

## **ECONOMIC COMMISSION FOR EUROPE**

### **CONFERENCE OF EUROPEAN STATISTICIANS**

Joint UNECE/OECD/Eurostat Working Group on Statistics for Sustainable Development  
Fourth meeting  
Geneva, 8-9 November 2007

## **REPORT**

### **INTRODUCTION**

1. The joint UNECE/Eurostat/OECD Meeting of the Working Group on Statistics for Sustainable Development (WGSSD) was held in Bucharest from 8-9 November 2007. It was attended by Austria, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Italy, Lithuania, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, United Kingdom, and United Nations Mission in Kosovo. The European Commission (Eurostat, DG ECFIN, and DG INFSO), and the United Nations Economic Commission for Europe (UN ECE) attended.
2. The Vice President of NSI Romania Mr. Dan Ion Ghergut opened the meeting and welcomed the participants.
3. The provisional agenda was adopted.
4. Mr. Robert Smith (Canada) chaired the meeting.

### **ORGANIZATION OF THE MEETING**

5. The following substantive topics were discussed at the meeting from the participating countries/organizations on the basis of the main document for discussion - the draft report of the WGSSD:
  - (a) Report from the Steering Committee meeting of 27-28 September 2007;
  - (b) Treating social capital in the capital approach;
  - (c) Discussion of draft final report – Overall structure;
  - (d) Discussion of draft final report – Chapter 1: Introduction;
  - (e) Discussion of draft final report – Chapter 2: Review of existing approaches to measuring sustainable development;

- (f) Discussion of draft final report – Based on sections 3.1 to 3.3 of Chapter 3: An analytical approach to sustainable development: the capital framework;
- (g) Discussion of draft final report – Based on sections 3.4 to 3.5 of Chapter 3: An analytical approach to sustainable development: the capital framework;
- (h) Discussion of draft final report – Based on sections 4.1 to 4.3 of Chapter 4: A capital-based measurement framework;
- (i) Discussion of draft final report – Based on sections 4.4 to 4.6 of Chapter 4: A capital-based measurement framework;
- (j) Discussion of draft final report – Chapter 5: Conclusions; recommendations to countries, and challenges for implementation;
- (k) Conclusions of the meeting and next steps.

## **SUMMARY OF THE MAIN CONCLUSIONS REACHED AT THE MEETING**

6. The meeting reached the following main conclusions:

### **(a) Report from the Steering Committee meeting of 27-28 September 2007**

7. The Chair of the Steering Committee informed the meeting about the outcome of the discussions held in Ottawa. The Committee discussed the first draft of the report and provided comments to the Editor Mr. Knut Alfsen.

### **(b) Treating social capital in the capital approach**

8. Germany and New Zealand made a presentation on the network approach to social capital, which provoked a useful discussion.

9. There was a general support for inclusion of social capital in the capital framework. It was recognized that further thinking in how to measure social capital is necessary. It was agreed that the group is not in a position to recommend a rigorous set of social capital indicators at this stage.

### **(c) Discussion of draft final report – Overall structure;**

10. There was a recommendation to split Chapter 3 into smaller parts. The Group agreed that items 3.4 to 3.5 are taken out of Chapter 3. The new Chapter 4 should start with 3.4 and end with item 4.3. The new Chapter 5 should include items 4.4 to 4.6 and the current Chapter 5 should become Chapter 6.

### **(d) Discussion of draft final report – Chapter 1: Introduction**

11. There was a general agreement that both terms, welfare and wellbeing, are important and should be explained in the report. The Working Group should introduce rigorous definition of the two terms and should be clear in the report where we talk about welfare and where we talk about wellbeing. The Netherlands will provide a text about these concepts. The UK provided a definition of wellbeing that is being used in their work. It was suggested to contact Kirk Hamilton to provide the definitions developed by the World Bank.

12. It was agreed that the introductory chapter should include a clear definition of capital.
13. It was decided to use the term ‘‘produced capital’’ instead of ‘‘real capital’’.
14. There was a general agreement to better reflect in the report the discussions that took place during the meetings of the Working Group and the split into the subgroups. It was suggested to further elaborate a discussion on inter-generational versus intra-generational issues. The target audience for the report should be considered; some concern was expressed whether the report is also meant for policy makers and the public at large.
15. The Working Group supported the proposal that it is appropriate to consider sustainable development indicators within the scope of official statistics. Finland will provide specific formulation of this text.
16. The Working Group decided not to include the paper on human capital prepared by Mads Greger. However, some reference should be made to it including the inclusion of a short text or box explaining briefly the method. In this context it was also agreed that the report should make reference to other papers that were presented at the meetings of the Working Group.
17. It was suggested to include summary points of the policy implications in the introduction to the report.
18. The international dimension of sustainable development is important. The Netherlands will provide some written text for consideration by the editor.

**(e) Discussion of draft final report – Chapter 2: Review of existing approaches to measuring sustainable development**

19. There was general support for including case studies on a couple of existing indicators sets as for example the EU indicator set and one or two country examples.
20. Some concern was expressed that the chapter is too EU centric. However, it was noted that what is important is not the inclusion of all possible country sets but the general conclusions from the analysis of the study conducted by Eurostat and the likelihood that they apply to indicator experience beyond the EU. It is noted that as well as the Eurostat study a similar study was conducted by the Netherlands.
21. The meeting recommended that Chapters 1 and 2 be harmonised in terms of presenting the pros and cons of existing indicator approaches. Knut Alfsen and the UK will work on that.
22. The Working Group decided that a neutral list of ‘‘pros and cons of the capital approach should be made coherent part of the report to ensure there are no mixed messages. Sweden will send a list to Knut Alfsen.
23. It was noted that in several cases indicators have been developed by organizations independent of Government, which should be noted when discussing the inclusion of

sustainable development indicators as part of official statistics.

**(f) Discussion of draft final report – Based on sections 3.1 to 3.3 of Chapter 3: An analytical approach to sustainable development: the capital framework**

24. The section about accounting prices should be explained further in order to make it more understandable for the general reader. In this context, it was also decided that the Chairman and the Editor will have a close look at the use of the terms in the report.

25. It was also decided that the report should clarify the link between capital approach and current welfare and distributional issues.

26. The meeting recommended considering the possibility of using the word ‘justice’ instead of ‘equity’ where relevant.

27. It was decided that the report should explicitly acknowledge that there are different views on sustainable development. One interpretation is that both the inter-generation and the intra-generational issues relate to sustainability, and therefore, distributional issues are also important in this context. The other interpretation is that sustainable development is mainly about understanding the evolution of assets over time. The report should draw upon both interpretations.

28. The Working Group recommended that the report should expand the part describing the limitations of the theoretical aspect of the capital approach. Furthermore, it was decided to change the title of Section 3.3 “Substitutability among types of capital” in order to reflect all the limitations that are listed under this section.

**(g) Discussion of draft final report – Based on sections 3.4 to 3.5 of Chapter 3: An analytical approach to sustainable development: the capital framework**

29. It was suggested to begin with a summary of the main points of Chapter 3 in the new Chapter 4.

30. It was decided that the report should clarify the concept of economic wealth. It should be made clear that this is a rigorous concept but incomplete. Furthermore, a more nuanced discussion should be applied in describing the shortcomings of the economic wealth.

31. It was decided that Section 3.4.2 “Additional indicators to economic wealth” needs to be expanded and supported with references from the literature.

32. The meeting agreed to make suggestions for physical indicators for non-market benefits of social capital to be included in table 3.2 of the report. A group composed of Sweden, New Zealand and others should propose indicators drawing on the paper presented on the first day and WP.12 from Geneva 2007 meeting.

33. The meeting recommended that section 3.5 on Policy implications should be expanded on the basis of the WP. 11 presented by Robert Smith in Geneva 2007. It was also suggested that the term “ecological integrity” be explained further.

34. The next draft should include some recommendations for specific indicators on which the Working Group would need to reach consensus.

35. The Working Group agreed that the discussion of the capital indicators should make clearer the relationship between economic wealth and the other proposed indicators, taking into consideration the comments made by Statistics Netherlands.

36. It was recommended to consider the use of the NUTS 2 classification in the context of the geographical scaling of the indicators for Europe.

**(h) Discussion of draft final report – Based on sections 4.1 to 4.3 of Chapter 4: A capital-based measurement framework**

37. The group provided a clear support to retain the sections on measurement frameworks for capital currently presented in Chapter 4. The text should focus on the actual potential frameworks, drawing a comparison between national accounts and SEEA with other types of capital. The remainder of the text will be integrated into other parts of the report.

**(i) Discussion of draft final report – Based on sections 4.4 to 4.6 of Chapter 4: A capital-based measurement framework;**

38. It was proposed that the section 4.4 on comparison of capital approach with other approaches should discuss the implications of this comparison for countries with existing indicator sets.

39. The meeting recommended that more complete treatment of flow indicators and indicators on distribution and the global dimension are included in the relevant section. It was decided that the report should include further clarification on the indicators presented in table 4.1, starting with a clear structure for capital-derived indicators, and comparing with indicators from other approaches.

40. The Working Group agreed that the capital based indicators should include both monetary and physical indicators and that the rationale for and the utility of monetary measures should be explained more clearly.

41. It was agreed that pollution is conceptually related to the capital approach with regard to natural capital. It is more difficult to identify flows with regard to human capital and even more so with regard to social capital. It was proposed that the group of experts who agreed to develop some indicators concerning social capital should also attempt to define flow indicators.

**(j) Discussion of draft final report – Chapter 5: Conclusions; recommendations to countries, and challenges for implementation;**

42. The Working Group agreed that Chapter 5 is very much still work in progress and will be discussed at a future meeting.

**(k) Conclusions of the meeting and next steps.**

43. Written comments should be sent to the Editor by 23 November 2007. A new draft of the report will be prepared by 21 December 2007. Members of the group will be asked to comment by 18 January 2008. Afterwards the draft will be revised and presented to the Bureau of the CES for comments by 25 January 2008. The Bureau comments will be introduced by beginning of March 2008 and circulated to members of the working group two weeks prior to the next meeting.

44. The WGSSD agreed that a fifth meeting of the joint Working Group would be organised in the spring of 2008, tentatively during 26-27 March 2008 in Geneva.

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