

1.58 Integration of Environment and Economics in Systems of National Accounting

NOTING that current systems of national accounts, which yield Gross Domestic Product and other measures of economic performance, do not record the depletion and degradation of natural resources and ecosystems at a time when these are under escalating pressures from human activity;

NOTING that, for this reason, systems of national accounts and measures of economic performance can provide misleading signals for policy-makers by which to steer national economies toward sustainable development;

RECALLING that the community of nations agreed to remedy this flaw and “expand existing systems of national economic accounts in order to integrate environment and social dimensions in the accounting framework, including at least satellite systems of accounts for natural resources in all member States” (Agenda 21, Chapter 8 on Integrating Environment and Development in Decision-Making);

RECALLING that the 1993 System of National Accounts – the official international guidelines for national income accounting developed by the UN, the World Bank, the International Monetary Fund, the Organisation for Economic Cooperation and Development, and the Commission of the European Communities – recommends the development of satellite accounts for natural and environmental resources;

NOTING that the need for valuation of the environment and integration of such values in national accounting systems for decision-making is implicit in related international agreements, such as the Convention on Biological Diversity, in regional programmes, such as the European Union’s Fifth Environmental Action Programme, and in fora in the Americas (Organization of American States and Summit of the Americas);

RECOGNIZING that environmental information in the national accounts would provide an assessment of the costs and benefits of economic and environmental policies;

FINDING that, in spite of international and national commitments and in spite of the efforts of a number of countries to set up programmes to integrate environmental dimensions into systems of national accounts or satellites thereof, progress remains sporadic and such programmes remain under-funded and peripheral to the assessment and design of economic policies;

RECOGNIZING the World Bank’s announced goal of sustainable development and its leading role in promoting debate and research on the relationships between the economy and the environment and new measures of economic progress;

NOTING the partnership that is emerging among international organizations, government agencies and non-governmental organizations to work together on this issue at the international and national levels;

The World Conservation Congress at its 1st Session in Montreal, Canada, 14–23 October 1996:

1. URGES all States to request their national accounting offices to set up or strengthen integrated environmental and economic accounting programmes, starting with accounting for natural and environmental assets as per the 1993 System of National Accounts, and developing environmental accounts at a minimum in satellite form, as per Agenda 21; and that such programmes be linked to the formulation of the country’s policies;
2. CALLS on the World Bank and the Regional Development Banks, the International Monetary Fund and relevant regional economic organizations such as the Commission of the European Communities and the Organisation for Economic Cooperation and Development to promote the development and use of new measures of progress, including standard measures and definitions of environmental resources, environmental resource use, environmental degradation and the impact thereon of economic policies, lending and advisory decisions; to use these standard measures in policy analysis, in lending and advisory programmes and in publications; and to take the initiative in providing advice and support to governments on how to report on economic and environmental performance using integrated environmental and economic accounts while at the same time taking into consideration that some countries need support and advice on the basic set-up of national accounts;

3. CALLS on government agencies and non-governmental organizations to work in partnership on the use of integrated environmental and economic accounts for reports on economic and environmental performance to the UN General Assembly for the fifth anniversary of the Earth Summit, to international organizations as stated above, and to the public in their regular publications;
4. CALLS on governments and government agencies to request international financial institutions to initiate or augment programmes to support their efforts to integrate environment and economics in their systems of national accounts;
5. URGES IUCN members to support, monitor and provide environmental input – including basic data on the state of the environment, monitoring environmental trends, continued research to improve methods of valuation of environmental goods and services, and to determine levels of sustainable resources use – into national and international programmes on integrated environmental and economic accounting;
6. REQUESTS the Director General, within available resources, to support IUCN members in developing programmes to integrate environment and economics for priority environmental and natural resource sectors. This support can be provided in the form of technical guidance, training, information about programmes in other countries, international financial organizations, and non-governmental bodies, and can be provided through IUCN Headquarters, Regional or Country Offices, or through the International Working Group on Accounting for the Future.