

# THE CONGRESS OF LOCAL AND REGIONAL AUTHORITIES

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## **Recommendation 220 (2007)<sup>1</sup> Environmental accounting for responsible local action**

1. As local authorities face a series of major challenges posed by climate change and increasing urbanisation, their emphasis must shift from simple awareness of environmental issues and actions in particular sectors to integrated, effective and measurable across-the-board action.

2. The Congress of Local and Regional Authorities of the Council of Europe fully shares the interpretation made by Agenda 21 as early as 1992 at the United Nations Conference on Environment and Development (Rio Summit), and now taken up by other institutions such as the United Nations, the World Bank, the Organisation for Economic Co-operation and Development, the European Union and the Parliamentary Assembly of the Council of Europe, which, in its Recommendation 1653 (2004), considers environmental accounting as “a tool for implementing coherent policies in this area”.

3. Like the Parliamentary Assembly in the above-mentioned recommendation, the Congress defines environmental accounting as “a system that can be used to list, organise, manage and supply data and information on the environment in physical and monetary units”. It also considers that local authorities can make a key contribution to the vertical integration of public instruments and policies relating to the environment.

4. There is now wide recognition that, despite institutional limitations to their environmental powers, local authorities play a significant role in ensuring that action taken is compatible with the ecosystem and with the daily lives of local inhabitants.

5. The demands of citizens, consumers and certain representatives of civil society and the private sector for a higher standard of environmentally friendly services are placing increasing pressure on local elected members. They are being asked to account for their strategies and above all to show that their policies are having tangible results and that their activities are sustainable.

6. In response to these expectations, local authorities have taken numerous measures, usually in specific areas and with often poorly measured results. They now need to improve their environmental policies by adopting a more integrated, transversal approach, that is easy to understand and that takes an overall view of the environment and the way different aspects interact.

7. To achieve this, local authorities need to measure and improve their understanding of the local environmental

context. Since environmental policies are a relatively recent phenomenon, systems for monitoring, managing and assessing the relevant activities are still in their early stages compared with those in the economic and social fields.

8. Traditional accounting tools ignore environmental costs and fail to meet authorities' requirements. To improve their performance and make their decisions sufficiently transparent, policy makers require a new generation of tools. These tools, under the heading of “environmental accounting” should provide information and assist decision making, monitoring and the quantitative and qualitative assessment of public activities.

9. Environmental accounting encourages the governance required for global action and contributes directly to the setting up of sustainable development strategies. This helps to optimise environmental actions and the responsible management of local resources.

10. Consequently, the Congress considers it necessary to disseminate and extend the use of environmental information accounting tools.

11. Environmental accounting operates between environmental management systems and dissemination and communication systems. Like any accounting system, it is designed to provide information on, and objective measurement of, activities and the evolution of the natural heritage.

12. As yet, Europe lacks a full environmental information system at local level capable of measuring the eco-efficiency of policies, that is, one that encompasses both financial and asset flows on the one hand, and the physical and economic measurement of the environment on the other. However, certain existing environmental accounting tools can serve as a starting point. The term “environmental accounting” in fact covers a range of tools and methods, based on differing principles.

13. The Congress acknowledges that at this stage it would be difficult to establish a single method throughout Europe given the variations between the methods, content, aims, and ways of implementation. From now on, these tools should evolve progressively whilst retaining their diversity where they respond to different local circumstances.

14. Each local authority is encouraged to implement as soon as possible specific measures that meet their needs and that can be easily achieved (examples could include carbon accounting or environmental asset registers).

15. The Congress welcomes the fact that for some fifteen years, local authorities in various European countries have been experimenting – under the common heading of “environmental accounting” – with ways of assessing their environmental policies, often adapting systems derived from business or central government to local circumstances.

16. The Congress applauds such practices and considers it important to capitalise on relevant local authority experience. It advocates the introduction of an environmental accounting system based on shared performance indicators, applicable at local level, with a view to integrating the environment more fully into decision-making processes at all

levels throughout Europe, increasing their transparency and establishing more clearly the responsibilities of the different levels of governance, interest groups and the individual.

17. The Congress considers the immediate adoption of environmental information and measurement systems as a basis for political decision making to be essential.

18. It therefore recommends that the Committee of Ministers of the Council of Europe:

*a.* prepare a recommendation to member states on the introduction of environmental accounting into public accounting systems at national, regional and local levels, in co-ordination with Eurostat and the member states;

*b.* base its proposals on the different tools currently available, while comparing them with each other and drawing on local authority experience from across Europe;

*c.* ask member states to:

*i.* encourage and develop the concept of environmental accounting, so that the environment can be given its rightful place in public policy and financial decision making;

*ii.* support the introduction of environmental accounting at all levels of governance and encourage partnerships as a means of achieving this;

*iii.* encourage local authorities to undertake systematic quantitative and qualitative assessments of the impact of their policies on the environment;

*iv.* encourage the collection and dissemination of data of value to local authorities;

*v.* support research and training and provide financial capacity for the introduction of environmental information and measurement systems;

*d.* invite the European Commission to:

*i.* introduce environmental accounting into framework documents such as the Thematic Strategy on the Urban Environment, to serve as a complement to environmental management systems and as a monitoring and evaluation tool;

*ii.* establish common environmental performance indicators applicable at local level;

*iii.* produce a critical guide to available tools to enable local authorities to select the ones that are most relevant to their needs;

*iv.* support research and exchange of experiences between local authorities on issues of environmental accounting;

*v.* provide financial support for the implementation of these measures.

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1. Debated and approved by the Chamber of Local Authorities on 31 May 2007 and adopted by the Congress on 1 June 2007, 3rd Sitting (see Document CPL(14)5REC, draft recommendation presented by S. James (United Kingdom, L, ILDG), rapporteur).