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**2007 review of the SDI set:
Criteria for the organisation of the set**

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Criteria for the organisation of the set

The current review of the list of sustainable development indicators began with the November 2006 meeting of the SDI Working Group. Although it was initially assumed that the previous rules establishing the overall organisation of the set would remain unchanged, it has become increasingly apparent that some adjustments are necessary in order to address various concerns raised during the previous two meetings of the Working Group. This paper is intended to establish the general rules to be applied in the review of the set.

1. ORGANISATION OF THE SET

Communicating efficiently on an issue as complex as sustainable development remains a challenge. Most countries have chosen to adopt a limited set indicators to communicate the main messages related to sustainable development. This is the case for instance of France (12 indicators), Norway (16), the United Kingdom (20) and Germany (21). The reasons for limiting the size of the set are twofold: on the one hand it is easier to communicate on the basis of a restricted set of indicators; and on the other hand, there are limits to the human resources available to manage a large number of datasets and indicators. Eurostat intends to adopt a similar approach in restricting the total number of indicators to between 100 and 120 (as compared with the 155 indicators described in the 2005 communication). In particular, it will not be feasible to include indicators on every single issue which has some bearing on SD, and therefore the indicators and issues to be included under each theme should be selected according to the priorities of the SD Strategy as well as conformity to a set of basic criteria.

It is proposed to keep the current structure of the set of SD indicators as a three-storey pyramid. This distinction between the three levels of indicators reflects the structure of the renewed SD Strategy (overall objectives, operational objectives, actions) and also responds to different kinds of user needs.

Discussions within the Working Group have also highlighted the usefulness of the concept of 'contextual' indicators and the need to better describe the state of progress of work related to 'indicators to be developed' (the former 'best needed indicators'). The following definitions clarify the rules followed in the classification of indicators as well as the role of indicators in the set.

1.1. General rules

Given the cross-cutting nature of SD, the framework for SD indicators is determined by policy themes that unavoidably overlap to some extent. Some driving forces, such as energy consumption, influence developments covered by several themes, but cannot appear several times in the indicator set. To avoid duplication, a specific indicator is allocated to only one theme. This allocation is based on pragmatism and reflects the way the SDS treats these boundary issues. **A sectoral indicator is displayed as a priority within the sectoral theme to which it belongs.**

Although it is difficult to apply to economic or social issues, the Driver – Pressure – State – Impact – Response (DPSIR) framework, or the WHO health related Driving Forces – Pressures – State – Exposure – Effects – Actions (DPSEEA) framework can be useful to guide the allocation of indicators for some other issues. For example, for atmospheric

pollution, indicators relating to driving forces (activities, energy sources) and pressures (emissions) are placed in the Climate Change and Energy or Transport themes, while exposure and effects indicators are included in the Public Health (Population exposure to air pollution) and Natural Resources themes (e.g. Exceedance of critical loads of acidifying substances and nitrogen in sensitive natural areas).

1.2. List of themes and sub-themes

Based on discussions within the two previous meetings of the Working Group, and further exchanges since, Eurostat proposes the following adapted framework:

Socio-economic development	Sustainable consumption and production	Social inclusion	Demographic changes	Public health	Climate change and energy	Natural resources	Sustainable transport	Good governance	Global partnership
Economic development	Eco-efficiency (or Decoupling?)	Monetary poverty and living conditions	Demographic changes	Health and health inequalities	Climate change	Biodiversity	Transport growth	Policy coherence and effectiveness	Globalisation of trade
Innovation, competitiveness, and eco-efficiency	Consumption patterns	Access to labour market	Old-age income adequacy	Determinants of health	Energy	Freshwater resources	Transport prices	Openness and participation	Financing for sustainable development
Employment	Production patterns	Education	Public Finance sustainability			Land use (To be renamed)	Social and environmental impacts of transport	Financing and economic instruments	Resource management

The current ordering of the themes follows the UN guidelines, ranking the themes according to the following dimensions: economic, social, environmental and institutional. It is not proposed to alter fundamentally this ordering, but the ordering of the chapters in the monitoring report will follow closely the ordering of the key challenges in the SD Strategy.

As compared to the previous version of the list of themes and sub-themes (cf. document SDI/WG/23), the following changes have been introduced:

- Rename the sub-theme 'Innovation and competitiveness' into 'Innovation, competitiveness, and eco-efficiency';
- Move the theme Sustainable Consumption and Production closer to Socio-economic development in the framework, to emphasise the strong linkages between the two themes;
- Rename the theme 'Demographic changes' (instead of Demographic pressure) to make it more neutral;
- Drop the sub-theme on 'Marine ecosystems', which was in the end filled with only one indicator and for which there is no longer a separate objective in the renewed SDS.

1.3. Kinds of indicators

The SDI set is organised as a three-level pyramid, and complemented with contextual indicators.

- Some 10 to 12 **headline (or level-1) indicators**, monitoring the 'overall objectives' of the SDS, are at the top of the pyramid. They should be robust and available with reasonably long time-series (at least five years).
- The **second level** of the pyramid consists of indicators related to the operational objectives of the SDS. They are the lead indicators in their respective sub-themes.

The aim is to have between 35 and 45 indicators. They should be robust and available with reasonably long time-series (at least five years).

- The **third level** consists mainly of indicators related to the actions explicitly mentioned in the SDS or to other issues which are necessary to analyse progress towards objectives. Breakdowns of level-1 or -2 indicators are usually also at Level-3. The aim is to have about 50 indicators at this level.
- **Contextual indicators** are part of the SDI set, but they do not monitor directly any of the objectives of the Strategy and they may not be policy responsive. However, they provide valuable background information on issues of direct relevance for SD policies and are useful for the analysis. As they do not relate to any particular policy objective, they are often difficult to interpret in a normative way¹.

The SDI set also describes indicators which are not yet available but which would be useful for assessing progress. In order to give a clearer picture of the number of indicators which can be relied on, and to avoid cluttering the list with indicators that remain without any data, a distinction is made between indicators under development and indicators to be developed.

- The **indicators under development** are known to be under development currently by a group of experts in Europe. They are expected to become available within two years and to be of sufficient quality, respecting Eurostat standards. They appear in italics in the SDI list.
- The **indicators to be developed** are either: (i) known to be under development currently by a group of experts in Europe, but no final satisfactory result is expected within two years; or (ii) are not being developed currently as far as is known. They do not yet belong to the SDI set and are quoted in appendix as topics for further development.

2. SELECTION CRITERIA

Selection criteria have been used in various indicator exercises over the past years in order to assess the suitability of potential indicators. The following list of criteria is directly adapted from that used for the 'Laeken' indicators on social inclusion.

Each indicator to be included in the SDI set - and particularly the headline indicators - should respect as far as possible the following criteria (see annex 1):

1. An indicator should capture the essence of the problem and have a clear and accepted normative interpretation.
2. An indicator should be robust and statistically validated.
3. An indicator should be responsive to policy interventions but not subject to manipulation.

¹ Many expenditure indicators are examples of this. They are difficult to interpret in a non-ambiguous way as the optimum level is not known. They therefore generally belong to contextual indicators, unless there is a clear target related to them (e.g. R&D expenditure).

4. An indicator should be measurable in a sufficiently comparable way across Member States, and comparable as far as practicable with the standards applied internationally by the UN and the OECD.
5. An indicator should be timely and susceptible to revision.
6. The measurement of an indicator should not impose on Member States, on enterprises, nor on the Union's citizens a burden disproportionate to its benefits.

And the portfolio of indicators should follow the following principles:

7. The portfolio of indicators should be as far as possible balanced across different themes and dimensions.
8. The indicators should be mutually consistent within a theme.
9. The portfolio of indicators should be as transparent and accessible as possible to the citizens of the European Union.

3. NUMBER OF INDICATORS

The number of indicators presented in the paper SDI/WG/36 (2007) is the following:

	L1	L2		L3		TOTAL		Contextual	TBD
	Total	Total	UD	Total	UD	Total	UD		
Socio-economic development	1	3	-	11	2	15	2	-	2
Sustainable Consumption and Production	1	3	1	10	1	14	2	4	8
Social inclusion	1	3	-	8	-	12	-	1	5
Demographic changes	1	3	-	5	1	9	1	3	1
Public health	1	3	1	8	-	12	1	-	11
Climate change and energy	2	2	-	6	2	10	2	2	2
Natural resources	2	4	-	5	2	11	2	-	7
Sustainable transport	1	5	1	6	-	12	1	-	6
Good governance	1	2	1	3	-	6	1	1	4
Global partnership	1	4	-	7	-	12	-	2	3
TOTAL	12	32	4	69	8	113	12	13	49
TARGET	10-12	35-45	-	50-70	-	100-120	-	-	-

UD: Indicators under development

TBD: Indicators to be developed

Annex 1: Selection criteria

Detailed criteria	Keywords	Form of assessment
1. An indicator should capture the essence of the problem and have a clear and accepted normative interpretation ²	Essence of the problem Clear interpretation	<ul style="list-style-type: none"> - The indicator covers the main SDS objectives - It is easily understandable by the general public - The sense of its variations is easily interpretable as positive or negative for SD
2. An indicator should be robust and statistically validated	Robustness Reliable data Accuracy Comparability over time	<ul style="list-style-type: none"> - The indicator is regarded as statistically reliable and accurate - It is comparable over time - It is available for a minimum of 3 years - Its construction does not introduce any arbitrary adjustment
3. An indicator should be responsive to policy interventions but not subject to manipulation	Policy relevant Policy responsive	<ul style="list-style-type: none"> - The indicator should reflect the impact of policies - It should reflect principally outcomes
4. An indicator should be measurable in a sufficiently comparable way across Member States	Comparability across countries Geographical coverage	<ul style="list-style-type: none"> - An EU aggregate is available as well as data for most EU countries - It is comparable between countries due to harmonised methodology at EU, OECD or UN level
5. An indicator should be timely and susceptible to revision	Timely	<ul style="list-style-type: none"> - The indicator should be available for at least one period of time within the past 3 years
6. The measurement of an indicator should not impose on Member States, on enterprises, nor on the Union's citizens a burden disproportionate to its benefits	Burden	<ul style="list-style-type: none"> - The indicator should be derived as much as possible from existing data collections / sets of indicators

² By definition, this does not apply to contextual indicators

Detailed criteria	Keywords	Form of assessment
7. The portfolio of indicators should be as far as possible balanced across different themes and dimensions	Balance across dimensions	- A certain equilibrium should exist between the three pillars of SD as well as between the themes
8. The indicators should be mutually consistent within a theme	Consistency	- Indicators should not deliver contradictory messages, or to the extent that they do so then explanations should be readily available.
9. The portfolio of indicators should be as transparent and accessible as possible to the citizens of the European Union.	Transparency Accessibility	- Indicators should be easy to read and understand. - Indicators and their metadata should be readily available