specific areas of environmental-economic accounting requires technical expertise often available beyond the statistical community. It was therefore stressed the importance of developing and maintaining the link with specialists as well as policy makers. In this regard, the creation of specific sub-groups composed of environmental accountants and other experts and responsible for specific time-bound projects was discussed.

29. There was a general concern among participants that, by undertaking methodological work, the Committee would duplicate the work of the London Group on Environmental Accounting as the London Group provides a forum for the exchange of experience in the field and plays a major role in the advancement of methodology. There was general

agreement that the London Group should continue to exist and its role would be that of an expert body upon which the Committee can rely on for development of methodologies and guidelines and for reviewing documents prepared by the Committee's sub-groups. It was recognized that for specific issues not all expertise lies in the London Group and the UN Committee may have to form task-oriented technical experts groups dealing with those issues. These sub-groups may comprise members of the London Group as well as academia and other experts (e.g. hydrologists to ensure consistency between water resource accounts and hydrology and capture the relevant aspects of water resource management in the accounts, environmental scientists, economists, etc.).

30. During the meeting, UNSD offered to serve as a secretariat of the Committee and UNSD and UNEP offered to be co-chair the Committee. Participants welcomed both proposals.

D Steps towards the creation of the UN Committee

31. To ensure that, once created, the UN Committee would operate efficiently and successfully, it was recognized that the Committee should be endowed by additional resources that cannot be currently met from the already stretched resources of UNSD and UNEP. To this end UNEP and UNSD should actively seek funding in terms of either staff seconded to UNSD or fund raising with donor countries.

32. As a first step towards securing funding, UNSD and UNEP will prepare a report outlining the results of the discussion at the meeting which will be presented at both the Statistical Commission (March 2005) and the UNEP Governing Council (February 2005).

33. Detailed Terms of Reference (TOR) for the UN Committee on Environmental-economic Accounting, including time-bound outputs would be prepared by UNSD and UNEP. The draft TOR would also outline the relationship between the Committee and London Group. The TOR will be widely circulated and discussed at the first meeting of the Committee which is tentatively scheduled in mid-2005.

Annex I: Agenda of the meeting

Monday, 20 September

9:00-9:30	Registration
9:30-10:15	Welcoming remarks 9:30-9:40 UNSD 9:40-9:50 UNEP 9:50-10:00 EEA 10:10-10:15 Introduction of participants
10:15-10:30	Adoption of the agenda
10:30-10:45	Objectives of the meeting and Organization of Work (UNEP)
10:45-11:15	Coffee break
11:15-13:00	Setting the scope 11:15-11:45 UNSD 11:45-12:15 UNEP 12:15-13:00 Open discussion
13:00-14:30	Lunch break
14:30-15:30	Country presentations
15:30-16:00	Coffee break
16:00-17:30	Country presentations (continued)

Tuesday, 21 September

9:30-10:50	Presentation by International Organizations
11:00-11:30	Coffee break
11:30-12:10	Presentation by International Organizations (continued) Open discussion
12:10-13:00	Presentations by invited experts Open discussion
13:00-14:30	Lunch break
14:30-15:30	Discussion on the objectives and programme of work of the UN Committee
15:30-16:00	Coffee break
16:00-17:00	Discussion on the objectives and programme of work of the UN Committee
17:00-17:30	Conclusions and adoption of the report.

Annex II: List of participants

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