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**Economic Commission for Europe****Conference of European Statisticians****Fifty-ninth plenary session**

Geneva, 14-16 June 2011

Item 10 of the provisional agenda

**Progress reports and work of the Conference of European Statisticians Teams of Specialists****Report of the Joint Task Force on Measuring Sustainable Development****Note by the secretariat***Summary*

The Conference of European Statisticians, at its fifty-eighth plenary session in June 2010, approved the activities undertaken under the United Nations Economic Commission for Europe Statistical Programme 2010, and endorsed the list of meetings planned to be organised from June 2010 to June 2011, as provided in document ECE/CES/2010/5/Add.2. The list included a meeting of the Task Force on Measuring Sustainable Development.

The present document is the report of the meeting of the Task Force held on 18-19 November 2010. It is provided to inform the Conference of European Statisticians of the organization and outcomes of the meeting.

## **I. Introduction**

1. The second Meeting of the Joint United Nations Economic Commission for Europe (UNECE)/Eurostat/Organisation for Economic Co-operation and Development (OECD) Task Force on Measuring Sustainable Development (TFSD) was held in Geneva 18-19 November 2010. It was attended by Australia, Canada, France, Netherlands, New Zealand, Norway, Switzerland, and United States. The OECD, Eurostat, and the UNECE also attended the meeting.
2. The provisional agenda was adopted.
3. The Chair Rutger Hoekstra and the Editor Jan Pieter Smits welcomed the participants. The Chair summarised the results of the work that took place in the period between the first and the second meeting. Twelve issue papers have been posted on the wiki website. Participation was active and the comments provided on the wiki website have been very useful.
5. The meeting discussed the first draft report of the Task Force. The Chair and the Editor thanked the Task Force for the numerous and helpful comments provided on the draft in advance of the meeting. The group was satisfied with the “comment forms” that were distributed and considered this a fruitful way of organising the feedback next time. Overall, the reaction on the structure and the content of the draft was positive.

## **II. Organization of the meeting**

6. The following substantive topics were discussed at the meeting:
  - (a) Introductory chapters (“The backbone of the report”): Chapter 1 Overview of existing work, Chapter 2 Perspectives on sustainable development, Chapter 3 Measuring sustainable development, Chapter 11 Indicator set for sustainable development;
  - (b) Chapter 4 Quality of life;
  - (c) Proposal for Chapter 10 International dimension;
  - (d) Economic wealth and monetization;
  - (e) Communication and visualisation;
  - (f) Measuring Human Capital/OECD project, Chapter 7 Human Capital;
  - (g) Measuring natural capital, Proposal for Chapter 5 Natural Capital;
  - (h) Proposal for Sustainable Development Indicators set;
  - (i) Proposal for Chapter on Social Capital;
  - (j) Conclusion and way forward.

## **III. Summary of the main conclusions reached at the meeting**

7. The meeting discussed the draft report Chapter by Chapter.

**A. Introductory chapters: Chapter 1 Overview of existing work, Chapter 2 Perspectives on sustainable development, Chapter 3 Measuring sustainable development, Chapter 11 Indicator set for sustainable development**

8. During the discussion the following points were made:

**1. Ideological/economic bias and normative aspects of sustainable development**

9. Sustainable development (SD) is an interdisciplinary concept and there should be a higher sensitivity to other disciplines besides economics. The group supported a multidisciplinary language of the document. Eurostat and Switzerland offered to check the introductory chapters that might alienate non-economist readers.

10. Some countries include goals in their SD publications (New Zealand, Switzerland). The group acknowledged that this may be too normative for some countries but that the introductory chapter should acknowledge these projects. Switzerland and New Zealand offered to provide input on this issue.

**2. Concepts and definitions**

11. More detailed description of the concepts will be of help when addressing a more general public. It will be efficient to address two different audiences: an expert one with more technical details and a non-expert one with simple language. The group considered the structure of the Stiglitz-Sen-Fitoussi report (recommendations, short summary, and extended text) as a good one to follow.

12. The relation with the previous working group should be made clear. Repetitions or reopening issues should be avoided. There should be a clear introduction that explains the directions in which the work has been taken forward and why the group has decided to go beyond the capital approach. The term “conceptual” should be further explained.

13. The two approaches, the integrated and the future-oriented approaches, should be examined “side by side” to give a clear picture about measuring sustainable development. Also the difference between sustainability and sustainable development should be explained. The Stiglitz-Sen-Fitoussi report and others have indicated that “quality of life” indicators and sustainable development indicators are complementary but should be presented separately. The link between human well-being (or quality of life), which pertains to people; and sustainability, which is a systemic requirement should be well explained.

14. The terminology used in the report should be consistent with the terminology used in the Stiglitz-Sen-Fitoussi report. This would imply: i) taking “human well-being” (rather than “quality of life”) as the overarching concept for the “here and now”; ii) within human well-being, distinguishing between the two subcomponents of “welfare” (commodities consumed) and “quality of life” (the ‘doings and beings’ of people); and iii) within “quality of life”, distinguishing objective (capabilities) and subjective (evaluations and feelings) aspects.

**3. Structure of the report**

15. No major amendments on the structure of the chapters/sections were proposed.

16. The importance of a good Executive Summary was underlined.

17. The following main conclusions and proposals for future actions were made:

- (a) The output of the Task Force will be a report with recommendations, not a standard;
- (b) Literature input on other disciplines besides economics will be appreciated, i.e. on social and environment science.

## **B. Chapter 4 Quality of life**

18. In the discussion the following points were made:

- (a) A proposal was made to have the chapter on quality of life as a stand alone section, and to find ways to better link the discussion on each type of capital with the broad range of well-being outcomes mentioned in this chapter;
- (b) Emphasis should be made on the common features between the work by Abraham Maslow and Stiglitz-Sen-Fitoussi report;
- (c) Broader themes to describe quality of life should be introduced. There should be a distinction between drivers and outcomes and it should be made clear how they are related. It should be also noted that for many of the domains under these themes, standards or ways to measure do not exist.

19. The following main conclusions and proposals for future actions were made:

- (a) The Chair and the Editor will look more specifically into the Stiglitz-Sen-Fitoussi report when considering the themes to describe quality of life. Suggestions on additional themes are welcome. New Zealand offered to look at the themes.

## **C. Proposal for Chapter 10 International dimension**

20. In the discussion the following points were made:

- (a) The chapter is under preparation and will be more fully developed. The discussion should be richer and provide the users enough information to understand the theoretical aspects;
- (b) It is important to specify what the international dimension means and provide a clear definition. The scope can vary, for example to include only natural capital or to also include human and social capital;
- (c) The discussion on the weak versus strong sustainability remains important also in the context of international dimension. The question is about measuring critical capital on a global level as opposed to the country level.

21. The following main conclusions and proposals for future actions were made:

- (a) Switzerland to provide a summary of the Swiss experience related to the international dimension of sustainable development.

## **D. Economic wealth and monetization (the monetary capital approach, limitations of the capital approach, and the proposal for Chapter 9 Economic Wealth)**

22. Eurostat made a presentation on the limitations of the capital approach.

23. In the discussion the following points were made:

(a) Some of the arguments listed in the section “Limitations of the capital approach” are limitations of existing measures, including limitations to monetisation methodologies, and not necessarily in disagreement with the approach itself. There should be a separation between the limits to capital approach and limits to monetisation.

24. The following main conclusions and proposals for future actions were made:

(a) France to provide text on the substitutability issue;

(b) The difference between the economic wealth as a concept and as covered by the World Bank approach should be further discussed. The Chair to consult with Glenn-Marie Lange (World Bank) about the chapter on monetisation and check whether they can contribute.

## **E. Communication and visualisation**

25. New Zealand and Australia made a presentation.

26. The following main conclusions and proposals for future actions were made:

Examples of communication tools and websites are welcome and will be a valuable contribution to the report.

## **F. Measuring Human Capital/Organisation for Economic Co-operation and Development project, Chapter 7 Human Capital**

27. Barbara Fraumeni and Marco Mira (OECD) made a presentation on the OECD project that aims at building human capital accounts for international comparisons. A consortium is set up with interested partners, including 16 countries, ILO and Eurostat. The report will be issued at the end of 2010.

28. In the discussion the following points were made:

(a) The Chapter on Human Capital was welcome. The chapter should include a definition of human capital and an explanation of the link between human capital and sustainable development;

(b) Currently the emphasis is on human capital as a contributor to economic growth. The chapter should explore the importance of human capital for sustainability linking it to issues like demography, aging, migration, and health;

(c) It was proposed to include also learning-by-doing and on-the-job training;

(d) The link to technology and innovation was considered important to be mentioned;

(e) The inclusion of physical qualitative indicators could be interesting, for example in measuring the level of performance of men and women with the same education and when both market and non-market activities are taken into account;

(f) Australia has developed work on male and female capital formation;

(g) It was proposed to include the market and non-market perspective;

(h) Health should be integrated in the discussion.

29. The following main conclusions and proposals for future actions were made:

(a) Contact the Task Force on Measuring Health Status (Ms Jennifer Madans);

- (b) UNECE to report on the work of the Task Force on Population Aging;
- (c) Australia to provide information on their work on PPP (population, productivity and participation).

## **G. Measuring natural capital, Proposal for Chapter 5 Natural Capital**

30. Canada made a presentation on the proposal for chapter on natural capital.
31. In the discussion the following points were made:
- (a) The previous working group recommended to monetise the substitutable natural capital and augment with biophysical measures;
  - (b) It was proposed to examine the World Bank ecosystem valuation approach. Many valuation studies were made to establish ranges of values. It is interesting to look at local and relative values;
  - (c) Examples of how to use the approaches were given: 1. Total economic value (TEV) for goods and services that can be easily valued plus biophysical measures for critical natural capital, 2. TEV plus “quasi-option value” for critical natural capital, 3. TEV plus index of criticality (could combine with 1), 4. Biophysical measures (quantity and quality) only; could be made consistent with the ecosystems “tipping points” approach;
  - (d) The importance of critical natural capital was discussed, including non-substitutability, valuing resilience, degrees of criticality, etc.
32. The following main conclusions and proposals for future actions were made:
- (a) A common thread through the various capital types could be a discussion on potential (“ideal”) measures and feasible options.

## **H. Proposal for a Sustainable Development Indicator set**

33. In the discussion the following points were made:
- (a) The chapter on sustainable development indicators set is crucial and have to be well structured;
  - (b) The indicators should be chosen carefully. If the emphasis is on trends not on level then the selection of indicators will change;
  - (c) It is important to decide in which case the goal is to measure flows or stocks. Distinction between means and ends should be made;
  - (d) A proposal was made to have headline indicators to represent the outcomes, and subsets of indicators to represent the drivers of the sustainable development process.
34. The following main conclusions and proposals for future actions were made:
- (a) It is important to link the conceptual part of the report with the proposed indicators;
  - (b) The Task Force will take into consideration the indicators according to the criteria of the official statistics. New Zealand to provide example on the discussion on official statistics;
  - (c) The list of indicators and themes is long. A shorter list of indicators is necessary to fulfil the mandate of the Task Force.

## **I. Proposal for Chapter on Social Capital**

35. The following main conclusions and proposals for future actions were made:

(a) There is no discussion of the link between culture and sustainable development. Whether culture forms part of social capital can be debated but it should be at least mentioned and the pros and cons of including it should be explained. The Swiss example shows two types of indicators of cultural activities: hours spent on cultural activities (personal activities), and hours spent in group activities (social cohesion). Marco Mira (OECD) and Switzerland to provide names of persons who can contribute to a text box on the issue of culture.

## **J. Conclusion and way forward**

36. A proposal should be made for statistical work to be done in the future (research agenda). There should be references to the work already in progress and to issues that are not yet addressed.

37. The Chair and the Editor will draft an Executive Summary by 24 January 2011 to be presented to the Bureau of the Conference of European Statisticians in February 2011. It is planned to circulate the Executive Summary to the CES member countries and international organisations to collect comments and feedback, and to discuss it shortly at the CES plenary session in June 2011.

38. The next meeting will be held on 19-20 May 2011.

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