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**WHICH POLICY FRAMEWORKS MATTER AND HOW TO DESCRIBE THEM:
INDICATORS LINKING THE LISBON STRATEGY, SUSTAINABLE DEVELOPMENT
AND THE MDGs**

Invited paper submitted by Statistical Office of Estonia*

1. In order to measure sustainable development, the need to invest in collecting and assembling statistical data has been repeatedly emphasized over the last decade or two. As a rule, it takes ten years from the decision to produce an indicator to the first publication of official data. Consequently, there are many lists of proposed indicators but very few indicator sets of reasonable data quality that are actually available.
2. The following reflection focuses on available sets and compares their role in portraying and linking political agendas, in particular in development policy. For the purpose of this paper, the following political processes have been considered: the European Union's Lisbon Strategy, Sustainable Development at Global and EU Level, and the Millennium Development Goals.
3. The great variety and diversity of available information confuses data users. It is the surplus of information, and not the absence of the respective figures, which is the dominant problem. The way data are presented characterizes a considerable part of data providers' "produced value added", especially to users in politics. The context in which data are presented and the language used for the communication of the message is increasingly important.
4. A good example is the elaboration of the analytical tool "Dashboard". The Dashboard,

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developed by the European Commission's Joint Research Centre and the Canadian IISD, has been used for the presentation of quite a number of policy frameworks, of which over a dozen are in the public domain. Among them are several proposals for Sustainable Development indices, available through the "Dashboard Collection" at <http://esl.jrc.it/dc/>. Two Dashboards portraying Estonia in Europe and comparing Estonian regions with each other can be downloaded from the Statistical Office's homepage at <http://www.stat.ee/> (see the icon in the upper right corner).

5. The Dashboard tool allows quick comparisons between countries (or cities, regions and other entities), building on a standardized normalization procedure. It presents them with a simple colour code ranging from red ("very bad") through yellow ("average") to green ("very good"). The focus is on presenting country profiles, i.e. pie charts, showing at a glance the strong and weak points of a given country. The tool permits the examination of positive and negative correlations between indicators and their trends, and provides aggregation and design modules. The tool is very helpful in improving the consistency and quality of the data set, particularly complex sets composed of many indicators for a significant number of states or regions. For example, Eurostat ran earlier versions of the Structural Indicators with the Dashboard, and detected quite a number of errors that had escaped the critical eyes of statisticians when presented as spreadsheets.

6. Analytical tools that allow users to play with the data are still used by indicator experts and university lecturers. Ideally, these tools could be commonly used also by policy-makers and the general public.

7. The Dashboard allows very detailed disaggregations, but often the data are not available in comparable formats - developing common indicator sets is a major challenge, given the widely differing views on what sustainable development issues should be monitored. The following section presents a number of frameworks that currently "drive" European politics.

LISBON STRATEGY

8. **Focus:** economic performance, in particular competitiveness, including certain social and environmental themes and indicators.

9. **Indicator set:** structural indicators, provided regularly by Eurostat, and consisting of about a dozen "headline" plus many "supporting" indicators.

SUSTAINABLE DEVELOPMENT

On a global scale

10. Launched at the 1992 Rio Summit, Sustainable Development is globally perceived as a four-pillar model with economic, social, environmental and institutional (=governance) elements. This model has been reconfirmed at the 2002 Johannesburg Summit.

11. **Indicator set:** UN Commission on Sustainable Development (CSD); approx. 60 indicators covering the four pillars. This set, developed since 1994, is available through a private (IISD/ JRC) initiative as the “CSD Dashboard of sustainability”, but no official database exists. Some EU Member States (B, FIN, UK) tried to implement the CSD set in the late 1990s.

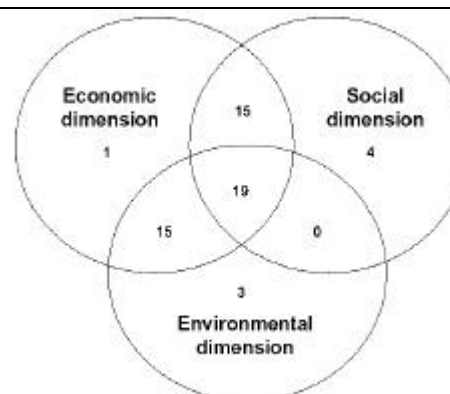
On the European Union scale

12. The European Union’s Sustainable Development Strategy was launched at the 2001 European Council in Gothenburg. In 2002, its external dimension, i.e. the link to the global development agenda, was defined and added at the Barcelona European Council. The SDS is currently being reviewed (COM(2005) 37 final of 9.2.2005).

13. **Indicator set:** A list has been elaborated by the European Commission and Member States, but data are not yet available. The list, adopted by the Commission on 9 February 2005, looks very different from the CSD list: “The preliminary set of SDI consisting of 12 headline, 45 core policy and 98 analytical indicators forms a good basis for regular monitoring of progress in the headline objectives of the Sustainable Development Strategy.” (SEC(2005) 161 final). The Commission list follows a ten-pillar model with: i) economic development; ii) poverty and social exclusion; iii) ageing society; iv) public health; v) climate change and energy; vi) production and consumption patterns; vii) management of natural resources; viii) transport; ix) good governance; and x) global partnership.

In parallel to the ten themes, the traditional three-pillar version of SD is maintained in the analysis of linkages between the indicators. The list is further subdivided into ‘best available’ indicators (those that can be compiled on the basis of existing data but serve only as proxies for better ones) and ‘most needed’ indicators for which data are not yet ready.

Source: SEC(2005) 161 final, *Figure 1. Integration of economic, social and environmental dimensions – number of indicators.*



THE MILLENNIUM DEVELOPMENT GOALS

14. In 2005, the United Nations will review the implementation of the 2000 UN Millennium Summit, which defined the agenda for the Global Partnership between the rich North and the poor South. The MDGs, elaborated in the wake of the Summit, follow an eight-pillar model tailored to the needs of Developing Countries:

Goal 1: Eradicate extreme poverty and hunger

Goal 2: Achieve universal primary education

Goal 3: Promote gender equality and empower women

Goal 4: Reduce child mortality

Goal 5: Improve maternal health

Goal 6: Combat HIV/AIDS, malaria and other diseases

Goal 7: Ensure environmental sustainability

Goal 8: Develop a global partnership for development

15. Today, the MDGs are the guiding policy framework for donor-recipient relations. Apart from the eight MDGs, there are 17 sub-goals called MD targets, and a list of about 48 indicators.

16. **Indicator set:** MDG indicators as defined in the UN *Road Map towards the Implementation of the United Nations Millennium Declaration*, provided by several sources, inter alia the UN Statistics Division, the World Bank, and UNDP (also available as a Dashboard). Data quality and availability are not very good, especially for poorer developing countries, but the importance of the MDG set for the global development policy agenda is such that there is no alternative for the purpose of defining and measuring developing countries' needs.

OTHER INDICATOR FRAMEWORKS RELEVANT FOR DEVELOPMENT POLICY

17. As a natural complement to the MDG set, which measures the progress of poor countries towards meeting their basic needs, the Commitment to Development Index produced by the Washington-based Center for Global Development (CGDEV) ranks OECD countries "based on their dedication to policies that benefit the 5 billion people living in poorer nations worldwide". The CDI consists of seven sub-indices: i) quality of foreign aid; ii) openness to developing-country exports; iii) policies that influence investment; iv) migration policies; v) support for creation of new technologies; vi) security policies; and vii) environmental policies.

18. Each sub-index builds on a variable number of indicators. The methodological efforts of CGDEV are impressive, but the 2004 edition is far less transparent than the first version published in 2003 - the developers could not resist the temptation to improve the index. The CDI might become a scientifically and politically more convincing alternative to the weak indicator set of MDG 8, "Develop a global partnership for development", which features rather blunt ODA per capita etc. figures.

19. **Governance indices** abound, see e.g. the dedicated World Bank site (<http://www.worldbank.org/wbi/governance/>); one example is presented below.

20. With the **Millennium Challenge Account**, the U.S. government has given an enormous responsibility to indicator developers, because (at least on paper) the MCA's 16 governance indicators serve to decide whether a country is eligible or not for MCA funding: "The Board will make use of sixteen indicators to assess policy performance of individual countries .. These indicators are grouped .. under the three policy categories as follows (<http://usembassy.state.gov/mumbai/wwwhwashnews1463.html>):

Ruling Justly:

- Civil Liberties
- Political Rights
- Voice and Accountability
- Government Effectiveness
- Rule of Law
- Control of Corruption

Encouraging Economic Freedom:

- Country Credit Rating
- 1-year Consumer Price Inflation
- Fiscal Policy
- Trade Policy
- Regulatory Quality
- Days to Start a Business

Investing in People:

- Public Expenditures on Health as Percent of GDP [gross domestic product]
- Immunization Rates: DPT3 [diphtheria, pertussis (whooping cough) and tetanus] and measles
- Public Primary Education Spending as Percent of GDP
- Primary Education Completion Rate

The actual decision on eligibility is at the MCA Board's discretion, and is apparently not very strongly linked to the countries' performance as measured by the indicators (note the MCA is available as a Dashboard, too).

21. The **Ecological Footprint** is a very popular index promoted by Redefining Progress, a Californian NGO; however, it suffers from its origin outside the official statistics system, and it covers only one aspect of the external dimension – the negative impact on the Earth's natural resources caused by the lifestyle of OECD countries.

22. The **Environmental Sustainability Index (ESI)**, produced by Yale and Columbia Universities in collaboration with the World Economic Forum and the European Commission's Joint Research Centre (JRC), follows a five-pillar model of fundamental components of sustainability: i) environmental Systems; ii) environmental stresses; iii) human vulnerability to environmental stress; iv) societal capacity to respond to environmental challenges; and v) global stewardship. Like the Ecological Footprint, the ESI focuses only on the environmental pillar of Sustainable Development; unlike the EF, the ESI gives a low weight to the external dimension of SD, i.e. the pressure on global resources exerted by OECD countries while putting emphasis on domestic environmental problems. Not surprisingly, the United States score relatively well in the ESI ranking.

POTENTIAL OF THE ANALYTICAL TOOL "DASHBOARD OF SUSTAINABILITY"

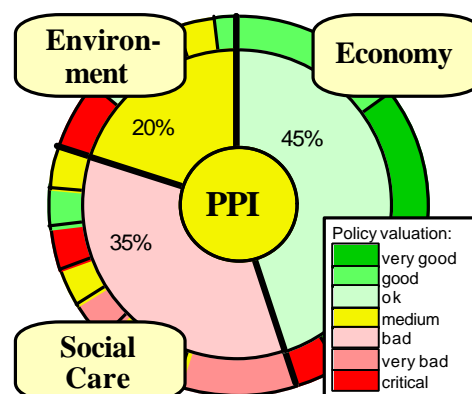
23. Analytical tools have become increasingly important in recent years, due to improvement of data availability (but not always quality). Often, it is through analytical tools and aggregation that data inconsistencies and conceptual flaws are discovered.

24. The Dashboard tool, developed by a small group of indicator programme leaders called "Consultative Group on Sustainable Development Indices" (CGSDI), is an attempt to help and launch the process of putting indicators at the service of democracy.

25. Currently, only a handful of indicators, namely the rates of GDP growth, unemployment and inflation, are communicated to the citizen. Obviously, the complexity of decision-making needs more adequate decision support tools, and data providers have created the basis for such tools in the last two decades.

26. The “Dashboard language” builds on three principles (excerpt from the Dashboard manual):

1. *the size of a segment reflects the relative importance of the issue described by the indicator;*
2. *a colour code signals performance relative to others: green means “good”, red means “bad”;*
3. *the central circle (PPI, Policy Performance Index) summarizes the information of the component indicators.*



This language may seem a straight-jacket for many indicators; however, it is the only way to present heterogenous indicators in a common format.

27. Today, about 100 economic, social and environmental indicators are available on a global scale; the Dashboard makes them accessible to laypersons and to experts from other disciplines, and allows a comparison between different political themes.

28. In performance evaluations based on aggregated indicators, both the weighting and the composition of an index are equally important. The ranking of a country regarding certain trends could entirely differ depending on the design of the index (detailed indicator sets tend to arrive at robust overall valuations, while indices based on only a handful of random indicators may produce a totally different picture). Those tools offering transparent aggregation in an easily comprehensible way are of great help in honest performance evaluation.

29. With the growing numbers of indicators, aggregation has moved centre stage. The European Commission has a strong interest in synthesizing information, and the choice is either being selective (i.e. division of indicators into "A" and "B" leagues, with risk of policy distortion), or transparent and robust aggregation.

30. The Dashboard will be presented at the CES seminar. The following aspects will be covered:

- a comparison of countries' performances on the basis of single indicators and on the level of theme indices and overall index (including an overview of aggregation) will be presented using the example of the UN CSD set of sustainable development indicators. The distribution of indicators and indices will be presenting as rankings and in map format, and the negative and positive relationships between indicators will be analyzed;
- the adaptation of indicator sets (by deleting or moving indicators from the themes) with self-defined weights to indicators and themes will be demonstrated;
- some popular indices, like the Human Development Index and the Ecological Footprint will be shown with the help of the tool Dashboard of Sustainability;
- a comparison of the MDG and UN CSD indicator sets and drawing out the differences in the countries' performances.

THE ROLE OF THE STATISTICAL SYSTEM

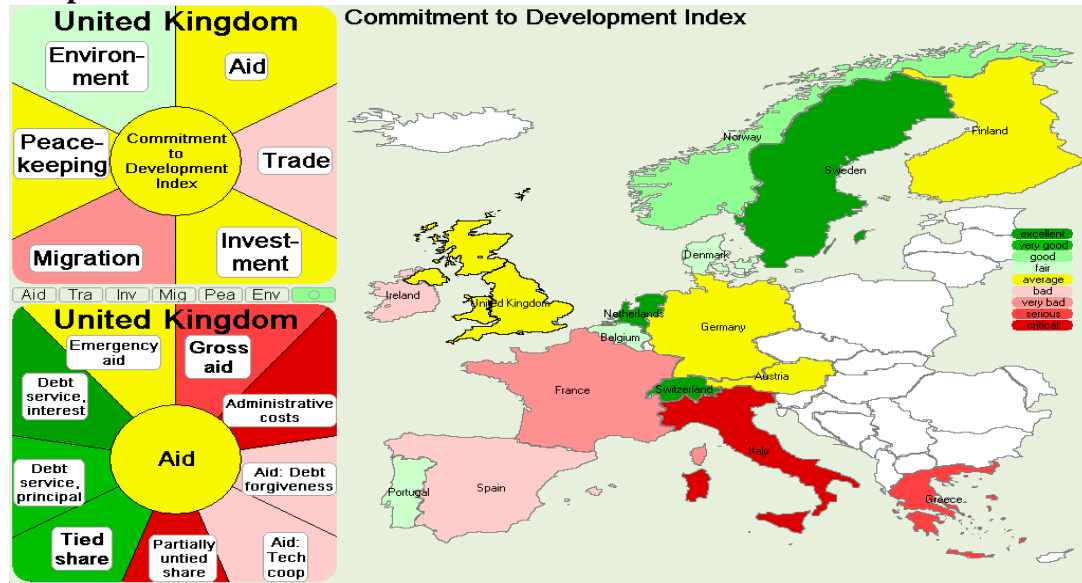
31. Statistical systems:

- are the key players in establishing national machinery for regular monitoring of various trends regarding sustainability;
- unintentionally highlight the gaps in current knowledge on sustainable development;
- educate the public and policymakers;
- stimulate data collection;
- should produce more adequate and impartial figures for the implementation of various policy processes;
- should not ignore the growing demand from politics for aggregated measures;
- should ensure that the progress achieved at world and regional level toward political goals is based on solid and relevant statistics;
- should also work on new methods to monitor progress toward the implementation of these policies;
- should invest in analytical tools and visualization of information;
- should not be discouraged by the responsibilities increasingly expected from statistical system.

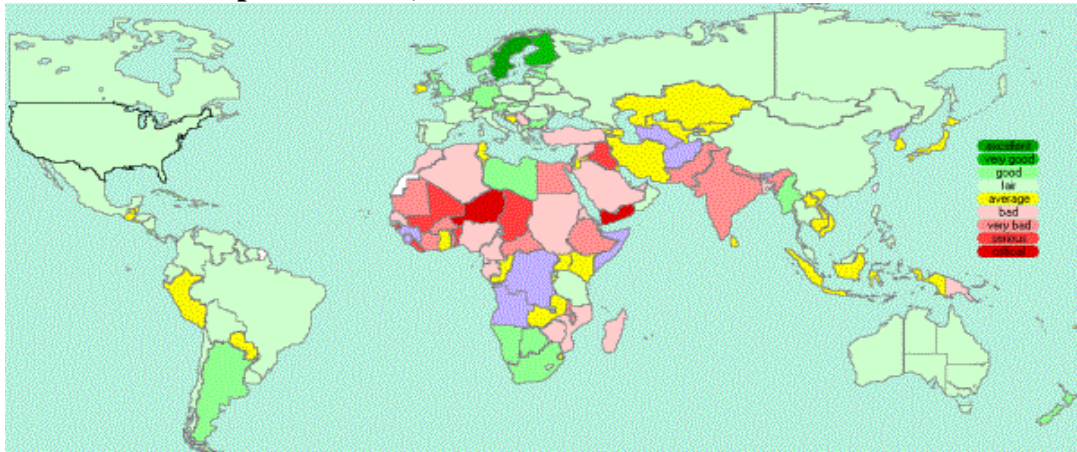
SOME EXAMPLES OF POLICY FRAMEWORKS IN DASHBOARD FORMAT

32. The following page shows some examples of CDI and MDG indicators. These sets are of particular interest in view of the UN High Level Event (the “MDG+5” summit).

CDI presented in dashboard format



Colour-coded map for MDG 3, Gender



MDG 3 (gender) in dashboard format

