

National Sustainable Development Strategies – What Future Role with Respect to Green Economy?

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UNCSD Side Event Policy Brief



European Sustainable Development Network

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1. Introduction

This policy brief aims to contribute to the UNCSD-related debate on the relationships between sustainable development (SD) and green economy, and between the measurement and monitoring systems in the form of indicator sets resulting from these two concepts. This policy brief has been prepared in support of an UNCSD side event titled *National Sustainable Development Strategies – What Future Role with Respect to Green Economy?*, taking place on 14 June 2012 in RioCentro, Rio de Janeiro. The side-event referred to chapter IV, section D (Regional, national local institutional framework for Sustainable Development) of the Zero Draft of the Rio+20 outcome document in connection with chapter III regarding green economy strategies, measures and indicators. The goal of the side event, as well as of this policy brief, is to contribute to an informed discussion, a clarification of the role of national sustainable development strategies and sustainable development monitoring systems in comparison to approaches for green economy, and to give an orientation for actors on the national and local levels regarding the implementation of the Rio+20 outcomes on the ground. This version of the text has been complemented by views, experiences and recommendations from the side event.

The following, second section of this policy brief aims to shed more light on the relationships between the concepts of sustainable development and the various ‘greening the economy’ concepts. The third section constitutes the main part of this policy brief and provides an overview of the recent measurement initiatives which have or are taking place in the broader context of sustainable on the international level (3.1–3.8), dealing both with indicator initiatives operationalising the sustainable development concept (3.1–3.5) as well as the green economy or green growth concepts (3.6–3.8). This section also provides some information on selected measurement approaches towards sustainable development and green economy on the national level, using the examples of Switzerland and Finland (3.9). Furthermore, it offers a comparison of the described measurement approaches (3.10). The fourth section offers conclusions and recommendations on the co-evolution or integration of sustainable development and green economy measurement systems in light of the Rio+20 outcomes.

2. The conceptual relationships between sustainable development and green economy

Key messages:

- Green economy can serve as a vehicle for sustainable development; the link to the “context of sustainable development and poverty eradication” is sufficiently stressed in the UNCSD outcome document.
- Green economy is a very flexible concept with as of now unclear tools, models or policy examples, embracing the somewhat contradictory agendas of support to international trade and change of unsustainable consumption and production measures.

Green economy and green growth are controversial concepts

The ways and means of measuring progress towards sustainable development or, more specifically, prosperity or green economy, are closely tied to the underlying concepts behind the measurement systems as well as strategies for the concepts’ practical implementation. In this section we will address the relationships between the concepts of sustainable development and green economy or green growth, respectively.

The concepts of ‘green economy’ (a concept pioneered by UNEP and picked up by the UNCSD process) and of ‘green growth’ (a concept promoted on the international level by the OECD and the World Bank) have recently acquired a lot of attention. These concepts respond to the recent economic crisis and they can be understood in line with other initiatives for ‘restarting growth’ and addressing unemployment. Green economy and green growth attempt to locate economic opportunities in the response to climate change and to the increasing scarcities of natural resources, primarily through the means of energy- and resource-saving technological innovation. Nevertheless, their definitions are not settled¹ and, prior to the Rio+20 summit, a number of their aspects were considered to be controversial (and some remained so).

Some confusion is caused by the fact that these two concepts point in slightly different directions: As understood by UNEP, the **green economy** concept aims for a **transition** of the economy towards one that delivers “improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities” (UNEP 2010). The primary means for this transition, as suggested by UNEP (2011), are green investment, creation of green jobs, market creation (e.g. a global carbon market, markets for ecosystem services), support of international trade, and

¹ UNEP defines green economy as ‘one that results in improved human well-being and social equity, while significantly reducing environmental risks and ecological scarcities (...) [i]n its simplest expression, a green economy can be thought of as one which is low carbon, resource efficient and socially inclusive’.

circular economy. An explicit goal of a green economy is to combat poverty and foster development of developing countries, which should follow a different pathway from those of the developed countries. The **Green Growth Strategy** by OECD (2011) is stating a different objective: to enable the **continuation of economic growth** while incorporating natural capital into how we think about and measure the economy. Its main means are placing value on natural capital and considering natural capital as a factor of production (i.e. primarily ensuring the pricing of pollution and resource use, but also preventing risks stemming from resource scarcities and eliminating perverse subsidies), with a continuing stress on innovation (which is needed for pushing the boundary where trade-offs between environment and economy become necessary) and competition. Furthermore, the **Europe 2020 strategy**, the ‘umbrella’ strategy of the European Union for the coming years, has also a function of greening the economy: it is a “new strategy for jobs and smart, sustainable and inclusive growth” (EC 2011), with achieving higher resource efficiency, ensuring jobs and tackling poverty among its key priorities.

The main criticisms and controversies can be grouped into three areas – perceived shortcomings of these concepts in the social dimension, the uncertainties related to economic transformation, and the risks in shifting political commitment. These concerns were voiced on the one hand in reaction to the January version of the zero draft of The Future We Want, but on the other hand there were concerns that the model underlying OECD’s Green Growth Strategy would gain a considerable influence on the UNCSO outcomes. In the following, we will briefly cover these concerns and to what extent they turned out to be true.

The fears that the green economy concept might put the development aspirations of the world’s poor in danger proved to be unfounded

Concerns have been raised about the lack of the social dimension (i.e. issues related to gender, poverty, education, or equity) in the concepts of green economy and green growth. Particularly the green growth concept might be problematic from the perspective of poverty eradication, i.e. securing the priority of needs of the world’s poor and the economic development of developing countries.

During the last Prep Com it became quite clear that green economy as understood by the Rio+20 process won’t be too heavily influenced by the green growth concept. In the outcome document The Future We Want green economy is explicitly understood “in the context of sustainable development and poverty eradication”, and as one of the tools available to pursue sustainable development in all its three dimensions. It should “contribute to eradicating poverty as well as sustained economic growth, enhancing social inclusion, improving human welfare and creating opportunities for

employment and decent work for all, while maintaining the healthy functioning of the Earth's ecosystems" (para. 56). Green economy is fully consistent with all the Rio Principles, Agenda 21 and Johannesburg Plan of Implementation.

Prior to the summit there were concerns of no clear recognition of the different status of countries in terms of their stage of development. Paragraph 58 of the outcome document stresses to "tak[e] into account [the country's] national circumstances, objectives, responsibilities, priorities and policy space", as well as to "take into account the needs of developing countries, particularly those in special situations".

Further fears were related to the possibility that green economy may make developing countries less competitive, thereby endangering their development goals. Examples would be measures potentially introduced by developed countries such as environmental standards, 'carbon tariffs', subsidies to energy-efficient production technology, or environmentally-related conditionality on development assistance. The outcome document makes clear that green economy should "avoid unwarranted conditionalities on ODA and finance" and should not "constitute a means of arbitrary or unjustifiable discrimination or a disguised restriction on international trade" (para. 58).

There was also a concern that green economy will per se not address precarious working conditions and ensure more decent, pro-poor and fair jobs, and that the transition from the current state to a green economy might not be just. Even though the concrete means for achieving a green economy are not explicitly captured in the document, the guiding principles of green economy which are present place emphasis on job creation particularly for the most vulnerable societal floors, on the equipment of workers with the right skills, on social protection floors and social and health protection, and on welfare of smallholders and subsistence farmers, fishers, as well as SME employees.

Green economy should serve as a vehicle for sustainable development, yet it is unclear what it's means should be

There are debates about whether a transformation of our economies is requires for achieving sustainable development (even though it might not be a sufficient condition), and whether green economy or green growth will be able to deliver such a transition. There are fears that the stress on economic growth might reinforce current global economic architecture and the neo-liberal paradigm behind economic regulation, thereby not preventing the reproduction of the current misallocation of capital, addressing prevailing social inequalities, or addressing the vulnerabilities created by short-term speculation on the financial markets. Thus long-term social objectives and

satisfaction of human needs might continue to be undermined. In this respect, a number of questions have been raised: Are trade-offs between environment and economic development going to be handled differently in different stages of development? What is the role of free markets in a green economy? Will green economy continue in the prevailing economic model and lead further down the path of privatisation, deregulation, stress on individual property rights and financial liberalisation? Will green economy be able to address gender, social or race inequality, and the overconsumption of the few as well as underconsumption of the majority?

The green growth concept reframes the dilemma between economic development and protection of the environment in the language of opportunities for medium-term economic growth, not quite acknowledging the need for structural changes.

The outcome document is careful on the role of green economy for transition towards sustainable development – even though it strongly confirms this role, it does not make clear how this transition should come about. Green economy is presented as a flexible approach (with toolboxes, models or policy examples as of yet largely absent) which, on the one hand, respects international trade, while on the other hand acknowledges the fundamental necessity of making consumption and production patterns more sustainable. Nevertheless, it also stresses preservation of and respect for non-market approaches that contribute to the eradication of poverty, in practice by various communities (para. 58), acknowledges the role of cooperatives and microenterprises (para. 70), and emphasises welfare of the most vulnerable societal groups.

Differences in governance structures exist between implementing the concepts of SD and green economy

Another set of risks was perceived by the different governance arrangements for the concepts of green economy and sustainable development. In Europe sustainable development is typically coordinated by ministries of the environment (that are struggling with decreasing political commitment for sustainable development), but green economy initiatives are coordinated primarily by ministries of economy and finance. In the ‘context of sustainable development and poverty eradication’ green economy is supposed to serve as a (narrower) short- to mid-term strategy for the implementation of sustainable development. Ensuring that green economy will continue to be part of mainstreaming of sustainable development rather than of competition between different policy communities is a challenge that needs to be met. Green economy must not jeopardise the political commitment for the sustainable development concept; rather, it should reinvigorate it. Policy integration between green economy and sustainable development strategies will be a particular challenge; however, a lot of experience and cases of good

practice in institutional conditions for and processes of coordination of sustainable development exists in Europe.

**Divergence on
conceptual level
might lead to parallel
measurement
systems**

Numerous recent initiatives and statements by a number of various stakeholders stress the need to rethink what we mean by progress and how we measure it, and one of the focal points of the discussion are the shortcomings and uses of the GDP/GNP indicator. Nevertheless, the potential competition between the wider concept of sustainable development and the narrower and operational concept of green economy might also be reproduced at the level of their measuring and monitoring, such as in Europe between the Eurostat sustainable development indicators and Europe 2020 headline indicators. The next section will take a look at the recent measurement systems in the light of the described relationships between the sustainable development and green economy concepts.

3. Recent international SD and green economy measurement initiatives

Key messages:

- It is unclear whether newly emerging and already existing measurement systems or tools will be integrated into SD measuring systems rather than existing in parallel, thus weakening already existing SD measuring systems.
- Green economy, green growth and Europe 2020 indicator sets emphasise environmental performance of the economy, but they do not sufficiently cover a range of social and environmental aspects, including international equity issues.
- Sustainable Development Goals (SDGs) will probably not replace or extend the Millennium Development Goals (MDGs), and it is unclear whether a separate measurement framework focusing on development and following up on MDGs will continue to exist; the progress on SDGs in Rio+20 has been rather limited.

The usage of gross domestic product (GDP) for measuring progress, wealth and prosperity of our societies is increasingly questioned

The recent financial and economic crisis and the challenges posed by various sustainable development issues (e.g. climate change, natural resource consumption, poverty reduction, etc.) raised again interest in the arguments questioning conventional approaches to economic growth and the emphasis on the usage of gross domestic product (GDP) for measuring progress, wealth and prosperity in our societies. In this context the concern of measuring societal progress beyond economic growth is gaining momentum through various initiatives at the international and national level.² This section will take a closer look at the recent measurement initiatives related to SD or green economy.

There is a range of approaches to the measurement of societal progress, sustainable development and well-being

Several broad approaches to measurement of SD, well-being and the progress of societies in general are being tried out:

- sets of sustainable development indicators (SDI) covering all three pillars of SD and a number of issues such as biodiversity, poverty, energy etc. – these sets are often comprised of a large number of indicators prioritised into some kind of hierarchy
 - a special sub-class are indicators aiming to supplement GDP by extending the System of National Accounts to cover additional types of assets (an example is natural capital accounting)
- comprehensive sustainability or well-being indices which try to

² Also the Rio+20 outcome document *The Future We Want* calls for “broader measures of progress to complement GDP in order to better inform policy decisions” (para. 38), and coordination on “methodologies for evaluation of policies of green economy in the context of sustainable development and poverty eradication” (para. 66), acknowledges the importance of integrating evaluation of a range of social, environmental and economic factors into decision making (para. 63), as well as initiates a process of development of Sustainable Development Goals (SDGs) and of a corresponding measurement and monitoring system (paras. 245–251).

integrate a number of indicators into a single unit-less number or ranking which facilitate communication with the public but tend to 'hide' specificities (examples are the Sustainable Society Index or the Human Development Index)

- a special sub-class are indicators which attempt to translate a range of sustainability issues into a single number using the perspective of material flows (an example is the ecological footprint indicator)
- a special sub-class are indicators which attempt to translate a range of sustainability and well-being issues into monetary units, thereby enabling adjustment of the GDP indicator (an example is the Index of Sustainable Economic Welfare/ Genuine Progress Indicator)

3.1. SD indicators and measurement systems

The origin and purpose of SDIs: A brief history

Among some of the most prominent documents with regard to the global development process on sustainable development indicators are the resolutions adopted at the United Nations Earth Summit in Rio de Janeiro 1992: the Rio Declaration, which lays down the basic principles governing the conduct of nations and placing human beings at the centre of concerns, and Agenda 21, which illustrates the concrete measures and steps needed for the transition to sustainable development. Moreover, a third major UN conference on issues of environment and development, the World Summit on Sustainable Development in Johannesburg held in 2002, was held in order to review the progress – by means of sustainable development indicators (SDI) – made towards achieving sustainable development and the implementation of Agenda 21. The [UN Commission on Sustainable Development \(UNCSD\)](#) has stated that “such indicators are needed to increase focus on sustainable development and to assist decision-makers at all levels to adopt sound national sustainable development policies” (Agenda 21, chapter 40). Thus from the outset, the focus of sustainable development indicators has been with the twofold purpose of awareness-raising and supporting political decision-making.

Agenda 21 calls for the development and use of sustainable development indicators

Chapter 40 of Agenda 21 called for countries and the international community to “[...] develop the concept of indicators of sustainable development in order to identify such indicators. [...]” (para. 40.6) and furthermore “[...] should use a suitable set of sustainable development indicators [...]” (para. 40.7). Following this call, the OECD in 1994 presented a set of environmental indicators in the so-called ‘Pressure-State-Response’ (PSR) framework. The indicators reflected major environmental

preoccupations and challenges in the OECD countries and were classified into (i) indicators of environmental pressures ('Pressure'), (ii) indicators of environmental conditions ('State') and (iii) indicators of societal responses ('Response') (OECD, 2003). Although the PSR-framework, originating from environmental statistics, shows clear limitations when being tied to SD, it was further adopted by various organizations such as the UNCSD and the European Environmental Agency (EEA).

**UNCSD and Eurostat
together developed a
set of SDIs**

In 1996, the UNCSD – collaborating with Eurostat since 1993 – proposed a set of 134 SDIs in the Driving force-State-Response framework, linked to the thematic chapters of the Agenda 21. In connection to this SDI set, the UNCSD launched an international testing programme aimed at advancing the understanding, development and use of SDIs by governments. 22 countries covering all regions of the world participated in the testing programme, including seven EU Member States (Austria, Belgium, Czech Republic, Finland, France, Germany and the UK). In addition, Eurostat and a number of countries not officially participating in the testing were affiliated with the programme. The results of this testing phase were discussed at the International Workshop on CSD Indicators of Sustainable Development held in Barbados in December 1999. An important conclusion was that “indicators have to be adapted to country specific conditions and requirements due to different priorities and circumstances in each country. Consequently, the testing phase ultimately led to a revision of the UNCSD SDI set (i.e. 59 core indicators), resulting in a smaller but more policy-relevant set of SDIs (UNCSD, 2001; Eurostat, 2011).

Furthermore, the Johannesburg Plan of Implementation, (see [Chapter X](#)), and the UNCSD at its 11th and 13th sessions encouraged further work on indicators for sustainable development by countries, in line with their specific conditions and priorities. CSD-13 invited the international community to support efforts of developing countries in this regard.

Taking a similar course, the OECD has been working on the measurement of SD since the 1980s. Efforts with collaboration of national and international bodies have been made to explore various options for measuring sustainable development in this respect (OECD, 1998, 2000). In the follow-up to the Rio Earth Summit, the OECD continued work on indicators and in 1997 identified sustainable development as one of the five priority areas for future work (OECD, 2001).

More recently in 2009, OCED, UNECE and Eurostat collaborated in a joint Task force to pursue the work on sustainable development indicators based on the capital approach. In this regard, the OECD contributes to this work mainly through a project on the measurement of human capital based on the

life-time income approach (OECD, 2010a).

3.2. European Union's sustainable development indicators

In 2001 the EU started the process of developing indicators on sustainable development

As a response to the Gothenburg European Council meeting and the first EU SDS (for a short note on the history of the EU SDS see Annex 6.1), in 2001 a task force was established to develop a common response from the European Statistical System to the need for a set of EU indicators on sustainable development (European Sustainable Development indicators - EU SDI). The result of an extensive testing programme was the replacement of the DSR framework elaborated by the UN by one focusing on themes and sub-themes of SD (Pintér et al., 2005; UNCSD, 2001). This new approach was taken up by the European Commission when designing a “framework for indicators based on themes and sub-themes, which are directly linked to EU policy priorities” (European Commission, 2005).

The indicators are derived from principles and objectives of the EU SDS

In this regard it was decided that the framework of indicators should be derived from the intended use. This view was consistent with the overall principles of the Rio 1992 Earth Summit and the Johannesburg conference 2002 to assist policy makers and inform their decision making. Therefore, the indicators are derived from the principles and objectives of the EU SD strategy and are organised thematically.

The EU SDI set comprises different themes and levels of indicators, and reflects the objectives of the EU SDS

The set of EU SDIs is structured as a three-storey pyramid (see Annex), distinguishing between three levels of indicators. This approach not only reflects the structure of the EU SDS (overall objectives, operational objectives, actions), but also responds to different kinds of user needs. The three-level pyramid is complemented with contextual indicators. The Commission, with the assistance of the working group on SDIs, constantly reviews the situation regarding the development of appropriate indicators, so as to further improve the relevance of the set of indicators. The [current set of indicators](#) (for list of indicators please refer to the Annex) follows a gradient from the economic, through the social and environmental to the global and institutional dimensions (headline indicators of the corresponding theme are listed in brackets):

- socioeconomic development (Growth rate of real GDP per capita),
- sustainable consumption and production (Resource productivity),
- social inclusion (People at-risk-of-poverty or social exclusion),
- demographic changes (Employment rate of older workers),
- public health (Healthy life years and life expectancy at birth),
- climate change and energy (Greenhouse gas emissions, Share of

- renewable energy in gross final energy consumption),
- sustainable transport (Energy consumption of transport relative to GDP),
- natural resources (Common bird index, Fish catches taken from stocks outside safe biological limits),
- global partnership (Official development assistance as share of gross national income),
- good governance (No headline indicator).

Each theme is further divided into subthemes to organise the set according to the operational objectives and actions of the EU SDS.

The review of the EU SDS led to a review of the SD measuring system

The [initial set of SDIs](#) was endorsed by the European Commission in February 2005. To remain in line with political priorities and emerging issues, EUROSTAT has undertaken a review of the 2005 EU SDI set in 2006-2007. This review followed three objectives (European Commission, 2007):

- Adjust the SDI set adopted in 2005 to the renewed EU SD strategy;
- Streamline the set of indicators in order to improve communication whilst maintaining the maximum stability of the set over time;
- Improve the overall quality of the set, taking into account recent statistical developments.

The revised EU SDI set was published in October 2007 in the [annex to the Commission Staff Working Document](#) accompanying the first EU SDS progress report. It represents the state of the art of SDIs at the EU level. However, efforts are undertaken by EUROSTAT to continuously revise the indicator set and improve the quality of data collection methods of existing indicators.

3.3. The Rio+20 debate on global Sustainable Development Goals³

Global Sustainable Development Goals (SDGs) meant to be a framework for the post-MDG period

An initiative to establish Sustainable Development Goals (SDGs) through the Rio+20 process had the aim to ‘complement and strengthen the Millennium Development Goals (MDGs) in the development agenda for the post-2015 period’ (January version of the zero draft), indeed use the concept sustainable development as the framework for post-2015 development agenda. The current MDG framework focuses specifically on development issues of developing countries, with the environmental theme playing only a relatively minor role of enabling conditions and does not fully cover emerging or urgent issues such as climate change, energy security, resilience

³ A more detailed coverage can be found in the June 2012 ESDN quarterly report *The Rio+20 Conference 2012: Objectives, processes and outcomes*.

or disaster preparedness, one of the possible forms of the upcoming SDGs was to address shortcomings and challenges of the MDGs and broaden their goals to reflect other SD objectives. Similarly to MDGs, they were supposed to be a set of political targets as well as a set of indicators (complementing GDP in measuring well-being and integrating economic, social, and environmental dimensions) and mechanisms for their monitoring and reporting. Development of SDGs was to ensure wide political and policy appeal and to focus attention, particularly in the post Rio+20 phase, on monitoring the implementation of Rio+20 outcomes. At the same time, SDGs would need to be sufficiently rigorous to provide a valuable basis for decision making, especially at the national level, and should be of use to the national policy community. SDGs were supported by a number of stakeholders, including the European Environmental and Sustainable Development Advisory Councils, United Nations Secretary-General's High-level Panel on Global Sustainability, the UNCSD Stakeholder Forum, a number of governments and UN agencies (such as, UNDESA and UNEP),⁴ and their adoption was expected to be one of the key criteria for measuring success of UNCSD.

Relevance of MDGs reconfirmed

The outcome document *The Future We Want* has a whole section on SDGs. Nevertheless, the continuing relevance of MDGs is stressed throughout the whole outcome document, and SDGs “should not divert focus or effort from the achievement of the Millennium Development Goals” (para. 246).⁵ In that light it seems improbable that SDGs would fully replace MDGs or their follow-up initiatives (the UN Development Agenda beyond 2015).

Initiation of SDGs development in the outcome document

The announced SDGs “should address and incorporate in a balanced way all three dimensions of sustainable development and their inter-linkages” and serve “as a driver for implementation and mainstreaming of sustainable development in the United Nations system as a whole” (para. 246). The UN commits to initiate a process on the development and establishment of SDGs, primarily through the work of an open working group of thirty representatives, nominated by Member States through the five UN regional groups (para. 248). The SDGs process should be coordinated with the post-2015 development agenda. There is, however, no clear timeline or agreed themes for SDGs.

The role of

The outcome document also expresses the recognition that “progress

⁴ See also the options articulated in the Declaration of the 64th Annual UN DPI/NGO Conference (2011), Chair's Text. Sustainable Societies; Responsive Citizens (<http://www.uncsd2012.org/rio20/index.php?page=view&nr=273&type=230&menu=38>) and in Rio+20: Sustainable Development Goals (SDGs). A Proposal from the Governments of Colombia and Guatemala (Ministerio de Relaciones Exteriores, Republica de Colombia, 2011).

⁵ See also the “Insights from the Informal Consultations on the SDG Proposal,” Bogota, Colombia, 4-5 November 2011.

measurement and monitoring tools confirmed in the outcome document; their integration still unclear

towards the achievement of the goals needs to be assessed and accompanied by targets and indicators while taking into account different national circumstances, capacities and levels of development” (para. 250). Consequently, monitoring and measurement of SD will comprise an important element in the UNCSD follow-up. Also, the issue of measurement cannot be dealt with through SDGs alone. A discussion on this issue is reflected also in the outcome document (paras. 28, 63, 66, and 245–251). Nevertheless, there is a risk that green economy initiatives will aim to develop a measurement and monitoring system separate from the current SD indicator initiatives and thus duplicate measurement efforts – and it is also possible that the post-2015 UN development agenda will result in another set of development indicators.

3.4. The ‘GDP and Beyond’ initiative

Complementing GDP with other indicators to provide a more comprehensive picture on progress in social, economic and environmental domains

The most important initiatives at the European level is the European Commission’s Communication “GDP and beyond” of 2009 which is based on the debates and follow-up activities of the high-level conference “Beyond GDP” that took place in November 2007 and was hosted by the European Commission, the European Parliament, the Club of Rome, OECD and WWF. The communication “GDP and beyond” does not aim to replace GDP, but to complement it with other top-level indicators in order to provide a more accurate view of progress in social, economic and environmental domains. This measurement framework is also linked to the “Europe 2020” strategy. Most recently, “Beyond GDP” initiated a debate at the EU Council of Ministers and corresponding council conclusions underline the importance to “use, and where necessary develop and agree on, indicators that complement GDP and contribute to a more accurate picture of the inter-linkages between the environmental, economic and social aspects of wealth, welfare and well-being” (Council of the European Union, 2012).

3.5. The Stiglitz–Sen–Fitoussi Commission

The commission gives recommendations to the potential and limits of GDP and quality of life measurement

The Stiglitz-Sen-Fitoussi Commission has been established in early 2008 on the initiative of the former French President, Nicolas Sarkozy, and has delivered its final report in autumn 2009. The report opened a discussion which has since been taken up on the national and international level and, moreover gives recommendations on the following topics: (1) limits and potential of GDP as indicator, (2) quality of life and, (3) sustainable

development and environment.

3.6. The OECD Green Growth Strategy indicators

The indicator set is structured around four groups to monitor green growth:

(1) Environmental and resource productivity,
(2) natural asset base,
(3) Environmental quality of life,
(4) Economic opportunities and policy responses

The Green Growth Strategy aims to identify policies that would promote both economic efficiency and environmental integrity, while ensuring social equity. The Strategy guides government intervention across broader green growth policy areas and focuses on four environmental areas: 1) climate change, 2) biodiversity and quality of eco-systems, 3) use of natural resources, and 4) materials management (OECD, 2010b). Besides a policy framework and an expanded growth accounting model, the OECD developed [green growth indicators](#) which measure progress over time and across countries, making it a practical tool for policymakers. The indicators are embedded in a conceptual framework, which is structured around four groups to capture the main features of green growth:

- Environmental and resource productivity, to indicate whether economic growth is becoming greener with more efficient use of natural capital and to capture aspects of production which are rarely quantified in economic models and accounting frameworks;
- The natural asset base, to indicate the risks to growth from a declining natural asset base;
- Environmental quality of life, to indicate how environmental conditions affect the quality of life and wellbeing of people;
- Economic opportunities and policy responses, to indicate the effectiveness of policies in delivering green growth and describe the societal responses needed to secure business and employment opportunities.

3.7. The UNEP Green Economy indicators

A framework for indicators acts as a advisory service on green economy and is clustered around three areas

(1) Green transformation of key sectors and the economy,

The UNEP-led [Green Economy Initiative](#), launched in 2008, provides analysis and guidance to countries on policy reforms and investments to achieve a green transformation of key sectors of the economy.

As part of the Initiative, a framework for assessing progress in moving towards a green economy is being developed. This framework on indicators and metrics, which will present options to governments and other stakeholders, will form part of the advisory services on green economy offered to governments by UNEP.

**(2) Decoupling and Efficiency,
(3) Aggregate indicators of progress and well-being**

The framework for green economy indicators comprises three principal areas:

- “Green transformation of key sectors and the economy” focusing on investments in a green transformation of various sectors of the economy, and their associated share in output and employment.
- “Decoupling and Efficiency” assessing resource efficiency and productivity, and the decoupling of economic activity from resource use and related environmental impacts, at both sector and economy-wide levels, building on the work of the International Resource Panel.
- “Aggregate indicators of progress and well-being” referring to various initiatives on overall measures of economic progress and well-being, including poverty alleviation and natural capital depreciation.

3.8. Europe 2020 and the measurement of its performance

The Europe 2020 Strategy was developed in response to the economic crisis and its main orientation is green growth

The “Europe 2020” Strategy – intended as successor of the Lisbon Strategy – will focus on “new sustainable social market economy, a smarter, greener economy, where our prosperity will come from innovation and from using resources better, and where the key input will be knowledge” (European Commission, 2009b).

Economic growth in the “Europe 2020” strategy is still seen as the only mechanism bringing our economies out of the crisis and offsetting unemployment. But there is a clear shift on the focus of the strategy to a low-carbon or green economy based on knowledge and new environmentally friendly technologies, by creating new job opportunities such as green jobs and meeting the environmental and climate goals and guaranteeing more social inclusion.

The Europe 2020 Strategy combines priorities and headline targets with its main instruments the Flagship initiatives

The Europe 2020 Strategy is organised around a thematic approach focusing on the themes identified combining priorities and headline targets with the main instrument being the Europe 2020 programme and its seven flagship initiatives. Although the Europe 2020 Strategy and its Flagships include – to varying degrees – sustainable development, their main orientation is towards economic growth and an increase in employment; environmental issues are included but generally serve an economic purpose.

Five EU headline targets are to be achieved by 2020 which “are representative of the three priorities of [the strategy] (...) but they are not exhaustive” (ibid.). These five EU headline targets are currently measured by [eight headline indicators](#):

Headline targets	Indicators
75% of the population aged 20-64 should be employed	Employment rate
3% of the EU's GDP should be invested in R&D	Gross domestic expenditure on R&D (GERD)
Reduction of the greenhouse gas emissions by 20% compared to 1990	Greenhouse gas emissions, base year 1990
Increase in the share of renewable energy sources in final energy consumption to 20%	Share of renewables in gross final energy consumption
20% increase in energy efficiency	Energy intensity of the economy
The share of early school leavers should be under 10% and at least 40% of 30-34 years old should have completed a tertiary or equivalent education	Early leavers from education and training
	Tertiary educational attainment
Reduction of poverty by aiming to lift at least 20 million people out of the risk of poverty or social exclusion	People at risk of poverty or social exclusion

The indicator set does not cover the whole concept of sustainable development

However, indicators measuring progress towards a green economy (i.e. “Greenhouse gas emissions”, “Share of renewable”, “Energy intensity”) do not capture the whole concept of sustainable development. For example some important adverse consequences to our economy, health and quality of life, such as inefficient land use, low water quality and availability, waste, air pollution, and losses of ecosystem services, fish stocks and biodiversity are not addressed (European Commission, 2011).

3.9. Insights into national measurement developments

Switzerland – duplicating measurements efforts in the domain of SD

The action plan adopted in 2002 as part of the Swiss Federal Council’s “Sustainable Development Strategy 2002” contained a measure that spelled out the need for an indicator-based measurement system. Since 2003, the

and GE?

[MONET Indicator System](#) (Monitoring der Nachhaltigen Entwicklung or Monitoring of Sustainable Development) has provided an overview of sustainable development in Switzerland taking into account the three sustainability dimensions as well as time (“now” and “later”) and space (“here” and “elsewhere”). Each of the approximately 75 indicators illustrates a different facet of sustainable development and contributes to an overall picture of sustainable development in Switzerland. The indicator system is based on a clearly defined methodological background consisting of a frame of reference, an indicator typology and a set of rules and criteria for the selection of indicators⁶.

In 2010, as part of a “Green Economy” action plan and under the influence of the international debate on “GDP and beyond”, the Federal Council gave a mandate to elaborate economic, social and ecologic indicators to complement GDP as well as a compound index for environmental pressure and ecosystem services. In the first phase until summer 2012, existing statistical information has been placed in the context of the economy or of society as a whole. Subsequently, the indicator set will be further developed and consolidated. So far, this work in the context of “GDP and beyond” has been separate from the MONET sustainable development system, even though the results presented in spring 2012⁷ used the well-known three dimensions or circles model of sustainable development for presentation. Some, but not all of the indicators, overlap with the MONET system, raising questions about the usefulness and the value added by two parallel, very similar, but nevertheless separated indicators systems.

**Finland – increasing
the timeliness of
indicators**

During the last 15 years, the national SD indicators sets in Finland have developed from holistic overall descriptions of sustainability towards policy oriented indicator sets tightly coupled with national SD strategies. The main recent development in Finland has been the [“Findicator” portal](#) that was launched by the Prime Minister’s Office and Statistics Finland in 2009. The portal has not been formally adopted as the Finnish national SD indicator set, but it includes several of the indicators used in previous national SD indicator sets. Currently, the potential for integrating the portal with the national SD indicator set is investigated.

The portal includes approximately 100 indicators for economic and social wellbeing and environmental issues. Indicators are continuously updated and modified, taking into account user requests. Indicators include direct links to a database providing further details on the indicators. Improving the

⁶ <http://www.bfs.admin.ch/bfs/portal/en/index/news/publikationen.Document.138495.pdf>

⁷ <http://www.bfs.admin.ch/bfs/portal/en/index/news/medienmitteilungen.Document.157733.pdf>

timeliness of indicators was one of the main goals of the portal. A recent study (Lyytimäki, 2012) showed that the time lag of indicators published through this portal is substantially smaller than the average time lag of over two years of previous Finnish SD indicators and EU-level SD indicators. This is likely to improve the usefulness of the indicators in policy-making and evaluation.

3.10. Translation of differences between concepts into competing measurement approaches

Differences between the EU SDS and the Europe 2020 measuring systems exist concerning structure, content and focus

Due to the eminent differences among the concepts of sustainable development (SD) and green economy (GE) dealt in the second section of this policy brief, measuring and monitoring systems originating from these are characterised by dissimilarities in their structure, content and focus. The following paragraphs show some of the differences on a European-level example, i.e. EUROSTAT sustainable development indicators and Europe 2020 headline indicators.

The EU SDI covers a comprehensive set of indicators reflecting various policy objectives

When looking at the overall structure of measuring systems, the SDI set comprises several themes which are further divided into subthemes to organise the set according to the policy objectives of the EU SDS. This enables a direct link to policies by reviewing progress to achieve policy targets. On the other hand, a more elaborated and detailed structure leads to a rather large set of indicators allowing a comprehensive view on different policy areas. For example, the theme of public health covers objective indicators such as healthy life years or life expectancy as well as subjective indicators such as self reported unmet need for medical examination or treatment. The patterns of different levels of indicators (a headline indicator supported by several other indicators reflecting different aspects of the theme and various policy objectives) could provide a more detailed and also broader picture on development trends.

At the Europe 2020 Strategy measures are undertaken to complement the 8 headline indicators with specific indicator sets targeting policy priorities

By comparison the Europe 2020 Strategy provides a smaller set with 8 headline indicators associated to five headline targets. However, with regard to the various flagship initiatives, efforts are undertaken to develop a more comprehensive set of indicators. For example, concerning the smart growth priority the European Commission plans to develop indicators and analysis to support Research & Innovation (R&I) policy making at three different levels ([Key R&I indicators and economic analysis](#)): (1) Headline indicators for the highest political level, (2) Innovation Union scoreboard (IUS) indicators for ministers directly responsible for Research and (3) comprehensive set of

indicators used for in-depth economic analysis published in The Science, Technology and Competitiveness (STC) Report and other analytical studies especially for expert use.

Europe 2020 indicators emphasize the environmental performance of the economy and neglects a number of social and environmental issues

One of the most prominent differences between existing or proposed measurement systems is the lack of indicators comprehensively covering social aspects in the green economy indicator sets (in the Europe 2020 Strategy social aspects are conceptually addressed through indicators on education – i.e. empowering people with new skills and education in order to foster economic growth – and the headline target on poverty eradication). Another difference is that green economy measuring systems focus on the environmental performance of the economy (such as resource and energy efficiency or emissions), while the environmental dimension (for example, status of ecosystem services and biomass stock) are to some extent missing. National statistical offices find themselves in a situation of increasing number of tasks and public budget cuts, thereby facing increasing scarcity of administrative and financial resources. When in such a situation predominant political attention is given to the green economy concept, there is a risk that a competition between priorities might result in endangering the monitoring and further development of sustainable development indicators. We would thereby lose vital and complex information on the progress towards sustainable development, and it could further weaken the political commitment given to sustainable development.

As green economy measuring system the Europe 2020 indicators are focusing on the environmental performance of the economy (e.g. resource and energy efficiency, and emissions etc), the performance and status of the environmental dimension (e.g. status of ecosystem services and biomass stock) is to some extent missing. More specifically, more efficient resource extraction and consumption or decreasing emissions might put less burden on ecosystems, however, the status and performance of these systems remains unclear.

4. Conclusions and recommendations

There is a need to make SD an overarching principle on the international level

The continuing relevance of sustainable development was confirmed through the UNCSD; nevertheless it will not anytime soon become the overarching principle on the international level (as it seems that there will be a parallel development agenda). A certain success can also be seen in the way how green economy was framed 'in the context of sustainable development and poverty eradication'.

The development of measurement systems should be kept separate from each other

The different development processes of and conceptual work on measurement frameworks such as the GDP and Beyond initiative or the OECD Green Growth Strategy indicators should be kept separated from each other and elaborated in different institutional settings. However, the resulting indicators should be integrated into SD measurement systems rather than maintained as separately existent measurement systems as this could draw political attention away from established SD measurement systems. The concept of sustainable development (and therefore also its measurement systems) supports a more holistic picture on development trends rather than approaches fragmented by different policy areas. Furthermore, the proliferation of measurement initiatives, particularly should they become institutionalised on country level and have to be maintained in practice, is resource-intensive in financial and administrative terms. Many states thus might not be able to afford maintaining several separate measurement systems. Moreover, the new measurement approaches, even though offering partial insights, are in no way conceptually revolutionary, and their value added to SD measurement systems is limited. As a positive example, the Eurostat Working Group on Sustainable Development Indicators (Eurostat, 2009) engages in the development of indicators covering aspects of green economy, such as 'green public procurement', 'share of consumption of products with an eco-label' or 'energy and material use per unit of output'.

Resulting indicators should be integrated into existing SD measurement systems

New measurement systems are conceptually not revolutionary

In the light of the above we recommend the following:

- As the concept of sustainable development should remain the overarching concept within which green economy initiatives should be contextualised, the same should be valid for monitoring and measurement sets. Initiatives developing indicators for green economy initiatives, well-being or development should not result into new separate indicator sets; rather, these indicators should be integrated into and complement existing sustainable development indicator systems.
- Indicators developed for measuring progress of green economy

initiatives should respect the understanding of the green economy concept developed during the UNCSD process, but also strive for harmonisation with the work of OECD on measuring green growth. The resulting indicators should also enable adjustment to national specifics.

- The reform of the system of national accounts (SNA; see for example the WAVES Partnership on natural capital accounting pioneered by the World Bank and the UN Statistics Commission) and the measurement of wealth, growth and well-being initiatives by OECD and EU ('GDP and beyond') should be taken up by the UN in the latter stages of development.
- Sustainable Development Goals (SDGs) should be an expression of sustainable development concerns and can constitute a subset of particularly relevant sustainable development indicators; their development, however, should not replace existing sustainable development indicator sets and initiatives.
- A number of political and technical criteria meet during the formulation of SDI sets. Such a process therefore needs to be transparent and involve the public.
- Attention needs to be paid to the motivation of countries to join. There might be concerns over public image of countries which are not performing very well, which might affect their willingness to institutionalise national SDI processes.
- Due to the potentially high costs and capacity needs, attention needs to be paid to the financing of the institutionalisation, further development and operation costs of SDI systems in particular to ensure participation of developing countries.
- Education of the public on sustainable development issues is an important factor in increasing the potential role of the public to act as a driver of policies related to SD, keep the political relevance of sustainable development, and mobilise efforts for SDIs.

The legitimacy and importance of UN with regard to the development of concepts would increase by introducing regional aspects

The cooperation on and further development of existing concepts as well as introduction of specific regional aspects will substantially increase the legitimacy and importance of UN in the international context. Amendments of the UN indicator framework by concepts such as green economy should take into account work done by UNECE, OECD or the Eurostat Task Force (which will soon report on 5 years of work on indicators). At the moment more attention is given to the different policy actors and academic disciplines reflected in the different measuring activities rather than to the possibilities for collaboration among different institutions in the direction of

a better integration of the concepts (i.e. green economy in the context of sustainable development).

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Annex I Eurostat SDIs

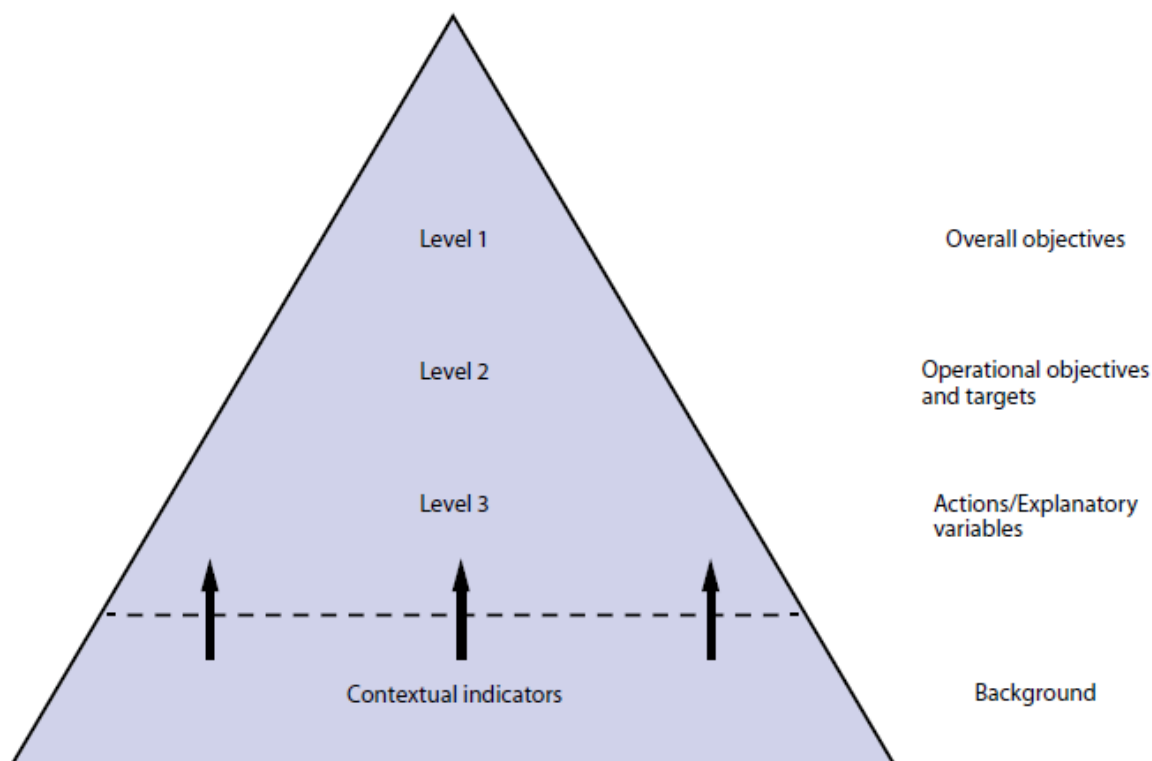


Figure 1: SDI pyramid

Table 1: List of EU SD headline indicators apportioned to themes (3rd level or contextual indicators are not listed)

Theme	Headline indicator	Operational objectives and targets / second level indicators
Socio-economic development	Real GDP per capita, growth rate and totals	<i>Economic development</i>
		Investment by institutional sectors
		<i>Innovation, competitiveness and eco-efficiency</i>
		Real labour productivity growth per hour worked
		<i>Employment</i>
		Total employment rate
Sustainable Consumption and Production	Resource productivity	<i>Ressource use and waste</i>
		Non-mineral waste generation
		<i>Consumption patterns</i>
		Electricity consumption of households
		<i>Production patterns</i>

		Organisations and sites with EMAS registration
Social inclusion	People at-risk-of-poverty or social exclusion	<i>Monetary poverty and living conditions</i>
		People at-risk-of-poverty, after social transfers
		Severely materially deprived people
		<i>Access to labour market</i>
		People living in households with very low work intensity
		<i>Education</i>
		Early leavers from education and training
Demographic changes	Employment rate of older workers	<i>Demography</i>
		Life expectancy at age 65, by sex
		<i>Old-age income adequacy</i>
		Aggregate replacement ratio
		<i>Public finance sustainability</i>
		General government gross debt
Public health	Healthy life years and life expectancy at birth, by sex	<i>Health and health inequalities</i>
		Death rate due to chronic diseases, by sex
		<i>Determinants of health</i>
		Index of production of toxic chemicals, by toxicity class
Climate Change and Energy	Greenhouse gas emissions	<i>Climate change</i>
		Greenhouse gas emissions by sector (including sinks)
	Share of renewables in gross final energy consumption	<i>Energy</i>
		Energy dependence
Sustainable transport	Energy consumption of transport relative to GDP	<i>Transport and mobility</i>
		Modal split of passenger transport
		Modal split of freight transport
		<i>Transport impacts</i>
		Greenhouse gas emissions by transport mode

		People killed in road accidents
Natural resources	Common bird index	<i>Biodiversity</i>
		Sufficiency of sites designated under the EU Habitats directive
		<i>Fresh water resources</i>
		Surface- and groundwater abstraction as a share of available resources
	Fish catches taken from stocks outside safe biological limits: Status of fish stocks managed by the EU in the North-East Atlantic	<i>Marine ecosystems</i>
		<i>Land use</i>
		Build-up areas (currently under revision)
		Forest increment and fellings
Global partnership	Official development assistance as share of gross national income	<i>Globalisation of trade</i>
		EU imports from developing countries, by income group
		<i>Financing for sustainable development</i>
		Total EU financing for developing countries, by type
		<i>Global resource management</i>
		CO2 emissions per inhabitant in the EU and in developing countries
Good governance	No headline indicator	<i>Policy coherence and effectiveness</i>
		New infringement cases
		<i>Openness and participation</i>
		Voter turnout in national and EU parliamentary elections
		<i>Economic instruments</i>
		Shares of environmental and labour taxes in total tax revenues

Annex II A short history of the EU Sustainable Development Strategy

Through the Rio declaration and the Amsterdam Treaty the EU committed itself to the objective of SD

The importance of SD was acknowledged by the EU by signing the Rio Declaration and committing itself to draw up a cross-sectoral SD strategy in time for the next UN World Summit on SD (held 2002 in Johannesburg). This commitment has been confirmed when the EU included sustainable development objectives in the [1997 Amsterdam Treaty](#): “The Union shall set itself the following objectives: to promote economic and social progress and a high level of employment and to achieve balanced and sustainable development (...)”.

The first European Sustainable Development Strategy came into place in 2001

It was at the [Gothenburg European Council meeting](#) in June 2001 that the Council members agreed on the first EU SDS. The Council conclusions pointed out that the EU SDS completes the Union’s commitment for an economic and social renewal, adds an environmental dimension to the Lisbon Strategy, and establishes a new approach to policy-making. Generally, the EU SDS is based “on the principle that the economic, social and environmental effects of all policies should be examined in a coordinated way and taken into account in decision-making” (European Commission, 2005). Since some Member States objected to parts of the proposal, the Council members ‘welcomed’ the draft but did not approve it as official EU strategy. Instead, they included 14 modestly ambitious paragraphs on SD in Europe in the [Presidency Conclusions](#).

After an extensive stakeholder dialogue the review of the strategy in 2004 led to a renewed EU SDS for an enlarged EU

The review of the EU SDS was a lengthy process that began in early 2004 and led to the adoption of the renewed EU SDS at the Brussels European Council in June 2006. It was open for three months for stakeholders from all over the world. Based on the results of the public consultation, which was open for three months for stakeholders from all over the world, and on the work of the European Economic and Social Committee, the European Commission presented the communication “[The 2005 Review of the EU Sustainable Development Strategy: Initial stock-taking and future orientations](#)”. In February 2005. In May 2005, the Commission published a “[Guiding Principles for Sustainable Development](#)” which were adopted by the Brussels European Council in June 2005 and served as a conceptual basis for the renewed EU SDS.’

A long road to the current EU SDS

In June 2006, the European Council adopted the [renewed EU SDS for an enlarged EU](#). The renewed EU SDS was conceived as a single and coherent strategy on how the EU came to more effectively live up to its long-standing commitment to meet the challenges of sustainable development. It recognises the need to gradually change our current unsustainable consumption and production patterns, and to move towards a better-

integrated approach to policy-making. It also reaffirms the need for global solidarity and recognises the importance of strengthening our work with partners outside the EU, including rapidly developing countries, which will have a significant impact on global sustainable development. The overall aim of the EU SDS is to identify and develop actions to enable the EU to achieve a continuous long-term improvement of quality of life through the creation of sustainable communities that are able to manage and use resources more efficiently, are able to tap the ecological and social innovation potential of the economy, and are able to ensure prosperity, environmental protection, and social cohesion.



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