



Statistics Day 2012

Statistics Austria

Measuring Progress and Wealth in the European Statistical System

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Wien, 24 October 2012

The EU response to the well-being & sustainability agenda

- Major European conference involving broad participation (statisticians, environmentalists, social policy makers) (Nov 2007)



- Commission produces political roadmap for actions in the short/medium term (Aug 2009)

"GDP and beyond: measuring progress in a changing world"



The EU response to the well-being & sustainability agenda

Continued

- Sponsorship Group launched by the European Statistical System (ESS) - Feb 2010



- Sponsorship Group Report - November 2011



- Commission Statistical Work Programme
2012 & beyond

The EU response to the well-being & sustainability agenda

continued

- **DGINS** (DGs of National Statistical Institutes in the ESS)
 - **2010: Sofia** Memorandum
'Measuring progress, well-being and sustainable development'
 - **2011: Wiesbaden** Memorandum
'New conceptual design for household and social statistics'
 - **2012: Prague** Memorandum
'Meeting new needs on statistics for the green economy'

Priorities set out in the European Roadmap 2009

1. Complementing GDP with environmental and social indicators
 - A comprehensive environmental index
 - Quality of life and well-being
2. Near real time information for decision-making
 - More timely environmental indicators
 - More timely social indicators



Priorities set out in the European Roadmap 2009

Continued

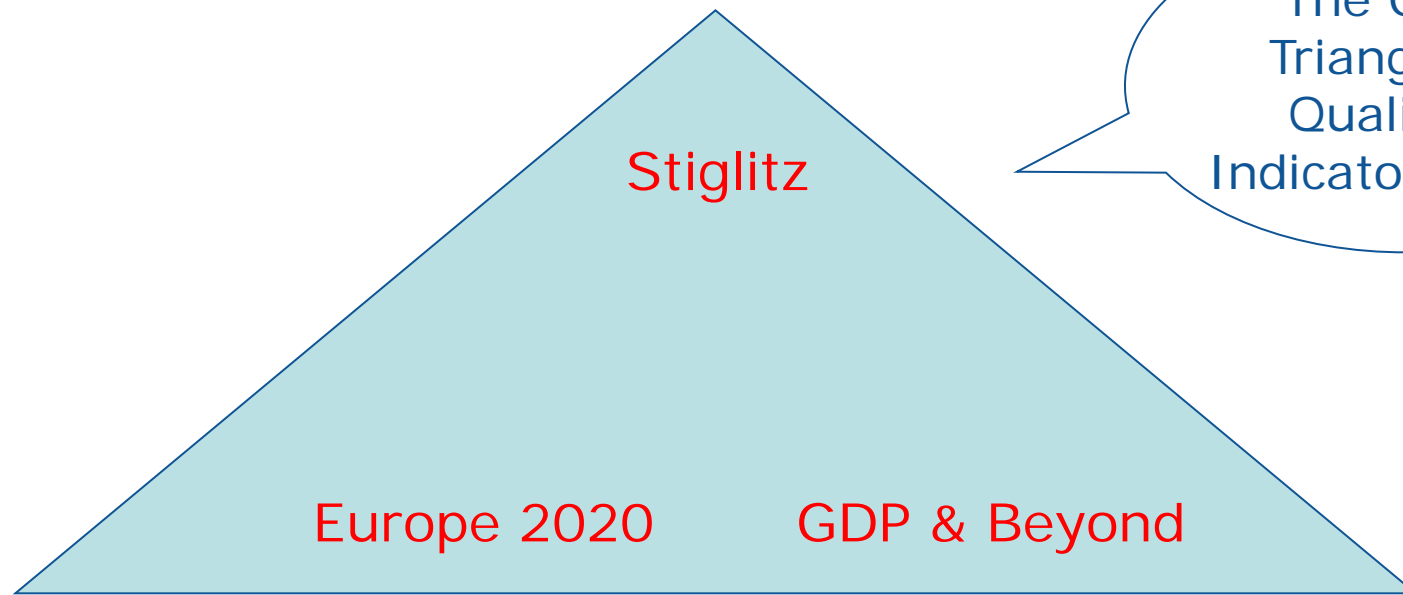
3. More accurate reporting on distribution and inequalities
4. Developing a European Sustainable Development Scoreboard
5. Extending National Accounts to environmental and social issues

Towards



Need to bring all elements together

Consistency with theory



Political relevance

Measurability

How did the “Sponsorship Group” work?

- Broad participation of EU Member States including key partners (e.g. OECD, UNECE, ECB) led by Eurostat and INSEE (France)
- 3 Task Forces reflecting the topics highlighted by the Stiglitz Report (plus a co-ordinating Task Force)
(1) On households, (2) Environmental sustainability, (3) Multi-dimensional quality of life
- Mandate: Consider what should be EU statistical priorities & actions for the short to long term
- Approach: Build on existing frameworks

Topic 1: Strengthening the household perspective & distributional aspects

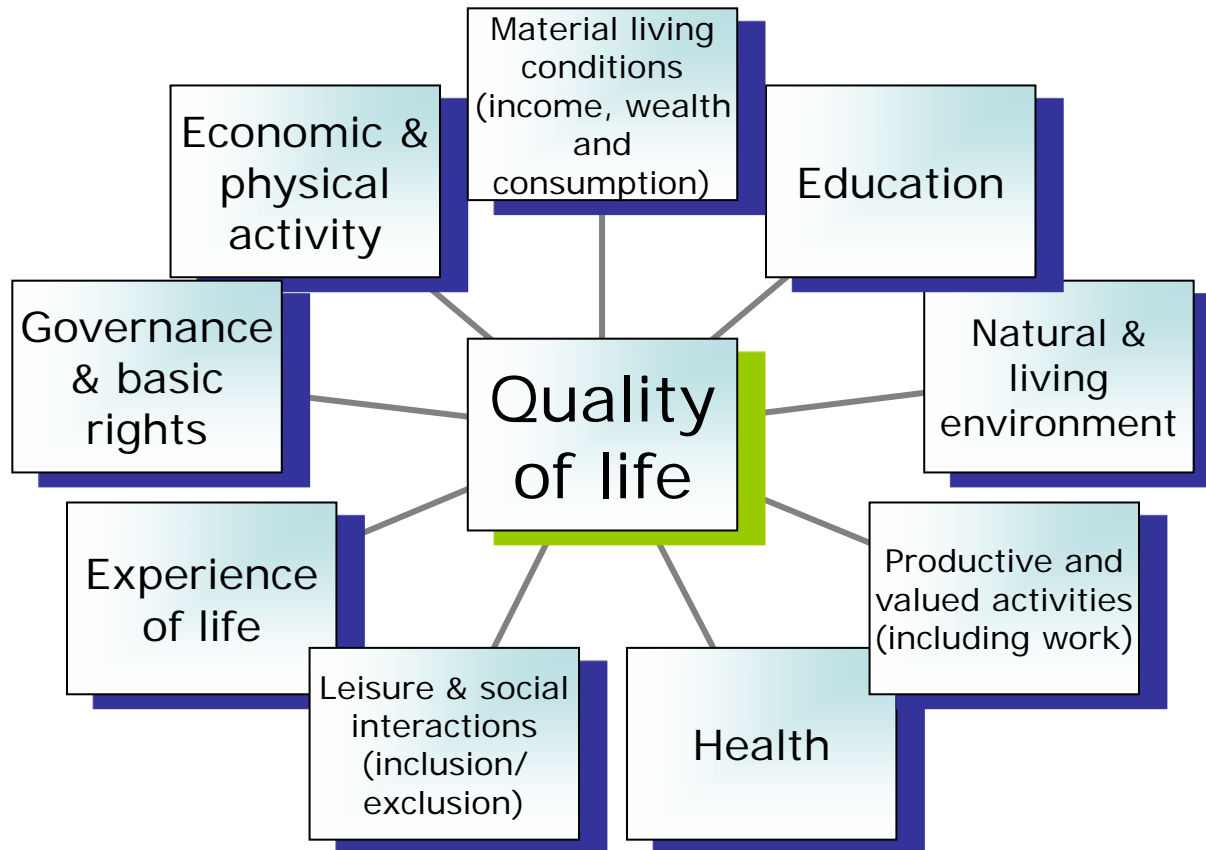
- Promoting existing national accounts data on household income & consumption
- Providing information on distribution of income, consumption & wealth
- Encouraging compilation of balance sheet accounts for households

Emphasising concrete actions in the short – long term

Key actions to strengthen household & distributional aspects include

Short	Medium	Long term
Publish additional headline figures on household income & consumption	Publish consumption figures	Develop measurement of household liabilities
Reconciliation exercises between social statistics & national accounts data	Publication of annual data on distribution	Consider whether/how to change EU level household surveys to better record social transfers in kind
Increase coverage of assets for household sector	Increase coverage of household wealth	

Topic 2: Quality of life – agreement on the (multi) dimensions



Topic 2: Multi-dimensional measures of quality of life

- Use EU Statistics on Income & Living Conditions (EU-SILC) as the core instrument
- Complement the coverage of the dimensions with additional data sources
- Deepen and improve the analysis

Topic 2: Multi-dimensional measures of quality of life

Short

Medium

Long term

Add subjective well-being questions in the 2013 SILC ad-hoc modules

New & revised surveys will add to QoL (e.g. European Health Interview Survey), changes to LFS

Compile indicators

based on existing data Develop synthetic indicators to go alongside a scoreboard of primary indicators

Add further dimensions to EU SILC, e.g. trust in institutions, social participation

Household Finance & Consumption Survey to yield new data

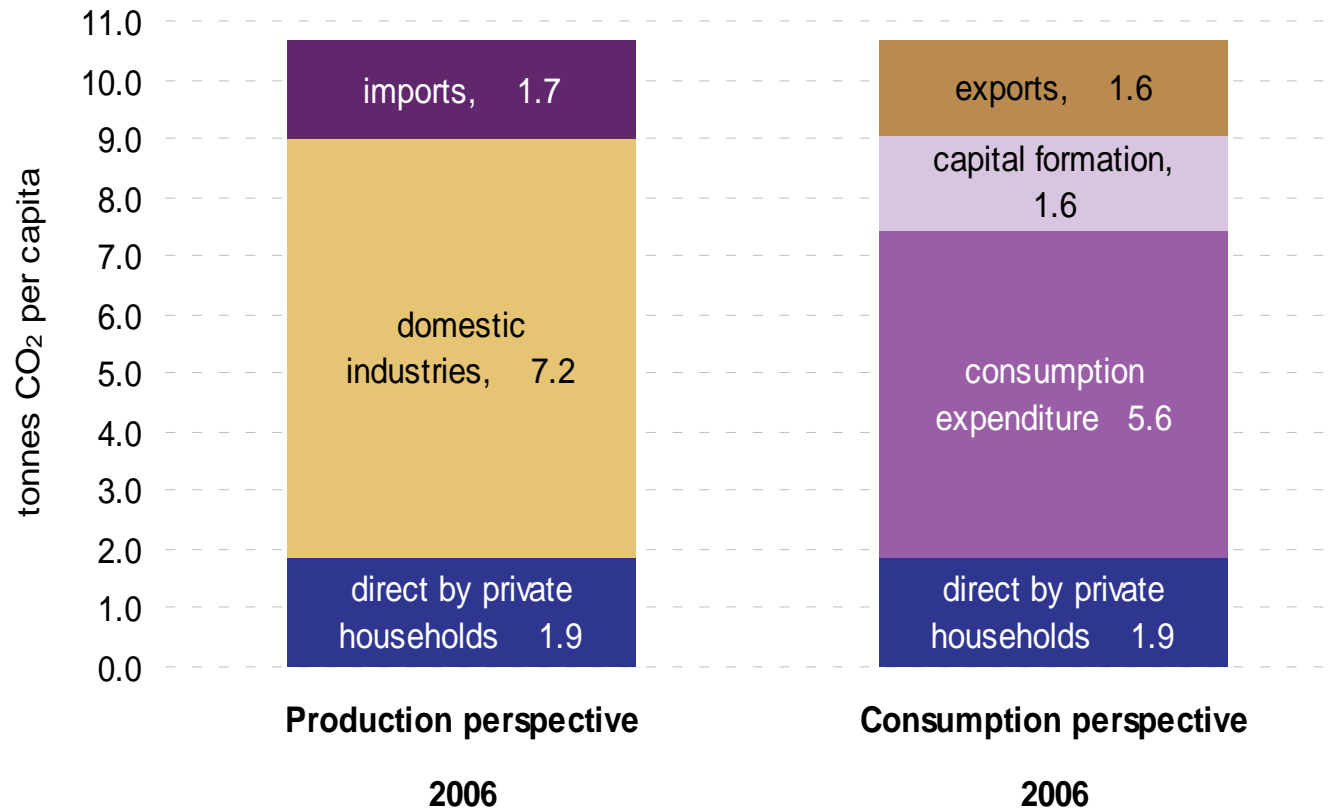
Further develop EU SILC as core instrument of QoL measurement

Extend and develop Time Use survey & Household Budget Survey

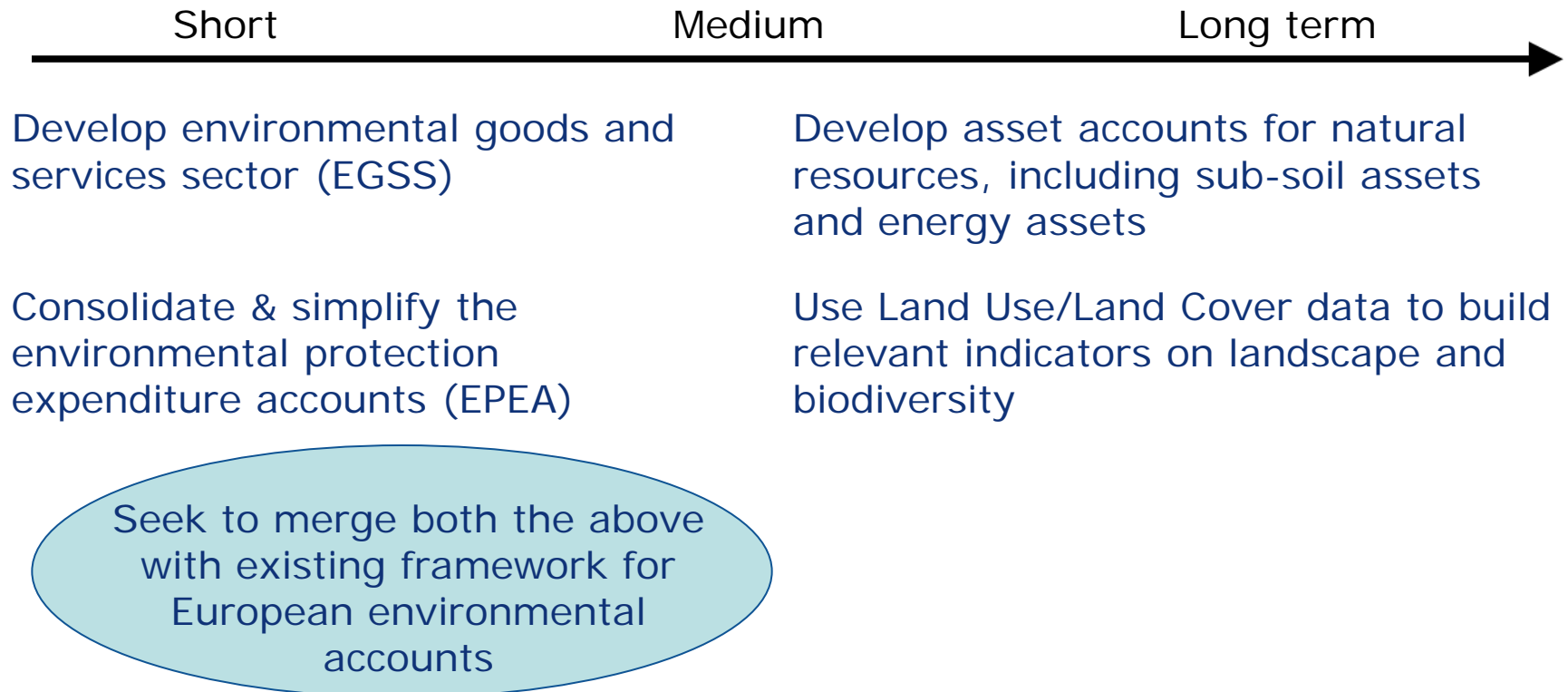
Topic 3: Environmental sustainability – 1st priority actions

- EP-Council Regulation on Environmental Economic Accounts
- Develop energy flows accounts and derive indicators (e.g. energy use by economic activity)
- Further develop indicators related to climate change
- Calculation of CO₂ emission inventories
- Derive “footprint indicators” using Supply and Use Input/Output Tables (SUIOT) to look at the “consumer perspective” of global climate change
- EU total results for the indicator “raw material consumption”

Different approaches to deriving footprint indicators



Topic 3: Environmental sustainability – 2nd priority actions



Topic 3: Environmental sustainability - 3rd priority actions

Short

Medium

Long term

Harmonise presentation and meta-data of existing waste indicators

Improve data coverage & quality of existing water statistics & develop indicators for pressures on regional water resources

Develop water accounts to map use of water according to economic activity

Develop waste accounts based on existing waste statistics

Practical results – (new) indicators

- Europe 2020 headline indicators (against targets) - annually
- Regular SDIs published + bi-annual SDI monitoring reports
- New data collections and/or SiFs
 - **Real household disposable income**
 - **Income inequalities**
 - **Quarterly headline figures for household income and consumption**
 - **Energy flows accounts**
 - **EU total results for the indicator 'Raw Material consumption'**
 - **Indicators related to climate change**
 - **Calculation of CO2 emission inventories**

Practical results – accounting frameworks

Accounting frameworks

- EP and Council Regulation on European environmental economic accounts
- Second batch of modules prepared
- Adoption of a Commission proposal for a Regulation of an EP and Council on the European System of national and regional accounts in the EU (ESA 2010)
- Development of System of Health Accounts (SHA) and the education accounts

Practical results – (new)publications

- Eurostat publication 'Figures for the future' + 4 videos
- Joint Eurostat – Kostat publication on
 - ' Green growth Measurement frameworks in the Republic of Korea and in the European Union'
- Eurostat publications:
 - Environment statistics and accounts in Europe
 - Income and living conditions
 - Eurostat regional Yearbook

Cooperation at international level

- **Work of OECD: Better Life index, 'How's life?', Guidelines on how to measure Subjective Well-being**
- **Follow-up of the Rio+20 outcome, the future development of the Sustainable Development Goals (SDGs) in the context of the post 2015 development agenda**
- **Joint Eurostat-Kostat publication**

Challenges

- Implementation – Commission reporting by end 2012
- Moving forward but keeping some flexibility
- European statistics and other statistics
- Selecting a dashboard of indicators
- Getting political acceptance and use of the data
- Giving broader society time to “catch up” with the statisticians
 - Openness to the results of a broader societal reflection, e.g. civil society reflection within the EU
 - Still evolving picture at **national level**

National initiatives on Measuring Progress

- UK: **Measuring National Well-being** programme
- FIN: **Findicators**: joint project between Statistics Finland and the Prime Minister's Office
- IT: BES Initiative of CNEL and ISTAT on **Measuring Equitable and Sustainable Well-being** in Italy
- NL: **Sustainability monitor** (CBS)
- DE: **Enquete Kommission** 'Wachstum, Wohlstand und Lebensqualität', installed in December 2010 by the German Bundestag
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- **Österreich** = = = Thema des Tages

The international dimension

- Develop statistical measures which reflect the effects of globalisation (e.g. global production value chains, migration) and interconnectedness (e.g. financial markets) of countries
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- From MDG to SDG indicators (Art 38 of Rio + 20)

In order to translate the recommendations of the Stiglitz-Sen-Fitoussi Commission report and the European Commission's communication on 'GDP and beyond' into concrete actions, the European Statistical System Committee has decided to work further on the following priority areas:

- Household perspective and distributional aspects of income, consumption and wealth;
- Multidimensional measurement of the quality of life;
- Environmental sustainability.

It is proposed that about 50 concrete actions will be carried out by 2020. Further information on these actions can be found in the report of the Sponsorship Group 'Measuring Progress, Well-being and Sustainable Development' and in the detailed reports of the related task forces available on the European Statistical System website.

For more information

European Statistical System website

http://epp.eurostat.ec.europa.eu/portal/page/portal/pgp_es/about_es/measuring_progress

Eurostat website

<http://ec.europa.eu/eurostat>

<http://ec.europa.eu/eurostat/sustainabledevelopment>

www.stiglitz-sen-fitoussi.fr

Europe 2020 strategy

<http://ec.europa.eu/europe2020>

GDP and beyond

COM(2009) 433 on <http://eur-lex.europa.eu>
<http://www.beyond-gdp.eu>



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Recommendations from the Stiglitz-Sen-Fitoussi Commission report (Extract)

Recommendation 1: When evaluating material well-being, look at income and consumption rather than production.

Recommendation 2: Emphasise the household perspective.

Recommendation 3: Consider income and consumption jointly with wealth.

Recommendation 4: Give more prominence to the distribution of income, consumption and wealth.

Recommendation 5: Broaden income measures to non-market activities.

Recommendation 6: Quality of life depends on people's objective conditions and capabilities ...

Recommendation 7: Quality-of-life indicators in all the dimensions covered should assess inequalities in a comprehensive way.

Recommendation 8: Surveys should be designed to assess the links between various quality-of-life domains for each person, and this information should be used when designing policies in various fields.

Recommendation 9: Statistical offices should provide the information needed to aggregate across quality-of-life dimensions, allowing the construction of different indexes.

Recommendation 10: Measures of both objective and subjective well-being provide key information about people's quality of life ...

Recommendation 11: Sustainability assessment requires a well-identified dashboard of indicators ...

Recommendation 12: The environmental aspects of sustainability deserve a separate follow-up based on a well-chosen set of physical indicators ...

The GDP and beyond Communication and other initiatives

The communication 'GDP and beyond - Measuring progress in a changing world' from the European Commission [COM(2009) 433] aims at improving indicators for better reflecting policy and societal concerns.

It seeks to improve, adjust and complement GDP with indicators that monitor social and environmental progress. It identifies five key actions for the short to medium term:

- (1) Complement GDP with environmental and social indicators (environmental index and quality of life and well-being).
- (2) Provide near real-time information for decision-making.
- (3) Report more accurately on distribution and inequalities.
- (4) Develop a European sustainable development scoreboard (including thresholds for environmental sustainability).
- (5) Extend national accounts to environmental and social issues.

The EU sustainable development strategy aims at the continuous improvement of the quality of life and well-being on earth for present and future generations. Every two years, Eurostat publishes a report making use of about 100 indicators to monitor the progress towards the objectives and targets of the strategy.

The Europe 2020 strategy adopted by the Heads of State or Government in June 2010 defines measurable targets for a number of indicators that go beyond GDP. The European Commission has proposed a surveillance mechanism based on these indicators.

A number of other international initiatives that aim to improve the balance between economic activities and their impacts on the environment and social inclusion also refer to statistical indicators. Particularly relevant in this context are the OECD's 'Better Life' initiative (measuring well-being and progress) and 'Green Growth' strategy, as well as the UN Millennium Development Goals and Human Development Index.

Much synergy exists between these initiatives.



Introduction

GDP is the best known measure of macro-economic performance, but in order to better reflect progress in our societies, it needs to be complemented in particular by measures on environmental sustainability and social inclusion.

The medium- and long-term strategies of the European Union, above all the sustainable development and Europe 2020 strategies, take account of social and environmental priority areas in addition to economic priorities. Indicator sets have been developed to monitor progress towards the objectives of these strategies.

The European Statistical System provides high quality statistics for the European Union as a whole and comparable statistics for individual countries on issues that are relevant for European Union policy making.

In August 2009, the European Commission published a communication with the title 'GDP and beyond — Measuring progress in a changing world' which proposes five priority actions to further develop environmental and social indicators and to report more accurately on distribution and inequalities.

In September 2009, the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz-Sen-Fitoussi Commission) published a report with 12 recommendations on how to better measure economic performance, societal well-being and sustainability.

In taking up the challenges presented by these initiatives, the European Statistical System's Sponsorship Group focused on making better use of and improving existing statistics with a view to providing the most appropriate indicators.

In November 2011, as a result of a co-operative project, co-chaired by Eurostat and INSEE (France), the European Statistical System Committee adopted a report by the so-called Sponsorship Group on 'Measuring Progress, Well-being and Sustainable Development'. This report translates the recommendations from the Stiglitz-Sen-Fitoussi Commission report and the European Commission's Communication 'GDP and beyond' into a plan for concrete actions for the European Statistical System.

The priority areas in the Sponsorship Group report

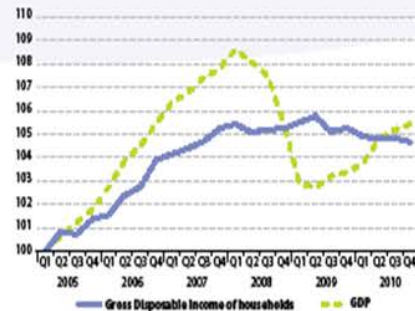
The report of the Sponsorship Group 'Measuring Progress, Well-being and Sustainable Development' identifies about 50 concrete actions for improving and developing European statistics over the coming years. These actions cover the following priority areas which reflect the revised policy needs.

Strengthening the household perspective and distributional aspects of income, consumption and wealth

- promoting existing national accounts data on household income and consumption.
- providing information on the distribution of households income, consumption and wealth.
- encouraging the compilation of balance sheet accounts for households.
- broadening income measurement to non-market domestic activities and leisure time.

The figure below illustrates the importance of complementary data on the household sector

Cumulated Growth of GDP versus Gross Disposable Income of households, Euro area (in volume/real terms, seasonally adjusted, 2005Q1=100)



Source Eurostat (online data codes namq_gdp_i, namq_gdp_p and namq_nit_t)

Multidimensional measures of quality of life

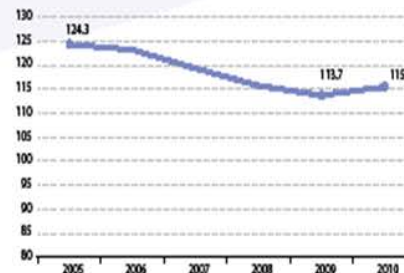
- using the European Union statistics on income and living conditions (EU-SILC) as the core instrument for measuring the quality of life, including the incorporation of further topics and subjective questions.
- complementing the coverage of the different dimensions of quality of life (such as health, education and personal safety) with additional data sources.
- deepening data analysis and developing indicators in collaboration with an expert group on quality of life to be established.

One of the conclusions related to the multidimensional measures of quality of life is that synthetic indicators for each quality of life dimension should be developed. Synthetic indicators combine different variables that are strongly correlated and measure the same latent concept.

'People at risk of poverty or social exclusion' is one of the best examples of a synthetic indicator; it concerns mainly the dimension 'material living conditions', which is one of the different dimensions of quality of life. This indicator is highly policy relevant as it is used to monitor the Europe 2020 headline target of reduction of poverty.

It is synthetic in that it combines information on persons who are at risk of poverty, who are severely materially deprived, or who are living in households with very low work intensity. Persons are only counted once even if they are present in more than one of the three variables.

People at risk of poverty or social exclusion, EU-27 (million persons)



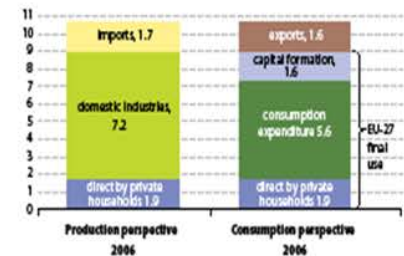
NB: 2005, 2006 and 2010 data are Eurostat estimates. Source Eurostat (online data code: l2020_50)

Environmental sustainability

- reinforcing the development of the European system of environmental and economic accounts and the quality of its source data with the main emphasis on energy, climate change and material consumption.
- developing environmental accounts relating to goods and services, environmental protection expenditure and natural assets.
- deriving so called 'footprint indicators' from linking environmental data with the Supply and Use Input/Output tables from national accounts.
- developing landscape and biodiversity indicators.
- improving data and developing environmental accounts in the areas of water and waste.

The figure below illustrates a 'footprint indicator'. It shows the difference between the 'production perspective' and the 'consumption perspective' for domestic and global CO₂ emissions. Further details can be found in the publication 'CO₂ emissions induced by EU's final use of products are estimated to be 9 tonnes per capita' (Statistics in Focus, issue number 22/2011).

Domestic and global CO₂ emissions — production and consumption perspective, EU-27, 2006 (tonnes CO₂ per capita)



Source Eurostat (online data codes env_ac_silcath and env_ac_ib)

Links - Reference documents

- Eurostat's website
<http://ec.europa.eu>
- ESS Sponsorship Report
http://epp.eurostat.ec.europa.eu/portal/page/portal/pgp_ess/about_ess/measuring_progress
- “GDP and Beyond” (Communication of the Commission)
<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0433:FIN:EN:PDF>
- „Stiglitz-Sen-Fitoussi-Commission“ (France)
<http://www.stiglitz-sen-fitoussi.fr>

Vielen Dank für Ihre Aufmerksamkeit

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