EN 2019

NO 16

Special Report

European Environmental Economic Accounts: usefulness for policymakers can be improved

EUROPEAN
COURT
OF AUDITORS

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I The European Environmental Economic Accounts (EEEA) are an important source of data to monitor and evaluate environmental policies, such as the 7th Environment Action Programme and progress towards achieving the United Nations' Sustainable Development Goals. The EEEA are a statistical framework consisting of a comprehensive set of tables and accounts describing the relationship between the environment and the EU economy.

II We audited whether the Commission set up, managed and used the European Environmental Economic Accounts well. Our audit showed that the Commission did not set out a long-term perspective for EEEA data needs for environmental policy-making. The Commission did not compile EEEA needs, nor detail which indicators are needed. While there is a strategy for the EEEA, a comprehensive action plan to implement the objectives was missing. We found that the successive strategies repeated some strategic objectives for more than ten years.

III The Commission and the Member States proposed whether the EEEA modules would be mandatory or not largely on the basis of data availability and maturity and considerations of the administrative burden in the Member States, rather than on compiled data needs. The Commission implemented EEEA modules without a full cost-benefit analysis. The EEEA modules were not used to their full potential for monitoring key environmental policies.

IV Making data available more quickly improves its usefulness. We found that although the Commission published some data earlier than required, it did not exploit all means of providing data more quickly. There is no release calendar to indicate when data becomes available.

V Based on our findings, we recommend that the Commission should improve:

(i) the strategic framework for EEEA data;

(ii) the relevance of EEEA modules for environmental policy making;

(iii) the timeliness of EEEA data.

Introduction

01 It is important that policymakers have up-to-date and reliable information in order to monitor economic, social and environmental progress towards sustainable development. Environmental economic accounts are a statistical framework consisting of a comprehensive set of tables and accounts. These accounts describe the relationship between the environment and the economy, including the impact of the economy on the environment.

02 At global level, the United Nations Statistical Commission has endorsed the System of Environmental Economic Accounting as the international statistical standard for environmental economic accounting. The system uses concepts, definitions and classifications consistent with the United Nations System of National Accounts, developed by the United Nations (UN), the Commission, International Monetary Fund, Organization for Economic Cooperation and Development (OECD) and the World Bank. This facilitates the production of internationally comparable statistics and accounts.

03 In 1994, the European Commission presented a first strategy[1] on "green national accounting". Since then, the Commission has worked together with Member States, the UN, and the OECD to analyse the range of statistical data available for the "European Environmental Economic Accounts" (EEEA). The Commission and Member States implement the EEEA under the European Strategy for Environmental Accounts in line with the UN System of Environmental Economic Accounting.

04 The legal framework for the EEEA[2] sets out a common standard for the collection, compilation, transmission and evaluation of the accounts. ***Table 1*** summarises the six current modules. The Commission collects data for two additional modules on a voluntary basis – European forest accounts and environmental subsidies and similar transfer accounts. It is developing three additional further modules – natural capital accounts/ecosystem accounts, water accounts and resource management expenditure accounts. The EEEA reports data for 64 economic activities plus households. Further detailed information on the EEEA is in ***Annex 1***.

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1 "Directions for the EU on Environmental Indicators and Green National Accounting", Communication, COM(1994) 670.

2 Regulation (EU) No 691/2011 of the European Parliament and of the Council, amended by Regulation (EU) No 538/2014 of the European Parliament and of the Council (OJ L 158, 27.5.2014, p. 113).

Table 1 – Modules included in the EEEA regulation

No	Modules	First year of data collection	Description
1	Air emissions accounts	2013	Physical flows of gaseous and particulate materials (six greenhouse gases including CO_2 and seven air pollutants) emitted by the economy into the atmosphere.
2	Environmentally related taxes by economic activity	2013	Data on taxes in the areas of energy, transport, pollution and resource, with a proven, specific negative impact on the environment.
3	Economy-wide material flow accounts	2013	Aggregate overview, in thousand tonnes per year, of the material flows into and out of an economy. It covers solid, gaseous, and liquid materials, except for bulk flows of water and air.
4	Environmental protection expenditure accounts	2017	All activities directly aimed at the prevention, reduction and elimination of pollution or any other degradation of the environment.
5	Environmental goods and services sector accounts	2017	Data on the producers' output of environmental goods and services measured in monetary values, the gross value added and the employment linked with this production.
6	Physical energy flow accounts	2017	The flows of energy (in tera-joules) from the environment to the economy (natural inputs), within the economy (products), and from the economy back to the environment (residuals).

Source: ECA.

05 The EEEA set out the environmental goods and services sector's share of the overall economy and the amount of production and consumption of natural resources and energy. For example, the accounts identify the most polluting activities or those that most deplete natural resources. The accounts make it possible to identify how much protecting the environment costs and who pays for it. The EEEA use and complement existing environmental statistics (waste and forest) and economic statistics (components of national accounts, and public finance and business statistics).

For example, the air emissions accounts module can be derived from the greenhouse gas inventories[3] or from the energy statistics.

06 The EEEA can provide answers to questions such as:

- What are the implications for the sustainability of our current patterns of production and consumption?
- What impact would new green taxes have? Who bears the tax burden – producers (industries) or consumers (households)?
- What environmental pressures are caused by our patterns of trade in non-EU countries?
- How many people work in the environment industry, producing environmental goods and services such as wind turbines or solar panels?

07 The main users of the EEEA are the Commission and the European Environment Agency. For example, the EEEA are a key source of data to monitor and evaluate environmental policies, such as the EU 7th Environment Action Programme (7th EAP) and to measure progress towards achieving the Sustainable Development Goals (SDGs)[4] (see ***Figure 1***). Other potential users of the EEEA include EU Member States and researchers.

[3] Later this year we are expecting to publish a special report on EU greenhouse gas emissions.

[4] See rapid case review "Reporting on sustainability: A stocktake of EU Institutions and Agencies", June 2019.

Figure 1 – The SDGs and the 7th EAP

SDGs: adopted by the UN in 2015

- a collection of 17 global goals (divided into 169 targets) to achieve worldwide sustainable development by 2030
- three dimensions of sustainable development: social, economic and environmental.

7th EAP: adopted by the European Parliament and the Council of the EU in 2013

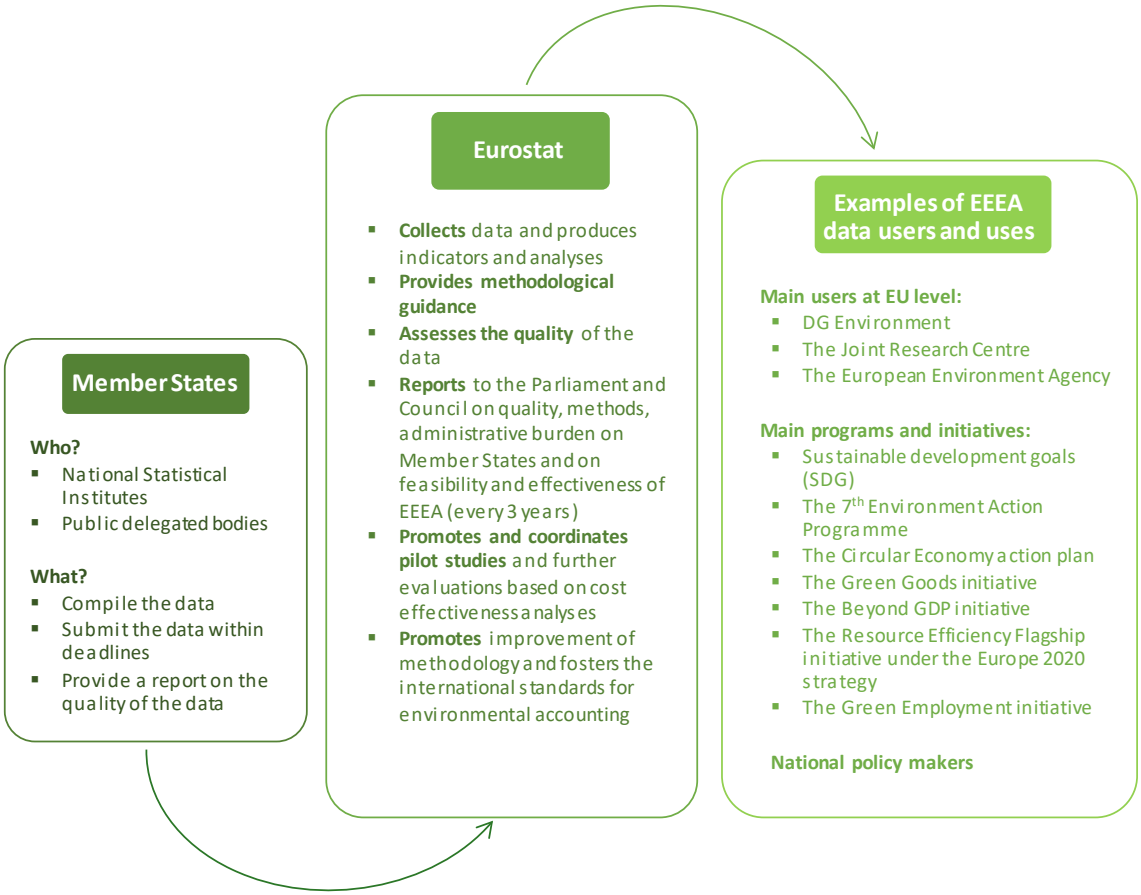
- action programme guiding the EU environment policy by 2020
- nine priority objectives to step up EU efforts to protect Europe's natural capital; stimulate resource-efficient, low-carbon growth and innovation; and safeguard people's health and well-being, while respecting the Earth's natural limits

Source: ECA based on information from the Commission and the United Nations @United Nations, *source*: https://www.un.org/sustainabledevelopment/.

08 Eurostat promotes the development and use of the EEEA. All Member States compile their respective accounts and submit EEEA data annually to the Commission. The Commission assesses the quality of the accounts according to the quality principles and criteria for European statistics[5], and provides methodological guidance to improve the quality and reliability of the data. ***Figure 2*** summarises the roles and responsibilities of different stakeholders.

[5] Established by Regulation (EC) No 223/2009 of the European Parliament and of the Council, Article 12º, No. 1 (OJ L 87, 31.3.2009, p. 164).

Figure 2 – Who does what?



Source: ECA.

09 The European Environmental Economic Accounts are one of a number of methods through which the European Commission collates and examines information on environmental issues. Other methods include the Greenhouse Gas Inventories, growing use of satellite images, specific research projects, and environmental and economic modelling performed by and for the Joint Research Centre. The strong point of the EEEA is the integration with other statistical data in particular the integration with the economic data which allows policy makers to assess the interaction of environmental and economic issues.

Audit scope and approach

10 The EEEA are an important source of information for environmental policies. Thus, the quality and relevance of the EEEA are crucial to maximize their impact. An assessment of the EEEA is particularly relevant now because data for the first three modules of the EEEA have been collected since 2013 and for the second three modules since 2017. New modules are currently being considered. Assessing the modules implemented at this point may allow some lessons to be learned and the results applied when designing the new modules.

11 The objective of the audit was to assess how the Commission managed the development of the EEEA and whether they fulfil the needs of the EU policy makers. Our overall audit question was "Did the Commission set up, manage and use the European Environmental Economic Accounts well?". To answer this question, we assessed:

- Whether the Commission took into account the needs of the Commission services (in particular, DG Environment, DG Joint Research Centre and Eurostat) and the European Environmental Agency when designing and developing the EEEA;
- The use of the EEEA for monitoring and evaluating environmental policies, such as the EU's 7th EAP, and measuring progress towards achieving the SDGs;
- How the Commission assessed the quality of Member States' EEEA data and whether timely methodological guidance was provided.

12 We collected audit evidence through:

- Examining the successive European Strategies for Environmental Accounts, policy documents, minutes of meetings at different levels and respective supporting documents;
- Surveys of and interviews with relevant Commission services preparing and using the EEEA. DG Environment (DG ENV), DG Joint Research Centre (DG JRC), Statistical Office of the European Union (Eurostat) and European Environmental Agency (EEA) were concerned in this audit as users of data. Eurostat was also concerned as main provider of EEEA data;
- Examining data for the 2015-2017 period for four Member States with relatively complete data sets (Belgium, Hungary, Poland and Sweden) for the following modules: air emissions accounts, environmentally related taxes by economic

activity and economy-wide material flow accounts, to check the way Eurostat carried out the quality assessment;

- A review of completeness, punctuality[6] and timeliness[7] for all Member States and all six modules of the EEEA.

13 We did not re-perform the quality assurance procedures of Member States to assess the reliability of the data.

[6] According to Regulation (EC) No 223/2009, Article 12, punctuality refers to the delay between the date of the release of the data and the day by which the data should have been delivered.

[7] According to Regulation (EC) No 223/2009, Article 12, timeliness refers to the period between the availability of the information and the event or phenomenon it describes.

Observations

The strategic framework for the EEEA is not yet comprehensive

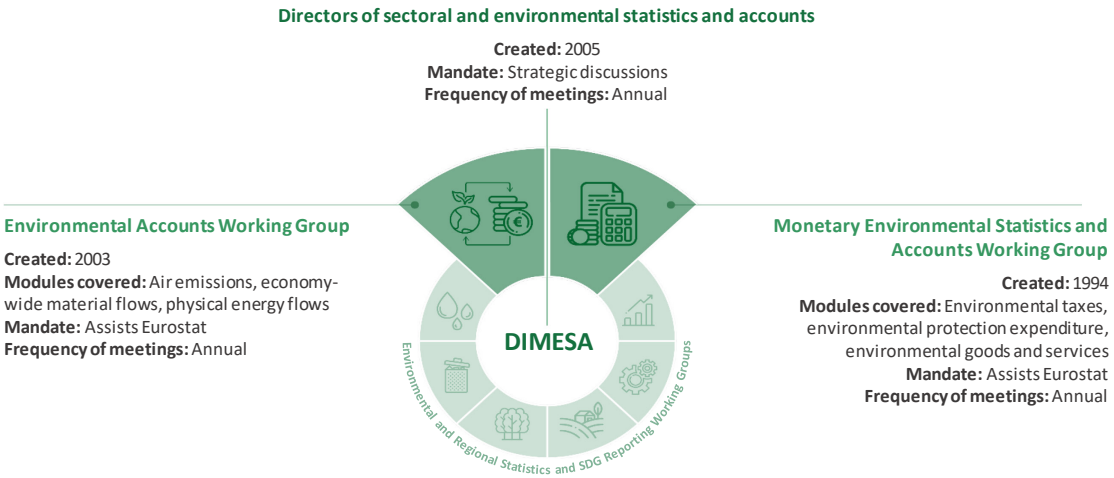
The Commission did not compile a full set of EEEA data needs

14 The Commission should coordinate its environmental information needs. It should define the data required for policy-analysis (indicating the level of detail, the most recent data and periodicity), and ensure that there is cooperation and regular constructive dialogue between the services concerned. The Commission should consult with data providers and users to ensure that relevant data is available to support policy developments and other initiatives.

15 We found that for European environmental statistics and accounts, specific agreements between Eurostat and the relevant Commission services identify the main type of data needed to plan and implement EU policies on the environment. They also define the roles and responsibilities of each party, the areas of cooperation and the priorities in terms of ongoing and future statistical developments. These agreements are updated annually.

16 An exchange of views between Eurostat and the Member States (as providers of national data) takes place at strategic level and operational level (see *Figure 3*). The groups meet annually. The Commission services using the EEEA are invited to the meetings as observers.

Figure 3 – Environmental data operational expert groups



Source: ECA based on Commission information.

17 Mid and long-term environmental information needs are expressed through strategic documents such as the 7th EAP, which covers seven years. EEEA data needs are expressed through the European Strategy for Environmental Accounts, covering five years. However, the process of implementing an EEEA module is around 10 years (see paragraph ***28***). Such long lead times present a challenge when expressing data needs. There are no documents setting out an overall, long-term perspective for the EEEA data the Commission requires for environmental policy-making. Such a document would provide a basis for proactive, timely and relevant development of environmental accounts.

18 Our analysis of the minutes of meetings between 2015 and 2018 showed that EEEA users needed more complete and timely data, and forest, ecosystem and water accounts. However, the minutes did not reveal the nature of or the need for indicators. We found that the Commission services rely mainly on the information already provided by Eurostat, which is complemented with data sources from other services, organisations and the research community.

The strategy was not complemented by a comprehensive action plan

19 In its European Strategy for Environmental Accounts (ESEA), the Commission should define the development of the EEEA, based on policy needs. To implement the strategy effectively, the Commission should prioritise objectives, and indicate how they will be implemented and achieved.

20 The ESEA describes priorities and actions to harmonise the development and use of environmental accounts so they are applied consistently across Europe. There have been four strategies for environmental accounts so far (see ***Figure 4***). The strategies have included sections on policy needs and future work on the environment, which have then been used as a mandate for the environmental accounts working groups. Future work has been defined in terms of objectives, ranked by priority.

Figure 4 – Key elements of the four strategies

Proposed a wide range of EEEA modules to be implemented on a voluntary basis by the Member States

Prioritized the EEEA modules to be implemented and stressed the need for a legal base as the gentlemen's agreement stated in the first strategy showed its limits

Concentrated on improving the first set of EEEA modules and on the implementation of the second set of EEEA modules included in the regulation

Proposes to enlarge the EEEA into new areas (such as ecosystem accounts)

Source: ECA based on Commission information.

21 Like previous strategies, ESEA 2019-2023 mentions potential uses for existing and future accounts. The main goals of this strategy are that the EEEA meet the user's needs for high quality data and that their contents are widely recognised and valued. To achieve these goals, objectives are proposed. However, the strategy does not outline a thorough action plan covering future work in the area, including milestones and budget estimates. Action points are proposed in a document on the implementation of the strategy. However, the document does not set out how these actions should be implemented. Target dates are included for some points but not for others.

22 Some of the objectives are repeated in the last three strategies. One example of this is the objective to improve the communication on the relevance of the EEEA and promote their use. According to the Commission's documents, including the strategy, the EEEA have not been widely known or used to their full potential by policy makers until now. Examples of other objectives, which are repeated since 2003 or 2008, are presented in ***Box 1***.

Box 1

Strategic objectives repeated in the ESEA:

— Enlarging the EEEA into new areas, such as water accounts, forest accounts, resource management expenditure accounts and subsidies and similar transfers on environmental products (since 2003)

— Improving the quality of the EEEA (since 2008).

Shortcomings in the implementation of the EEEA modules reduced their relevance to the policymaking process

The Commission implemented EEEA modules without a full cost-benefit analysis

23 The Commission should select the EEEA modules based on commonly agreed priorities of the users of the data. The Commission should carry out a cost-benefit analysis before proposing when a module becomes mandatory.

24 The process of setting up the accounts starts with the expression of needs from the Commission services concerned and continues with an analysis by Eurostat of the availability of data and methodologies to be used. Before the Commission proposes to make the accounts mandatory, it can give grants to Member States for pilot studies to establish and/or harmonise methodologies and to test the collection of data.

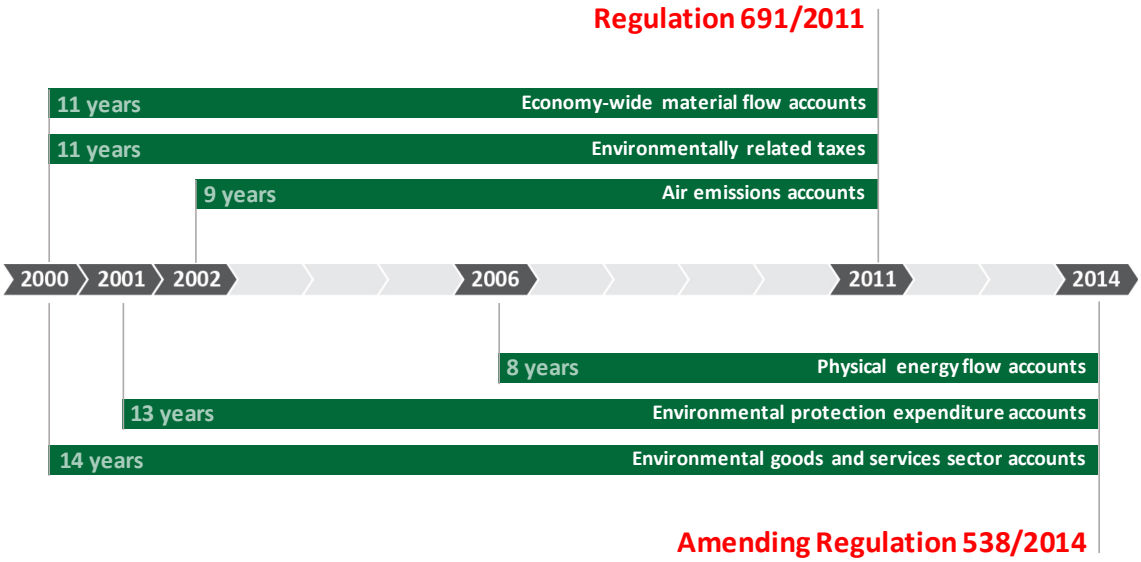
25 For the first three EEEA modules (see ***Table 1***) added to the Regulation, the Commission carried out an analysis based on the costs of implementing the modules. This summary analysis did not express concrete uses nor define benefits of the modules. For the other three modules added to the Regulation, the Commission did not analyse costs or benefits in full.

26 The Commission and the Member States proposed whether the EEEA modules would be mandatory or not largely on the basis of data availability and maturity and on considerations of administrative burden in the Member States, rather than on the basis of compiled data needs.

Implementing an EEEA module took around ten years

27 For the six mandatory EEEA modules, we assessed the implementation time from the first pilot study to the inclusion of the module in the legal framework (see ***Figure 5***). We found that the process of implementing four of the six mandatory modules took longer than 10 years.

Figure 5 – Duration of the EEEA implementation



Source: ECA based on Commission information.

28 In 2003, the Commission proposed other voluntary modules as future areas of development (such as forest accounts and water accounts). Until now, work on these modules is still ongoing. For example, DG ENV requested a module on forest accounts. At the date of our audit this module had not been fully implemented (see ***Box 2***).

Box 2

European Forest Accounts

Eurostat collects data annually on forest accounts since late 1990s, on a voluntary basis using a forest accounts questionnaire. This questionnaire was updated several times. The latest version, in use since 2016, contains information on stocks and flows of woodland and timber, and economic data on forestry.

In spite of the high interest expressed by policy makers, the maturity of the methodology and the fact that data was collected for more than 20 years, on a voluntary basis, the forest accounts module remains work in progress. The module was not yet included in the EEEA legal framework. According to Eurostat, the quality of the data collected remains low, due to inconsistent data, incomplete data sets or data sets not reported at all.

The activities proposed in the implementation of the ESEA 2019-2023 for forest accounts refer, mainly, to the use of other data sources (such as satellite images) or to include parts of the forest accounts in other EEEA modules. The strategy proposes forest accounts as a candidate for inclusion as a mandatory module.

29 Implementing a new EEEA module takes a long time. In the short and medium term, the Commission is complementing EEEA data with sources such as data collected by other organisations, compiled by the research community or based on new technologies such as satellite images.

The Commission did not use the EEEA modules in all relevant policies

30 According to Regulation 691/2011, the EEEA should be "actively and accurately used in all Member States and in all relevant Union policy-making, as a key input to impact assessments, action plans, legislative proposals and other significant results from the policy process". The Commission and the European Environmental Agency should use the accounts, in particular for monitoring the SDGs in Europe and for monitoring and evaluating the 7th EAP – two key European initiatives in terms of environmental and economic sustainability.

31 We found that data from three modules (economy-wide material flow accounts, environmental protection expenditure accounts and environmental goods and services sector accounts) are regularly used. For example, the Commission used these in briefings and analyses related to the progress towards achieving resource efficiency in

Europe, the transition to a circular economy[8], the transition to a green economy or the environmental protection expenditure. Although the Commission and the European Environment Agency use data on environmental taxes, they do not use the breakdown by economic activity provided by the EEEA (module on environmentally related taxes by economic activity). The Commission users of the EEEA we audited and the European Environment Agency did not use the modules on air emissions and physical energy flows in the policy making process.

32 Seven of the 17 global goals set by the United Nations General Assembly in 2015 to achieve sustainable development world-wide by 2030 are considered to be predominantly environmental (SDGs 6, 7, 11, 12, 13, 14 and 15), while others have an environmental/sustainability dimension and include environmental targets (SDGs 2, 3, 8 and 9). In Europe, Eurostat monitors progress towards the 17 SDGs since 2017 through a dedicated set of EU SDG indicators and the publication of the EU SDG monitoring report. The EU SDG indicators are broadly aligned with the UN SDG indicators[9].

33 The EU SDG indicator set contains around 100 indicators. The Commission annually reviews it through a consultative process. The indicator set must comply with a series of principles, including:

- the indicators must be limited to six per SDG. The EU SDG indicator set can also include additional multi-purpose indicators, which are used to monitor more than one goal. As a result, each goal is monitored through 5 to 11 indicators in total in the 2019 EU SDG indicators set;
- to add a new indicator for a goal which already has 6 indicators, another indicator must be removed;
- indicators can be replaced only if the new indicators will lead to more accurate measurement. Hence, any new indicator must be fully developed, policy relevant and have a better statistical quality than the indicator it is going to replace.

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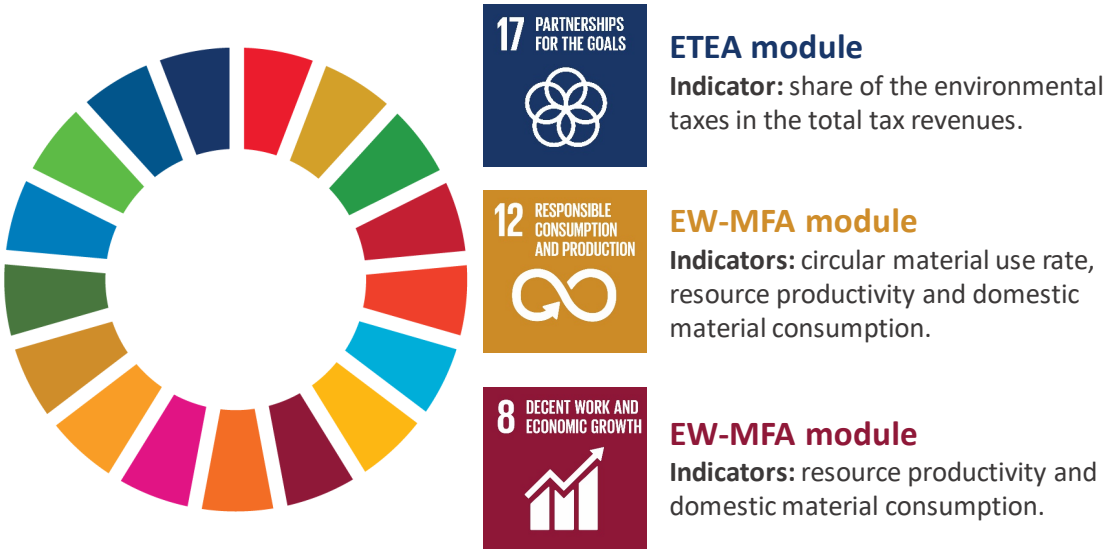
[8] Economy-wide material flow accounts data is used to compile the two headline indicators of the EU Resource Efficiency scoreboard, which measure the resource productivity and the domestic material consumption. Data from the same module is also used to calculate the circular material use rate included in the circular economy monitoring framework.

[9] See rapid case review “Reporting on sustainability: A stocktake of EU Institutions and Agencies”, June 2019.

34 Eurostat uses two EEEA modules for monitoring progress in achieving the SDGs in the EU (see ***Figure 6***). However, according to the European Strategy for Environmental Accounts for 2019-2023, all mandatory EEEA modules, except the environmental protection expenditure accounts, as well as two accounts for which work is ongoing (ecosystem accounts and water accounts) could contribute to the monitoring of the SDGs in Europe.

Figure 6 – Use of EEEA modules for monitoring EU progress towards the SDGs



Source: ECA based on information from the Commission and the United Nations @United Nations, *source:* https://www.un.org/sustainabledevelopment/.

35 Different Commission services proposed in 2018 and 2019 two alternative indicators, using the modules on air emissions and environmental goods and services sector (air emissions by industry and the green economy). Eurostat put the indicators on hold due to disagreement on data sources to be used or on the replacement of existing SDG indicators, or due to the unavailability of data at country level.

36 The 7th EAP is the EU environmental strategy, which guides European environment policy until 2020. The 7th EAP does not set out how the EEEA can be used for monitoring and evaluating this policy. The European Environment Agency provides indicators as part of the monitoring process. The Agency uses three EEEA modules[10] in their annual indicator reports to monitor the implementation of the 7th EAP. Under the 7th EAP the Agency chooses which indicators to use.

[10] Economy-wide material flow accounts, environmental protection expenditure accounts and environmental goods and services sector accounts.

37 One of the three key objectives of the 7th EAP is "to protect, conserve and enhance the Union's natural capital". To monitor this objective, the Commission is developing natural capital accounts[11] (also referred to as ecosystem accounts[12]) as a new EEEA module. The natural capital accounts would also address environmentally oriented SDGs such as SDG 6, SDG 14 and SDG 15 for which the Commission does not have a satisfactory selection of indicators.

38 To monitor the 7th EAP, policy makers need environmental accounts to be presented in an integrated framework. Such a framework would combine environmental accounts with other economic data (for example, in input-output tables[13]). This would set out the interaction between the economy and the environment (for example, on air emissions, environmental taxes, extraction and use of materials, environmental protection activities). Eurostat publishes the modules on environmental accounts separately. While work to create such an integrated framework[14] continues, the Commission uses alternative data sources based on differing methodologies. (See ***Box 3***).

Box 3

Footprint indicators

The environmental footprint indicators reflect the environmental pressure resulting from the final consumption of products. Footprint indicators can identify products causing the highest environmental pressures. Based on these indicators, policy makers can act on environmental pressures based on consumption patterns. Footprint indicators provide an example of using EEEA modules in an integrated way.

Eurostat calculates material and air emission footprints. In their calculations, Eurostat assumes that non-EU countries use the same production techniques as EU countries. These calculations may lead to an underestimate or an overestimate of global environmental pressures.

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[11] Natural Capital accounting is a tool to measure the changes in the stock of natural capital at a variety of scales and to integrate the value of ecosystem services into accounting and reporting systems at Union and national level.

[12] Ecosystem accounts measure the extent and condition of ecosystems and the ecosystem services they provide in order to support decision making in the context of sustainable resource and environmental management and other relevant policy areas.

[13] Input-output tables are matrices by product or industry built on the basis of economic and foreign trade data. They support economic impact analyses.

[14] The Commission is developing an integrated multi-country input-output database.

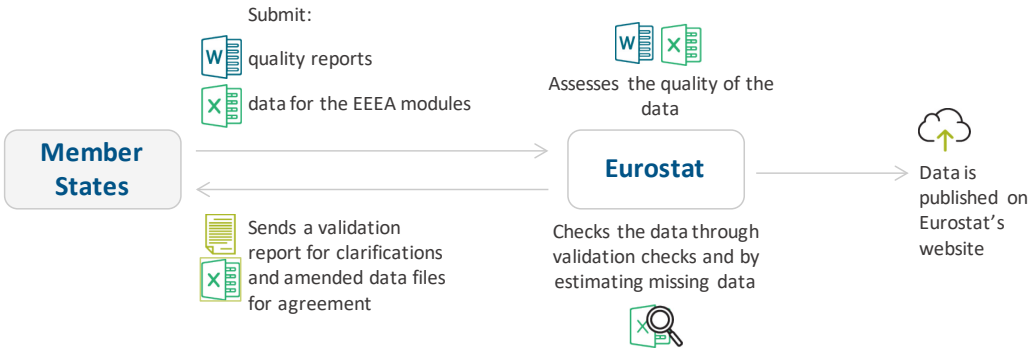
In the annual Environmental Indicator Report for the 7th EAP, the European Environment Agency uses footprints such as the global warming potential, land use, water consumption, material use, energy use, acidification and eutrophication. As not all of these indicators are calculated by Eurostat and those calculated reflect the environmental pressures avoided, the European Environment Agency uses tools developed by the research community. These tools provide a wide variety of environmental footprints, but present a series of shortcomings related to their quality. Eurostat is developing a statistical system with results expected by 2022.

Eurostat faces challenges in collecting timely, high-quality data

39 Member States should submit their EEEA data and related quality report within the deadlines, according to the agreed accounting standards defined at EU level. Eurostat should assess the quality of the EEEA data according to the established principles[15] and criteria[16]. Eurostat should provide methodological guidance as a way of improving quality and reliability and should produce and publish estimates for data that have not been submitted by the Member States.

40 ***Figure 7*** shows the quality assessment process from the submission of data to its publication.

Figure 7 – EEEA quality assessment process: from submission to publication of the data



Source: ECA based on Commission information.

[15] Regulation (EC) No 223/2009, Article 2, No 1-Statistical principles: professional independence, impartiality, objectivity, reliability, statistical confidentiality, cost effectiveness.

[16] Regulation (EC) No 223/2009, Article 12, No 1-*"European statistics shall be developed, produced and disseminated based on uniform standards and of harmonised methods. (…) the following criteria will apply: relevance, accuracy, timeliness, punctuality, accessibility, comparability, coherence."*

Challenges in collecting data on time

41 Timeliness of data is an important quality criterion. Environmental pressures are increasing, and timely data helps understand the situation to allow for effective action. The EEEA data should be collected and made available to allow the Commission to use the EEEA promptly and widely in making and monitoring EU policies.

42 The legal framework for the EEEA determines that Member States should provide data with a time lag of two years. We found that the key Commission services using the data asked Eurostat for more timely data than that required by the regulation. Consequently, Eurostat developed procedures to estimate more recent data for the first three modules. The Commission provides estimates with a time lag of 6 months for the economy-wide material flow accounts and 1 year for the air emission accounts. For the environmentally related taxes by economic activity, Eurostat is working to provide estimates with a time lag of 1 year. For the remaining three modules, the Commission presented a discussion document to a DIMESA working group (see ***Figure 3***) on 15 May 2019 on earlier transmission of data.

43 We examined a comparison for one module (economy-wide material flow accounts) made by Eurostat between its estimates and the actual data sent by Member States for 2013 and 2014. This module is used to obtain the indicator "Domestic extraction" (see ***Box 4***). Eurostat's analysis compared the difference between the Commission's estimates and the actual data for the indicator (and its breakdown into types of materials). Overall, at EU level the absolute difference is small, despite significant differences for some individual items. In order to improve the early estimates, more work is needed to take into account the specificities of the Member States.

Box 4

What is domestic extraction?

Domestic extraction corresponds to the material flows from the environment to the economy. Material inputs derived from the environment and used within the economy refer to the extraction or movement of natural materials on purpose and by humans or human-controlled means of technology (i.e. involving labour). These flows accounted for in economy-wide material flow accounts have been termed domestic extraction. The extraction of materials causes various pressures on the natural environment, such as e.g. disruption of natural material and energy cycles and other ecosystem services. ***Table 2*** summarises the result of this comparison for four Member States and the EU as a whole.

Table 2 – Estimation differences for the indicator "Domestic Extraction"

		MS's share in EU (%)		Difference 2013 (% of 'actual')	Difference 2014 (% of 'actual')
		2013	2014	Early Estimate	Early Estimate
EU total	Biomass			**-0.4**	**-2.1**
	Metal ores			**-11.9**	**5.1**
	Non-metallic mineral			**1.3**	**2.8**
	Fossil energy materials/carriers			**-0.9**	**1.6**
	Domestic Extraction			**0.05**	**1.2**
Belgium	Biomass	2.0	2.0	**-4.3**	**-4.3**
	Metal ores	-	-	**-**	**-**
	Non-metallic mineral	1.9	1.9	**5.5**	**0.4**
	Fossil energy materials/carriers	-	-	**-**	**-**
	Domestic Extraction	**1.6**	**1.6**	**1.89**	**-1.4**
Hungary	Biomass	2.4	2.6	**5.4**	**-3.2**
	Metal ores	0.1	0.0	**61.6**	**126.8**
	Non-metallic mineral	1.3	1.8	**8.5**	**-12.1**
	Fossil energy materials/carriers	1.6	1.7	**-19.5**	**-2.1**
	Domestic Extraction	**1.6**	**2.0**	**3.7**	**-7.4**
Poland	Biomass	10.1	10.5	**0.1**	**-7.4**
	Metal ores	16.8	17.7	**-1.4**	**-1.0**
	Non-metallic mineral	9.2	8.8	**9.6**	**6.4**
	Fossil energy materials/carriers	18.6	18.9	**0.4**	**0.0**
	Domestic Extraction	**11.0**	**10.9**	**4.4**	**0.5**
Sweden	Biomass	3.5	3.6	**-2.2**	**-2.8**
	Metal ores	40.3	43.0	**-9.3**	**-0.7**
	Non-metallic mineral	2.7	2.8	**5.4**	**9.0**
	Fossil energy materials/carriers	0.1	0.1	**-41.5**	**-19.0**
	Domestic Extraction	**3.9**	**4.0**	**-1.9**	**2.3**

Source: ECA based on information provided by the Commission.

44 For National Accounts and the Economic Accounts for Agriculture, Member States, respectively the Commission, release data in two stages. In an early first stage, aggregated data is presented, including estimates. At a later stage, more accurate and more detailed data is released. This two-stage release procedure increases the timeliness and thus the usefulness of the accounts. For the EEEA modules, such a two-stage release procedure is not used.

45 For the first three modules (see ***Table 1***), most Member States met the deadlines set in the regulation. Except for one Member State, all Member States sent the quality reports within the deadline in 2016 and 2017. In 2017, only four Member States sent the data after the deadline (two for one module, and two for two modules).

46 In relation to the second three modules, the Commission allowed a three-month extension to submit the quality reports for each module in the first year of application. Eight[17] Member States sent the reports after the extended deadline. The lack of quality reports during the validation process prevents the Commission from properly assessing data comparability. Four Member States had derogations to submit data after the deadline for one or more modules. One Member State, which did not have a derogation, did not send any data on the environmental goods and services sector accounts until eight months after the legal deadline.

47 The time between validation and publication for the six mandatory modules improved in the 2015-2017 period for some modules. This resulted in the earlier publication of the data. However, there is no published calendar for when the EEEA modules are released. Eurostat publishes the data once it is validated. Due to the lack of a release calendar, the main Commission services using the data only have an indication of the timeline leading to the publication of the EEEA data. If a Member State sends the EEEA data after the deadline or takes too long to reply to the Commission requests for clarifications, it may extend the time taken to finalise the validation process and, consequently, delay publication.

48 ***Table 3*** shows the percentage of variables not sent by Member States in the collection of 2017 data, at the respective publication dates. With few exceptions, Member States sent the required data for the first three modules. However, for the second three modules data was less complete, especially for the environmental goods and services sector, where 16 Member States, of which, three had a derogation, did not send the data. In case of missing Member State data, the Commission estimates specific variables needed to calculate the European aggregates.

[17] Eight Member States for the environmental goods and service sector accounts, six for physical energy flows accounts, and five for environmental protection expenditure accounts.

Table 3 – Member States transmission of data in 2017

% of missing mandatory data	Environmentally related taxes by economic activity	Air emissions accounts	Economy-wide material flow accounts	Environmental goods and services sector accounts	Physical energy flow accounts	Environmental protection expenditure accounts
Belgium					0.1	4
Bulgaria		10	5	0.1		12
Czechia				0.2	0.4	
Denmark				65		3
Germany		1		32	0.1	10
Estonia						0.4
Finland		4	70	82		
Ireland		5				
Greece		28	5	97		94
Spain				95		1
France		1		83	0.1	72
Croatia		21	2	28		15
Italy				100		
Cyprus				100	100	100
Latvia		7				
Lithuania		7		66		1
Luxembourg		8				74
Hungary						7
Malta		98		100	100	4
Netherlands		9		20		1
Austria	0.3	9				1
Poland				78		7
Portugal						0.4
Romania	1	8	4	73		11
Slovenia	1	9		1		9
Slovakia		4	1	88	0.1	
Sweden				15	0.1	
United Kingdom						0.4
Total	0.1	8	3	40	7	15

Legend:

Complete data
% of mandatory cells missing
Temporary derogations covering some variables
Temporary derogations covering all variables

Source: ECA, based on Commission information.

49 Eurostat informally contacts any Member State which has not submitted all or part of the EEEA data before the deadline. For the three years which we examined, we found that 16 Member States did not send complete data on the module of air emissions. Eurostat detected problems in some material flow accounts data from Finland in 2015. Eurostat replaced these data by their estimates, agreed by Finland and published them together with data for the other Member States in 2015, 2016 and 2017. Finland sent updated data for the 2015-2017 period in 2018.

50 In five cases, Eurostat sent official letters requesting missing data for the EEEA modules. The Commission did not send official letters to other Member States requesting missing EEEA. The Commission is entitled to take legal action (infringement

procedure) against any Member State, which fails to implement EU law. We did not find further evidence that Eurostat enforced Member States to provide all the required data.

Challenges in the quality of the data

51 Eurostat carries out validation checks on Member States' data. These checks detected problems. For example, in the collection of 2015, Finland sent the economy-wide material flow accounts but during the validation checks, Eurostat detected problems and did not approve the data. As an alternative solution, Eurostat estimated the totals for Finland for the period 2015-2017, with the agreement of the Member State, for estimating the European aggregate.

52 In our analysis of the files of the four Member States we found weaknesses in the documentation of the validation process (see ***Box 5*** for more details). Eurostat's validation checks include checks on completeness, consistency and plausibility. For plausibility, Eurostat compares for example the economy-wide material flow accounts with the database on international trade, and also with the data submitted by Member States in the previous years. The checks also include analyses of annual change rates. Relevant differences trigger an issue alert requiring clarification. Eurostat sends a validation report to the Member State concerned, which includes a request for clarification of these relevant issues.

Box 5

Weaknesses in Eurostat's documentation

The data submitted in 2017 for our sample of four Member States for the economy-wide material flow accounts identified many plausibility issues. For example, the number of data items changing with more than 40 % compared to the previous year was 37 for Belgium, 66 for Poland and 108 for Sweden. The validation reports of these three Member States did not include any questions relating to these issues. Eurostat's documentation did not justify why these issues were not included in the validation reports.

53 Comparability is one of the elements of Eurostat's quality assessment process. According to the legal framework, the information included in the Member States' quality reports should allow Eurostat to properly assess if Member States apply the definitions in a comparable way. However, the quality reports did not contain sufficient information to enable a proper assessment of comparability. In our sample of Member States, we found that the quality reports contained information on the

main data sources used, but not on detailed methods of compilation. However, one Member State (Belgium) submitted a separate methodological note for each module complementing the quality reports.

54 The Commission is able to solve problems related to individual Member States in a timely manner. In our sample of four Member States, we found only one example where the Commission did not address a methodological issue. In its 2015, 2016 and 2017 quality reports, Sweden requested methodological guidance on the emissions of biogenic CO_2 from the use of a by-product of the pulping process (designated as "black liquor").

55 In some complex cases of a transversal nature, the process of providing appropriate guidance on methodological problems takes several years and this may compromise the quality of the related data. We observed that work on some transversal methodological problems, such as a task force to solve methodological problems related to transport has been ongoing since 2012. Problems related to taxes paid by non-residents and the estimation of bridging items (which translate the change from territory to residence) had already been highlighted when the data was first collected in 2013. Taskforces were only set up to solve these problems in 2017 and 2015, respectively.

Conclusions and recommendations

56 To monitor environmental progress towards sustainable development it is important that policy makers have up-to-date and reliable information. The EEEA describe the relationship between the environment and the economy, and are an important source of data to monitor and evaluate environmental policies (see paragraphs ***01*** to ***08***).

57 We found that the Commission did not set out its mid and long-term EEEA data needs for environmental policy-making. Eurostat and the Commission services using the accounts cooperate on the development of the EEEA, but they did not clearly express their EEEA needs, and did not detail which indicators are needed for environmental policy design and monitoring (see paragraphs ***14*** to ***18***).

58 A document on the implementation of the European Strategy for Environmental Accounts proposes some activities to reach the objectives of the strategy. However, a comprehensive plan, with milestones and budget estimations, to implement the objectives is missing. We found that the strategies repeated some of strategic objectives for more than ten years (see paragraphs ***19*** to ***22***).

Recommendation 1 – Improve the strategic framework for EEEA data

The Commission should:

(a) prepare a document setting out a long-term perspective for EEEA information required for environmental policy-making;

(b) compile a full set of data needs for preparing the EEEA, including the indicators needed for environmental policy-making;

(c) prepare a comprehensive action plan (with milestones and budget estimations) for implementation of the EEEA strategy.

Timeframe: 31 December 2021

59 The Commission did not select the mandatory EEEA modules mainly based on the needs expressed by its services, nor carry out a full cost-benefit analysis prior to the development of the EEEA modules. Mainly due to the time needed to implement the EEEA modules (from 8 to 14 years), for short and medium term data needs, the

Commission complemented EEEA data with other data sources (see paragraphs ***23*** to ***29***).

60 The EEEA modules were not used to their full potential for monitoring progress towards achieving the SDGs and the 7th EAP. Key users and policy makers need the environmental accounts to be presented in an integrated framework to be able to understand the interaction between the economy and the environment in all its dimensions. Yet, Eurostat publishes the EEEA modules separately which does not allow for such an integrated view. The Commission uses alternative data sources based on differing methodologies (see paragraphs ***31*** to ***38***).

Recommendation 2 – Improve the relevance of EEEA modules for policy making

The Commission should:

(a) evaluate the costs and benefits of developing an integrated framework for environmental accounting to improve the coherence of environmental information and the usefulness for policy making in the EU;

(b) assess the needs expressed by the relevant Commission services, and carry out cost-benefit analyses, when proposing new EEEA modules.

Timeframe: 31 December 2021 for (a) and 31 December 2023 for (b)

61 The legal framework sets out that the Commission should provide EEEA data with a time lag of two years. However, providing data quicker improves the usefulness of the EEEA, and Eurostat already provides more timely data for two of the six EEEA modules. Action is ongoing for another module. For the remaining three modules the Commission proposed actions on 15 May 2019. Receiving data earlier would have allowed it to release data more quickly, thus improving the EEEA's usefulness. In some cases, Member States did not sent the required data within the deadlines set. The time taken to publish the data improved, but the lack of a release calendar means users of the EEEA only have an indication when data becomes available (see paragraphs ***41*** to ***50***).

62 In general, Eurostat detected problems in the process of validating Member States' data. However, we found weaknesses in the documentation of the validation process. We found that the Member States' quality reports accompanying the data did not include sufficient information to enable Eurostat to properly assess data quality.

Eurostat provided guidance and addressed problems raised by Member States and methodological issues of a transversal nature (see paragraphs ***51*** to ***55***).

Recommendation 3 – Improve the timeliness of EEEA data

The Commission should:

(a) analyse the extent to which a two stage procedure, similar to that used for national accounts, could be applied for all modules of the EEEA;

(b) use available tools to improve the timeliness of the provision of information by Member States;

(c) develop a release calendar for the publication of EEEA data.

Timeframe: 31 December 2022

This Report was adopted by Chamber I, headed by Mr Nikolaos Milionis, Member of the Court of Auditors, in Luxembourg at its meeting of 11 September 2019.

For the Court of Auditors

Klaus-Heiner Lehne
President

Annexes

Annex I — Overview of the six mandatory EEEA modules

Air emissions accounts

Air emissions accounts record flows of residual gaseous and particulate materials emitted by the economy into the atmosphere. Natural flows, such as volcanos and forest fires; emissions from land use, land changes and forestry; and any indirect emissions are excluded.

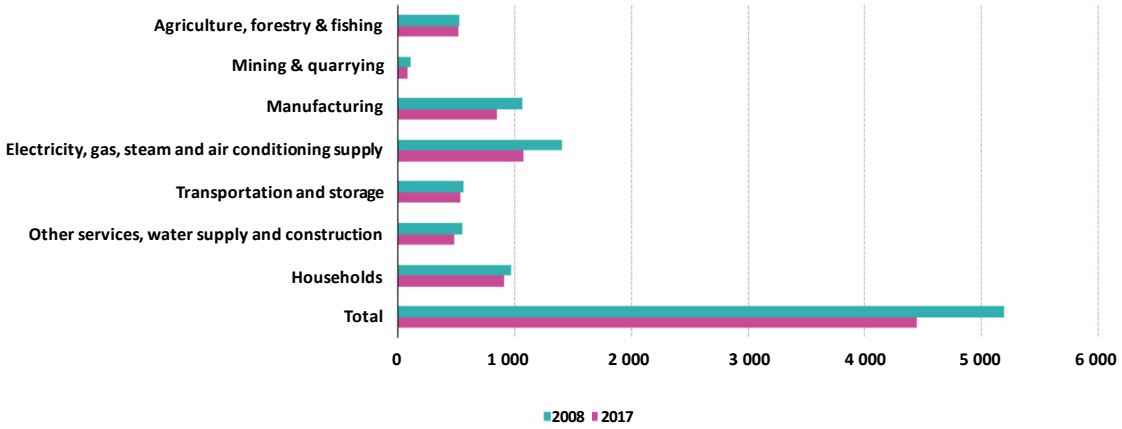
The accounts follow the residency principle, in line with the national accounts. This means they include emissions by resident economic units even if these occur outside the territory (such as airlines or shipping companies operating in the rest of the world).

The accounts include:

- Data for six greenhouse gases and seven air pollutants broken down by economic activity plus households. Various air pollutants are expressed in equivalents of another air pollutant (for example methane is expressed in carbon dioxide equivalents) to allow for the computation of environmental pressure indicators such as the global warming potential, the acidifying gases or tropospheric ozone precursors.
- Data on air emission intensities, meaning the ratio of emissions in tonnes per million euros of gross value added.
- Data on differences between the air emissions accounts national totals and the totals derived from national emission inventories.

Example 1 – Greenhouse gas emissions by economic activity and private households, EU-28, 2008 and 2017

Expressed in % of total emissions in CO_2 equivalents



Note: NACE = economic activities

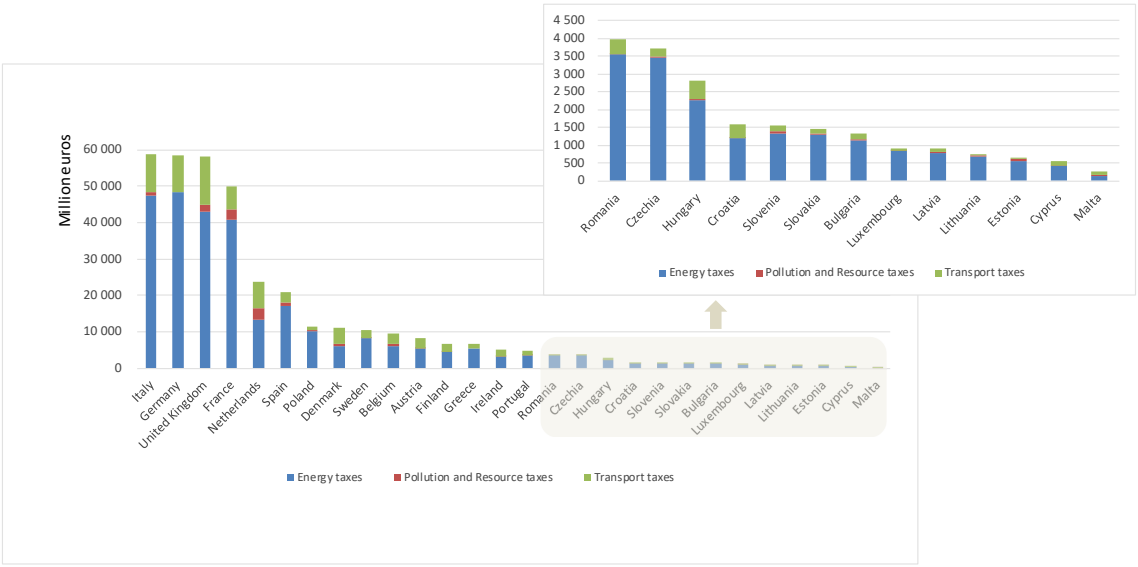
Source: Eurostat.

Environmentally related taxes by economic activity

The environmental taxes report environmental taxes grouped by four categories: energy, transport, pollution and resources. Each category of tax is presented by economic activity and households.

How data provided by this module can be used is illustrated in ***Example 2***.

Example 2 – Total environmental tax revenue by type of tax in Europe, 2016 (million euros)



Source: Eurostat.

Economy-wide material flow accounts

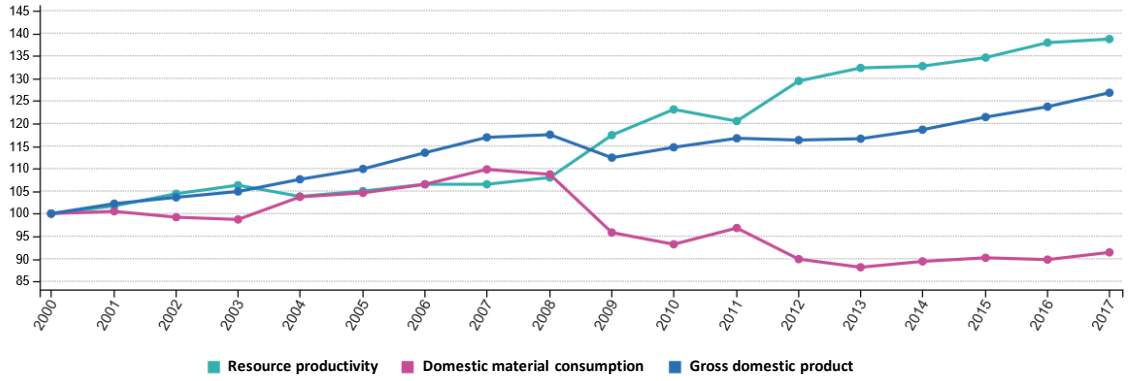
The economy-wide material flow accounts report on the material flows into and out of an economy in thousand tonnes per year. They provide data for indicators such as the resource extractions by the economies, the material consumption, the resource productivity, material footprints and the decoupling between economic growth and extraction of natural resources.

The accounts cover 50 categories of solid, gaseous and liquid materials (biomass, metal ores, non-metallic minerals and fossil energy materials). They exclude water and air.

The inputs of materials into national economies include the extraction of materials from the domestic environment and physical imports from other economies. The outputs include materials releases into the domestic environment and physical exports to other economies.

Example 3 shows how data provided by the economy-wide material flow accounts is used.

Example 3 – Development of resource productivity, EU-28, 2000 - 2017



Note: Deflated GDP (2010 prices)
Source: Eurostat.

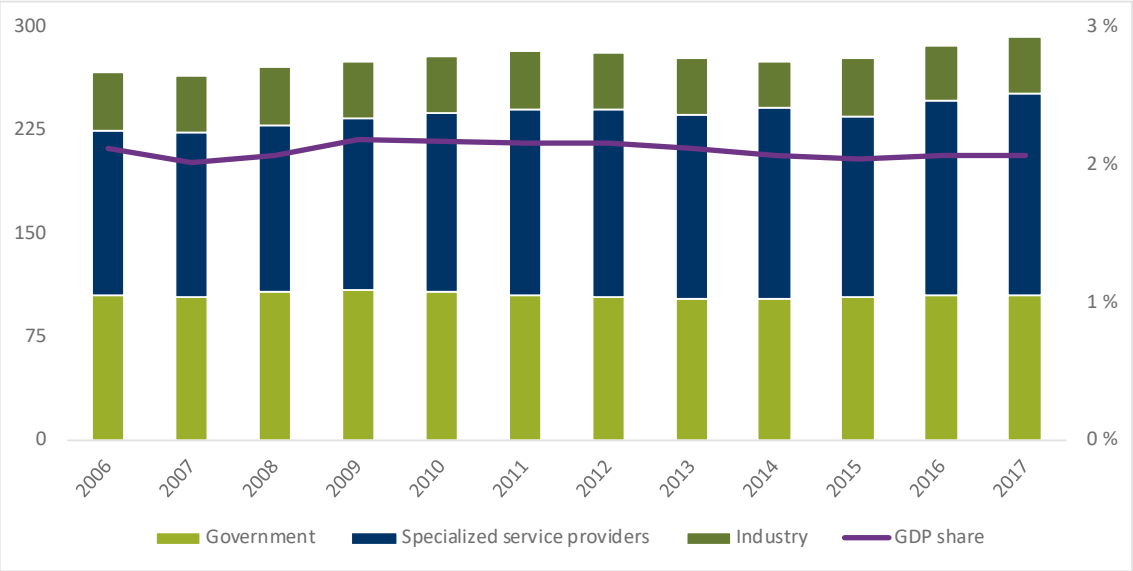
Environmental protection expenditure accounts

The environmental protection expenditure accounts report the expenditures undertaken by resident economic units for environmental protection purposes. They present the national expenditure on environmental protection, the production and consumption of environmental protection services, and other environmental protection transfers.

The environmental protection activities include the protection of ambient air and climate, wastewater management, waste management, protection and remediation of soil, groundwater and surface water, noise and vibration abatement, protection of biodiversity and landscapes, protection against radiation, and environmental research and development. The accounts quantify the effort made by society and businesses towards the implementation of the “polluter pays principle”.

Example 4 illustrates one use of the environmental protection expenditure accounts.

Example 4 – Environmental protection expenditure by sector (billion euros) and as percentage of GDP, EU-28



Source: European Environment Agency.

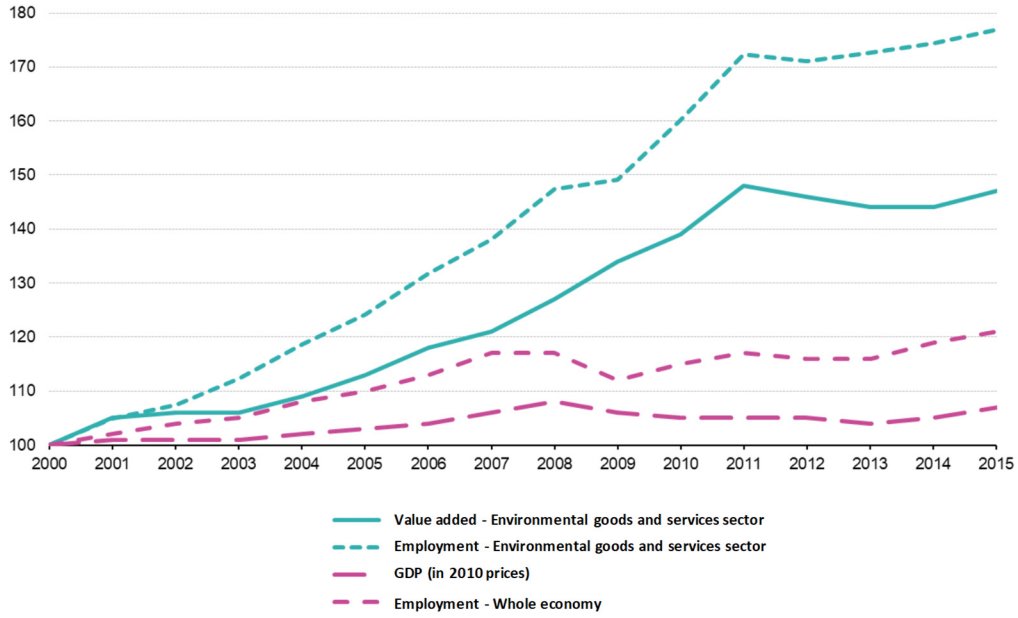
Environmental goods and services sector accounts

The environmental goods and services sector accounts report information on the production of goods and services specifically designed and produced for the purpose of environmental protection or resource management.

The accounts present data on the producers' output of environmental products (goods and services) measured in monetary values, the gross value added and the employment linked with this production. Data is broken down by economic and environmental protection activities.

Example 5 shows how data provided by the environmental goods and services sector can be used.

Example 5 – Employment and value added in the environmental goods and services sector compared with the whole economy, EU-28, 2000 - 2015



Note: 2000 = 100
Source: Eurostat.

Physical energy flow accounts

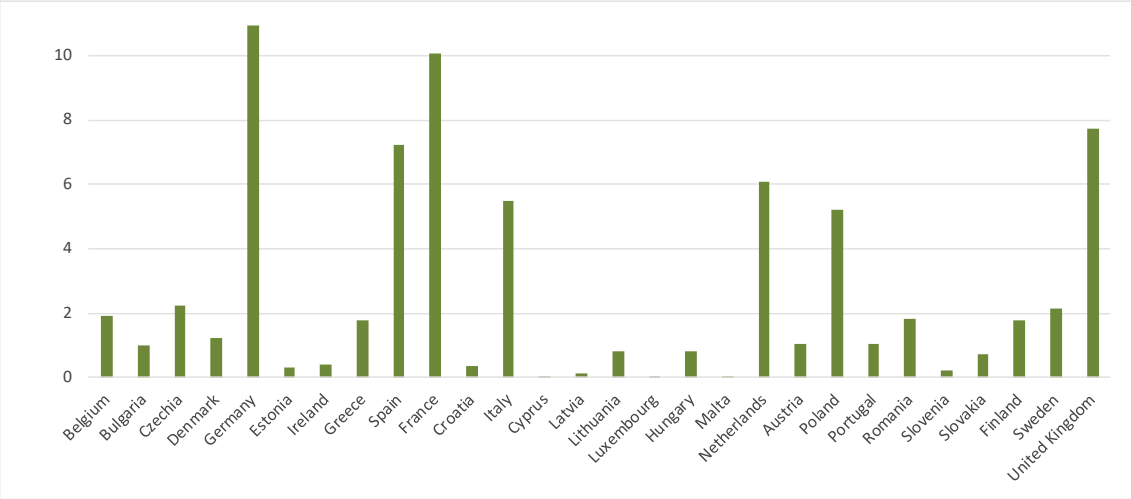
The physical energy flow accounts report physical flows of energy (expressed in tera-joules) from the environment to the economy, within the economy and from the economy to the environment. The flows are broken down by economic activity and households. Economic activities comprise production, consumption, and accumulation.

They present the supply and use of:

- natural energy inputs (such as natural energy from non-renewable fossil materials, from non-renewable nuclear materials, hydro based, wind based, solar based, biomass based),
- energy products (such as coal, biogas, liquid biofuels, electrical energy, wood, nuclear fuel, petroleum products, natural gas excluding biogas etc.)
- energy residuals (such as renewable waste, non-renewable waste and energy incorporated in products for non-energy use).

Example 6 illustrates one use of the environmental protection expenditure accounts.

Example 6 – Total domestic production of energy products in Europe in 2016



Source: Eurostat.

Acronyms and abbreviations

7th EAP: 7th Environment Action Programme

CO_2: Carbon dioxide

DG CLIMA: Directorate-General for Climate Action

DG ENV: Directorate-General for Environment

DG JRC: Directorate-General Joint Research Centre

DIMESA: Directors of sectoral and environmental statistics and accounts

ECA: European Court of Auditors

EEEA: European Environmental Economic Accounts

EFTA States: European Free Trade Association States (Iceland, Lichtenstein, Norway and Switzerland)

ESEA: European Strategy for Environmental Accounts

ETEA: Environmentally related taxes by economic activity

EU: European Union

Eurostat: Statistical Office of the European Union

EW-MFA: Economy-wide material flow accounts

MS(s): Member State(s)

OECD: Organisation for Economic Cooperation and Development

SDG(s): Sustainable Development Goal(s)

UN: United Nations

REPLIES OF THE COMMISSION TO THE SPECIAL REPORT OF THE EUROPEAN COURT OF AUDITORS

"EUROPEAN ENVIRONMENTAL ECONOMIC ACCOUNTS: USEFULNESS FOR POLICYMAKERS CAN BE IMPROVED"

EXECUTIVE SUMMARY

I. In addition to the European Environmental Economic Accounts (EEEA), the Commission uses a wide range of data and reporting systems under Environmental Directives that are used to monitor and evaluate environmental policies (in application of the Better Regulation Guidelines), for example the Birds and Habitats Directives, the Water Framework Directive, the Marine Strategic Framework Directive and others. These as well as a range of other sources, such as research, expert studies, meta-studies and others are used to evaluate environmental policies.

II. The long-term data needs of the Commission are defined in strategic documents, such as the 7th Environmental Action Programme, the Biodiversity strategy and others, and have also been examined in a fitness check of monitoring and reporting, see COM(2017) 312.

Successive editions of the European strategy for environmental accounts are a continuous body of evolving vision. Where strategic objectives remained the same, they refer to different sets of accounts. In particular, no legal modules were in place at the time of the first two editions of the strategy. As a result of implementing these first editions of the strategy, an initial set of modules was in place during the third and a wider set of modules during the fourth edition of the strategy.

III. The Commission proposed the mandatory EEEA modules on the basis of several criteria, including the needs expressed by its services, data availability and maturity and administrative burden for the Member States.

IV. The Commission agrees that making data available more quickly improves their usefulness.

V. The Commission accepts all of the recommendations.

INTRODUCTION

01. The Commission agrees that the EEEA are important for policy makers. The scope of the environmental accounts aims at determining the relationships between the environment and the economy. This is useful and is one of the main application areas.

AUDIT SCOPE AND APPROACH

10. The Commission agrees that an assessment of the EEEA is particularly relevant now because the first three mandatory modules of the EEEA have been implemented since 2013,

the second three mandatory modules were implemented in 2017, and new modules are currently being considered for future reporting.

OBSERVATIONS

17. The mid and long-term EEEA information needs are expressed through successive editions of the European strategy for environmental accounts, and through various policy initiatives (e.g. Resource efficiency, Circular economy, Energy Union, Biodiversity strategy, etc.) which are accompanied by specific monitoring frameworks.

21. In May 2019, the Commission discussed with the Member States a draft plan to implement the European strategy for environmental accounts 2019-2023.

22. Common Commission's reply to paragraph 22 and Box 1.

Successive editions of the European strategy for environmental accounts are a continuous body of evolving vision and objectives are continued where appropriate. Where strategic objectives remained the same, they refer to different sets of accounts. In particular, no legal modules were in place at the time of the first two editions of the European strategy for environmental accounts. As a result of implementing these first editions of the strategy, an initial set of modules was in place during the third and a wider set of modules during the fourth edition of the strategy.

26. The Commission selected the EEEA modules on the basis of several criteria, including the needs expressed by its services, and expected costs.

27. The Commission agrees that developing and implementing new EEEA modules can take a long time. This time is necessary to 1) test and prove their feasibility and analyse the costs and benefits, 2) establish a sound and cost-effective methodology, 3) discuss and agree the methodology internationally and 4) initiate and complete the legislative procedures, which involve the European Parliament and Council, after extensive consultations with Member States' statistical offices. Limited resources are also a constraint, as the experts who must develop new modules are also those who are producing regular data for the existing modules. The Commission notes that by introducing new modules, the European Union paves the way for EEEA at global level. Indeed, the international statistical standard mentioned in paragraph 2, which dates from 2012, builds on the European experience in the years before the Regulation in 2011.

28. Common Commission's reply to 28 and Box 2.

Eurostat collects and publishes forestry accounts data since many years. Regular adaptation of questionnaires is necessary to keep the questionnaires in line with economic reality (e.g. new products appearing on the market), advances in technology and with changes in statistical classifications and standards.

The most important aspect of the European strategy for environmental accounts 2019 – 2023 is that forest accounts are one of seven modules proposed as candidates for inclusion in Regulation (EU) No 691/2011.

36. The Commission recently published its evaluation of the 7th EAP, see COM (2019) 233. It has developed indicators sets, where relevant to do so, such as the Resource Efficiency scoreboard, key indicators for the Energy Union, biodiversity indicators and the circular economy monitoring framework, and also uses indicators in the Environmental Implementation Review process and in the European Semester.

42. The Commission plans to further improve the timeliness of all modules.

44. Early estimates are already published for several EEEA modules. It is not in all cases necessary that early estimates must be less detailed than the actual data.

50. Whereas the Commission has a range of tools available, including legal action (infringement procedure), the Commission chooses the tools that best achieve the objective at stake. An infringement procedure and subsequent European Union Court of Justice proceedings is a time and resource demanding process, which can easily take longer than one year. If the goal is that the Member State reports data as soon as possible, support or peer pressure is often more efficient, effective and proportionate. It is in most cases possible to solve an issue within one year.

Box 5 – Weaknesses in Eurostat's documentation

In order to minimise the administrative burden, Eurostat only asks the Member States for explanations if the issues are important and explanations cannot be found in documentation already available.

CONCLUSIONS AND RECOMMENDATIONS

56. In addition to the EEEA, the Commission uses a wide range of data and reporting systems under Environmental Directives that are used to monitor and evaluate environmental policies (in application of the Better Regulation Guidelines), for example: the Birds and Habitats Directives, the Water Framework Directive, the Marine Strategic Framework Directive, and others. These as well as a range of other sources, such as research, expert studies, meta-studies and others are used to evaluate environmental policies.

57. The Commission considers that the European strategy for environmental accounts provides a strategic framework for EEEA including mid and long-term data needs.

58. In May 2019, the Commission discussed with the Member States a draft plan to implement the European strategy for environmental accounts 2019-2023.

Successive editions of the strategy for environmental accounts are a continuous body of evolving vision and objectives are continued where appropriate. Where strategic objectives remained the same, they refer to different sets of accounts. In particular, no legal modules were in place at the time of the first two editions of the strategy, an initial set was in place during the third and a wider set during the fourth edition of the strategy.

Recommendation 1 – Improve the strategic framework for EEEA data

The Commission accepts recommendation 1 (a) and will prepare a document setting out a long-term strategy for the EEEA

The Commission accepts recommendation 1 (b) and will compile the data needs for further developing the EEEA, including the indicators needed for environmental policy-making.

The Commission accepts recommendation 1 (c) and will prepare a comprehensive action plan for implementing the EEEA strategy.

59. The Commission selected the EEEA modules on the basis of several criteria, including the needs expressed by its services, and expected costs.

60. The Commission agrees that a more integrated view and presentation of the EEEA modules in addition to the release of each module as fast as possible would be positive and enhance use of the EEEA. The Commission is willing to pursue this objective.

Recommendation 2 – Improve the relevance of EEEA modules for policy making

The Commission accepts recommendation 2 (a) and will evaluate the costs and benefits of developing an integrated framework for environmental accounting to improve the coherence of environmental information and the usefulness for policy making in the EU.

The Commission accepts recommendation 2 (b) and will assess the needs expressed by the relevant Commission services, and carry out cost-benefit analyses before proposing new EEEA modules, expected by 2023.

61. The Commission plans to further improve the timeliness of all modules.

62. The Commission considers that Member States provided sufficient information for Eurostat to be able to assess most aspects of data quality.

Recommendation 3 – Improve the timeliness of EEEA data

The Commission accepts recommendation 3 (a) and agrees to analyse to what extent a two-stage procedure similar to national accounts could be used for more modules of the EEEA.

The Commission accepts recommendation 3 (b) and will use the available tools to improve the timeliness of the provision of information by Member States.

The Commission accepts recommendation 3 (c) and will develop a release calendar for the EEEA data.

Audit team

The ECA's special reports set out the results of its audits of EU policies and programmes, or of management-related topics from specific budgetary areas. The ECA selects and designs these audit tasks to be of maximum impact by considering the risks to performance or compliance, the level of income or spending involved, forthcoming developments and political and public interest.

This performance audit was carried out by Audit Chamber I Sustainable use of natural resources, headed by ECA Member Nikolaos Milionis. The audit was led by ECA Member João Figueiredo; Robert Markus, Principal Manager; Maria Isabel Quintela, Head of Task; Ioan Alexandru Ilie and Mihaela Văcărașu, Auditors. Fiona Urquhart provided linguistic support.

From left to right: Maria Isabel Quintela, João Figueiredo, Mihaela Văcărașu.

Timeline

Event	Date
Adoption of Audit Planning Memorandum (APM) / Start of audit	3.10.2018
Official sending of draft report to Commission (or other auditee)	17.6.2019
Adoption of the final report after the adversarial procedure	11.9.2019
Commission's (or other auditee's) official replies received in all languages	26.9.2019

EN	PDF	ISBN 978-92-847-3524-2	doi:10.2865/06806	QJ-AB-19-013-EN-N
EN	HTML	ISBN 978-92-847-3483-2	doi:10.2865/50939	QJ-AB-19-013-EN-Q

About the report:

The European Environmental Economic Accounts (EEEA) are an important source of data to monitor and evaluate environmental policies, such as the 7th Environment Action Programme and progress towards achieving the United Nations' Sustainable Development Goals. The EEEA are a statistical framework consisting of a comprehensive set of tables and accounts describing the relationship between the environment and the EU economy.

We audited whether the Commission set up, managed and used the EEEA well. Our audit showed that the EEEA modules were not used to their full potential for monitoring key environmental policies. Based on our findings, we recommend that the Commission should improve the strategic framework for EEEA data, the relevance of EEEA modules for environmental policy making, and the timeliness of EEEA data.

ECA special report pursuant to Article 287(4), second subparagraph, TFEU.

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