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Progress reports and work of the Conference of European Statisticians' teams of specialists

Report of the third meeting 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 third meeting of the Task Force held on 19-20 May 2011. It is provided to inform the Conference of European Statisticians of the organization and outcomes of the meeting.

I. Introduction

1. The third 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 on 19-20 May 2011. It was attended by Canada, France, Germany, Netherlands, New Zealand, Norway, Switzerland, United Kingdom, United States, OECD, Eurostat, United Nations Department of Economic and Social Affairs (UNDESA), and UNECE.

2. The provisional agenda was adopted.

3. The Chair, Rutger Hoekstra, and the Editor, Jan Pieter Smits, welcomed the participants. The Chair thanked the participants for the comments on the draft Report.

II. Organization of the meeting

4. The following substantive topics were discussed at the meeting:

(a) Outline of the Report/main changes.

(b) Result of the consultations on the Summary of the Report with the Bureau and the members of the Conference of European Statisticians (CES).

(c) Introductory chapters: Chapters 1, 2 and 3.

(d) Chapter 5 “Measuring capital”;

(e) Monetization.

(f) Chapter 4 “Measuring human wellbeing”.

(g) Measuring ecosystems.

(h) Chapter 6 “Measuring the international dimension”.

(i) Chapter 9 “Visualisation and communication”.

(j) Chapter 7 and 8 “Ideal indicators/Indicator proposal”.

(k) Main messages and way forward.

III. Summary of the main conclusions reached at the meeting

A. Outline of report/main changes

5. The meeting discussed the outline of the Report. The Editor introduced the main changes made since the second meeting of the Task Force, as follows below.

1. Introductory chapters

- The issue paper on “Sustainable Development (SD)/distributional justice” by Eurostat was incorporated into the first part of the Report to make it more suited for the general audience.

- Concepts such as well-being, quality of life, etc. should be used in a simple way and should follow as closely as possible the Stiglitz Report.

2. Chapter 2 "Perspective on sustainable development"

- The analysis of commonalities in different sustainable development indicator (SDI) sets was broadened.

- The discussion on monetisation was considered a fundamental issue and was moved to Chapter 2.

B. Result of the consultations on the Summary of the Report with the Bureau and the member countries of the Conference of European Statisticians

6. A Summary of the Report was prepared in the beginning of 2011 and comments were collected through two electronic consultations: with the members of the Bureau of the CES in February 2011 and with members of the CES in April 2011. Forty-one responses were received to the CES consultation (37 from countries and 4 from international organizations). The consultations provided many useful ideas and comments to improve the Report being prepared by the Task Force.

7. The meeting was informed about the results of the consultations. The majority of countries expressed support for the work and noted the good progress. The general approach is considered to be going in the right direction: it takes into account the outcomes of recent initiatives and recognizes the importance of quality standards of official statistics.

8. The majority of the countries found it useful to link a conceptual approach with a thematic (policy based) approach. This allows making a bridge between producers and users of the indicators, and between theorists and practitioners responsible for monitoring the development in specific areas. The advantages in linking the conceptual and thematic categorisations were seen to be of great relevance for building a sustainable development policy. A combination of both approaches was recommended: first, a conceptual approach, based on an indicator classification, to define the process of sustainable development in the main policy fields; second, a thematic approach to facilitate communication with the policy makers and the general public.

9. Most countries supported the extended coverage of the Report, including the quality of life aspects and the international dimension of sustainable development. The countries considered it important to develop broader measures of well-being and sustainability and to integrate measures of the current and future well-being. It was stressed that covering human well-being of the current generation makes the indicators more broadly representative of "progress, well-being and sustainable development" rather than "sustainable development" alone.

10. The inclusion of the international dimension of sustainable development in the Report was received positively and further work in this area was encouraged. Caution was expressed on the use of monetization techniques and on the calculation of ecological footprints.

C. Introductory chapters: Chapters 1, 2, and 3

11. In the discussion, the points listed below were made.

1. Chapter 1 "Introduction"

- Add the drivers of capital in Figure 1.1, page 17, to match with the consumption possibilities mentioned in the box under Figure 1.1; the importance of investment has to be acknowledged in the first chapter (currently it appears in Fig 3.1).
- The terminology needs to be consistent across the Report, e.g. should clarify the use of terms like "economic" and "produced" capital; the Report should avoid over- technical language.
- Add productivity in Figure 1.2, page 19.
- Part 1.4 "Sustainable development as distributional justice" – should be careful about using normative statements.

2. Chapter 2 "Perspectives on sustainable development"

- Part 2.3 "SDI's commonalities and differences" needs some further refinement, e.g. reflect issues related to the interpretation of composite indicators, explain that care should be taken about the number of assumptions on composite indicators, etc. The part discusses countries' official SDI sets and should also include countries (e.g. United States and Canada) who have abundant information on SDI but who have no official sets.
- It was agreed to move part 2.3 to Chapter 7 "Classifications, ideal indicators and official statistics". The Executive Summary will take care to include the SDI's discussion so that it is mentioned already upfront.
- Should strengthen the logical connection between the parts 2.1 "History of measuring human well-being and sustainable development" and 2.2 "Main debates".
- Should replace National Statistical Offices (NSOs) with country names.
- The European initiative "Beyond GDP" has been renamed to "GDP and Beyond" to point out that Gross Domestic Product (GDP) remains a good indicator of economic performance.
- Paragraph 75 should be rephrased to clarify that the aim is not to develop an international standard.
- Already the discussion on "Policy versus conceptual approach" of part 2.2 "Main debates" should indicate that both are important – the conceptual basis and the link to policy. The strong conceptual approach to measuring sustainable development should be used to develop and offer better indicators for policy makers.
- Reiterate the point of the previous Working Group that the policy documents should have a conceptual basis, without implying that the current policy oriented SDI sets do not have a conceptual basis.
- Rename part 2.2 "Main debates" to "Key discussions" (debates need to be resolved).
- The Report should place emphasis on the communalities rather than on the opposing viewpoints. At the end of each key discussion, the TFSD should conclude on the implications for the measurement.
- Further clarify the weak versus strong sustainability concepts (could be in a box or as one of the "key discussion").

3. Table 2.2 "Commonalities in SDI sets"

- The last column with percentages needs explanation.

- Identify the number of countries covered in the indicator sets of the international organizations.
- Should explain the reason why the table is included.
- Some sets measure conceptually different things (progress, SD, well-being).

4. Chapter 3 ”Introduction”

- The goal of the chapter is to explore potential causal links between inputs and outputs. The Task Force should keep separate the potential and actual utilization of capital, e.g. measuring production possibilities versus measuring how much production capacity is used.
- Introducing the work of Sen’s capability approach (the notion of limits and risks and its link to capabilities) should be clarified. Applying the work of Sen is difficult because of the distinction between affordability of a good/service (e.g. medical services) and not using the good/service for some other reason.
- Part 3.2 “Linking capital to human well-being: A production function approach” should make explicit the fact that each of the elements that determine human well-being is produced in some configuration of resources/inputs.

D. Chapter 5 “Measuring capital”

12. In the discussion the following points were made:

(a) Breaking down human capital by different population groups (according to gender, age, etc.) gives a richer picture than the total number. Warning was given that an incorrect interpretation of human capital by gender might lead to incorrect conclusions in countries such as China. The importance of the “interpretation” of an indicator was stressed.

(b) Different countries have various interpretations of human capital. Introducing a definition could help address this issue (the discussions at the seminar on measuring human capital held at the CES plenary session in June 2011 could be helpful for this purpose).

(c) A clear distinction should be made between human well-being and social capital.

(d) The part on financial stability should be put into a box. It could be based on the French-German paper and should make a reference to the underlying literature.

(e) Paragraph 268 should explain the Golden rule and what is understood by public investment.

(f) A discussion of financial assets could be added.

E. Monetisation

13. In the discussion the following points were made:

(a) Monetization is based on assumptions and its use is limited by the quality standards of official statistics. Excluding all monetization from official statistics, however, is not possible (e.g. System of National Accounts (SNA) 2008, System of Environmental and Economic Accounts (SEEA)). It should be recognized that some countries are using monetization for certain types of measures, e.g. satellite accounts for non-market production, household production, education, health, etc.

(b) Reservations were expressed regarding the wealth approach of the World Bank.

(c) The technical part on monetisation of human capital based on the OECD work could be described in an appendix.

(d) The latest SEEA chapter has both physical and monetary measures. The new SEEA classification does not include water and air but will help clarify which capital resources can be monetized and which cannot. It was mentioned that the future direction of Volume 2 of SEEA is uncertain.

(e) Market prices are not always easy to monetize. One has to take the account of different costs (e.g. extraction costs).

(f) Words of caution on the use of monetization techniques should be explicitly presented in a box.

F. Chapter 4 “Measuring human well-being”

14. It was pointed out that when referring to the overarching subjective/objective measures, the word “aspects” could be better used than the word “measures”. A clarification should be made of whether the indicator on inequality in Table 4.1 covers only income inequality. If that is the case, it should be explicitly mentioned that there are other inequalities as well. There should be an introduction to Table 4.1. It should be noted that the Eurostat well-being indicators included in the Table are just being proposed and not yet available. Paragraph 159 needs further explanation.

G. Measuring ecosystems

15. Canada made a presentation on measuring ecosystems.

16. During the discussion it was noted that there are a great many methods and indicators on this topic. Ecosystems are complicated. Calculating indicators like “Land cover”, and possibly “Land use” is already a good start. The SEEA Vol.1 is being finalized this summer and a reference to it should be included in the Report. The work of other groups (such as the London Group, SEEA Vol. 2, The economics of ecosystems and biodiversity (TEEB) study, etc.) should also be taken into account.

H. Chapter 6 “Measuring the international dimension”

17. There is strong support for this Chapter. It should be ensured that the Report reflects the criticism on the ecological footprint. It was proposed to introduce a box on brain-drain issues. In this respect, a recently updated OECD report based on census data of member countries was considered helpful. It was also proposed to check the work of a Task Force of the United Nations Industrial Development Organization (UNIDO) on measuring corruption. It was decided that the split between “Natural capital” and “Less Developed Countries” should not be made in the dashboard of the international dimension.

1. Table 6.1 “Example of a state of the world dashboard”

- Use the same indicators as used previously in the Report and do not introduce new indicators to reflect the global context. The table should not show values for individual regions/countries.
- Corruption index does not belong to official statistics.
- The Table provided a good opportunity to address global issues like measuring air and marine quality.
- Should be careful with indicators which have GDP as a denominator. Measuring pressure on environment in relation to GDP varies also with the changes in GDP.

I. Chapter 9 “Visualisation and communication”

18. The contribution made by New Zealand was appreciated by the Task Force. There were no major substantive comments on the Chapter. The title of the Chapter should be restricted to the aspects of communication while interpretation is part of communication. The Chapter could also cover communication products (leaflets, pocketbooks, etc), how the indicators are communicated (using traffic lights, smileys, etc), and how they are presented (one or multiple lines on the chart). It is important to explain how to display a sustainable development indicator – add more information on the meaning, message, and communicate well the reasoning behind the choice of indicators. It is also important to explain the risks when choosing different ways to communicate the indicators. The source/author for the Estonian dashboard should be checked.

1. Table 3 “Visualization techniques in sustainable development reporting”

- An extra column is needed to give an example of the overall picture of what is happening with the indicators by means of traffic lights, pine charts, etc.
- Rename the heading “web-tools” to “overview”.

J. Chapters 7 and 8 “Ideal indicators/Indicator proposal”

19. In the discussion, the following points were made:

(a) Meeting quality standards of official statistics is very important. The Report should stress that non-official statistics should also aim to respond to the quality standards.

(b) Smaller set of indicators will allow for international comparisons.

(c) Explaining data availability for the proposed indicators is part of the mandate. The information collected on the individual indicators aims to show data availability and not to prescribe any usage of certain indicators.

(d) Headline indicators should be as close as possible to ideal indicators. A headline indicator should be an “output” indicator instead of an “input” indicator.

1. Table 7.1 “Classification scheme”

- Monetary aggregates should not be a separate theme, but placed under the relevant themes.

2. Table 8.1 “Conceptual categorization”

- It is more useful to focus on the themes rather than indicators.

- Drop the line on financial stability (FC2).
- Merge “trust” together with “shared norms and values”.
- Clarify whether inequality refers to income inequality.
- Specify whether the indicator used is highly relevant or it is the only available measure.

3. Table 8.6 “Frequency and assumptions”

- The title of the column “Assumptions” needs to be clarified. It should be indicated to which frameworks, methodologies, or standards it refers to.

4. Part 8.5 “Towards small set of indicators”

- Reduce the list, shorten the typology and sharpen the discussion.
- Should have a discussion whether these most commonly found indicators fit with the conceptual framework.
- Link Table 8.7 to the presentation proposed in Table 5.4, page 79.
- Are we focusing on one indicator per theme? Waste indicator is missing. Is there any specific hierarchy?
- Which indicators to recommend for adoption by countries?
- Indicators could be classified depending on whether they are stock or flow indicators. The proposed classification of indicators should be simplified.
- UNECE to send the in-depth review paper on the use of secondary and mixed sources for official statistics.
- Switzerland to send a paper on the Swiss experience with reducing the number of indicators.

K. Main messages and way forward

20. Lidia Bratanova briefed the participants on the meeting of the European Union Sponsorship Group, which took place the day before the Sustainable Development meeting. The three Task Forces under the Sponsorship Group were created in the autumn of 2010 – on household perspective, environmental sustainability and quality of life. The starting point is the Stiglitz Report. The European Union (EU) countries propose a set of short-, medium- and long-term indicators. Eurostat will produce an overarching report of the work of the three Task Forces. The deadlines are very tight. The final report with recommendations was expected to be produced in December 2011. At the time of the meeting, cross-cutting issues like quality, definition of sustainability, etc. were still to be drafted. It is important that the Task Force closely follows the developments in the Sponsorship Group.

21. Suggestions were made to include the latest developments in the area of research on natural capital, an appendix on human capital with the more technical issues, and a reference to the financial stability/crisis. Further work needs to be done on human and social capital. The discussions on monetization and the international dimension need to be extended. The Report should contain a glossary.

22. The Task Force agreed to review the report chapter by chapter. The following reviewers of chapters volunteered:

(a) Chapter 1 Vincent Tronet, Brian Newson, UNECE.

(b) Chapter 2 Vincent Tronet, Brian Newson, UNECE.

(c) Chapter 3 Everybody.

(d) Chapter 4 Marco Mira d’Ercole.

(e) Chapter 5.2 (Measuring capital within an SNA framework) Robert Kornfeld.

(f) Chapter 5.3 (Stretching the capital boundaries) Robert Kornfeld.

(g) Chapter 5.4 (HK) Marco Mira d’Ercole, Barbara Fraumeni.

(h) Chapter 5.6 (SK) Marco Mira d’Ercole, Netherlands.

(i) Chapter 5.7 (Wealth) Barbara Fraumeni.

(j) Chapter 5.3 (NK) Michael Bordt, Frédéric Nauroy, Joachim Thomas.

(k) Chapter 5.8 (Financial capital) Robert Kornfeld.

(l) Chapter 6 Claire Plateau, Rachael Milicich.

(m) Chapters 7, 8 Stephen Hall, André de Montmollin.

(n) Chapter 9 Stephen Hall and Rachael Milicich.

23. The Task Force appreciated the many useful comments received during the consultations with the CES Bureau and the member countries of the CES, and will take them into account in finalizing the Report.

24. The draft Report was updated over the summer of 2011. The Chair of the Task Force communicated the deadlines for preparing and providing inputs to the consecutive version of the Report.

25. The full report of the Task Force was planned to be submitted to the CES plenary session in 2012.