

Working Paper No. 18  
30 March 2006

ENGLISH ONLY

**ECONOMIC COMMISSION FOR EUROPE**

**CONFERENCE OF EUROPEAN STATISTICIANS**

Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development  
First meeting  
Luxembourg, 3-4 April 2006  
Item 5 of the Provisional Agenda

OECD's EXPERIENCE IN THE MEASUREMENT OF SUSTAINABLE DEVELOPMENT  
Submitted by the OECD

This meeting is organised jointly with Eurostat and OECD



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

## OECD's experience in the measurement of sustainable development

### Programmes on sustainable development

The OECD has carried out several programmes on sustainable development involving expertise across a range of topics. It has introduced analysis of sustainability in its work on sectors such as energy, agriculture and transport. It has also included sustainable development chapters in its peer reviews. Key milestones of this work include:

*High-Level Advisory Group (1997)* – The OECD High-Level Advisory Group on the Environment, convened by the Secretary-General, recommended a re-interpretation of the OECD mandate to define “sustainable economic growth” as that which sustains human and environmental as well as economic capital.

*Horizontal Programme on Sustainable Development (1998-2001)* – This three-year programme focused on sustainability indicators (see box on next page) and economic instruments including subsidies and taxes, and culminated in a joint meeting of OECD economy and environment ministers, who described sustainable development as an “overarching” goal for the OECD and its member countries. The work of this three-year programme was presented in the publication “Sustainable development. Critical issues” (2001).

*Ad Hoc Group on Sustainable Development (2001-2004)* – This group included representatives from the OECD's economy, environment and employment, labour and social affairs committees and advocated mainstreaming sustainable development into the regular work of the OECD.

*Annual Meeting of Sustainable Development Experts (2005-present)* – The AMSDE has recommended new sustainable development topics for OECD work, e.g. sustainable consumption and production, and that co-ordination of sustainable development analyses be more firmly embedded in the OECD work programme.

### Workshops and discussion groups

The OECD has also sponsored workshops and discussions on measuring sustainable development and formulating related frameworks and indicators, including:

In 1999 the OECD held a conference on the topic “*Towards Sustainable Development: Indicators to Measure Progress*”. The Rome Conference brought together about 150 participants from the OECD countries and other international organisations and institutes, and was an important milestone in the OECD's work on sustainable development. A report from the conference was published in 2000.

In 2003 the OECD held another conference under the headline “*Measuring sustainable development. Integrated economic, environmental and social frameworks*”. The conference addressed the issue of measuring sustainable development and developing useful tools to support forward-looking decisions. A report from the conference was published in 2004.

*Round Table on Sustainable Development (1998-present)* – The OECD also hosts an independent body, the Round Table on Sustainable Development, which sponsors periodic high-level discussions on topics such as illegal fishing, renewable energy, climate change, and international effects of national policies.

### Sets of Indicators

OECD has proposed two sets of indicators for measuring sustainable development: a broad list of indicators and a smaller, headline set of indicators. The headline set reflected both the issues deemed to be of primary importance

at present, and the indicators which were available for a large proportion of OECD countries. The set made use of both monetary and physical indicators. The indicators were grouped into two broad categories, one reflecting the maintenance of assets, and the other reflecting the importance of satisfying current needs.

### **OECD core set of sustainable development indicators**

#### ***1. Resource indicators: Are we maintaining our asset base?***

##### **Environmental assets**

*Air quality:* Greenhouse gases (GHG) emission index , CO<sub>2</sub> emissions, NO<sub>x</sub> emissions

*Water resources:* Intensity of water use (abstractions / renewable resources)

*Energy resources:* Consumption of energy resources

*Biodiversity:* Size of protected areas as a share of total area

##### **Economic assets**

*Produced assets:* Volume of net capital stock

*R&D assets:* Multi-factor productivity growth rate

*Financial assets:* Net foreign assets, Current account balance

##### **Human capital**

*Stock of human capital:* Proportion of the population with upper secondary/tertiary qualifications

*Investment in human capital:* Education expenditure

*Depreciation of human capital:* Rate and level of unemployment

#### ***2. Outcome indicators: Are we satisfying current needs?***

*Consumption:* Household final consumption expenditure, Municipal waste generation intensities

*Income distribution:* Gini coefficients

*Health:* Life expectancy at birth, Urban air quality

*Work status / Employment:* Employment to population ratio

*Education:* Education participation rates

### **Sustainable development in peer reviews**

In the OECD, environmental performance reviews of countries are based on indicators describing economy-environment relationships in terms of decoupling. These indicators have been developed and agreed over a number of years.

In addition, for a three-year period, the OECD economic surveys included sustainable development reviews of countries based on indicators structured according to the following menu of issues:

- a) Reducing emissions of greenhouse gases
- b) Reducing air pollution
- c) Reducing water pollution
- d) Sustainable use of renewable and non-renewable natural resources
- e) Reducing and improving management of waste
- f) Ensuring sustainable retirement income policies
- g) Improving living standards in developing countries.

Each country review focused on three topics (from a total of seven) selected for their relevance to the country being examined.

### **Material flows**

In 2004, the OECD Council Recommendation on Materials Flows and Resource Productivity encouraged the development of indicators of material resource use within and among countries and also tools to measure resource productivity. The development of material flow accounts in the OECD will eventually provide the basis for evaluating the resource efficiency of economies which is of relevance to sustainable development.