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**Manuals, guidelines, recommendations, etc. prepared under the auspices of the Conference: measuring sustainable development****Results of the electronic consultation on a Summary of the Report being prepared by the Joint UNECE/Eurostat/OECD Task Force for Measuring Sustainable Development****D r a f t****Note by the secretariat***Summary*

The present note summarises the comments by countries and international organizations on the Summary of the Report currently being prepared by the Joint UNECE/Eurostat/OECD Task Force for Measuring Sustainable Development. The comments were collected through two electronic consultations: with the CES Bureau members in February and with members of the Conference of European Statisticians (CES) in April 2011.

Thirty nine responses were received to the CES consultation (from 35 countries and 4 international organizations). The respondents expressed support for the work and noted the good progress achieved. The consultation provided many useful ideas and comments to improve the Report being prepared by the Task Force.

The CES 2011 plenary session will be informed about the outcome of the electronic consultation and the further work of the Task Force. The full report of the Task Force is planned to be submitted to the CES 2012 plenary session.

## I. Organization of the consultation

1. The Joint UNECE/Eurostat/OECD Task Force on Measuring Sustainable Development was set up in 2009. The main task of the group is to further pursue the capital approach developed by a previous Joint UNECE/OECD/Eurostat Working Group on this topic, which resulted in a publication “Measuring Sustainable Development”. The new Task Force follows up on dimensions unresolved in the previous work, including on social and human capital. The Task Force is preparing a Report that is planned to be submitted to the CES 2012 plenary session.
2. An extended Summary of the Report was consulted with the CES Bureau in January/February 2011. The consultation provided many useful comments. The Bureau encouraged the Task Force to continue the work on the Report, taking into account the other ongoing initiatives related to measuring economic performance, well-being and sustainable development undertaken by Eurostat and OECD.
3. The CES Bureau decided to proceed with a large consultation on the Summary with all CES members to collect feedback and to allow countries and organizations to provide input to the work. The Summary was updated by the Chair of the Task Force (the Netherlands).
4. The present note summarises the comments from both the Bureau and the CES electronic consultations. These will be taken into account in the further work. The CES Bureau considered important to allow countries and organizations to continue to provide comments after the CES 2011 plenary session and to take into account the developments in other international groups working on related issues.
5. Following the Bureau decision, the Summary was sent for electronic consultation to all CES members in March 2011. The members of the Conference were asked to structure their comments along six main questions, covering the general approach undertaken by the Task Force and the overall assessment, the use of conceptual versus thematic categorisation, the country experiences in developing and use of sustainable development indicator (SDI) sets, measurement experiences, data availability and visualisation and communication. The majority of countries and international organisations followed the proposed structure. The questionnaire used for the consultation is presented in Document 4/Add 2. The individual countries’ replies are available on the ECE Statistical Division website.

## II. Replies to the consultations

6. **Thirty nine responses were received from 35 countries and 4 international organisations.** These are: Armenia, Austria, Australia, Azerbaijan, Belarus, Brazil, Bulgaria, Canada, Czech Republic, Finland, France, Germany, Hungary, Ireland, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Mexico, Netherlands, New Zealand, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, The former Yugoslav Republic of Macedonia, Turkey, Ukraine, United Kingdom, United States, Eurostat, IMF, OECD and UNDP.

### III. Comments on the general approach undertaken by the Task Force and the overall assessment of the Summary of the Report

7. The majority of comments were in support of the work in terms of underlying concepts, coverage, and relevance, and noted the good progress achieved. The general approach is considered to be going in the right direction: it takes into account the outcomes of recent initiatives, presents new challenges and recognises the importance of quality standards of official statistics. The conceptual split into “now, later, elsewhere” was found useful to assess the “state of the nation”. Most of the countries underlined the usefulness of the Report in their process of preparing or reviewing sustainable development indicator sets. **Eurostat** noted that the Summary reflects a very substantial work carried out until now. It takes into account other work such as the Stiglitz report and it has scrutinized a large number of datasets from statistical offices and international organisations.

8. The underlying concepts were considered relevant, practical and comprehensive. They give important background information to harmonise the measures and the understanding of sustainable development concept.

9. **Canada** noted, however, that “sustainable development, as defined by the Task Force, is not a sufficiently rigorous concept to be measured statistically – rather, a loosely connected set of economic, social and environmental indicators”. **Finland** asked for more clarity about the international dimension and alerted that the issue of distribution on a global scale has a political aspect, and therefore, difficult to describe.

10. In terms of coverage, it was noted that the new framework represents a step forward in the area. It adds new causal links between human well-being and the influencing factors (human, social, natural and economic capital) through the components of the proposed indicators and their interrelationships. It was suggested to include also a spatial dimension to reflect regional disparities and distribution of resources at a national level and to bring new solutions to areas such as measurement of human and social capital stocks.

11. **Canada** and **Finland** prefer a narrower coverage limited to the capital approach to measuring long-term sustainable development. **Canada** pointed out that “including measures of the quality of life for present generations adds to its complexity immensely and moves the indicators away from measuring sustainable development to simply measuring a suite of indicators of general economic, social and environmental interest.” 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.

12. On the other hand, several countries supported the wider focus. They considered important to develop broader measures of well-being and sustainability and integrate the current and future well-being. Certain advantages are noted by offering a choice between the “future-oriented view” and the “integrated approach”, compared to the approach that is limited only to the future-oriented view. It is emphasised that the two dimensions “here and now” and “later” should be clearly distinguished in the Report.

13. **Austria** noted that “subjective aspects are in general underrepresented” and that “the aspect of wealth in time and its quality is very important.”. **Austria** also asked for quality indicators of the various dimensions of the environment.

14. Most of the respondents found the new framework relevant for national level statistics. The majority of the proposed indicators are already compiled by the national statistical offices (NSOs). It was also noted that the proposed set of indicators is relevant for meeting the requirements of statistical data users.

15. The limits of sustainable development concept to official statistics in view of pending measurement problems were pointed out. There are concerns about the methodology for calculating some of the indicators and a number of required assumptions. In several areas, statistical offices can provide technical support and advice to other institutions producing these measures but will not publish them as official statistics. Cooperation with national and international institutions and data providers was highlighted as essential. **Germany**, however, mentioned that the indicators considered important for measuring sustainable development are already calculated by NSOs in the frame of official statistics.

16. Several countries considered the work very useful as a means to share experience on developing/revising national SDI sets. The Report was found more appropriate for a statistical office with an experience in monitoring sustainable development than for beginners.

17. Some of the more specific comments are presented in summary below:

- The **US Bureau of Economic Analysis** pointed out that establishing a set of indicators that measure all of the multifaceted dimensions of “sustainable development” is a daunting task for any NSOs. Considering the lack of theoretical studies in the field, the Report contributes to the improvement in the national sets of sustainable development indicators.
- **Australia, Eurostat** and **UNDP** suggested more careful reflection of the discussion on weak and strong sustainability.
- **UK** recommends building where possible on international frameworks such as SNA and SEEA. It is also important that current 'gaps' are recognised in the Report, not jumping too early to measuring what is easy to measure rather than what needs to be measured, e.g. for ecosystems.
- **Eurostat** noted that the Summary aims at reaching a consensus by allowing an “à la carte choice” for the sensitive issue of the methodological approach (it lets the choice between the “future oriented view”, the “integrated approach” and monetised wealth estimates). **Eurostat** reckons that only the “integrated approach” allows measuring properly the broad concept of sustainable development.
- **Eurostat** considers the proposed framework as more important than developing a list of indicators and recommends further effort in refining the framework and themes. It considers that only specific aspects of sustainable development can be measured in a precise way.
- **UNDP** proposed to outline already in the beginning the goal of *development of* a system of indicators for monitoring sustainable development as opposed to the currently available lists presenting a mixture of existing indicators, proxies of the non-existing ones and a wish list.
- **Romania** underlined that the reflection of the factors which determine human well-being helps to improve the statistical standards for compiling indicators. The information on the state and distribution of various types of capital provides a wider view of the heritage left to future generations as far as well-being is concerned.
- **UNDP** considers that the distributional aspect of sustainable development is relatively well discussed in the Summary, however, the proposed indicators are dominated by averages, and therefore, neglecting the distributional aspects.

- **OECD** noted that the Report needs to mention explicitly that the ‘capital approach’, used to describe the inter-temporal dimension of sustainable development, is broader than the specific (monetary or physical) measures that are used to make it operational. In other words, the discussion of the advantages and disadvantages of monetization (e.g. of natural or human capital) does not invalidate the usefulness of the ‘capital approach’ to address inter-temporal issues.
- **OECD** stressed that more attention should be given to the economic aspects of sustainability. The recent crisis highlights that unsustainable patterns of development may not reflect only a shrinking size of the capital (per capita) left to future generations, but also imbalances in the structure and distribution of that capital. The capital approach needs to look beyond economy-wide measures of the (net) capital stock left to future generations, to consider: i) the separate role of prices and quantities, as well as of assets and liabilities, in shaping the ‘net’ position of each country; ii) the distribution of that capital between institutional sectors; iii) the concentrations of risks in specific groups or individuals within these sectors; iv) the possible mismatches in the maturity of various financial instruments, as well as between domestic and foreign financing. Addressing (mentioning) these issues would provide a golden opportunity to underscore the relevance of sustainable development to how economists and statisticians think about crises.
- **OECD** also considers that the main value added of the report will be Section II “Measuring Sustainable Development” and the identification of the measurement approaches and challenges with respect to each of the elements of the conceptual approach presented in Section I “Conceptual Framework”.

#### **IV. Use of the conceptual versus thematic categorization**

18. The Summary includes a conceptual and a thematic categorization of Sustainable Development Indicators (SDI). In the conceptual categorization, three dimensions are distinguished: current human wellbeing, future human wellbeing (“capital approach”) and the international dimension. In the thematic approach, sustainable development is split into policy themes (education, health, etc). Countries discussed the advantages and disadvantages of both approaches.

19. Most of the countries found 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 sustainable development theorists and practitioners responsible for the monitoring specific themes. The advantages in linking the conceptual and thematic categorisations were seen of great relevance for building a sustainable development policy. A combination of both approaches was recommended: first, a conceptual approach, based on an indicator typology, to define the main process of sustainable development that has to be measured and monitored in the main policy fields; second, a thematic approach that facilitates the communication with the politicians and the general population. Since both systems are linked, mixing the conceptual strictness with the practical flexibility can only bring benefits.

20. The conceptual framework was considered more comprehensive than other approaches to the measurement of sustainable development. The conceptual approach was regarded as a theoretical background for understanding the broad sustainability concept of capital and its dimensions. Although it was said that trade-offs of human well-being between current and future generation can not be very clearly tracked, policy concept

would enable the main problematic areas to be detected. The possibility to add sub-indicators that will support the headline indicators and explain the factors that influence the headline indicators was appreciated. Several countries highlighted the usefulness of the conceptual approach for the international dimension and detecting the trade-offs between well-being in high-income and developing countries. The conceptual approach was also supported as useful in linking sustainable development to the economic information derived by the SNA.

21. The thematic approach was considered in general to be more practical, easier to implement, and helpful for elaboration of various policies. The draft set of sustainable development themes and potential indicators covers a wide range of indicators and needs to be further focused in order to provide a coherent story about sustainable development. Thematic approach was said to be valuable in providing policy makers with the means to know what actions they can take and how they can influence certain policies with the help of the information from the sub-indicators. The importance to analyse the links between the themes was highlighted. Their interactions can provide a better understanding of how underlying trends in society can contribute to a more sustainable path. The information on capital may be not easy to interpret and to be used as a basis for crucial decisions that need to be taken today, e.g. on investments in education, health and energy systems.

22. A strong convergence between themes and concepts was noted: both cover a set of indicators and include logical relations between sub-domains. The integration, however, of both current and future well-being was stressed as being the most important. It shows the key trade-offs that are important in the Brundtland definition.

23. It was considered useful to present options in the report allowing flexibility in their application reflecting the different policies and country priorities.

24. Several replies touched upon the use of composite indicators and a related concern that often the methodology used to construct composite indicators is not meeting the quality standards of official statistics.

## V. Experiences with developing and use of SDI sets

25. Most countries have a system of SDI, some are currently developing or plan to develop a national set of SDI, and only a few responded that they do not have a SDI set. The SDIs of EU member countries are often based on (or identical to) the EU SDI set. Some countries have produced indicators on sustainable development but do not maintain an official and comprehensive SDI set. The **US** and **Canada** produce a wide range of statistics on sustainability, although they do not have an official set of SDI indicators.

26. Several themes applied in certain countries were suggested as additional themes to the ones covered by the Summary. These include regional disparities, culture, natural hazards, nuclear safety, transport, financial flows towards less developed countries, sustainable production and consumption patterns, social inclusion, demography, migration, education and vocational training, availability of public cultural services, share of built-up area, environmental expenditures, use of fertilizers, use of pesticides, share of organic farming, logging intensity, etc. **Austria, Bulgaria, Czech Republic, Hungary, France, Latvia and Portugal** provided more detailed lists of indicators that could be added to the Summary. A possibility to bundle some themes into a larger policy domains such as energy or climate was proposed (e.g. oceans and costal areas could be classified into ecosystems).

27. The countries' experiences in respect to optimal number of indicators vary. Most countries considered difficult to specify the "optimal" number. Extracts of SDI sets should be made from a wider and comprehensive list to be communicated in pocket books, reports,

and other publications. As an alternative, visualisation techniques were proposed to be used to summarise the information from the indicators instead of reducing the number of indicators. For monitoring purposes, it was proposed to assign for policy targets as many SDI indicators as possible in order to make the SDI set relevant for policy makers and the society in general.

28. Most countries indicated no special experience in maintaining a “small” set of indicators. Some noted that a “small” set of indicators (for example 10-12 indicators) could be important for communication purposes. **Spain**, however, made a warning with regard to the use of sophisticated mechanisms for integration of indicators. Transparency and clarity were noted as essential for users. **Brazil** indicated its awareness of some academic experiences using mathematical techniques to make successive reductions of data without losing information of the original indicators.

## VI. Measurement experiences

### A. Current well-being

29. Several countries had an experience in one or another way in measuring current well-being and quality of life. **Brazil** and **The former Yugoslav Republic of Macedonia** indicated that they produce well-being or social indicators based on available data sets. **Turkey** produced numerous indicators to measure well-being in the area of poverty, health, education, employment, income and wealth, shelter, natural environment, political participation, civil society, economic participation, human rights, national stability and sustainability, family well-being, and personal well-being. **Lithuania** pointed out indicators on life expectancy, educational attainment, groundwater quality, protection of biodiversity, etc. **Kazakhstan** conducted a sample household survey to assess quality of life, including income and consumption patterns, with the purpose to identify the level of welfare and to study the causes and conditions of poverty (subjective assessment). **Armenia** considers individual components of quality of life as part of its household surveys on living conditions, demographic and health surveys.

30. Only a few countries are measuring well-being in a more systematic way. **Australia** has a broad ranging social statistics program which measures social well-being at population, family and community, health, education and training, work, economic resources, housing, crime and justice, and culture and leisure. Most of the measures are objective, however, in recent years, **Australia** has produced an increasing range of subjective measures, including self-assessed health, life satisfaction, feeling rushed or pressed for time, and feelings of safety. The **Netherlands** has a program to measure subjective wellbeing which started in 2010. **Sweden** noted a long tradition in measuring human well-being since the 1970ies.

31. Several countries have plans or work in progress on measuring human well-being and quality of life. The **US Bureau of Economic Analysis** is exploring alternative measures of growth, income, income distribution, household and non-market production, health care output and spending, and sustainability. **Switzerland** is also currently working on supplementing the GDP with well-being indicators. **France** is preparing a pilot survey to test questions on both objective and subjective quality of life. Well-being measures are included as a target in the political programme of the present Government of **Finland**. The **Netherlands** has started a programme for measuring subjective well-being in 2010. In June 2010, **Austria** made a study on how to monitor well-being of Austria’s population financed by Eurostat. **Austrian** subjective indicators were evaluated recently and enhanced by a survey on wealth in time. **Luxembourg** has proposed about hundred well-being indicators

under a project “GDP of well-being”. **Poland** is currently working on identifying possibilities to measure well-being within the frame of “Beyond GDP” and to improve the scope of its living conditions surveys. A few countries (**Ireland, Finland, Romania**) pointed out that their methodology is still under development or in a research stage.

32. References were made to various surveys, including SILC, the European Quality of Life Survey, household budget surveys, time use surveys, NGOs surveys on social needs, etc.

## B. Capital

33. The extent to which natural capital is measured varies significantly between countries. **Australia** produces a range of data which contribute to the understanding of natural capital, including natural assets such as land, timber and subsoil assets. **Australian’s** enviro-economic accounts include information on water, energy and land. **Canada** has been measuring physical stocks of energy, minerals, timber, land and water since the 1990s. The **Netherlands** has an extensive programme of environmental accounts and statistics and produces many of the SEEA accounts on a regular basis. **Mexico** is monitoring some aspects of natural capital by the means of the Economic and Ecological Account System. **The former Yugoslav Republic of Macedonia** has some experience on measuring natural capital concerning water, soil and air quality, and their interdependence with the climate changes but they rely on irregular project surveys. **Latvia** plans to calculate natural capital in the long run.

34. **Australia, Canada, the Netherlands and Italy** described their practices in measuring human capital. **Australia** has undertaken a range of work in measuring human capital over a number of years. **Canada** participates in research on the measurement of human capital but has not produced official statistics in this domain. The **Netherlands** has started a program, to measure human capital according to the J-F framework (lifetime income approach). **Italy** has recently set up an overall strategy for the measurement of human capital. It is internationally harmonized and includes both measuring capital stocks of human capital and advancing towards the construction of a satellite account for human capital. Stocks are measured according to the life-time labour income approach (J-F) limited to the working population (15-64 years), with breakdowns by sex, level of education (3 or 4 levels), employees/self-employed and economic activity. Only SNA economic activities are taken into account at this stage.

35. Very few countries mentioned any experience in measuring social capital. **Austria, Australia, and Sweden** have done some studies on capital stocks, and in particular on social capital. **Ireland** has done a small module on social capital as part of its Labour Force Survey in 2006. **France** measures social capital based on information from the EU-SILC survey, for example on participation in public life and contact with the others. Participation in public life is measured according to three aspects: political commitment (including participation in the electoral process), professional commitment, and participation in groups or organisations (holding a position of responsibility in an association, including voluntary work). **Italy** started a research project for an Atlas of Social Capital and Institutions, with the aim of observing the presence/absence of institutions, how this presence is or is not supported by social networks, social and civic participation and their relation with socio-economic development by territorial breakdown. The **Netherlands** has written a number of reports on social capital from macro-economic perspective. **Latvia** shared its experience on calculating a Social Capital Index, mainly in the research field. **Italy** and **Turkey** are using definitions in conformity with the OECD definition of social capital.

36. **Azerbaijan, Belarus, Brazil, Bulgaria, Germany, Kazakhstan, Luxembourg, Portugal, Romania, Sweden, and Switzerland** indicated explicitly that they do not have experience in measuring natural, human or social capital stocks.

37. In general, there is a high awareness of the limits with regard to the issue of monetization. The **Netherlands** monetises the SNA assets, intangible capital, R&D and is exploring the (monetary) human capital accounts. As far as natural capital is concerned, only sub-soil assets are monetized. **Austria** has no plans for monetisation of natural and social capital. Although monetisation requires assumptions about the future (especially prices), **Canada** considers useful to determine approximate values and to assess trade-offs. **France** as well supports the establishment of reference values for different non-marketed goods in certain cases, especially in the environment domain. On the contrary, in many cases, **Spain** prefers to restrict to physical measures instead of using methodologically weak monetisation techniques. **Germany** has explored possibilities for monetisation of natural capital but so far did not find any convincing approaches. **Australia** would support monetisation where market values are available or where good proxies can be readily obtained through analytical techniques, but would be more wary of valuation techniques that are not based in some way on prices that are revealed in a market. Given the benefits of comparability that monetisation brings, **Australia** considers worth pursuing by official statisticians, even if some estimates may need to be labelled experimental because the estimation techniques are not fully established or because alternative methods are available and there is no single agreed upon method.

### C. International dimension

38. The inclusion of the international dimension of sustainable development in the Report was received positively and further work in this area was encouraged.

39. **Eurostat** considered the international dimension crucial. Several countries noted experience in this area, including the calculation of “ecological footprint”. **Finnish** Ministry of Environment has actively taken part in development of the “ecological footprint” calculations. **Luxembourg** has begun calculating the “ecological footprint” as part of a project carried out by a Research Centre. **Luxembourg** considers the “ecological footprint” an excellent communication tool, which however is not applicable when evaluating policies in one or other economic sectors. **Sweden** measures emissions for the Swedish consumption as part of the work on the environment accounts. The **Latvian** Sustainable Development Strategy 2030 has included the “ecological footprint” as a strategic indicator to monitor sustainable development. The **Netherlands** measures greenhouse gas emissions from both production and consumption perspectives. **France** takes into account the international dimension in its sustainable development scoreboard with a headline indicator of direct income transfers (official development aid) from France to the developing world. Furthermore, **France** estimates certain environmental relationships, e.g. the carbon footprint both from a territory and a final demand perspective. **France** and **Germany** are currently working on estimating a water footprint. **Germany** pointed out the need for an internationally agreed method to calculate the carbon footprint.

40. **Austria** has developed a footprint calculator, which is used only for communication purposes. Two on-line calculators on the webpage of World Wildlife Fund in **Latvia** allow calculating the personal “ecological footprint”.

41. The **Netherlands** estimates trade balance on a bilateral trade basis. **Sweden** considered the trade balances difficult to interpret and made a proposal to use the environmental pressure connected to consumption on a per capita basis.

42. **Australia** expressed concerns with ecological footprints as statistical measures and has no plans to produce such measures.

## VII. Data availability

43. Most countries indicated that they produce the indicators listed in Tables A1 and A2 in Annex 2 of the Summary (Document 4/Add 1).

44. Some countries noted additional indicators that are not included in Annex 2. **Bulgaria** produces additional indicators on fresh water resources, waste water disposal, surface and groundwater extraction, and the extraction of metal and non-metals ores. **Mexico** has indicators on biodiversity, resource reserves, water quality, and freshwater resources. **Australia** listed supplementary indicators on housing affordability, victims of burglary (households) and assault (persons), obesity, educational attainment of young people, contact with family and friends, fossil fuel reserves, biodiversity and fresh water resources, early school leavers, PISA and PIAAC scores, etc. Additionally, **Portugal** noted the existing information on the indicators “Time spent on recreation (hours)” and “Time spent with friends, family, volunteering (hours)” (TUS of 1999). **Poland** has also done work on measuring volunteering.

45. **Italy** noted that for each chosen indicator, its meaning in terms of sustainability and goals to be reached (if any) has to be clearly stated and suggested defining a single direction for all indicators, also from a conceptual point of view, so that a positive or an increasing value for a given indicator would indicate an improvement in terms of sustainability.

## VIII. Visualisation and communication

46. Not many countries indicated experience in visualisation and communication of SDI sets. **Mexico** has several systems for visualisation and communication of environmental, socio-demographic and economic indicators. **Romania** regularly works on new tools for visualisation of SDIs. Maps developed by Eurostat in relation to the SDI work were given as a good example of visualisation.

47. Most countries consider trends in the SDIs, link them to policy targets and compare SDIs to other countries. **Hungary** makes comparisons with other EU and neighbourhood countries. **Switzerland** makes assessments of trends in indicators and illustrates the results with a traffic-light symbol. In the **Latvian** Sustainable Development Strategy 2030, 7 strategic themes are described by a list of 4 -10 indicators per theme, thus in general the indicators are linked to policy targets. The values of the indicators are compared to the EU-27 average. **Ireland** is developing and disseminating competitiveness indicators (Measuring Ireland’s Progress).

48. **Finland** made a publication on SDI communication “SDI: Much wanted less used”. Although, data on sustainable development are not always published, most of the countries made references to various publications on sustainable development aspects.

## IX. Conclusion

49. The useful comments received through the consultation will be reviewed in-depth during the meeting of the Task Force on 19-20 May 2011. The Conference will be informed briefly on the outcome of the meeting.