

Indicators and better policy-making: the case of sustainable development¹

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Abstract: This paper describes the experience of Eurostat in elaborating sustainable development indicators and using them to monitor the related policy process. The choice to use a policy-driven approach, i.e. to link directly indicators to policy priorities, gives a high visibility to statistics and indicators and ensures their full policy-relevance. Despite the remaining shortcomings and in particular the lack of a conceptual approach, this experience shows that official statistics are well equipped to deliver the assessment tools needed for policy making in the field of sustainable development.

Sustainable development strategies (SDS) have their roots in Agenda 21, which was a key policy document describing a programme for the achievement of sustainable development adopted at the Rio World Summit in 1992. Agenda 21 called on all countries to develop such a strategy together with a broad variety of stakeholders. After an initial commitment taken in 2001, in June 2006 the European Council adopted a renewed sustainable development strategy² which sets out in a single document a long-term vision for the European Union. As initially stated in chapter 40 of Agenda 21, the role of statistical indicators and the importance of monitoring progress towards sustainable development on the basis of indicators are recognised in the governance chapter of the EU strategy.

The present paper describes the role that official statistics can play in a complex endeavour such as sustainable development. The point of departure - the EU strategy and the role which is recognised for indicators - is elaborated upon in section 1. Section 2 provides an overview of the implementation phase of the indicators, with a particular emphasis on the analytical work, before some lessons learnt from the exercise are introduced in section 3.

1. LINKING THE POLICY AND STATISTICAL PROCESSES

The 2006 renewed strategy was an important step forward for the definition and commitment in favour of sustainable development policies in the European Union. As regards its monitoring, it recognised the role of indicators, strengthening both their importance and the role of the statistical community in the monitoring of the strategy.

¹ The views expressed in this paper are those of the author and do not necessarily represent those of the European Commission.

² European Council, document 10917/06 of 26 June 2006: "Review of the EU Sustainable Development Strategy (EU SDS) - Renewed Strategy".

1.1. The EU strategy for sustainable development

Although the Treaty establishing the European Community sets sustainable development as an overarching concept underpinning all Union policies, there had been no explicit statement as to how sustainable development was to be implemented prior to the adoption by the European Council of an EU strategy for sustainable development in June 2001. The 2001 SDS was not presented as a single document and as a consequence lacked clarity and visibility. It should be added that no clear rules for governance or ownership were introduced in the strategy.

By contrast, the European Council adopted in 2006 “a single, coherent strategy on how the EU will more effectively live up to its long-standing commitment to meet the challenges of sustainable development” (para. 4). The implementation of the objectives and targets formulated in the EU SDS requires efforts at the European level as well as from the EU Member States. Therefore, one of the guiding principles of the EU SDS is to establish coherence between policy-making on the various political levels (EU, national, local) for the implementation of the strategy. Another considerable contribution of the renewed SDS is to clarify the synergies with the Lisbon Strategy which should contribute to the overarching objective of sustainable development primarily in focusing on economic growth and job creation.

The renewed SDS also introduces a governance cycle (para. 33 to 45) which clarifies the timing and role of the main stakeholders. In particular, every two years the European Commission will submit a progress report on the implementation of the SDS in the EU and the Member States. The report should draw on the set of sustainable development indicators (SDIs) as well as a monitoring report from Eurostat following the same periodicity. If the strategy sets out the development process and the use of indicators in reporting, the list of SDIs itself is not defined, although it is foreseen that a limited set of indicators could be adopted by the European Council by the end of 2007 . This solution was preferred by most stakeholders, as it avoids freezing a list of indicators, and allows more flexibility in its improvement and development over time.

1.2. The request for indicators in the strategy

Chapter 40 of Agenda 21 recognised the need of information for decision-making and called on countries and the international community to develop indicators of sustainable development. It is in this spirit that the strategy requires the development of statistical indicators to cover in depth the complexity of sustainable development and to allow for an appropriate assessment of progress.

The SDS makes some general recommendations on the coverage of the SDIs (para. 34) and the need to look at the continuous improvement of the set. The responsibility for the development of indicators is given to the European Commission in collaboration with Member States through an expert working group on SDIs. This expert group assists the Commission in selecting the most relevant indicators. The strategy also anticipates the possible political endorsement and adoption of a limited set of indicators (para. 36).

Last but not least, the strategy refers to the use of SDIs both in the monitoring report by Eurostat and in the Commission progress report.

Such an endorsement by major stakeholders is desirable for a number of reasons, and is an important factor in achieving a successful outcome. Lack of endorsement and consultation with stakeholders may mean years of work to produce something that may be highly praised but never used.

2. THE RESPONSE FROM THE EUROPEAN STATISTICAL SYSTEM

The adoption of the 2001 strategy led to the realisation by Eurostat that a set of indicators specifically tailored for the EU should be developed. In September 2001, a task force was established to develop a common approach from the European Statistical System to the measurement of sustainable development. This task force comprised experts from 16 European countries and 12 policy Directorates-General of the Commission. Despite some unavoidable compromises, the outcome of the task force was globally endorsed in 2005 by the European Commission through a Communication from Mr. Almunia³.

³ SEC(2005) 161 final: "Sustainable development indicators to monitor the implementation of the EU Sustainable Development Strategy".

In November 2006, Eurostat began to review the set of indicators, assisted by the Working Group on SDIs in order to fit more closely with the objectives and targets in the renewed SDS.

2.1. What to measure

One of the fundamental issues was to define the scope and purpose of the set of indicators. What should be measured: sustainable development per se or sustainable development policies? If it were to be the former, how should sustainable development be defined? The Brundtland phrase about meeting the needs of the present without compromising the needs of future generations is notoriously difficult to turn into an operational definition, and indeed the Brundtland report elaborated a complex concept of sustainable development that went far beyond that single resonant phrase. Another, more analytical attempt in the Brundtland report at defining sustainable development was as “a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are all in harmony and enhance both current and future potential to meet human needs and aspirations”. There are clearly a number of principles involved, including inter- and intra-generational equity and justice, sustained economic growth that does not damage the environment or impoverish the local natural resource base, the eradication of poverty, and participation in decision-making.

In the end, the answer given by Eurostat – as well as many countries or organisations which had set up such a system of indicators – was pragmatic and directed at aligning the indicator set on the policy priorities to allow an easy identification of policy-makers to the statistical work. Consistent with the thinking of the UN, it was considered that indicators should be based on the principles and objectives of the EU SDS. And, again consistent with the UN model, the indicators would be best organised within a thematic structure that would be readily understood by policy makers.

2.2. Making sense of the strategy

It was then necessary to develop a clear understanding of the EU strategy itself. The priority areas of the 2001 SDS as well as the additional headings of governance and global partnership were adopted as the main headings forming the backbone of an indicator system. Two further issues, (production and consumption patterns, and economic development) which are generally considered to cut across the eight other headings, were added instead as separate headings.

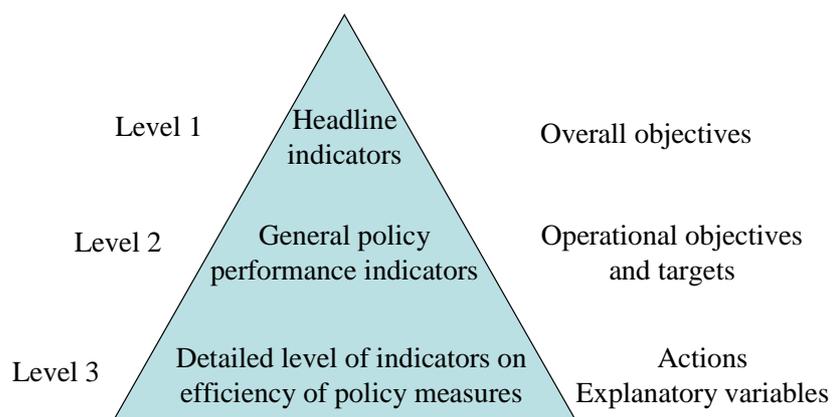
Each heading derived from the above mentioned commitments became a “theme” in a hierarchical structure, where indicators were divided into three levels (see picture 1 below) to match the needs of different types of users. The 10 themes⁴ are:

- Economic development
- Poverty and social exclusion
- Ageing society
- Public health
- Climate change and energy
- Production and consumption patterns
- Management of natural resources
- Transport
- Good governance
- Global partnership

The themes were further divided into sub-themes and “areas to be addressed”. Indicators were proposed within each of the themes to match the major policy commitments and objectives of the strategy and related EU strategies. These indicators were classified into three levels of importance, creating a pyramid structure with one (or sometimes two) headline indicators for each theme at the top, supported by level 2 indicators in the middle and level 3 indicators at the bottom (see picture 1 below):

⁴ The final meeting on the review of the SDIs (10-11 May 2007) had not yet taken place when this article was being written. It is likely that the label of the themes will be revised to some extent.

Picture 1: Pyramid of indicators



It was intended that the different layers of the pyramid should build on each other and tell a story. That is, if one wants to know why an indicator at a higher level is as it is, it should be possible to find the answer at the next lower level. And working in the other direction, taking the information contained at a lower level of the pyramid should lead to the information contained in the next higher level. In practice this has not proved possible for all themes, especially for those with a more environmental or institutional character.

In the selection of indicators, it was also borne in mind that the primary purpose of the exercise was to identify trends that were unsustainable or potentially unsustainable. Indicators were therefore selected on the basis of their ability to show EU trends, rather than opting for indicators which were better suited for comparing the relative performance of individual countries.

2.3. Monitoring the strategy

Although Eurostat has worked on and published sets of sustainable development indicators since the mid-1990s, indicators have acquired a new role in the 2006 strategy. In particular, Eurostat is required to produce a monitoring report on the basis of indicators every second year.

This monitoring report will provide an input for the more political progress report to be adopted by the European Commission, which should also refer to SDIs. This linkage between the two reports will give a high visibility to SDIs, and has only been possible due to constructive communication between statisticians and policy makers during the phase of selection of indicators. It will require a strict adherence to the principle of neutrality of statistical institutions.

The aim of the monitoring report is to provide a quantitative analysis of trends in the various sustainable development themes. The structure of the report follows the 10 themes of the SDI framework. The emphasis is very much on the visualisation of trends, with graphs and figures being presented rather than the raw data which can be consulted on the Eurostat SDI website. The main policy objectives for each theme are summarised with an explanation of the rationale for the selection of indicators. An analysis of the trends is made for every chapter as a whole and for each individual indicator. This includes a visual assessment of changes: are the changes favourable in the context of sustainable development objectives, unfavourable, has there been no significant progress, or is there insufficient data available to provide an assessment?

The inter-linkages section is meant to provide an illustration of the linkages between the different issues relevant to sustainable development. The challenge of sustainable development is about becoming more aware of these linkages, and identifying the potential synergies and trade-offs that are an inherent part of individual actions and the policies of governments or international organisations. These are, however, complex issues, and knowledge is often limited. The inter-linkage sections are therefore not intended to be comprehensive at this stage, but rather to provide some useful illustrative examples and hypotheses that could be further tested.

Finally, some limits to the approach adopted in the monitoring report should be mentioned. On the one hand, the indicators adopted are imperfect, and do not always adequately monitor the issue of concern. On the other hand, the number of indicators adopted was consciously restricted for the purposes of communication. The set of indicators used in the report therefore cannot be considered as sufficient information to provide a full and comprehensive analysis of all the trends relevant to sustainable development. Nevertheless, this report should be considered as a contribution to measuring the progress towards sustainable development at European level, based on commonly agreed indicators derived mainly from official statistics, and thus providing one out of the many perspectives required in the search for a more sustainable development.

3. SOME PARTICULAR LESSONS

3.1. A neutral assessment

Statistical institutions are particularly well placed to play a key role in the evaluation of policies such as sustainable development because of both the commitment to impartiality of statistical production and analysis and the availability of expertise in a variety of fields. Developing adequate sets of indicators which are relevant for monitoring those policies offers an opportunity for making statistics and indicators more used in the public debate. Obviously the necessary condition is to maintain a strict and neutral approach in the monitoring of public policies, refraining in particular from any political statement.

3.2. The need for endorsement

Endorsement by major stakeholders is an important factor in achieving a successful outcome. Firstly, policy-makers need to be committed to the use of indicators and messages they may deliver. This process of appropriation begins in the phase of selection of the indicators, where statisticians need to justify their preference in order for their work not to be dismantled later on by policy-makers.

In the case of the EU SDIs, the Commission formally endorsed in February 2005 the framework and indicator set in the form of an internal communication. It entailed the consultation and agreement of the Commission's various Directorates-General and this inevitably led to a new round of discussions on which indicators to include and at what level. The involvement of end-users at this stage bolstered the role of indicators, monitoring and targets in the thinking about how to further develop the strategy and has guaranteed that these elements will be integrated into future versions of the strategy.

Finally, in order to ensure the continued cooperation and assistance of national experts, the final report of the task force was submitted to the directors of the national statistical institutes for their approval. This resulted in a renewed mandate to continue development within a working group and ensured continued support for the project.

3.3. The importance of timing

Setting milestones is essential for a project so as to deliver results at the most opportune moment. In the case of indicators measuring progress towards a certain policy, it is particularly valuable to tie in with political events. There is then much more chance that the work will be noticed and used.

With this in mind a website devoted to the indicators was set up just prior to the spring 2005 meeting of the European Council, where the SD strategy was to be discussed. Later on in the year Eurostat's report monitoring progress in the EU towards sustainable development was released during the week preceding the December 2005 meeting of the European Council which was to discuss the review of the SD strategy.

3.4. Areas requiring further attention

The work described above has led to the adoption of a set of indicators which have been published in paper format and on the web, which have been endorsed by the European Commission and the European Statistical System, and which have found a role in assessing progress towards the EU's goal of sustainable development. Nevertheless, it should be recognised that further progress is needed in a number of areas, some of which are mentioned below:

- (1) Conceptual basis of the SDIs: it can be argued that the EU set of SDIs has no conceptual basis or framework and that its link to the EU strategy which will regularly be revised means that it will not

stand the test of time. It is true that the structural framework used was derived to a large extent from the EU strategy, and is therefore subject to change as the strategy evolves. Nevertheless, the indicator set is organised in a clear and easily communicable structure. It provides a tool which can help to implement change by measuring progress towards the objectives of the strategy and has indeed already found practical applications in EU decision-making. It is expected that as the strategy evolves, new indicators to address issues of emerging importance will be needed.

A joint UNECE/OECD/Eurostat working group is currently looking in detail at the capital approach, which still requires multi-disciplinary research before a possible implementation. It also needs to be demonstrated to stakeholders that such a framework is useful for monitoring current SD policies.

- (2) Insufficiency of data: there are several areas for which no information or only partial information is currently available. To overcome this technical constraint and ensure the production and compilation of the necessary data for policy-making in a longer time-frame, the indicators were divided into two categories, “best available” and “to be developed”.

The “best available” indicators refer to indicators that can be compiled on the basis of existing data. Some of these indicators may not be the ideal indicators for sustainable development policy issues, but serve a useful function as proxies for the ideal ones, which are still “to be developed”. Some of the indicators may also be classified as “to be developed” due to data quality problems.

Eurostat, in cooperation with the European statistical system and the research community, has investigated the feasibility of the indicators “to be developed” and will report on progress in ensuring the availability of those indicators which are feasible. This development work forms a considerable task that will contribute substantially to further improve the homogeneity of the set of indicators.

- (3) Inter-generational equity: the SDS contains actions and commitments which are to be implemented now to correct unsustainable trends, but which are also aimed at improving the situation and options of future generations. Inter-generational equity is therefore an essential part of the strategy. Forecasting and scenario-building are necessary to improve the relevance of statistical information, but such tools are still to be developed.
- (4) Evaluation of trends: the method used so far to evaluate trends in individual indicators is harmonised but simplistic. Each indicator can be interpreted so that an upward, a downward, or a stable trend is consistent with sustainable development. But how much movement in the right direction is needed for the development of the indicator to be judged sustainable?

The method adopted by Eurostat in the monitoring report was to positively evaluate when there has been an average annual change of at least 1% over several years in the right direction. This was a simple, consistent and transparent rule of thumb, but is of course inadequate in that it fails to differentiate between variables which are rather volatile, such as growth rate of GDP, and those which have higher inertia, such as life expectancy. Where indicators are associated with quantified targets the evaluation was made according to whether progress has been in line with the linear target path. But if the target itself is inadequate, this method is also inadequate.

The assessment work made clear that some specific (if possible sustainability) thresholds should be defined for each indicator. There is also a need to evaluate the overall trend of the indicator set taken as a whole in order to give some indication of whether we are on a sustainable or unsustainable path.

- (5) Indicators of governance: governance is a problematic topic to cover. In the sustainable development context, it should ideally cover the areas of participation, accountability, effectiveness and coherence, be focused on institutions, and also address the EU contribution to global governance. Given the difficulty in obtaining appropriate data of sufficient quality and coverage, only two sub-themes (policy coherence and public participation) and a few imperfect indicators were proposed.

4. CONCLUSION

The introduction of the concept of sustainable development in recent policy-making has been a major turning point for our societies over the last two decades. Current policies cannot anymore focus mainly on their short-term impact but they have also to be more forward looking as well as more consistent between each others. Given the complexity of the concept of sustainable development, measuring what counts for the

well-being of both present and future generations, official statistics are well equipped because of both the commitment to impartiality and the diversity of the available expertise to provide the robust statistical tools – and in particular statistical indicators – which are required to adequately assess the implementation of current policies. Even if the current set of EU sustainable development indicators is still largely imperfect, a proactive approach like the one followed by Eurostat has increased the profile of official statistics and may help to shape future policies on the basis of a more rigorous assessment of the current situation.