

Report on results, action research:

**Barriers to the use of alternative ('beyond GDP')
indicators in policy making and how they are being
overcome and can be overcome**

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Synthesis report and seven action research case studies

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Executive Summary

What this report is about (sections 1 and 2)

Beyond GDP indicators are “those indicators and indicator sets that have been proposed as necessary and central to the measurement of societal progress in a broad sense, other than those indicators, such as GDP or the unemployment rate, that are already playing this role.”¹ In BRAINPOoL we have identified some of the barriers to using these measures to guide policy, and some of the ways these barriers can be overcome. These questions are worth addressing to the extent that there is a bias towards maximizing GDP growth in policy making, and are therefore primarily concerned with economic policy. This is a report of seven case studies where we have addressed these questions.

Barriers (section 3)

We identified 12 barriers which fall into five groups.

Resources

1. At the most superficial level budget constraints form a barrier to the use of Beyond GDP indicators. But of course this reflects low current prioritisation: it is the symptom not the diagnosis.
2. For some indicators, data problems form a barrier to their creation and use. It should be said that this is almost inevitable when new data are needed, and only constitutes a serious barrier if the whole agenda is relatively low priority.

Resistance

3. It is arguable that resource shortages are only a symptom of a more fundamental set of barriers – *resistance* to Beyond GDP. This can take the form of natural conservatism: a matter of perceived norms, habit and risk aversion. In this respect, the use of Beyond GDP indicators is no different from any other significant change.
4. Natural conservatism shades into the view that there is no bias towards growth in policy making and that therefore Beyond GDP is redundant or worse. The *crude version* of this view is that growth is supremely important and should always trump other objectives. The *more sophisticated version* is that growth is only one goal amongst many but the market can be trusted to deliver optimal outcomes, except to the extent specific market failures are identified. The latter are well understood and do not require a whole new apparatus of measurement.

¹ Hák, T., Janoušková, S., Abdallah, S., Seaford, C. and Mahony, S. (2012), *Review report on Beyond GDP indicators: categorisation, intensions and impacts, Final version of BRAINPOoL deliverable 1.1*, A collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024).

Communication

5. Even if people are fundamentally sympathetic to the Beyond GDP agenda, they are not going to use the indicators if there is ignorance or confusion about them, and we discovered this in some cases at regional and local level.
6. Resistance also reflects the lack of a strong Beyond GDP narrative that engages the public and secures popular support: efforts to connect with the public and civil society by those promoting Beyond GDP indicators (where this had happened at all) have not always been particularly effective.
7. This creates particular sensitivities to negative rhetorical and political associations of Beyond GDP. This is both a matter of particular words, but also of the broader political positioning of Beyond GDP.

Complexity

8. The failure to create a strong narrative is made worse by the fact that there is as yet no single Beyond GDP indicator with the salience of GDP – and no agreed candidate. This makes it difficult to replicate the simple headlines currently linked to the quarterly GDP figures.
9. The lack of a single indicator reflects the fact that progress is a multi-dimensional concept: the whole point is to use a *range* of variables in an integrated economic policy process that corrects the bias to GDP growth. The necessary analysis has to deal with both complexity and uncertainty, and this requires new, unfamiliar techniques, and may appear to require value judgements, none of which are popular.

Organisation

10. Indicators are unlikely to be used if they have been developed in isolation from, or allowed to drift apart from the policy process and agenda. A barrier can arise when those developing indicators fail to act as ‘indicator entrepreneurs’, spotting the political and organisational opportunities needed for use.
11. Integrated policy making and thus use of Beyond GDP indicators requires multi-disciplinary working, working across silos and increased co-operation between organisations. The organisational barriers to achieving these are familiar ones.
12. In addition to the right structures, the use of Beyond GDP indicators requires expertise which may be in short supply – and which may take time to source even if financial resources are available.

Overcoming the barriers (section 4)

Our recommendations are for the most part specific to the contexts and organisations we researched and are set out in the seven case studies (see Annexes). In the synthesis report, we have brought these recommendations together under themes, so as to be of use beyond the specific case studies. The themes relate to the five barrier groups.

Resources

We did not develop recommendations for these problems as they are symptoms.

Resistance

Demonstrate the difference Beyond GDP indicators will make to specific policies to deal with the view that Beyond GDP is redundant.

Communication

Develop a strong narrative and find opportunities to communicate about Beyond GDP.

Complexity

Develop new approaches to policy analysis and a database of indicators that facilitates integrated policy making.

Organisation

Identify potential users with power, then tailor the indicators to their needs and try to entrench their use.

Introduce mechanisms to facilitate internal co-operation and between organisations and invest in appropriate human resources.

1. Introduction

1.1 *BRAINPOoL context*

This report was produced as part of the project BRAINPOoL (Bringing Alternative Indicators into Policy). BRAINPOoL is funded by the European Commission through the FP7 research programme, and seeks to help accelerate the use of 'Beyond GDP' indicators in policy-making. It is primarily a knowledge brokerage project working by helping the producers and promoters of Beyond GDP indicators and the potential users of these indicators come together, understand one another, and identify fruitful interactions.

The first stage of the project (Work Package 1) explored the arena through the perspective of indicator producers and promoters – cataloguing the various initiatives, understanding the producers' intentions, and learning about the indicators' success or otherwise in achieving some form of impact either in policy or elsewhere. In the second stage of the project (Work Package 2) we took a look from the perspective of the potential users of Beyond GDP indicators – understanding several selected local, national and supranational organisational contexts, and identifying the barriers to and opportunities for demand for Beyond GDP indicators.

This study of the use of alternative indicators within specific organisations and contexts is the third stage (Work Package 3), which brought producers and potential users together in seven specific case studies at different geographical levels, from the local to the supranational (an eighth study is currently underway and will be reported on in our final report).

All the cases were about the use of a specific indicator or set of indicators. Four of the seven involved work with officials in a specific organisation where use, or discussion of use of the indicators, was quite far advanced: the OECD, the Welsh Government, the City of Rotterdam, and the City of Chrudim. Three focused on multiple actors in situations where the use or discussion of use of the indicators was less advanced: the cases we have identified as 'British Business Bank', 'Germany', and 'Midi-Pyrenees region'. In all case studies, we sought to identify a problem that Beyond GDP indicators might help solve, and explore steps towards them playing such a role. This document is a synthesis of the findings and recommendations from these seven case studies, a report of each of which is included as an annex.

1.2 *Intended audiences*

The report is written for two audiences. First it, and more specifically the seven annexes, are intended for staff and other actors associated with the organisations and contexts involved.

Second, it is intended for those outside the seven organisations and contexts with an interest in the use of Beyond GDP indicators, and who may be able to learn useful

lessons for their own organisations. These may include governments, think tanks and other bodies seeking to increase the use of Beyond GDP indicators in policy-making.

This report may also be of interest to political scientists exploring how this type of indicators can influence policy processes.

1.3 Methodology

The methodology for each case study is described in the relevant annex, however the overall pattern was as follows:-

- Initial desk research and literature review
- Face-to-face semi-structured interviews with staff members and other actors
- Seminar bringing together some of those interviewed and others to discuss key issues
- Dialogue with relevant individuals within the organisation about key recommendations and initial report.
- Further dialogue in some cases based on preliminary analysis of all seven case studies.

1.4 The seven cases

Opportunities for use of alternative indicators in the OECD [OECD]

The OECD has been at the forefront of the development of Beyond GDP indicators and is at the vanguard in terms of exploring the policy implications of Beyond GDP indicators. However, the organisation does face challenges in taking the agenda from statistics to actual policy recommendations. In this case we identify barriers and opportunities for the further uptake of Beyond GDP indicators in influencing policy.

The German NWI and the BMU [Germany]

The National Welfare Index is the only index funded as a research project by the German government through the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and Federal Environment Agency (UBA). The index attempts to act as a catalyst for the debate about what kind of growth we actually want for society and how we can best include sustainability and social prosperity into our measurement systems. In this case we explore and describe the full range of barriers affecting the indicator and where possible illustrate ways of exploiting potential drivers and opportunities.

The British Business Bank [British Business Bank]

Work is currently taking place in the UK department for Business Innovation and Skills (BIS) to set up a state owned Business Bank which will be fully operational by the second half of 2014. In this case we take the recommendations of an independent taskforce that the Bank should have a mandate to promote good, sustainable jobs and

a performance indicator framework to match, and identify potential barriers to this and how these might be overcome.

The Welsh Government Sustainable Indicator Set [Wales]

This case is about how the Welsh Government uses its headline Sustainable Development Indicators (SDIs). It finds that the indicators are not currently used effectively across Welsh Government policy-making due to a variety of barriers that result in them not being seen as having a meaningful role within the policy-making process. However, it describes a clear opportunity to clarify and strengthen the role of the SDIs through the Future Generations (Wales) Bill which the Government plans to introduce in 2014.

Sustainable development in the Midi-Pyrenees [Midi-Pyrenees]

The main objective of this case is to identify barriers to the use of Beyond GDP indicators in policy at regional and sub-regional levels in France, and to propose ways of overcoming them. We discussed the issues involved individually and at two workshops with officials and elected representatives at the level of the region, *département*, urban community/community of towns, and individual city/town as well as NGOs and the regional statistical office.

The Rotterdam Sustainability Profile [Rotterdam]

Officials at the City of Rotterdam have been developing a Sustainability Profile, a new way of presenting and using data on sustainability issues at the local level, and at the time of the case were starting to plan how best to use this. The case identifies potential bottlenecks within the City municipal organisation which could hamper the further development and implementation of this new indicator, and on the basis of discussions with stakeholders, identifies how these can be overcome.

Healthy City indicators in Chrudim in the Czech Republic [Chrudim]

This case illustrates the process of development and implementation of indicators at the town level (Chrudim). In particular it describes the way the cooperation between experts in indicator development and the local authorities has influenced the indicator set development, the motivation of the town representatives to use “alternative” indicators (drivers), the barriers to indicator set implementation, and the ways these barriers are being overcome.

2. What this report is really about

One of our findings during Work Package 2 was that there is a great deal of confusion as to exactly what alternative or ‘Beyond GDP’ indicators are, and what exactly it means to ‘bring them into policy making’. This was confirmed during these case studies,

What is more, our research suggests that this confusion is damaging and is itself a potential barrier to the use of Beyond GDP indicators. Therefore in this section, we re-state the definition we adopted at the beginning of the project (set out in our Work Package 1 report), and then elaborate both the nature of the challenge and why it is important.

2.1 What are ‘Beyond GDP’ indicators? What is the problem this project is addressing?

We need to be absolutely clear that ‘Beyond GDP’ does not simply mean ‘environmental and social’. If that were all it meant, there would be no issue to investigate, since of course environmental and social indicators are used extensively in environmental and social policy making.

We emphasise this because during Work Package 2, we found that many statisticians felt that there was nothing new about Beyond GDP: social and environmental variables had been measured for decades. This suggested that they did simply identify Beyond GDP with environmental and social.

Instead, for our purposes, ‘Beyond GDP’ refers to a particular way an indicator is or should be *used*. Beyond GDP indicators are “those indicators and indicator sets that have been proposed as necessary and central to the measurement of societal progress in a broad sense, other than those indicators, such as GDP or the unemployment rate, that are already playing this role.”² We are simply stipulating this, but, as we will see, we believe that creating agreement for this definition will contribute to the use of Beyond GDP indicators.

So the questions BRAINPOoL is addressing are: what are the barriers to using new measures of societal progress in a broad sense to guide policy? And how can these be overcome?

² Hák, T., Janoušková, S., Abdallah, S., Seaford, C. and Mahony, S. (2012), *Review report on Beyond GDP indicators: categorisation, intensions and impacts, Final version of BRAINPOoL deliverable 1.1*, A collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024).

2.2 Why is this a problem worth addressing?

These questions are worth addressing to the extent that a) there is a bias in policy making towards prioritising GDP growth above other objectives, and b) this bias is exacerbated by the prominence of the GDP metric itself.

For the purposes of this report, we are taking these two biases as givens, a view that is widely (not universally) shared amongst economists and policy makers.³ In particular the metric reinforces the idea that the ability to maximise GDP growth defines ‘economic competence’, perceptions of which influence economic advice and drive elections. These in turn create strong incentives to maximise GDP.

Of course real policy making is a little more nuanced than this. Conventional economic theory holds that maximising output is not sufficient to maximise welfare - markets need to be efficient and a certain amount of re-distribution needs to take place. As a result, much of policy is designed to correct market failure of one kind or another, or to design effective redistribution, rather than simply to maximise output.

One can therefore restate the bias just described in one of two ways:-

- There is a de facto bias towards prioritising GDP growth which means market failures and the need for redistribution are often inadequately addressed, *or more fundamentally*
- There is a theoretically driven bias towards prioritising GDP growth and market efficiency which is damaging given the scale and scope of current market failures and thus the difficulty of dealing with them when conceived of as market failures.

2.3 The nature of the challenge in more detail

Either of these formulations suggests two interdependent challenges:

- the need for a more balanced political programme; this can be characterised neutrally as one that involves better management of trade-offs than in the past (ie less bias in favour of growth) leading to better quality growth (ie growth that is equitable, sustainable and results in high well-being) *and*
- the need for a new headline measure of progress (or small set of such measures) that can balance GDP and thus help define and guide this more balanced political programme, one that isn’t biased in the way described.

BRAINPOoL is concerned with both – using ‘Beyond GDP’ indicators in policy making means ‘balanced’ policy making. It is important to emphasise though that ‘balanced’ does not just mean the adoption of social and environmental goals in parallel with economic goals: experience tells us that economic goals tend to trump other ones.

³ However we will return to this in our final project report and discuss the relevant evidence.

'Beyond GDP' is distinctive to the extent that it encourages not just balance but a more *integrated* approach to *economic* policy and ultimately it is barriers to this more integrated policy making that this project is investigating. This point is illustrated in the following charts.

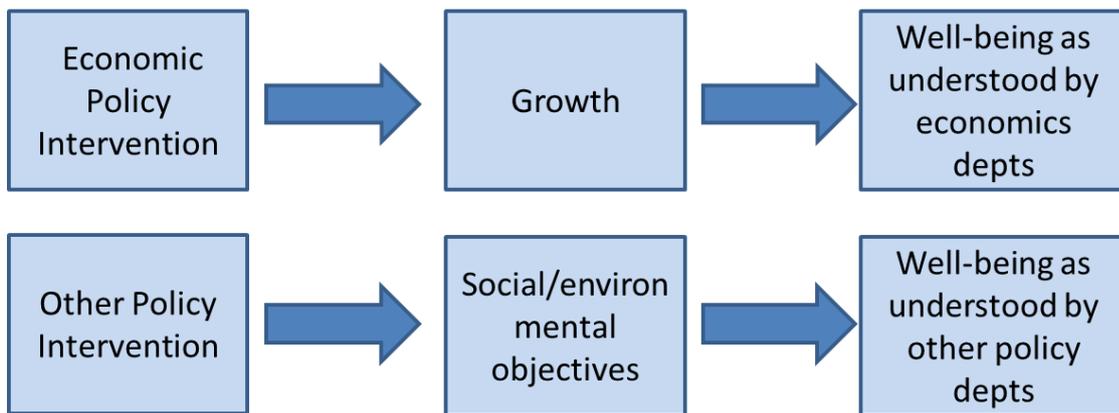
The bias to GDP maximisation as a means to increasing welfare...



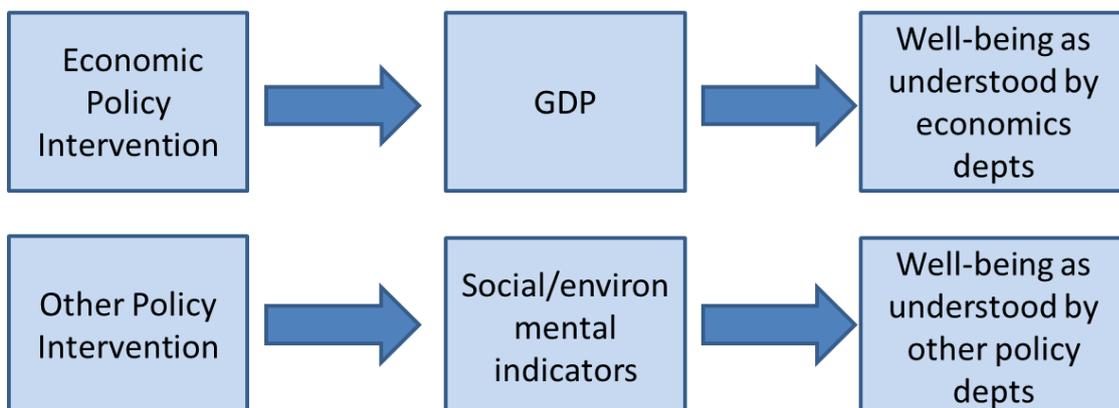
... or rather well-being, i.e. welfare in the broader sense...



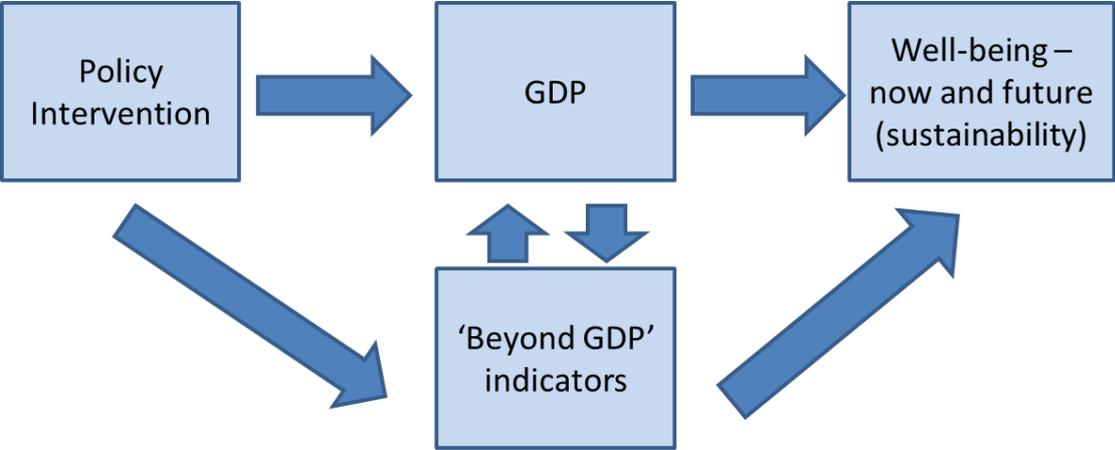
...will not be corrected by parallel objectives, which already exist...



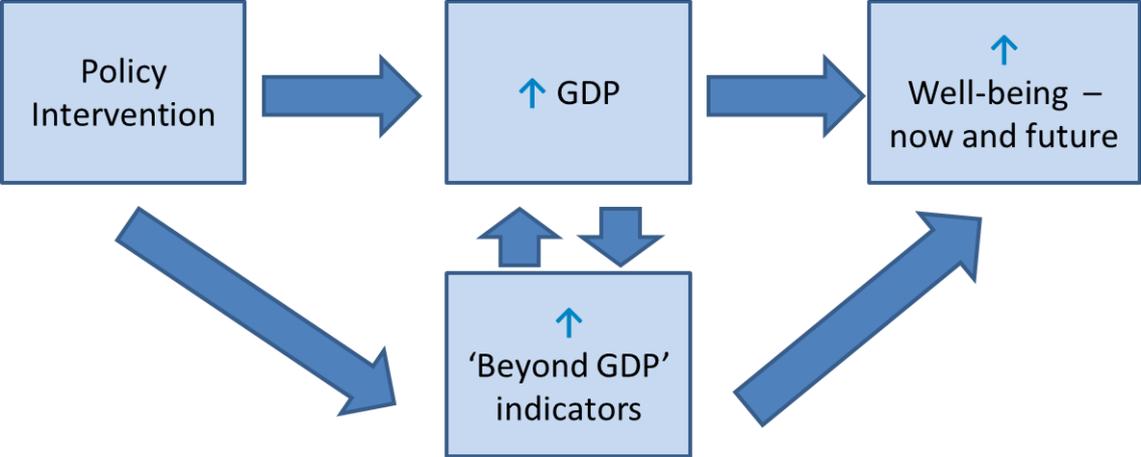
...as do the relevant indicators...



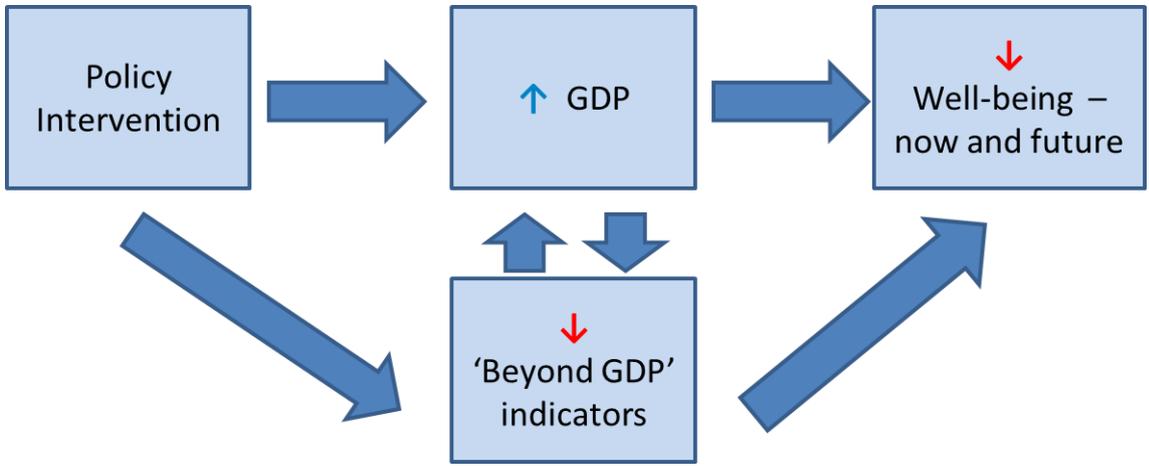
...but by a more integrated policy process



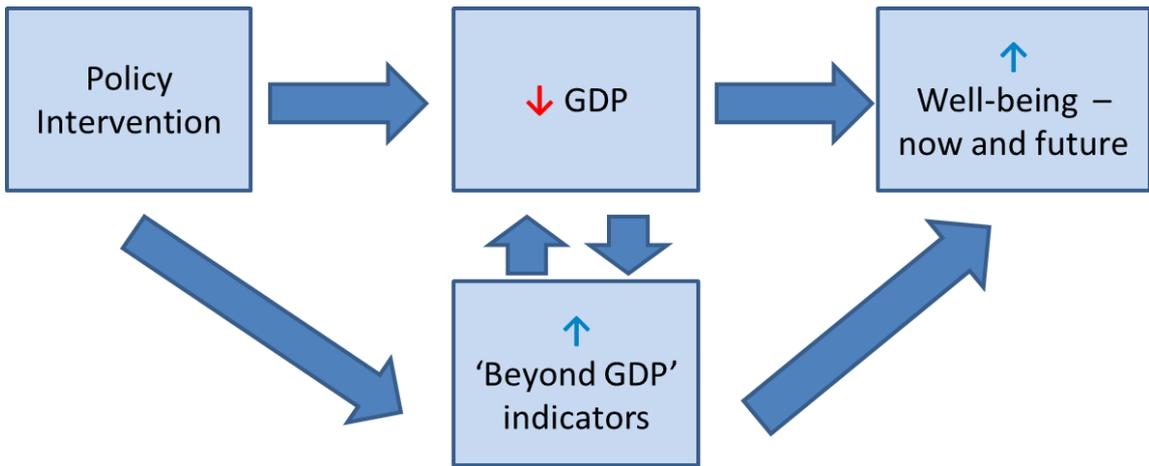
...allowing policy makers to target good quality growth...



...not bad quality growth



...and in some instances to sacrifice growth.



3. The Barriers

In this section we attempt to identify the barriers to the use of new measures of progress to guide policy based on the seven case studies..

Some indicators which have the potential to be used as Beyond GDP indicators are already published officially, and may even influence some areas of policy making. In Annex 8 we summarise our findings from Work Packages 2 and 3 on the extent to which there is demand for such indicators. Note that we have not found any examples of indicators being used as Beyond GDP indicators in the sense set out in Section 2 above.

We identified 12 barriers which fall into five groups:-

- Resources
- Resistance
- Communication
- Complexity
- Organisation⁴

3.1 Resources

Barrier 1: Budget constraints

At the most superficial level budget constraints form a barrier to the use of Beyond GDP indicators and similar problems are identified in most of the cases.

Thus in Chrudim, we identified that the use of new indicators would increase administration costs and increase also the demands on the human resources and this would be a problem. With the British Business Bank we noted that the necessary data could be costly and difficult to gather. In the Midi-Pyrenees, it was observed by participants in the workshops that the institutions involved have limited economic and human resources. In Germany we learned that the budgets for the production of official statistics have been cut, and in Rotterdam we learned that it was not clear how the necessary structural financing could be arranged for development and use of the Sustainability Profile.

But of course this reflects low current prioritisation. It is the symptom not the diagnosis, hence this is a barrier only at the most superficial level.

Barrier 2: Data problems

For some indicators, data problems form a barrier to their creation and use.

⁴ These are convenient labels and are not intended as more than that.

It may be that necessary data are simply not available or may be difficult to find: we found this both in Chrudim and in our discussions of the British Business Bank. It may be that while data are available, timely and sufficiently frequent data are not, meaning that the data could not be used to assess the current situation effectively. We found this was sometimes the case for the NWI in Germany, where there is currently a time-lag of 1.5 to 2 years and for the SDI set in Wales, where some of the indicators appear once a year and one is several years out of date. A third problem is that adequate time series may not yet be available. We were told that 20 years of data are necessary for the OECD to model econometric relationships, and that while contemporary data are available, adequate historic data are not .

Data issues are especially likely at the local level: we found this in Chrudim, and in the Midi-Pyrenees we found a serious lack of data at municipality level. On the other hand, in Germany, calculations by the Ministry of Environment, Baden Württemberg suggest that at least 300 cities, towns and villages in Germany have introduced a local indicator system for sustainability reporting.

Questions are sometimes raised about the robustness of data. In Germany, several of the interviewees expressed the view that not all the NWI variables are based on robust data or as one Destatis official put it “many of the numerical foundations are based on assumptions or studies rather than hard data”. Issues about the reliability of some of the proposed data were also raised in the British Business Bank discussions.

We learned in Wales that international comparisons are particularly valuable and may not always be available for the kind of indicators proposed for Beyond GDP measurement.

It should be said that this kind of information resource barrier is almost inevitable in the context of the use of new data, and only constitutes a serious barrier if the necessary financial resources are not allocated, or if the lack of time series is allowed to trump the need for a Beyond GDP approach to policy-making – ie if the whole agenda is a relatively low priority.

3.2 Resistance

Barrier 3: Natural conservatism

It is arguable that resource shortages are only a symptom of a more fundamental set of barriers – *resistance* to Beyond GDP.

This can take the form of natural conservatism – passive resistance to the change that the use of Beyond GDP indicators implies: a matter of perceived norms, habit and risk aversion. In this respect, the use of Beyond GDP indicators is no different from any other significant change.

So, for example, some more progressive commentators on the British Business Bank took a conservative view because they believed that this would be the view of business, and they were concerned not to go against the needs of business. They were more open to the use of Beyond GDP indicators once this concern was removed.

At the OECD, some staff, who appeared genuinely committed to the idea of making well-being rather than economic activity the objective of policy, also appeared to find it

hard to break the habit of seeing GDP as the 'left hand side variable', i.e. the variable that one is trying to maximise in an equation.

This conservatism is reinforced by the fact that the existing model is well-established, 'certain', quantified and at least apparently robust. The concepts that are key to Beyond GDP are seen to be harder to measure. As one staff member said at the OECD "our economics department has been built on the idea that if you cannot measure a phenomenon it doesn't exist." This may sound frivolous, but the OECD's reputation is at least partly based on its capacity for quantification, and for robust predictions about the impact of policies.

Similarly, one strand of opinion amongst participants in the workshop in the Midi-Pyrenees was that GDP must be kept untouched for its clarity and robustness. In Chrudim, some experts were concerned that the compromises needed to implement new indicators at a local level were potentially a threat to their professional quality.

More generally, moving Beyond GDP represents innovation and as such risk – and this is not appealing to many responsible for policy. One progressive senior politician took the view that if the systems needed for Beyond GDP indicators at the British Business Bank had not been set up elsewhere, the resulting risk made them much less attractive. At the OECD, policy recommendations are based on careful assessment of the impact specific policies have had in the past, and the organisation's reputation depends on the robustness of this kind of analysis. However policy innovation typically involves new combinations of policies, which as likely as not have not yet been tried. Its impact is therefore difficult to predict. This represents a real dilemma for an organisation with OECD's reputation for impartial rigour.

Barrier 4: The view that Beyond GDP is redundant

Natural conservatism shades imperceptibly into the view that in reality there is no bias towards growth in policy making and that therefore Beyond GDP is redundant or worse. Where decision makers hold this view, naturally they will not adopt Beyond GDP indicators of course.

There is a crude and a more sophisticated version of the view. The *crude version* is that growth is supremely important and should always trump other objectives. In reality relatively few people really think this (see our report on the UK department for Business, produced as part of Work Package 2)⁵. However it sometimes underlies political messages and thus shapes the policy environment. So for example, the German Federal Minister of Economics and Technology has been vigorous in his campaign for GDP increases and his belief that environmental legislation is a barrier to

⁵ <http://www.brainpoolproject.eu/work-packages/wp2/>

growth and so needs to be cut back (similar views have been expressed by the UK Chancellor of the Exchequer).

We have here a policy environment in which growth will (almost) always trump other objectives, and thus one where indicators such as the NWI, designed for an environment in which there are multiple objectives, are redundant.

Of course one reason for this view is that the 'other desirable outcomes' may only make a difference in the longer term, and voters are believed to take a short term perspective. Not surprisingly we were told in Germany that if measures that are desirable for long term sustainability also imply short term pain they are less likely to be adopted and in Wales we were told that this pressure could result in a focus on short-term outputs.

This is particularly relevant *now*. Growth is a particular priority for decision makers given the recession, and as we were told in Wales, "we don't pay attention to long-term ambition because we are too busy trying to sort out the immediate problem" and that sustainable development was not amongst the government's top three goals. Similarly in Germany, the economic crisis has shifted the policy focus and public concern to economic growth. The June 2013 Globescan international survey on attitudes towards Beyond GDP indicators⁶ shows a marked shift in German public opinion away from support for 'going beyond GDP' between the years 2010 and 2013. In the Midi-Pyrenees we were told that the social situation was currently too critical for the Beyond GDP agenda, and that territories needed to be 'economically strong' first.

In *the more sophisticated version* of the view that beyond GDP is redundant growth is only one goal amongst many but the market can be trusted to deliver optimal outcomes, except to the extent specific market failures are identified. Dealing with the latter does not require us to develop a whole alternative apparatus of measurement – we already have a well-honed methodology for assessing and correcting such failures.⁷

This traditional statement of economic theory remains very powerful. It is not always explicitly stated. For example, only 3 of the 26 people we interviewed or invited to a seminar about the British Business Bank stated that once a specific market failure in the small business lending market was corrected, markets would deliver what was needed. Others were less explicitly committed to market forces but still believed that distinct market failures should be dealt with by distinct policy instruments – which is in

⁶ Press release at <http://www.globescan.com/commentary-and-analysis/press-releases/press-releases-2013/98-press-releases-2013/278-public-backing-for-going-beyond-gdp-remains-strong.html>. While in 2010 Germany was the country most in favour of using alternative methods to assess a country's progress, by 2013 the country had seen the biggest shifts in favour of traditional, economic models. Along with Kenyans and Indians, Germans are now the most likely to prefer a focus on economic statistics (34% in each country).

⁷ for example as set out in the UK Government's 'Green Book'

line with the orthodoxy about what makes for good policy and in effect means the market should be trusted. In this case the market failure had been widely defined by commentators as an information failure resulting in under investment – in turn resulting in a failure to maximise GDP. It followed that the role of the bank should be to increase GDP making beyond GDP indicators redundant. A more extensive role was unnecessary and probably counter-productive because of the complexity involved⁸. It is worth emphasising that this was in effect arguing that an integrated approach to policy (with multiple objectives using multiple indicators) was inappropriate. In their words it was a direct rejection of the Beyond GDP approach.

These findings are consistent with those from Work Package 2, which made clear the continuing importance of GDP amongst most economic policy actors. Even if GDP is not seen as a good proxy for welfare, it is seen to be measuring something central to the current societal model and for this reason needs to retain a central place.

3.3 Communication

Barrier 5: Ignorance or confusion about indicators

Even if people are fundamentally sympathetic to the Beyond GDP agenda, they are not going to use the indicators if they don't know about them, and we discovered this in some cases at regional and local level.

In the Midi-Pyrenees, some attendees at the workshops simply identified 'alternative' indicators with composite indicators, and even those who saw themselves as active participants in the debate did not necessarily know of latest developments. For example, some thought that well-being cannot be measured. Not surprisingly given this, the meaning of 'Beyond GDP' was not obvious to most participants in our workshops. Nor was it clear what Beyond GDP was for, hence the comment that "the only thing that Beyond GDP uses as a basis is what we don't want to be part of." This echoes our finding during Work Package 2 that many of those we interviewed believed that no alternative societal model had been put forward that links clearly with Beyond GDP indicators, in the way that the Keynesian growth model links with GDP.

Similarly, in Wales, there was little understanding of how well-being statistics can be used. One official said "I think the problem with well-being is that people are jealous", another referred to the fact that her "own personal well-being...changes from day to day" as a reason why the Government should not attempt to measure it.

Even at the *OECD*, where there is a sophisticated understanding of indicators and their use, we found that there were some ambiguities in the way well-being was defined, and that in practice the term was being used in different ways in different parts of the organisation. Our view was that this weakened the use of well-being indicators in policy analysis.

⁸ We return to the issue of complexity in Barrier 9

We also found very little understanding of alternative indicators amongst politicians and officials in Chrudim before the indicator implementation process had been started.

This was consistent with our findings during Work Package 2, when we found national as well as regional officials displayed relatively low awareness of Beyond GDP initiatives. For example, many had not heard about the OECD's *Better Life* Initiative, or the EU's *GDP and Beyond* Initiative. In France some MPs thought it would be a good idea to have indicators of sustainable development, without realising they already existed. As noted in section 2, even statisticians may simply identify Beyond GDP with social and environmental indicators.

Interestingly, there was some evidence that support grows as people find out more. In several towns in the Czech Republic where indicator sets had not yet been tested or applied, we found a lack of will for change amongst politicians, especially if there was no voter interest. However there was more of a will for change in towns where indicator sets had been tested. Similarly, in the Midi-Pyrenees, we found that there was much stronger interest in opportunities when people were informed.

Barrier 6: The lack of a strong narrative that engages the public

As noted above, the view that Beyond GDP is redundant at least partly reflects perceived popular support for GDP maximisation – it also reflects the lack of an alternative narrative. As argued in Charles Seaford's paper on the use of subjective well-being indicators for policy making (written as part of Work Package 5),⁹ an effective popular narrative does not yet exist but will be essential to the use of Beyond GDP indicators in policy making.

In the cases we worked on we found that efforts to connect with the public and civil society by those promoting Beyond GDP indicators (where this had happened at all) had not always been particularly effective. In the Midi-Pyrenees we found that both sustainable development and the Agenda 21 did not engage citizens well and it was clear that those promoting this agenda found it difficult to involve a broader range of citizens regularly. For example, participants from civil society at our workshops were people already involved in the agenda and the process of developing Beyond GDP indicators for the region was clearly 'top-down'.

In Wales we were told that communication around SD had failed to connect with the public, perhaps partly because there was nothing emotionally charged, that resonated, with the public in the Sustainable Indicator Set and no strong accompanying narrative. By contrast, one official noted, "it is the narrative around economic growth that makes it a priority". Some thought that getting the narrative right was critical: "get the messages right, get the politics right and the other things will come in behind it".

In Rotterdam, the instrument was clearly a somewhat technical instrument, potentially difficult to interpret, and therefore in the eyes of some of those we interviewed, scarcely appropriate for discussion with local politicians let alone the public.

⁹ <http://link.springer.com/article/10.1007/s11205-013-0381-0>

In Chrudim by contrast, ie at the most local level we looked at, there had been some successful public engagement, and as already noted, there are some 300 local measurement initiatives in Germany. This is consistent with our Work Package 2 findings, which suggested that this type of measurement initiative has gained most traction at the local level.

Barrier 7: The language and politics associated with Beyond GDP

The resistance to change and lack of popular support or strong narrative creates particular sensitivities to the rhetorical and political associations of Beyond GDP. This is both a matter of particular words, but also of the broader political positioning of Beyond GDP. In a sense this is a manifestation of the last two barriers, but is worth highlighting.

Thus at the level of words, some of the stakeholders of the *British Business Bank* believed there was a danger that use of Beyond GDP indicators would make the bank seem uncommercial, that as a result business would react negatively, and that the bank would therefore be ineffective. In particular, one political actor felt that the indicators would be more acceptable if described as economic rather than social indicators. Somewhat similarly in *Germany*, the word welfare (*‘wohlfahrts’*) used in the name of the NWI has strong negative connotations. This was the view of one of the interviewees but it is a widespread belief, reflecting connotations similar to those in the US where it is associated with dependency.

The NWI faces a more challenging barrier in that it is quite strongly associated in some quarters with the Green Party – rather than as a neutral way of assessing progress. While the NWI works within a scientific framework and provides neutral information that is freely available for any actors to use, at least one of the interviewees mentioned that there “must” be a connection to the Green Party, due to the extent to which Länder that are associated with them have taken up the indicator, and of course it is true that the choice of variables in the index cannot but reflect a certain set of priorities (we return to the substantial as opposed to the positioning point below).

While the Green Party is relatively successful in Germany, this could be a handicap so long as other parties are in power. More generally, Beyond GDP indicators will need to survive changes in administration in the way that GDP has survived such changes – a point made in the Chrudim case study and a conclusion we drew from the Wales case study. While they may not initially reflect a consensus on what are the goals for society, in time they will need to come to do so. Somewhat similarly, in Work Package 2 we found that the appearance of neutrality strengthened the chances of successful adoption, and that there was resistance to Beyond GDP indicators in some quarters to the extent that they were associated with what were viewed as unrealistic steady state or de-growth proposals.

3.4 Complexity

Barrier 8: The lack of a single Beyond GDP indicator with the salience of GDP

The failure to create a strong narrative is made worse by the fact that there is as yet no agreed candidate for a single alternative to GDP as a broad measure of societal progress. This makes it difficult to replicate the simple headlines currently linked to the quarterly GDP figures. There is no number and there is no story.

Attempts to deal with this have not yet been successful. One potential candidate is subjective well-being. No single objective indicator (e.g. income, or housing, or life expectancy) can claim to represent the entirety of the multi-dimensional concept of well-being. But some subjective well-being indicators, at least *in theory*, are measures of well-being *overall* – the idea being that people responding to such questions are implicitly considering the multiple dimensions of well-being and providing an overall assessment. The UK government's initiative to measure subjective well-being, launched by the Prime Minister in November 2010, for a time created momentum behind this candidacy. However while well-being analysis is likely to remain an important policy tool in the UK (and elsewhere), as yet subjective well-being has not established a clear lead as the dominant indicator. This is consistent with our findings in the cases. At the OECD, there was a view that a subjective well-being indicator on its own would be too narrow as a headline indicator – that it should not be seen as “the ultimate synthesis indicator of well-being in society”. In Wales and the Midi-Pyrenees we also came across scepticism as to its value. (In other cases it was not a prominent part of the indicator mix).

Another potential candidate would be a composite indicator, of which the NWI in Germany is an example. However there are well known problems with composites, which were evident in these cases. In the Midi-Pyrenees we came across the common view that composites are ‘black boxes’ and in Germany the basis of the NWI was questioned. This reflects the nature of the indicator: the NWI is based on an approach, also used by the ISEW and the GPI, that has been adapted and modified over many years by different actors in different countries since it was originally created. As a result there is no definitive agreement on the selection of the components or a common methodology for calculating them which has led to a proliferation of alternative approaches and disagreements about which is superior¹⁰. More fundamentally, indicators using this methodology have been accused of lacking a coherent theoretical foundation which its critics believe results in corrections being applied to economics data without giving any theoretically sound justification for doing so¹¹. Some interviewees expressed the additional worry that aggregation into a single figure can hide crisis situations associated with a particular component

¹⁰ There is a recent synthesis of global GPI-type studies which describes all the different methodologies here:
http://www.academia.edu/3636103/Beyond_GDP_Measuring_and_Achieving_Global_Genuine_Progress

¹¹ e.g. see Neumayer, E., (1999), ‘The ISEW – Not an Index of Sustainable Economic Welfare, Social Indicators Research, Kluwer Academic Publishers, p. 82

The Rotterdam Sustainability Profile is also a form of composite and we found here that the complexity of the indicator can be a real problem, especially in terms of interpretation. Several officials saw a possible danger of misinterpretation, partly driven by a complex way of presentation, or an excess of information. As already noted, they did not see it as useful for the politicians or the public.

The Ecological Footprint is not strictly a composite, but it is complex, and this was highlighted as a problem in Wales: “[It is] quite complicated...The man in the street didn’t understand. Therefore, that can sometimes not lead to a push to improve on that measure”.

The third possibility is a dashboard – but, as we concluded in the Midi-Pyrenees, dashboards are ‘operational’ not ‘educational’ – a finding that echoes the negative comments about the Welsh SDI set referred to above.

Barrier 9: The complexity and uncertainty of Beyond GDP policy analysis

The lack of a single indicator/index reflects a more fundamental problem. In the words of the OECD Secretary General “Progress is a multi-dimensional concept that goes beyond GDP” – as we argued in Section 2, the whole point is to use a *range* of variables in an integrated economic policy process in order to better manage the trade-offs between these dimensions. This requires the ability to manage complexity without recourse to the standard economic models.

As noted above the need to manage complexity was seen as reason for *not* using Beyond GDP indicators by some workshop participants in the British Business Bank case. They felt that the kind of processes needed to meet non-GDP objectives would be difficult to manage effectively – and as a result the entire exercise would be more risky. The difficulty of dealing with multiple indicators and thus competing pressures was also highlighted by several officials in the Wales case. The complexity of the Sustainability Profile was referred to unfavourably by some interviewees in the Rotterdam case. And at the OECD, it was pointed out to us just how hard it would be for analysts to accurately model the impacts of policies on the multiple dimensions of well-being (including future well-being, or the environment), given the interactions between those policies and the feedback loops between different aspects of well-being.

One way of managing complexity is to construct a single numeraire or unit of value, and aim to maximise this in policy making. Ideally this would underpin a single headline indicator, but even if it did not it could be used to facilitate judgements about the relative value of different dimensions of well-being, both informally and through more formal cost benefit analysis. It would in effect be an attempt to measure the right hand box in the diagrams in Section 2¹². Subjective Well-being (with relationships between

¹² Or at least current as opposed to future well-being – no-one has (yet) identified an effective way of integrating sustainability into a single numeraire.

subjective well-being and the intermediate variables middle boxes in the diagrams established through regression analysis) could form the basis for such a numeraire. However, as already noted, this was felt to be too narrow at the OECD, where an alternative basis for a numeraire was being explored: a single measure of 'living standards' based on people's preferences regarding some of the dimensions of the OECD's Framework for Measuring Progress and Well-Being.

It is important to be clear that analysis indicating how to maximise a numeraire does not replace qualitative assessment or the judgement involved in prioritising different dimensions of well-being or sustainability. This would set the bar for the design of analytical tools too high – and would in any case appear to threaten the legitimate role of elected representatives in collective choices. Failure to understand this point could result in a barrier to the use of Beyond GDP indicators: the belief (a) that it is too difficult – and (b) that it is undemocratic.

The point about setting the bar too high was made at the OECD – that it is foolish to believe that one can create a single welfare function which allows one to make policy decisions on the basis of equations (although we observe that in practice GDP *does* tend to be treated rather like a single welfare function). The question when designing analytical tools should be “what is good enough?”, ie how robust do the tools have to be in order to be useful in policy making?

The second point was made both at the OECD and in Wales. For the OECD, one of the key sources of its legitimacy is its ability to present itself as neutral and technocratic – simply carrying out analyses and identifying best practice. Decisions about which dimension to prioritise – implicit in any excessively didactic use of a numeraire - are unlikely to be seen as a test of pure technical economic competence, in the same way that decisions about how to maximise GDP are. The point was also made in Wales. As one official put it “You need a political argument about the right balance between the [pillars of SD]. For example in the case of a new nuclear power station – this requires a value system about which of economic, social and environmental is most important. The evidence feeds into a value judgement not a technocratic problem.” This point was also made forcefully in the seminar we held at the UK Business Department as part of Work Package 2.

But regardless of whether or not one uses a numeraire, we concluded at the OECD that the complexity inherent in Beyond GDP gives rise to an even more fundamental challenge: often we simply do not know what the effects of policies will be. Are we really able to model how different economic, societal and environmental factors influence one another over the long term? Are we able to model policies that have not actually been used anywhere? Are we able to model the effects of different policies when it is likely that it is the *combination* of policies which will determine outcomes, and these combinations will not have been tried anywhere? Given this uncertainty and complexity, we anticipated that the OECD would increasingly have to complement its economic analyses with a more multi-disciplinary approach, including political economy, sociology, psychology, and history. Such an approach would rely less on

quantitative methods and more on qualitative methods. In high school terms, it would be more like history and less like maths.

This also represents a potential barrier – given the professional capital invested in quantitative economics, and the dominant position the economics profession enjoys in policy making.

3.5 Organisation

Barrier 10: The lack of ‘indicator entrepreneurs’

Even if the theoretical barriers to the use of Beyond GDP indicators of the kind described in the previous section have been overcome, they will not be used without effective action within potential user organisations. For example, indicators are unlikely to be used if they have been developed in isolation from the policy process and agenda or allowed to drift apart from that process and agenda. In a sense this is totally obvious, and was the original hypothesis of BRAINPOoL – that the promoters and potential users of indicators were not talking to each other sufficiently. It is worth emphasising, though, because the idea that what is measured will on its own influence what is done appears to have gained some traction, particularly since the Stiglitz Commission report . However while measurement may be a necessary condition for policy change, it is self-evidently not a sufficient one. A barrier arises if those developing or maintaining indicators fail to see the need to act as ‘statistical entrepreneurs’¹³, spotting the political and organisational imperatives and opportunities that will allow them to be used.

We saw this in two cases. In one case (Rotterdam) the indicator was still at a relatively early stage of development and there had been a strong initial focus on the technical aspects, rather than an attempt to think about its place in the policy process, and arguably a failure to link its spatial scope to political boundaries. The result was a lack of shared understanding as to the purpose of the indicator and considerable scepticism amongst senior managers. This clearly needed to be addressed at the time of the study.

In the other case (Wales) it was because the indicators were the result of an earlier initiative designed to create a permanent measurement framework for government, which no longer represented the current government’s priorities (and arguably never really did). Given this, there was naturally no strong impetus to use the indicators as an accountability mechanism, and perhaps as a result, no link between the indicators and policy outcomes – they were described as “totally disconnected from the work that goes on” by one official.

Why was this? One official noted that a robust theory of change was not always developed on how particular indicators would help address an identified problem. In some cases policy objectives were even opposed to the objectives implied by the

¹³ We owe this phrase to Prof. Paul Ekins of our advisory board

indicators. Thus another official said: “If we used the SDIs to measure the success of our policy we would get big distortions.”

More broadly, as in Rotterdam, the indicators were not yet part of a policy making *process* designed to produce sustainable development outcomes. As yet another official put it, the indicators themselves are too “linear” and “don’t ensure that people address the full range of SD outcomes in the round. We need mechanisms for integrating.” So one official could point to the headline SDI measuring economic growth

and describe his activities towards this goal as evidence he was addressing the SD agenda. In fact of course the whole point of the SD agenda is to encourage policy makers to consider the trade-offs between growth, sustainability and other objectives. Of course growth is one element in this, but to suggest that targeting it is to address the SD agenda is to miss the importance of looking at ‘outcomes in the round’.

A similar feeling was expressed in a more general way in a third case (Midi-Pyrenees): it was suggested that alternative indicators were not paired with clear goals.

One consequence of this detachment from policy was a sense that Beyond GDP indicators may be better at identifying problems than helping to identify solutions. Thus in the Midi-Pyrenees region, we were told that “addressing Beyond GDP is anxiety provoking” and in Rotterdam and Wales we were told that new indicators may be unpopular with politicians and officials to the extent that they simply create another stick to beat politicians with rather than help diagnose. As one official in Rotterdam put it:-

“To be useful for local politics, indicators should especially serve to monitor developments and to find out the reasons and causes behind. Indicators should not function to hold policy to account, therefore there should not be any political target connected to indicator outputs”

If they fail to help ‘find out the reasons’, they are even less likely to be adopted.

[Barrier 11: The difficulty of working across silos and organisations](#)

Indicator entrepreneurs are vital, but for such a significant change they need support from senior management – and the organisational structures that facilitate the kind of integrated policy making inherent in the use of Beyond GDP indicators. This means multi-disciplinary working, working across silos within organisations and increased co-operation between organisations. The barriers to achieving these are familiar ones.

The need to work across silos when using Beyond GDP indicators was mentioned in several cases – as was its difficulty.

Thus at the OECD, it was clear that Beyond GDP requires consideration of “diagonal effects” (the impacts of policy in one area on outcomes in another) but that there were clear challenges in harmonising the output of the organisation. This is particularly difficult because different divisions report to different committees, which represent different departments of member country governments. Reference was made by one

interviewee to the different “blood groups” that the members of different committees belong to.

Different “blood groups” were also referred to by an interviewee in Rotterdam as a barrier, where effective use of the Sustainability Profile would involve integrated processes. As several interviewees pointed out, work processes within Rotterdam’s municipality are not that integrated, there are several departments formally involved in the realisation of sustainability goals, and there is not strong cooperation between different departments. Accordingly, a lot of attention will be needed to embed the Sustainability Profile in work processes.

Similarly in Germany, the fact that the NWI did not fit into any ministerial mandate was seen as a barrier – although of course the whole point of the indicator is to integrate those mandates. In effect it can only be championed by a body with a broad mandate, such as the Chancellor’s office, a cross-departmental taskforce, or arguably Destatis (the German national statistics office).

In the Midi-Pyrenees we found that the necessary co-ordination between different authorities was weak. This was not just a matter of policy – it was also a matter of co-operation on data and indicator initiatives: data and standards were incompatible at different scales and between territories, and initiatives were undertaken without any knowledge of what had been done elsewhere. Central co-ordination was not helping: in the Midi-Pyrenees, regional and local authorities felt limited by a lack of central leadership; similarly in Chrudim, the absence of interest at national level in the application of indicators at the local level was noted – and initiative at town level was in some cases prevented because of national directives. In Wales, the limits to devolved powers were cited as contributing to the relative lack of purchase of the SDIs.

[Barrier 12: Human resource shortages](#)

In addition to the right structures, the use of Beyond GDP indicators requires expertise which may be in short supply – and which may take time to source even if financial resources are available.

Thus the point was made in Chrudim that expert team members brought in to advise the town representatives are top professionals and so very busy, with town representatives, by contrast, fearful of their own low erudition. There was low knowledge of how to evaluate phenomena with the help of indicators and little experience. In Rotterdam we heard that competences of people would be an important factor in getting the Sustainability Profile adopted (for example, the roles of Knowledge broker, Expert Advisor, and Process manager would be needed). In the Midi-Pyrenees we found that methodology was sometimes blindly copied, and that some institutions were simply not capable of using data.

The OECD case study highlighted that Beyond GDP initiatives typically involve a rebalancing towards social and environmental indicators and away from economic ones. This is not just a matter of calculating different things but of grasping different

disciplines, and valuing different academic perspectives, integrating these perspectives into the cadre. Inevitably this will take time.

Similarly the holistic nature of the German NWI requires the expertise of several disciplines and competences both in its construction process and for effective use. While this is desirable, it is difficult to achieve.

4. Overcoming the barriers

Our recommendations are for the most part specific to the contexts and organisations we researched and are set out in the seven case studies (see Annexes). In this section, we have brought these recommendations together under themes, so as to be of use beyond the specific case studies. They are directed primarily at policy-makers and advisors who are sympathetic to the objectives of ‘Beyond GDP,’ although some are directed at indicator producers.

We have identified nine themes amongst these recommendations. They, together with the barriers they are relevant to, are set out in the table below.

There are no recommendations for dealing with resource barriers or with natural conservatism. We believe that Beyond GDP needs to strengthen itself first before these can be tackled effectively, and the other recommendations are about how to do this. There is also no recommendation for dealing with the lack of a single indicator. We did not come up with one in the case studies (although nef has made proposals in this area¹⁴, and the OECD work on a numeraire referred to in that case could result in one); more work on two other barriers, complexity and uncertainty in policy making and the narrative, will be needed before this can be cracked.

<u>Barrier</u>	<u>Recommendation theme</u>
Resources	
1: Budget constraints	
2: Data problems	
Resistance	
3: Natural conservatism	
4: View that Beyond GDP is redundant	1: Demonstrate the difference Beyond GDP indicators will make
Communication	
5: Ignorance and confusion about indicators	2: Develop a strong narrative 3: Find opportunities to communicate about Beyond GDP
6: Lack of a strong narrative	2: Develop a strong narrative 3: Find opportunities to communicate

¹⁴ Centre for Well-being (2011) *Measuring our Progress*. London: nef

	about Beyond GDP
7: Language and politics	2: Develop a strong narrative 3: Find opportunities to communicate about Beyond GDP
Complexity	
8: Lack of a single indicator	
9: Complexity and uncertainty	4: Develop new approaches to policy analysis 5: Develop a database of indicators that facilitates integrated policy making
Organisation	
10: Lack of indicator entrepreneurs	6: Identify potential users with power – then tailor the indicators to their needs and try to entrench their use
11: Difficulty of working across silos and organisations	5: Develop a database of indicators that facilitates integrated policy making 7: Introduce mechanisms to facilitate internal co-operation 8: Introduce mechanisms to facilitate co-operation between organisations
12: Human resource shortages	9: Invest in human resources

4.1 Recommendation theme 1: Demonstrate the difference Beyond GDP indicators will make

The first challenge is to make the use of Beyond GDP indicators attractive, despite the difficulties involved, and to make clear that they are not redundant. This is partly a matter of demonstrating that they will make a difference, will result in recommendations for policy that conventional techniques would not produce.

We therefore recommended that the OECD systematically identify where use of new indicators could make a real policy difference. Specifically, analysts should identify policy areas where there appear to be trade-offs between traditional economic factors and other Better Life Index outcomes, i.e. where there are lots of ‘diagonal’ effects, perhaps labour market policy and working hours, or the links between transport policy, housing policy and spatial planning policy. Such analysis would need to consider interactions and feedback loops to be convincing. For example, reducing overwork

might improve the well-being of workers in the short term, but what would it mean in the long term?

In Germany we recommended that the BMU identify the policy implications of the NWI's results and that Länder authorities and political parties identify how the Regional Welfare Index RWI calculations could translate into new policy priorities at Länder level. At the British Business Bank we recommended that the development of new indicators for the bank be seen as part of the implementation of a broader industrial strategy guided by Beyond GDP indicators – since it is only given this broader co-ordination that use of the indicators will make a significant difference to the economy and be worth the effort involved.

More generally, we are recommending the development of specific models to deal with particular policy problems where a Beyond GDP approach could throw new light; we will develop this recommendation further during Work Package 4.

Once the potential impact of the use of Beyond GDP indicators is *demonstrated* in this way, then the kind of recommendation we made during Work Package 2, for example that policy makers at the UK department for Business Innovation and Skills should consider a wider range of factors (measured by a wider range of indicators) at an early stage of policy development, rather than just at the impact assessment stage, could become more attractive.

4.2 Recommendation theme 2: Develop a strong narrative

We recommend that Beyond GDP proponents start to use a narrative about the role and value of Beyond GDP indicators based upon the account in Section 2 of this report – one that goes beyond the Stiglitz Commission's division into the categories social, environmental and economic. It should, of course, describe the benefits of 'good growth' in terms that will resonate with voters – and is therefore partly dependent on successful implementation of recommendation 1.

We recommended that as part of this the OECD provide a clear and consistent definition of well-being as a property of individuals and not of societies – this distinction is not always observed and is a source of confusion. We also recommended that the particular role of subjective well-being should be set out, this being an attempt to capture all dimensions of well-being rather than just another dimension, although given that measurement is not perfect it should not to be used to the exclusion of other, 'objective,' measures.

At the British Business Bank, we recommended a clear statement of its mandate that would attempt to move beyond the existing frame of market failure, and would therefore make the case for Beyond GDP indicators in positive terms - taking care not to use rhetoric perceived as damaging.

In Germany we recommended that proponents of the NWI attempt to demonstrate the salience and relevance of the Beyond GDP agenda to a wider audience. Disadvantaged sections of society in particular increasingly favour a focus on

conventional economic statistics even though in reality Beyond GDP metrics could capture their situation better. We argued that the potential for policy change and positive outcomes for society resulting from a shift to Beyond GDP needs to be clearly, simply and persuasively articulated, using appropriate messages that show for example how the NWI relates to justice and equity issues.

In Wales we recommended a strong narrative, linking it to language that resonates across Welsh society and potentially using public engagement techniques to develop the narrative.

We will return to the role of framing and the narrative in the action plan to be developed following Work Package 4 and presented at the final conference.

4.3 Recommendation theme 3: Find opportunities to communicate about Beyond GDP

At the OECD we recommended that the progress in using new indicators for economic analysis should be communicated energetically and linked to high profile initiatives such as *New Approaches to Economic Challenges (NAEC)*. We also recommended that the OECD foster interest amongst countries to commission more projects like the *Austria Economic Survey* and developing countries' *Multi-dimensional reviews*. It could also draw on the BRAINPOoL learning in terms of the role that civil society, NGOs and social partners can play in stimulating demand for new measures of progress.

We recommended a programme of communication in the Midi-Pyrenees case, including broad information about Beyond GDP indicators, descriptions of successful initiatives, with appropriate adaptations to particular local conditions, and the value (and in due course existence) of a database. This programme should include workshops to improve understanding between authorities of the purpose and use of different indicators, as well as better public communication.

In Germany, we recommended that proponents of the NWI continue to engage with the BMU about ways in which it could be used and communicate actively to disadvantaged sections of society using the messages described under theme 2 and tools aimed at these specific target groups (e.g. social or populist media).

At the British Business Bank, we recommended using the narrative, detailed proposals and in due course successful results to build a coalition of support.

In Wales we recommended a high profile re-launch of the indicator set, as part of a broader communication strategy to establish the narrative.

In Chrudim, we recommended that local authorities communicate with citizens about what indicators show.

Themes 2 and 3 are consistent with our Work Package 2 recommendation that indicator producers should pay more attention to creating salience and winning support from the public.

4.4 Recommendation theme 4: Develop new approaches to policy analysis

Dealing with complexity and uncertainty is at least partly a matter of developing and improving techniques. Accordingly, at the OECD we recommended building on the approach adopted in their recent *Austria Economic Survey*, and the reports published by the Development Centre – which combine political economy with formal economics, history with mathematics. We also recommended that they develop a way of understanding and explaining the imperfection and uncertainty that in reality circumscribes much economic advice. Models should be ‘fit for purpose’ and, where appropriate, uncertainty should be made more explicit than it sometimes has been in the past, for example when evaluating policies or policy combinations that have never been implemented before. We recommended an internal discussion to address these and related issues.

On other hand we also recommended that the OECD continues with its attempt to create a single numeraire for the evaluation of trade-offs between different dimensions of current well-being. This should be combined with rather than trump non-numerical analysis, with both providing input (no more than that) to political judgements.

We also recommended specific decision making processes at the British Business Bank, and in the Welsh Government. At the British Business Bank this could involve developing specific products and a screening process, and we drew on the experience of various state owned development banks in Europe and elsewhere. In the Welsh Government, this could include development of outline policy responses to possible bad performance of an indicator, and screening tools to encourage impacts on headline indicators to be considered in outline at an early stage of the policy development process.

4.5 Recommendation theme 5: Develop a database of indicators that facilitates integrated policy making

We also believe that policy makers will find it easier to deal with the complexity inherent in multiple indicators if the latter are properly categorised and grouped, in such a way that policy makers can access them easily and use them, both to define their objectives and to monitor progress. Accordingly we recommend that indicator producers and their sponsors ensure that existing and future indicators are categorised in this way, bearing in mind the needs of integrated policy making and then brought together into a database. This is being addressed in another FP7 funded project, NETGREEN.

This will also help to deal with some of the harmonisation and co-operation problems identified in (for example) the Midi-Pyrenees case and the Chrudim case. We recommended the development of a common database in the Midi-Pyrenees case.

4.6 Recommendation theme 6: Identify potential users with power – then tailor the indicators to their needs and try to entrench their use

This is a recommendation to ‘indicator entrepreneurs’ – who may be statisticians, policy-makers, politicians, or independent watch dogs.

In Wales the Auditor General is being given powers to review the government’s SD performance, advised by an external, independent SD commissioner. We recommended that the government’s SD unit work with the SD commissioner and his staff to develop the SD indicator set so that it enables the Auditor General to perform his/her role effectively. We also recommended that this role for the indicator set is entrenched in the relevant legislation currently being prepared. At the same time, as already noted, we recommended the Welsh Government SD unit helps policy units respond to this new demand, for example by creating policy tools.

In Rotterdam, the Sustainability Profile is not yet part of the planning process but its potential value has been identified. We recommended that the officials responsible for the Profile work closely with those responsible for the planning process so that it becomes embedded into this process, contains the necessary information, and its use is documented in standard procedure manuals.

At the British Business Bank, we recommended that the politicians responsible ensure the indicators are linked to a broader agenda for the economy and then entrenched in the articles of association. We also recommended that the politicians ensure that the various authorities responsible for the statistics invest in the required data.

In Chrudim we identified the crucial role played by the LA21 co-ordinator in overcoming barriers – he or she is effectively the indicator entrepreneur - and we recommended that the authorities ensure that a strongly motivated person is appointed and that he or she is then given sufficient powers. The co-ordinator must be very willing to help those involved, ensuring they work together.

More generally, where there are data shortages that prevent a Beyond GDP approach (as identified in several case studies) it could be the role of indicator entrepreneurs to identify and advocate appropriate investment in data gathering, harmonisation and communication – but we did not develop specific recommendations for this in any of the cases.

4.7 Recommendation theme 7: Introduce mechanisms to facilitate internal co-operation

We made some general recommendations on the value of closer co-operation between departments and units in the Chrudim and Rotterdam cases. In Chrudim, we noted the importance of close co-operation between experts and representatives. This allowed the right balance between sophistication (the priority of the experts) and feasibility (the priority of the representatives). In Rotterdam, it was clear that the Sustainability Profile would depend on closer co-operation between departments.

We made several more recommendations in the OECD case: a unit (perhaps entitled the “well-being unit”, or “quality growth unit” or “NAEC unit”) to coordinate horizontal initiatives and accountable to an overarching committee, representing central government offices – ministries of planning, prime minister’s offices, etc.; focus on a

strong shared vocabulary; regular staff meetings between different OECD units on Beyond GDP topics; and more formal internal communication on progress to help provide a sense of momentum. In Wales, we recommended that the new role for the SDIs is complemented by internal communication by the SD unit linked to communication about the new SD Bill.

4.8 Recommendation theme 8: Introduce mechanisms to facilitate co-operation between organisations

We also made some general recommendations on the need for closer co-operation between organisations in the Chrudim, Midi-Pyrenees and OECD cases. In Chrudim, we noted the opportunities for sharing best practice between towns. In the Midi-Pyrenees, we recommended the holding of workshops to improve knowledge exchange and build networks. This would involve developing common goals, greater mutual understanding including of the use of indicators, shared investments in training and equipment (and the database referred to above), and the creation of common indicators for different territories.

At the OECD we recommended closer collaboration with academics and think tanks in order to ensure full exposure to new thinking, to interact with those who are in a position to do more experimental work with less certain results (the OECD being constrained by the need to maintain its reputation for robust and credible analysis), and to access skills that are not so important that they are needed in house.

4.9 Recommendation theme 9: Invest in human resources

We recommended that the OECD position itself at the heart of the shift that is taking place within economics to a more heterodox approach – with disciplines such as psychology, environmental sciences and political sciences making inroads into the discipline in the forms of behavioural economics, environmental/ecological economics, and political economy. Accordingly, we recommended new intakes include more staff from disciplines other than traditional economics and that current staff should be given the opportunity to attend seminars, massive open online courses (MOOCs), or even more formal training in different disciplines.

In the Chrudim case study, we recommended gradually educating town officials, first about sustainable development in general, and then gradually about indicators (in line with observed best practice). Alternatively, officials may start learning about evaluation using existing indicators and then move on to new Sustainable Development indicators. The latter should be introduced gradually with the officials having the opportunity to consult experts and with other towns who have introduced the indicators.

Annexes: Individual Case Studies

Annex 1. Opportunities for use of alternative indicators in the OECD

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nef (the new economics foundation)

September 2013

Executive Summary

This report is the final output of action research exploring the use to date of Beyond GDP indicators within the OECD, and identifying the barriers and opportunities for their further uptake in influencing policy. The research was conducted as part of BRAINPOoL (Bringing Alternative Indicators into Policy), an FP7 research programme funded by the European Commission.

The OECD has been at the forefront of the development of Beyond GDP indicators, having produced key products such as *How's Life?*, the *Your Better Life Index*, and the *Guidelines for the Measurement of Subjective Well-being*. We interviewed the staff involved in these initiatives, but also a wide range of staff in other parts of the OECD. In particular we considered other initiatives which have been incorporating Beyond GDP thinking, including:

- NAEC – New Approaches to Economic Challenges
- Going for Growth 2013
- Austria economic survey, 2013
- New Development Pathways
- Valuing environmental quality using life satisfaction

These initiatives reveal that the OECD is at the vanguard in terms of exploring the policy implications of Beyond GDP indicators. The factors that have been important for this success include:

- High-level buy-in for the idea that maximising GDP is not the fundamental goal of policy.
- Recognition that a change in economic policy is needed
- Technical skills and knowledge
- Opportunities for developing new techniques

- Long-term thinking.
- External demand for innovation.

However, the organisation does face challenges in taking the agenda from statistics to actual policy recommendations, some of which are unique to the OECD, and some of which are general:

- A. Dealing with the multi-dimensionality of well-being
- B. Tackling uncertainty in predictions and policy recommendations
- C. Differences in academic backgrounds and world views across Directorates
- D. Differing definitions of well-being
- E. A loose-knit organisational structure

Based on our research in this case study, and the findings from other parts of the BRAINPOoL project, we identified the following priorities for action for the OECD:

1. Develop a single numeraire for analytic purposes
2. Provide a clear and consistent definition of well-being
3. Explore the frontiers of uncertainty with an internal working paper
4. Identify crunch policy issues where Beyond GDP indicators might lead to different policy recommendations
5. Enrich the skill base of the organisation beyond economics
6. Develop more horizontal working methods, establishing a central unit to coordinate
7. Collaborate beyond the OECD, particularly with academics and think tanks
8. Stimulate demand amongst national governments
9. Strengthen internal communication

Abbreviations used

DELSA	Directorate for Employment, Labour and Social Affairs -
DEV	Development Centre
ECO	Economics Directorate
ENV	Environment Directorate
GDP	Gross Domestic Product
NAEC	New Approaches to Economic Challenges
OECD	Organisation for Economic Co-operation and Development
PAC	Public Affairs and Communication Directorate
SG	Secretary General
STD	Statistics Directorate

1. Introduction

Beyond GDP' indicators are those indicators and indicator sets that have been proposed as being necessary and central to the measurement of societal progress, in a broad sense, as a complement or alternative to GDP. The OECD Statistics Directorate (STD) has been a pioneer in the development and advocacy of these indicators. It has served as a key hub, organising the most important international conferences on the measurement of progress since 2004, and hosting the *Wikiprogress* website. The OECD *Better Life Initiative*, where STD is one of the key players, is one of the best known initiatives in the field of Beyond GDP indicators.

Until recently, there was little evidence that the rest of the organisation was making active use of the ideas emerging from STD. However, in 2011 the OECD marked its 50th Anniversary by changing its motto to “Better policies for better lives”, and showcased the *Better Life Initiative*. This highlighted the potential for these indicators to be used to develop more holistic policy recommendations that lead to improvements in well-being, and reduce environmental impact and inequality.

For that reason, we embarked upon the research that underpins this report. We aimed to develop a picture of the perceptions of the OECD's Beyond GDP activities within the organisation, identify the barriers that prevent Beyond GDP indicators being used more, and highlight opportunities for that to happen.

This research has been conducted at a very interesting time within the OECD. Over the last year, the Beyond GDP agenda has indeed spread out across the OECD, with the launch of the New Approaches to Economic Challenges (NAEC) programme, and the publication of several reports that incorporate Beyond GDP thinking, including *Going for Growth 2013*, the *Economic Survey for Austria 2013*, and the *Multi-dimensional Review* for Myanmar. As such, this report is able to explore some of the successes that have been had, as well as the challenges.

1.1 Report outline

The remainder of Section 1 briefly describes the audiences this report is aimed at (Section 1.2), the BRAINPOoL project which this report forms part of (Section 1.3) and the methodologies used (Section 1.4).

Section 2 sets the scene within the OECD – this will be useful for external audiences, but should not present any novel information for people within the OECD working in this field. Section 2.1 outlines the OECD's history and role. Section 2.2 describes how the STD has been a pioneer in the field of Beyond GDP indicators. Section 2.3 sets out the context in terms of how Beyond GDP indicators were being used beyond STD at the start of this case study, whilst Section 2.4 introduces the key initiatives outside STD which we learnt about during the course of the case study which *are* using Beyond GDP indicators.

Section 3 presents analysis on the findings from our review, interviews and workshop. These include an identification of the key success factors that have brought the OECD thus far (Section 3.1), and five challenges that remain ahead (Section 3.2).

Lastly, Section 4 identifies nine priority actions for the OECD to move forward, based on our research here and in other parts of the BRAINPOoL project.

1.2 Intended audiences

The report is written for two audiences. First and foremost, it will be of interest for staff within the OECD who are interested in the idea that Beyond GDP indicators can improve policy, and help the OECD make policy recommendations that move us towards a more sustainable, inclusive and stable economic trajectory, that supports people's well-being.

Secondly, it will be of interest for those outside the OECD who believe that Beyond GDP indicators can help improve policy. Whilst the OECD is of course a fairly unique organisation, the lessons learnt here will be useful for governments, think tanks and other bodies seeking to increase the use of Beyond GDP indicators in policy-making.

This report will also be of interest to political scientists exploring how this type of indicators can influence policy processes, or interested in the workings of the OECD.

1.3 BRAINPOoL context

This report was produced as part of the project BRAINPOoL (Bringing Alternative Indicators into Policy). BRAINPOoL is funded by the European Commission through the FP7 research programme, and seeks to help accelerate the use of 'Beyond GDP' indicators in policy-making. It is primarily a knowledge brokerage project working by helping the producers and promoters of Beyond GDP indicators and the potential users of these indicators come together, understand one another, and identify fruitful interactions.

The first stage of the project (work package 1) explored the arena through the perspective of indicator producers and promoters – cataloguing the various initiatives, understanding the producers' intentions, and learning about the indicators' success or otherwise in achieving some form of impact either in policy or elsewhere. In the second stage of the project (work package 2) we took a look from the perspective of the potential users of Beyond GDP indicators – understanding several selected national and supranational organisational contexts, and identifying the barriers to and opportunities for demand for Beyond GDP indicators.

The study of the use of alternative indicators within the OECD was part of the third stage (work package 3), which brought producers and potential users together in seven specific case studies at different geographical levels, from the local to the supranational. In each case study, we sought to identify a problem that Beyond GDP indicators might help solve, and explore steps towards them playing such a role.

This case study was carried out by the Centre for Well-Being at **nef**. **nef** is an independent think tank based in London, which works on developing alternative economic solutions for achieving sustainability, social justice and well-being. The

Centre for Well-Being works on the use of well-being and other Beyond GDP indicators in policy-making.

1.4 Methodology

The case study involved the following activities:

- Creation of a timeline of alternative indicator developments in the OECD since the 1960s, based on desk research and telephone conversations with OECD staff.¹⁵
- A review of some of the key reports and documents produced by the OECD in recent years. These included:
 - Documents produced by STD on Beyond GDP.
 - Documents associated with key Beyond GDP initiatives beyond STD and outlined below (e.g. the 2013 Austrian economic survey)
 - A selection of reports produced by ECO, DELSA, ENV and other Directorates to get a flavour of ‘typical’ OECD outputs

A full list can be seen in Annex 2.

- Face-to-face semi-structured interviews with 17 staff members in STD, ECO, DEV, DELSA, ENV and SG.
- Regular communication and contact with STD staff.
- Literature review on the role of the OECD in policy formulation.
- Seminar held within the OECD and attended by approximately 30 staff members, two BRAINPOoL researchers, and three invited expert speakers.

1. The OECD and its Beyond GDP activities

2.1 OECD Background

The OECD was founded in 1961 to stimulate economic progress and international trade. It now has 34 member states, predominantly wealthy democracies – the poorest member states including Turkey and Chile.

Its principal roles are as a forum for convening discussion and mutual learning among member countries, and as a source of analysis and policy advice. It produces reports and analyses, including explicit recommendations aimed at national governments. However these recommendations are not binding. The only legally binding outputs produced by the OECD are OECD Decisions, but there have been less than 30 of these since the inception of the OECD, and even they are only binding for those

¹⁵ See Annex 1, produced as part of work package 2.

member states that agree to them.¹⁶ As such, the OECD is seen as a typical example of ‘soft power’ or ‘soft law’,^{17 18} influencing governmental decisions in more subtle ways that rely upon the organisation’s legitimacy and credibility in the international community.

The legitimacy of the OECD stems from several factors. Firstly, the fact that high ranking officials from member states are represented on the OECD Council and on all Committees means that there is a sense that OECD outputs are co-created. The culture within the secretariat is one of consensus-seeking. Member states are part of the development of the outputs produced by the OECD Secretariat, and have opportunities to discuss and shape these outputs. Secondly, the Secretariat is well-respected, having particularly established its credibility on quantitative economic analysis. It is able to look at issues over the long-term in a way that national governments, concerned with the political cycle, tend to do less. Further, it is less influenced by conflicting interest groups. It is thus seen as ‘impartial and disinterested’, and strives to depoliticise issues, presenting them as matters of ‘best practice’.¹⁹ The OECD has been seen as effective in presenting recommendations in a way which “almost everybody can find an interpretation with which he or she would agree”.²⁰

Political scientists have explored the influence of several of the OECD’s outputs, including the *Jobs Study*,²¹ *Babies and Bosses*,²² and the economic surveys.²³ Whilst opinions are mixed as to the direct influence of specific recommendations (plenty of overlap with OECD recommendations by member states can be seen, but it is not always clear that it can be traced directly to the OECD’s influence), there is a clear sense that the OECD has an important role in agenda-setting, shaping discourse, generating policy ideas, providing national-level actors with arguments and evidence, and defining the expertise and knowledge that is considered valid for analysis.²⁴ One

¹⁶ <http://www.oecd.org/legal/oecdlegalinstruments-theacts.htm>, accessed 21/09/13

¹⁷ Nye J (2004) *Soft Power: The Means to Success in World Politics* (New York: Public Affairs)

¹⁸ Schafer A (2006) ‘Resolving deadlock: Why international organisations introduce soft law’ *European Law Journal* **12**:194-208.

¹⁹ Dostal JM (2004) ‘Campaigning on expertise: how the OECD framed EU welfare and labour market policies – and why success could trigger failure’ *Journal of European Public Policy* **11**:440-460.

²⁰ *ibid.*

²¹ *ibid.*

²² Mahon R (2010) ‘After neo-liberalism? The OECD, the World Bank and the Child’ *Global Social Policy* **10**:172-192.

²³ Lehtonen M (2009) ‘OECD organizational discourse, peer reviews and sustainable development: An ecological-institutionalist perspective’ *Ecological Economics* **69**:389-397.

²⁴ e.g. Dostal (2004) *op cit.*; Schafer (2006) *op cit.*; Armingeon K (2007) ‘Active labour market policy, international organisations and domestic policies’ *Journal of European Public Policy* **14**:905-932; Lehtonen (2009) *op cit.*; Mahon (2010) *op cit.*; Watts M (2010) ‘The role of the OECD in the design of macroeconomic and labour market policy: Reflections of a heterodox economist’ Centre of Full Employment and Equity, working paper no. 10-02.

author has stressed the importance of *discursive repetition* for the success of much OECD work – i.e. repeating a particular discourse thereby forming international norms and diffusing ideas.²⁵

2.2 The OECD Statistics Directorate and Beyond GDP

The OECD interest in alternative indicators in a broad sense can be traced to the early 70s, as the timeline in Annex 1 shows. However, the current wave of activity started in 2004 with a conference in Palermo, Italy, organised by the STD. From 2004 to 2009, with strong leadership from the OECD Chief Statistician, Enrico Giovannini, STD organised a series of large international conferences, as well as workshops and networking opportunities that were integral to the development of an international Beyond GDP community. Beyond GDP initiatives from around the world such as the Canadian Index of Well-Being, Bhutan's Gross Domestic Happiness, the Global Peace Index and the Happy Planet Index were all showcased during these events.

The OECD was also key to the operation of the influential Commission on the Measurement of Economic Performance and Social Progress (often known as the Stiglitz Commission). Giovannini was one of the members of the Commission, and the OECD provided a secretariat role, providing working papers and rapporteurs.

In 2009, Martine Durand became the new Chief Statistician. One of her first steps was to instigate the Better Life Initiative.²⁶ In a sense, the Initiative was a response to the sense that, for all its excellent work in convening debate, the OECD had until then presented few specific proposals for measuring Beyond GDP.

The Initiative's flagship outputs are the Better Life Index website²⁷ and the *How's Life?* reports, the first of which was published in 2011 (the second is due out in autumn 2013).²⁸ In 2013, STD published three other major outputs as part of the Initiative. Firstly, in April, *Guidelines on Measuring Subjective Well-Being* were published. This report provides evidence on the validity of subjective well-being measurement, makes recommendations to national statistics offices on how to measure subjective well-being and provides an overview of how such data could be used.²⁹ Then, in June 2013, two reports focussing on the measurement of household economic well-being were published: a set of guidelines on the measurement of the distribution of household wealth, and a framework for the compilation of household statistics on the distribution of income, consumption and wealth.^{30 31}

²⁵ Lehtonen (2009) *op cit*.

²⁶ See for example <http://www.oecd.org/statistics/betterlifeinitiativemeasuringwell-beingandprogress.htm>

²⁷ <http://www.oecdbetterlifeindex.org/>

²⁸ OECD (2011) *How's Life? Measuring well-being* (Paris: OECD Publishing)

²⁹ OECD (2013) *Guidelines on Measuring Subjective Well-Being* (Paris: OECD Publishing)

³⁰ OECD (2013) *OECD Guidelines for Micro Statistics on Household Wealth* (Paris: OECD Publishing)

Lastly, it is worth flagging the OECD's Framework for Measuring Progress and Well-Being (hereafter called the '*Framework*'). This was produced as part of *How's Life?*, but can be found in several outputs since.³² It replicates the Stiglitz Commission's vision of progress into three pillars – quality of life, material conditions and sustainability.

These and other initiatives provide testimony of an emerging OECD view on the meaning and measurement of well-being and progress including:

- The multi-dimensionality of well-being, as manifested in the *Framework* put forward by the OECD for the release of its publication *How's Life?* However, and despite the emphasis on multi-dimensionality, the OECD also recognise the importance of having a single indicator for communication, which it has pursued through the development of the Your Better Life Index, undertaken in collaboration with PAC.
- The highlighting of a set of dimensions as being important, including education, health (more traditional policy goals), but also aspects such as civic engagement and work-life balance.
- The relevance of subjective well-being. This is identified as a separate dimension of well-being in both *How's Life?* and the *Better Life Index*. It is also worth noting that the first major dimension-specific output produced as part of the Initiative were the Guidelines on Subjective Well-Being. Beyond the measurement and statistical aspects, the guidelines also highlight the range of policy uses of subjective well-being data.
- A sense that GDP should be supplemented by other indicators to get a more rounded assessment of people's well-being, rather than simply replaced.
- Emphasis on the importance of comparability and harmonisation of statistics between countries.

The Better Life Index and the guidelines on subjective well-being were explored in the work package 1 report, with a case study on the Index.³³

2.3 Beyond GDP beyond the Statistics Directorate

At the start of the case study, there was little evidence of how these initiatives were having a real influence on the rest of the OECD, aside from the new motto introduced in 2011 ("*Better Policies for Better Lives*"), and a chapter on 'Alternative measures of

³¹ OECD (2013) *OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth* (Paris: OECD Publishing)

³² e.g. <http://www.oecd.org/statistics/measuringwell-beingandprogressunderstandingtheissue.htm>

³³ Hák T, Janoušková S, Abdallah S, Seaford C and Mahony S (2012) *Review report on Beyond GDP indicators: categorisation, intensions and impacts*. Final version of BRAINPOoL deliverable 1.1, a collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024).

well-being' included in the 2006 edition of the report *Going for Growth*, released by the Economic Department and, in a similar form, in the report *Society at a Glance*, released by ELS.³⁴ In some cases, the new measures being explored by the STD were included or referred to in reports by other OECD directorates, but without significant analysis or policy conclusions. For example, the Economic Survey for Germany in 2012 noted Germany's mediocre average life satisfaction, but no implications or recommendations were drawn from this.³⁵

One related initiative undertaken by the OECD in this period was the *Green Growth Strategy*, launched in 2011,³⁶ before *How's Life?* and spearheaded by the Environment Directorate (ENV). The Strategy is associated with an indicator set, developed by STD, which includes mostly environmental and economic indicators.

Whilst the Green Growth work and the Better Life work do give nods to one another, our sense is that the two projects are still seen as separate and not part of a single framework. The original *Towards Green Growth* report does not at any point mention the *Better Life Initiative* or the relevance of measuring well-being (though it does talk about well-being). *How's Life?* does talk about measuring sustainability, and identifies a set of indicators from the Green Growth indicators for measuring it. But it is fair to say that the Green Growth indicator set as a whole does not fit well into the framework for measuring well-being, as it covers more than environmental sustainability. In 2012, the OECD published a document for Rio +20 which presented both initiatives, but the two were described in separate sections, with little attempt to weave them together.³⁷

It is against this backdrop that we started our case study in the OECD in the second half of 2012. Our understanding was that the OECD was attempting to develop more holistic policy recommendations that considered well-being, environmental impacts, and inequality in a comprehensive way: we were interested in seeing how Beyond GDP indicators could help meet that challenge.

2.4. Emerging Beyond GDP initiatives across the OECD

This backdrop, however, was rapidly changing as this case study developed. In this section, we present the key initiatives that we identified that drew on the Beyond GDP developments *within* STD, but which we led by other Directorates.

[NAEC – New Approaches to Economic Challenges](#)

New Approaches to Economic Challenges (NAEC) is an OECD-wide 'reflection process' aimed at improving the OECD's analytical frameworks and policy advice. It

³⁴ OECD (2006) *Going for Growth 2006* (Paris: OECD Publishing)

³⁵ OECD (2012) *OECD Economic Surveys: Germany* (Paris: OECD Publishing)

³⁶ OECD (2011) *Towards Green Growth* (Paris: OECD Publishing)

³⁷ OECD (2013) *OECD work on measuring well-being and progress towards green growth*. <http://www.oecd.org/std/rioplus20%20to%20print.pdf>, accessed 24/09/13

was launched at the 2012 Ministerial Council Meeting, with an Interim Report presented one year later in the 2013 Ministerial Council Meeting in May. The project was motivated by a suite of growing concerns, including a determination to learn from the economic crisis, and the awareness of some of the trade-offs and challenges of meeting multiple goals such as reducing inequality, mitigating climate change and achieving smarter growth. The overarching aim was framed in 2012 as helping “build a more solid path for economic growth and well-being”.³⁸

Early discussions on NAEC made it clear the need to “revisit the objectives of macroeconomic policies”.³⁹ The NAEC Interim Paper asserts that the ultimate goal of policy making should be to increase well-being⁴⁰ and that economic growth is only part of the story.⁴¹ It also reiterates the concern that there may be trade-offs between different dimensions of well-being, and between current well-being and environmental sustainability. The Chief Economist Padoa-Schioppa highlighted this exploration of trade-offs as the OECD’s specific ‘added value’.*

Early work in NAEC will include a measurable definition of inclusive growth. At the workshop that we organised at the OECD, we also discovered that the inclusive growth project within NAEC aims to develop an overall monetary measure of ‘living standards’ to assess the distribution of a number of well-being elements, to allow the multi-dimensional impacts of policies to be considered in the round.

The NAEC project shares much of the philosophy of the Beyond GDP agenda, and members of the NAEC advisory board include some of the key figures from the Stiglitz Commission, such as Nick Stern and Anthony Atkinson. But, whilst the term ‘well-being’ is used to frame a lot of the process, it is probably not right to see NAEC as a roll-out of STD work on Beyond GDP. Rather, NAEC brings together several new strands of work, one of which is directly about well-being. Much of the work in NAEC focuses on reforming the financial sector, exploring inequality and increasing trust in government.

[Going for Growth 2013](#)

Every year since 2005, the OECD has published a flagship report entitled *Going for Growth*, which presents analysis on the determinants of GDP growth in OECD countries, and provides recommendations – both general, and to specific countries. The OECD began producing *Going for Growth* in response to a perceived disappointment in the strength of economic growth in OECD countries in the preceding years.⁴² The reports focus primarily on GDP growth, broken down into labour

³⁸ OECD (2012) *New Approaches to Economic Challenges: A framework paper*, pg. 2 <http://www.oecd.org/general/50452415.pdf>, accessed 24/09/13

³⁹ OECD (2013) *New Approaches to Economic Challenges: Interim report*, pg.4. <http://www.oecd.org/mcm/C-MIN%282013%292-ENG.pdf>, accessed 24/09/13

⁴⁰ *ibid.*, pg.5, pg. 13

⁴¹ *ibid.*, pg. 12

⁴² OECD (2005) *Going for Growth 2005* (Paris: OECD Publishing)

productivity and labour utilisation. The second *Going for Growth* report, in 2006, noted that GDP is only a proxy for overall well-being, and devoted a chapter to considering alternative measures of well-being.⁴³ However, its conclusion was that, if a single proxy measure of economic well-being had to be chosen, GDP per capita was still the best proxy for well-being available. Subsequent reports maintained the focus on GDP growth in fairly narrow terms.

A shift could be seen in the 2012 report, which devoted a chapter to the question of how to reduce income inequality whilst boosting economic growth.⁴⁴ And in the 2013 report, the second half of the main body of text was devoted to “the effects of growth-enhancing structural reforms on other policy objectives”.⁴⁵ The report takes the five main recommendations for each country based on what is good for GDP, and then systematically considered what their effects might be on inequality, the environment, and public finances.

Generally the report finds more synergies than trade-offs. Of the 205 country recommendations considered, 78 are identified as likely to reduce inequality in the long-term, whilst only four are assessed as likely to increase it.⁴⁶ With regards to impact on environment, the report identifies 41 recommendations which are likely to have some effect on environment, with their “direction depending on implementation details and policy settings”.⁴⁷ The report does not single out any policy recommendation from the OECD as clearly presenting a trade-off between growth and environment. As part of NAEC, ECO is currently assessing the impact of ‘growth-enhancing structural reforms’ on household income, rather than on GDP per se.

[Austria Economic Survey, 2013](#)

One of the main activities of ECO, overseen by the EDRC (Economic and Development Review Committee), is the production of country economic surveys – which provide detailed analysis and recommendations for member states (and now also for key partners countries). Country surveys are typically produced every other year..

The latest report for Austria was published in July 2013 (towards the end of this case study).⁴⁸ The Austrian government had requested that the report consider well-being as a whole, and not just economic performance, making it into what could be

⁴³ OECD (2006) *op cit*.

⁴⁴ OECD (2012) *Going for Growth 2012* (Paris: OECD Publishing)

⁴⁵ OECD (2013) *Going for Growth 2013* (Paris: OECD Publishing)

⁴⁶ *ibid*, pg. 72

⁴⁷ *ibid*, pg. 74

⁴⁸ OECD (2013) *OECD Economic Surveys: Austria 2013* (Paris: OECD Publishing)

considered a Beyond GDP country report. This initiative followed several initiatives which have taken place in the Austria around Beyond GDP.⁴⁹

The Economic Survey recognises the positive outcomes achieved by Austria on all the well-being dimensions identified in the Better Life Initiative, noting that “Austria has achieved a remarkable level of well-being”.⁵⁰ It attributes this success to three key factors: steadily growing productivity, resulting from a dynamic medium-sized enterprise sector and a relatively strong manufacturing sector; ‘in-house’ services (i.e. strong families, providing childcare, and geographical stability); and a strong social partnership in terms of policy formation and bargaining around working conditions, as well as a strong public sector.

The report notes that some of these factors were identified in previous OECD reviews as being harmful for economic progress. However, the report argued that these policy approaches have worked for Austria due to context specific factors, even if they haven’t worked so well in some other countries.

The recommendations made in the 2013 economic survey included:

- Ensure that more older people remain in work
- Provide further childcare, thus enabling parents (particularly mothers) to remain in work
- Bolster the human capital of migrants
- Reduce subsidies for commuting and company cars
- Carry out environmental impact assessment of transport infrastructure
- Carry out analysis on the interacting effects on well-being of transport, housing and regional policy.

[OECD Development Pathways](#)

The three activities summarised above have been led by ECO, with little direct involvement from STD. A fourth initiative, led by the Development Centre, has involved both ECO and STD. The *Development Pathways* is described as a series that will ‘look at multiple development objectives beyond an exclusive focus on growth’ and that ‘recognises well-being as an integral part of development’.⁵¹ Three *Multi-dimensional reviews* are currently underway for Myanmar, Uruguay and the Philippines. Each one will involve three volumes, with the first volume representing an

⁴⁹ For example, the Ministry for the Environment in Austria, has organised two conferences under the title *Wachstum im Wandel* (Growth in Transition). These conferences have been supported and attended by other ministries and large corporations within the country.

⁵⁰ *ibid*, pg. 20.

⁵¹ OECD (2013) *Multi-dimensional review of Myanmar. Volume 1: Initial Assessment* (Paris: OECD Publishing)

initial assessment. The first initial assessment report, for Myanmar, was published in July 2013.⁵²

The report includes a section which considers well-being in Myanmar using the 11 dimensions of the Better Life Initiative. The analytical approach taken is to compare the focus country with peers that have similar levels of economic development (as assessed by GDP), and assess how much better or worse it is doing on the different dimensions of well-being than might be expected. The report concludes that Myanmar faces particular challenges in terms of corruption, civic engagement and social capital.

Overall, the report focuses predominantly on the steps that Myanmar needs to take in terms of macroeconomic stability, rule of law, sustainability, and building a multi-ethnic state. It draws on the ‘capitals approach’ (which assesses the sustainability of economic development by looking at its impact on economic, human, social and natural capital), and highlights Myanmar’s specific problems in terms of institutional and social capital.

[Valuing environmental quality using life satisfaction](#)

The last initiative worth mentioning is a working paper produced by ENV in April 2013 “*More than the sum of their parts: Valuing environmental quality by combining life satisfaction surveys and GIS data*”.⁵³ The working paper uses surveys conducted by the OECD which include questions on life satisfaction and perceptions of environmental quality, combined with objective measures of air quality from the European Environmental Agency.

The paper reports that a 1% reduction in air quality has the same impact on well-being as a 0.7% increase in income – quite a sizable effect. It concludes that it “unambiguously identifies a range of environmental factors which determine people’s life satisfaction, and which should be considered in welfare-based policy analysis”. But it also notes that the assumptions one makes can influence the estimates of effect-sizes, thereby stressing the importance of doing valuation well.

The report represents an example of how ENV have been making use of the kinds of subjective well-being data being advocated by STD in their own analyses. The working paper’s citation of the recent *Guidelines on Measuring Subjective Well-Being* allows the authors to make use of the life satisfaction data building upon the work that colleagues have done to demonstrate its validity and reliability.

[Future work](#)

As well as the two further *Multi-Dimensional Reviews*, and the outputs of the NAEC, other steps forward envisaged by the OECD include:

⁵² *ibid.*

⁵³ OECD (2013) *More than the sum of their parts: Valuing environmental quality by combining life satisfaction surveys and GIS data*. Working Paper No. 50

- A report by STD on Israel, which will provide a comprehensive and quantitatively-based well-being assessment
- The inclusion of well-being data in all forthcoming economic surveys (for example, we have heard that the forthcoming Finland economic survey will include an analysis of the well-being of older people).
- A desire to roll out the model used in the Austria country economic survey. For example, there was interest in Australia, though some stakeholders were concerned about playing the role of ‘guinea pig’.

2. Findings (successes and challenges)

3.1 Successes

The OECD has made substantial progress in terms of developing Beyond GDP techniques and integrating them into their outputs and thinking. Few organisations come close to the degree of thought that the OECD has given to how alternative well-being indicators can actually be used. The key innovations and successes that the OECD has achieved include:

- A cross-cutting platform (in the form of NAEC) for considering the major challenges that the economic system faces.
- Explicit realisation and exploration of the potential tensions between maximising growth and other policy goals (for example, in *Going for Growth 2013*).
- The Austria economic survey report and Myanmar review show that there is a demand for analysis of Beyond GDP indicators from individual states.
- The embedding of well-being analysis across at least three departments –, ECO, DEV and to some extent ENV.

Based on the interviews, analysis of documents, and the earlier findings from BRAINPOoL on the barriers to the use of Beyond GDP indicators (see work package 2⁵⁴), the following factors were identified as being instrumental to these successes:

- **High-level buy-in** for the idea that maximising GDP is not the fundamental goal of policy, but rather a tool for increasing well-being. This is an attitude that we found amongst the most senior members of staff interviewed, the Chief Economist, as well as the Secretary General. For example:
 - “For us, the objective is wellbeing.”

⁵⁴ Thiry G, Bauler T, Sébastien L, Paris S and Lacroix V (2013) *Characterizing demand for 'Beyond GDP'*. Final version of BRAINPOoL deliverable 2.1, a collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024).

- *“Trying to think about how [ECO] can adapt Going for Growth more to look at different aspects of wellbeing.”*
- *“Secretary General Angel Gurría leads the charge on many of these issues having been quite taken by ... wellbeing.”*
- **Recognition that change is needed in economic policy** across the organisation. This is demonstrated by NAEC, and was seen in many interviews, both of more senior and more junior staff. Aside from the sense of agreement that well-being goes beyond economic growth, there are two other important motivations.
 - Firstly, there is a sense that mistakes had been made in the past, leading up to the economic crisis, e.g.:
 - *“The initial motivation was dissatisfaction ... of the way international organisations have faced the crisis, we failed in a number of cases”*
 - *“All models we are using have failed us in this crisis”*
 - Secondly, that current approaches do not address environmental issues sufficiently:
 - *“If you boost GDP but deplete environmental capital then we need a broader measure above GDP.”*
 - *“Shifting to a green economy will require a radical transformation of the present economic development model.”*

This led to some quite bold statements from the staff interviewed about the need for change:

- *“The bigger ambition is to provide a new approach overall, a new way of looking at policy making.”*
- *“[NAEC is] the mother of all horizontal projects.”*
- *“Do we want to change our policy advice? Do we want to change our policy philosophy? In a way, yes.”*

This recognition of the need for change is critical, given our findings from earlier research in BRAINPOoL that one of the biggest barriers to Beyond GDP indicators entering use in general is the perception by many people that there is no need for them, and that GDP more or less does the job. In particular, there appears to be a distinction between those who see the economic crisis as a reason to refocus efforts on increasing growth, and those who see it as a reason to question the fixation with growth and therefore try to bring in other indicators. The high-level staff we interviewed at the OECD all clearly fall into the latter category.

- **Technical skills and knowledge** – including expertise in econometric modelling, well-being, and a wide range of policy areas. ECO, for example, has already started taking on the challenge of using relatively unfamiliar subjective well-being data to derive different conclusions from those they might have

come up with using purely economic data. The ENV report mentioned also demonstrates sophisticated use of subjective well-being data. Obviously, the work done by STD has been critical in building that knowledge base.

- **Opportunities for developing new techniques.** It is a matter of course that the OECD is constantly producing new, and widely read, reports based on new analyses, particularly the country surveys and its annual *Going for Growth* reports. These outputs offer opportunities for the organisation to experiment and include new approaches.
- **Long-term thinking.** Associated with this last factor is the fact that the OECD does not have to respond to policy cycles and can think long-term. The staff we interviewed spoke naturally about developments in techniques which could take many years to finesse.
- **External demand for innovation.** The consideration of well-being in the Austria economic survey was partly at the request of clients within the Austrian government. We heard that some national delegates on the EPC (Economic Policy Committee) felt strongly the need for a broader analysis in *Going for Growth 2013*.

3.2. Remaining challenges

Our research identified two main sets of challenges that must be faced by the OECD to really embed the Beyond GDP agenda into its policy analysis and recommendations – technical challenges and organisational challenges

Technical challenges

A. Multi-dimensionality

“...progress is a multidimensional concept that goes beyond GDP. It must incorporate other dimensions such as the environment, equity considerations and well-being. We need to better understand the interactions, synergies and trade-offs among these different dimensions to draw the appropriate policy implications and advice. We need ...to ... develop policy tools to ensure that the benefits of growth... contribute to an improvement in overall social well-being.” OECD Secretary General Report to Ministers 2012

As discussed in section 2.1, one of the key sources of the OECD’s legitimacy is its ability to present itself as neutral and technocratic – simply carrying out analyses and identifying best practice. For such an organisation, multi-dimensionality can pose a problem. How can one identify best practice, when making policies for well-being, which is inherently multi-dimensional? Recommendations made must inevitably involve a decision about which dimensions are more important than others, and such decisions

are seen to be value-laden and therefore the job of politicians – a sentiment also echoed in other case studies, including in the Welsh Government and the UK Department for Business.

Decisions about which dimension to prioritise are unlikely to be seen as a test of pure technical economic competence, in the same way as decisions about how to maximise GDP. The result is that the organisation can open itself up to criticisms about the judgements that it makes. For example, when *Going for Growth 2013* identifies policies that have differential impacts on growth, inequality, the environment and fiscal stability, how is a choice to be made regarding the policies to prioritise? Multi-dimensionality also exists within some of these concepts. For example, some of the policies explored in *Going for Growth 2013* are expected to increase inequality amongst the employed, but decrease inequality between the employed and unemployed. The ECO report hence concludes that the impacts of such policies on inequality are mixed. But another OECD report on the same issue (*Divided we Stand*), has drawn different and more clear-cut conclusions.

The alternative to leaving these choices open is to create a single numeraire for analysis, which in some way brings together the multiple dimensions of well-being. One way of doing this would be to use subjective well-being measures as an overall indicator which captures the direct impacts of policies on all the dimensions of the Better Life Initiative, an approach explored in the *Guidelines for Measuring Subjective Well-Being* and discussed in the context of ‘cost well-being analysis’. One staff interviewed in ENV, for example, suggested that subjective well-being has a special place in the Better Life Index, sitting on top of the other indicators, implying that it could fulfil the role of providing a single proxy of overall well-being.

We discovered in our final workshop at the OECD in June, that STD is exploring the creation of a single measure of ‘living standards’, based on a common numeraire based on information on people’s preferences regarding some of the dimensions of the *Framework*.

But any numeraire will have its problems and therefore its critics. Subjective well-being on its own is seen by some as too narrow. For example, one staff member we interviewed in ECO said:

“I believe recently this focus on subjective wellbeing is being questioned, and in the OECD exercise subjective well-being is one of the 11 dimensions, it is not meant to be the ultimate synthesis indicator of wellbeing in a society.”

Interviewees in ENV also argued that the information one gets from using subjective well-being data in valuation studies is often hard to believe when compared to more traditional valuation techniques, which they believe to be more rigorous.

Conversely, other noted the problems with composite indices within the field of measuring progress - e.g. that they are hard to interpret and communicate, and not always transparent.^{55 56}

⁵⁵ ONS (2013) *Measuring change in measures of well-being*. Downloaded from www.ons.gov.uk on 30/09/2013.

Other OECD staff seemed to be more cautious about creating a single numeraire – feeling that it is hiding the facts, and forcing decisions based upon one technocratic view. The argument here is that it is foolish to believe that one can create a single welfare function which allows one to make policy decisions on the basis of equations. And yet, there is a recognition that GDP, whilst not pretending to serve as a single welfare function, tends to be treated that way.

B. Tackling uncertainty

“Our economics department has been built on the idea that, if you cannot measure a phenomenon, it doesn’t exist ...”

Quantification is central to the OECD’s approach. Once a numeraire is chosen, the OECD will want to start developing models of how policies affect it. But there are two types of problem here. Firstly, data and complexity. ECO staff suggested that at least 20 years of data are necessary to build models – such time series are not yet available for all the aspects of well-being that the OECD has included in the *Framework*, nor for key outcomes such as income inequality. Bringing together the data for just one dimension, such as subjective well-being, would be hard enough. It will be even harder if the goal is to model impacts on all 11 well-being dimensions of the *Framework*. The difficulty of this challenge appeared to be perceived more acutely by more junior staff members than by senior ones.

But there is an even more fundamental challenge, which has to do with the fact that, often times we simply do not know what the effects of policies will be. Are we really able to model how the different dimensions of well-being influence one another over the long term? Are we able to model policies that have not actually been used anywhere? Are we able to model the effects of different policies when it is likely that it is the *combination* of policies which will determine outcomes?

With respect to well-being, given that societies have not used well-being evidence to guide policy in the past, it is likely that many of the most promising combinations of policies have not even been tried yet. The authors of the Austria economic survey report noted that the country’s achievement of high well-being results from a *unique* combination of factors – implying that one could not recommend any one of those factors to other countries piecemeal.

A similar problem exists with respect to environmental outcomes. *Going for Growth 2013* notes that it does not consider the CO₂ emissions associated with rising GDP when assessing whether pro-growth policies would have a negative impact on the environment. Given the centrality of climate change in environmental policy, this might

⁵⁶ Eurostat and INSEE (2011) *Report of the Task Force: Multidimensional measurement of the quality of life*. Part of the Sponsorship Group on Measuring Progress, Well-Being and Sustainable Development. Downloaded from http://epp.eurostat.ec.europa.eu/portal/page/portal/pgp_ess/0_DOCS/estat/TF3_Final_report_Quality_of_Life.pdf on 30/09/2013.

seem like a gross oversight. But, then again, how can we model the impacts of future GDP growth on CO₂ emissions, both within a given country and globally? Is it enough to simply use past trends?

Meanwhile, we were told that some committee members are resistant to the quantification that is done already based on cross-sectional analysis –arguing that special conditions apply to their own countries.

In summary, it will be very hard to accurately model the impacts on the multiple dimensions of well-being (including future well-being, or the environment) of new combinations of policies, given the interactions between those policies and the feedback loops between different aspects of well-being. Ultimately, we anticipate that the OECD will increasingly have to complement its macroeconomic analyses with a more multi-disciplinary approach, including political economy, sociology, psychology, and history. Such an approach would rely less on quantitative methods.

Organisational challenges

C. Different blood groups

At the heart of Beyond GDP is the notion of holistic decision-making, and of bringing different objectives, and therefore policy areas, together. This is a challenge in any organisation which is divided into departments – the OECD has around 20 directorates and other departments. But perhaps its particular challenge, in terms of cross-organisation, or horizontal working, is that these departments have to respond to some 50 committees representing different policy constituencies from its member states. Perhaps more important than the breadth of opinion that one can expect between a range of members including the USA, Mexico, France and Japan, are the differences of opinion between committees composed of officials from different departments, including finance, education and the environment. According to one OECD staff member, these people typically belong to ‘different blood groups’. At the very least, they have different educational backgrounds, often associated with different ideological stances.

As a result of this situation, we came across plenty of evidence about the challenges faced by the OECD in harmonising its outputs and policy advice. This could be seen in a number of publications by the OECD. For example, as we have noted before, whilst the report *Divided we stand*, produced by DELSA, highlights the negative impacts of technological progress, product market deregulation, weak collective bargaining mechanisms, outward FDI and certain imports on income equality, *Going for Growth 2013*, considering the same issues, is more ambivalent.

Challenges in understanding one another were directly mentioned by interviewees and in informal conversations. We heard comments from other staff in Directorates that staff in ECO suffered from ‘*numerotica*’, that they here were unwilling to change their thinking, or that they have too much influence within the organisation.

Lastly, we detected some mixed attitudes regarding some of the fundamentals of the Beyond GDP agenda. On the one hand, we heard high-level staff within ECO referring to the overall objective for policies being :

“Going for well-being”

“Going for growth and something else”

“For us, the objective is well-being”

But on the other hand, often the same people who said this also said things which suggested that they found well-being interesting primarily because of its relevance to future economic growth. For example:

“The bottom line for well-being is fact that yes we want to maximise growth, but in longer term perspective. And for this, environment, inequality, if not accounted for, could pose risk to eventual growth”

and

“It is not just GDP that we are concerned about but the future of GDP”.

In other words, according to these statements, it is important to consider other things, not for their own sake, but because high inequality, environmental problems, etc. pose a risk to future growth.

Similarly, the very beginning of the report *Doing Better for Families* reads:

“Families are the cornerstone of society. They play a central economic role, creating economies of scale for people and as the source of home production.”⁵⁷

In other words, the most important role of families is to reduce costs and produce output – rather than providing love or learning or other factors which are probably more important to well-being.

The staff we interviewed at ECO clearly *did* hold the belief that well-being is the overarching goal. But the occasional comments that they made also suggested that it is hard to break the habit of seeing GDP as ‘the left-hand side variable’ – i.e. the value that one is trying to maximise. This is not surprising. Traditionally, policies and outcomes have been kept within silos. So health policy analysts consider health policy interventions and look at their impacts on health outcomes; education policy analysts consider education policy interventions and look at their impacts on education outcomes. One of the challenges that Beyond GDP poses to policy makers and analysts is to take education policies and consider the outcomes they lead to in terms of health, crime, subjective well-being and other dimensions, and to take health policies and consider their outcomes on education, etc. In some cases, these ‘diagonal’ effects may be small enough to ignore, but in other cases they may be fundamental.

⁵⁷ OECD (2011) *Doing better for families* (Paris: OECD Publishing)

The fact that the OECD brings together people from a wide range of academic disciplines is one of the strengths the organisation has in terms of moving Beyond GDP. But, as we have highlighted in relation to the challenge of dealing with uncertainty, these different groups will need to work closer together for progress to be made.

D. Differing definitions

What does the OECD mean by well-being? *How's Life?* states:

“Although there is no single definition of well-being, most experts and ordinary people around the world would agree that it requires meeting various human needs, some of which are essential (e.g. being in good health), as well as the ability to pursue one’s goals, to thrive and feel satisfied with their life.”

It is actually unclear whether this is a definition of well-being or not. The key phrase starts “*it [well-being] requires ...*” (our emphasis), suggesting that everything that follows refers to the preconditions for well-being rather than a definition of well-being itself (in the same way that saying that ‘to thrive, plants require water and sunlight’ is not a definition of thriving, but rather a description of the prerequisites for thriving). If understood like this, the quote actually leaves the definition of what *is* well-being unspecified.

One thing that *does* appear to be clear in the quote above is that well-being is a property of individuals. However, the *Framework*, which is introduced shortly after this quote, appears to stretch the definition of well-being beyond the individual. It identifies the 11 dimensions of the Better Life Initiative which make up or contribute to individual well-being. But then it includes inequality in well-being and sustainability, which is related to well-being in the future. The *Framework* is called a framework for measuring well-being, which could be interpreted as implying that inequality and sustainability are part of well-being.

However, inequality and sustainability are about the *distribution* of well-being - they are not ‘parts’ of it. By analogy, income inequality is not a part of income. If one defines income as a property of an individual, then one cannot define income inequality as part of income, because it is a property of a whole system. The problem we identify is that the framework leaves ambiguous whether well-being is a property of individuals or society (something echoed in the UK’s Measuring National Well-Being programme). The experience in the UK suggests that it might be better to use different terms to refer to the individual level phenomenon (i.e. individual well-being) and the national level one (for example, societal progress, or indeed sustainable development).

The risks of not doing so are several. Firstly, there is a risk to the sustainability agenda. In other research carried out as part of BRAINPOoL, we spoke to people interested in sustainability who have been working within the sustainable development paradigm, who saw the well-being agenda as a threat. If the term well-being is being used as a property of a state, and includes (to some extent) sustainability issues, then it is indeed a competitor for the term sustainable development. Furthermore, the

framing 'well-being' puts less emphasis on sustainability issues, and more on the human. In other words, sustainable development agendas risk being replaced by a well-being agenda which put less emphasis on sustainability.⁵⁸ This is not a risk, if well-being is seen clearly as a property of the individual. Seen like that, well-being slots into a definition of sustainable development which is about ensuring the well-being of people today without harming the well-being of future generations.

Another risk can be seen in *Going for Growth 2013*. The report says that it looks at the side effects of economic growth policies on 'well-being', but it only looks at environmental impact and inequality, neither of which are about individual well-being. And, in the case of inequality, the focus is on inequality in just one dimension of well-being – income. Inequality and sustainability are fundamental issues that need more attention in the present day. But in this case, the term well-being is being used without really addressing well-being itself any more than a more traditional GDP-focused approach would.

E. Loose-knit structure.

Of course, there is a Secretary General who oversees the whole organisation, but the potential for top-down co-ordination at the OECD is limited by two factors. Firstly, the committees, in a way, represent the OECD's clients and therefore play an important role in deciding outputs. The Secretary General therefore cannot be seen as analogous to a national Prime Minister or even President – his power is softer. Secondly, there is a matter of capacity. Theoretically, the Council plays the role of a cross-cutting committee which could harmonise departmental outputs. But the Council is too high-level to get involved in the details and substance of OECD work.

This decentralisation is probably a contributing factor to some of the challenges mentioned already, and to the differences in tone between some OECD outputs. The need to answer different committees might also explain some of the cautiousness that we perceived in the conclusions of some of the Beyond GDP outputs. For example, whilst the descriptive section of the Austria economic survey identified factors key to Austria's high well-being that were not typical of OECD reports (including work-life balance, and bargaining around working conditions), the recommendations made in the latter part of the report were more typical of previous OECD outputs. In other words, it appears there is still a big step to be made in bringing well-being into ECO's policy recommendations, and not just in its descriptive analysis.

The challenge of horizontal working is known well to high-level staff at the OECD. NAEC will be key to tackling it, and we heard that one positive impact it has already had is that directorates and committees are more willing to work with each other.

But, at the same time, we have also heard that projects which might appear horizontal can sometimes still remain fragmented. So directorates might work together on one report, but they end up writing parallel chapters which might not be entirely consistent with one another.

⁵⁸ Thiry et al. (2013) *op cit*

4. Priorities for action

During the course of this case study we have been consistently impressed and often surprised by the speed of developments within the OECD in terms of bringing alternative indicators into the policy process. On many occasions we were considering suggesting something, only to find that it was already in the pipeline.

Nevertheless, our role in BRAINPOoL is to *accelerate* this process, and we have some thoughts on how this could happen within the OECD. Furthermore, the challenges outlined above are genuine and serious and will require concerted effort if they are to be overcome.

In this section, we suggest a set of priorities for action, based on our research both within the OECD and in the rest of BRAINPOoL.

Recommendation	Meets challenges	Who to action
<i>Technical</i>		
1. Spell out relationship between individual well-being and the societal/national concept	A. Multi-dimensionality D. Differing definitions	STD
2. Develop a single numeraire	A. Multi-dimensionality B. Tackling uncertainty	STD / NAEC
3. Explore the frontiers of uncertainty	B. Tackling uncertainty C. Different blood groups	ECO / NAEC
4. Identify crunch policy issues	-	ECO / NAEC
<i>Organisational and resources</i>		
5. Enrich the skill base	C. Different blood groups	SG / ECO
6. Go horizontal, but keep a head	C. Different blood groups E. Loose-knit structure	SG
7. Technical collaboration beyond the OECD	A. Multi-dimensionality B. Tackling uncertainty C. Different blood groups	all Directorates
8. Identify 'clients' and partners	-	all (particularly PAC, STD, ECO)
9. Strengthen internal communication	C. Different blood groups E. Loose-knit structure	SG, PAC

Recommendations 4 and 8 are both about stimulating demand and maintaining momentum, so as to ensure that the outputs produced so far are not one-offs. Stimulating demand had not been identified as one of the five key challenges in Section 3 because the OECD is already successfully addressing this. The following two recommendations are about ensuring that this remains the case.

4.1 Spell out relationship between individual well-being and the societal/national concept

Suggested lead: STD

Currently, well-being is understood both as a property of individuals, and a property of societies/states (both in the OECD and beyond). This double use can create confusion and lead to well-being being misinterpreted. We suggest that the term well-being should be used to talk solely about individual well-being, i.e. that set of phenomena currently described by the 11 dimensions of the Better Life Initiative. When talking about the *Framework* as a whole, which includes inequality in well-being, and a set of factors which are believed to be important to the sustainability of well-being, we believe a different term would be appropriate. Previously, the term ‘sustainable development’ has been used – though we appreciate that this term has fallen out of favour. An alternative term could be ‘the better society’, to echo the idea of better lives and better policies.

Furthermore, it has not been made clear what the definition of well-being actually is – *How’s Life?* uses language which implies it is thinking about the prerequisites for well-being, rather than well-being itself. A definition of well-being needs to avoid this. Related to this, the role of subjective well-being within the definition of individual well-being needs to be made clear. We would suggest that subjective well-being is not strictly just another dimension of well-being, as indicators of subjective well-being are an attempt to measure well-being as a whole rather than one particular aspect. Of course, using subjective well-being presents challenges, and so it may not always be appropriate to use it to the exclusion of other indicators.

4.2 Develop a single numeraire

Suggested leads: STD/NAEC

We share the OECD’s opinion that well-being is a multi-dimensional concept. And we agree that ultimately having a dashboard of indicators is more useful in terms of identifying areas where interventions are needed, and for making policy recommendations. But if ECO is to ever supplant *Going for Growth* with a *Going for Well-Being*, or if well-being based cost-benefit analysis is ever to become successful, then a single numeraire will be necessary. In essence, having a single numeraire would allow constructing a single welfare function. Without it, modelling would be too difficult. Furthermore, whilst we noted some disagreement amongst staff within the OECD, we believe (and the academic literature suggests) that part of the strength of the organisation is that it is able to produce clear recommendations based on technical

analyses. Were it to carry out analyses showing the impacts of policies on 11 or more outcomes, it would be hard for it to make any clear recommendations.

What the numeraire should be, is another matter. We believe it to be most meaningful that it measures present welfare rather than combine present and future welfare based on estimates of the impacts of climate change, resource depletion and other long-term effects, simply because a measure of discounted future welfare would bring in far too much uncertainty. The environmental impact of policies should be considered in parallel to the impacts on current well-being, similar to the 2013 *Going for Growth* report. A second question is whether that numeraire should be subjective well-being, or some weighted average of the well-being dimensions in the *Framework* possibly expressed in monetary terms.⁵⁹

Of course, given what we have said around the difficulties of modelling with precision, a balance needs to be struck regarding the weight that this numeraire should be given. There may be times when the use of a single numeraire indicates that one policy will maximise welfare, while other non-numerical analyses strongly suggest a different one. At that point, recommendations would need to be based on a reasoned weighing up of the different sources of evidence, which would need to involve a multi-disciplinary panel of analysts.

4.3 Explore the frontiers of uncertainty

Suggested leads: ECO/ NAEC

During our interviews with OECD staff, we often heard concerns about the difficulty of developing good models for predicting policy impacts on well-being. And yet most economists continue to use models to predict economic impacts which, in the words of one senior economist in ECO, “have failed us”. We understand NAEC to be a response to this problem.

The solution, we believe, lies in developing a new understanding of uncertainty. Models should be ‘fit for purpose’ and, where appropriate, uncertainty should be made explicit. OECD economists should strive to be roughly right, rather than precisely wrong. This does of course mean that recommendations may need to be more frank about the uncertainty of the evidence behind them.

We suggest that either ECO or NAEC kick off a discussion on this issue with an internal working paper exploring the frontiers of uncertainty. How accurate have we been in the past? How accurate can we hope to be in the future? How can we model policies or policy combinations that have never been implemented before? What are the unknowns that are realistically knowable, and what are the unknowns that we can only speculate about? How does one make sense of the interface between quantitative and qualitative evidence, or between maths and history?

⁵⁹ For more on the case for using subjective well-being rather than a composite indicator, see Centre for Well-Being (2010) *Measuring our Progress: The power of well-being* (London: nef).

4.4 Identify crunch policy issues

Suggested leads: ECO/ NAEC

For the real value of the Beyond GDP approach to be appreciated by policy makers, politicians and the public, the approach needs to be seen as making a difference. The Austria economic survey broke new grounds in terms of the descriptive parts, but one could argue that there were few policy recommendations that could not have been made based on the more traditional GDP-focussed analyses that the OECD is used to making. With little difference in the recommendations, there is a risk that many will question the usefulness of the Beyond GDP approach and the value in investing in it. As such we would argue that analysts should take on one policy area where preliminary evidence suggests that a Beyond GDP approach would produce quite different recommendations, one where there appear to be trade-offs between economic factors and other Better Life Index outcomes, i.e. where there are lots of 'diagonal' effects. One option would be to focus on labour market policy and working hours, which the Austria report has explored to some extent. Another option is an area also mentioned in that report – the links between transport policy, housing policy and spatial planning policy. A concerted effort to model the impacts of different policy combinations on multiple dimensions of well-being, and to consider the implications of using an overall numeraire, would be very valuable for showing that the beyond GDP approach can lead to different policy conclusions. Such analysis would need to consider interactions and feedback loops to be convincing. For example, reducing overwork might improve the well-being of workers in the short term, but what would it mean in the long term? The best evidence and theory would need to be incorporated in such analysis, which means adopting a multi-disciplinary approach and linking up with academics and other analysts. We understand that NAEC project B1 may do something like this, and we hope that it is successful.

4.5 Enrich the skill base

Suggested leads: SG/ECO

The OECD is traditionally perceived as the domain of economists, with most of them having received their academic training in the 1970s and 1980s. But economics is changing. Psychology, environmental sciences and political sciences are beginning to make inroads into the discipline in the forms of behavioural economics, environmental/ecological economics, and political economy. Initiatives such as the Institute for New Economic Thinking are attempting to develop a more heterodox approach to economics. We believe that the OECD could be at the heart of this transformation, and NAEC is the in-house manifestation of much of this phenomenon. It goes without saying that the organisation must therefore ensure that the transformation runs throughout its cadre. New intakes need to include more staff from disciplines other than traditional economics. Current staff should be given the opportunity to attend seminars, massive open online courses (MOOCs), or even more formal training in different disciplines. Of course, this is not about purging traditional economics from the organisation, but rather a matter of enriching the skill base. This

will help in tackling many of the challenges mentioned above, such as developing models which consider the ‘diagonal’ outcomes of policies.

4.6 Go horizontal, but keep a head

Suggested leads: SG

There is much talk of going horizontal at the OECD today, with the NAEC initiative being key to this. The challenge though, is that the NAEC initiative relies on the SG office for co-ordination. For all the good will in the world, there is only so much detail that the head of a €350 million organisation can get into.⁶⁰ To be effective, there needs to be a nucleus to drive the horizontal work. The ideal scenario would be a unit (perhaps entitled the “well-being unit”, or “quality growth unit” or “NAEC unit”) which coordinates the kind of horizontal initiatives we have discussed here. It would respond to an overarching committee, with representatives from central government offices – ministries of planning, prime minister’s offices, etc.

4.7 Technical collaboration beyond the OECD

All Directorates

The OECD does of course work with academics and other researchers, but there are times when it could do so more. For example, one interviewee initially responded that he did not feel the need to speak to academics more, but later said that “*one idea is to have a better connection with the academic world*”. The challenges we are facing at the moment are not ones that traditional methods appear able to tackle. New thinking is needed, and is indeed emerging. Academics, and indeed think tanks (which have a more policy-focussed approach) are part of this process. An ‘all-hands-on-deck’ approach seems necessary, which means co-operating more closely with such bodies. Another advantage of this course of action for the OECD is that this provides opportunities for the OECD to select and work on elements of the challenge that it is best able to tackle itself, whilst leaving other elements to others. In particular, we understand that the OECD is constrained by having to answer to multiple stakeholders, in a way that academics or think tanks may not be; and by a need to maintain its reputation for robust and credible analysis. Working with others on some of the more experimental approaches may be a way to get round such constraints.

Collaboration with others might sometimes be an alternative to enriching the OECD’s skill base. It may be that there are some areas of expertise that the OECD might not feel so important as to hire new staff, but which might be necessary for specific projects or stages in developments.

⁶⁰ Based on budget on <http://www.oecd.org/about/budget/>, accessed 09/08/13

4.8 Identify 'clients' and partners

All (particularly SG, ECO & PAC)

The OECD may have to respond to and work to the requirements of its clients (ultimately national governments). But it does have the freedom to stimulate demand and encourage interest. The BRAINPOoL project has begun the process of understanding where the demand for Beyond GDP indicators lies. The OECD could learn from this project and foster interest amongst countries to commission more projects like the Austria's Economic Survey and developing countries' *Multi-dimensional reviews*. It could also draw on the BRAINPOoL learning in terms of the role that civil society, NGOs and social partners can play in stimulating demand for new measures of progress.

We found in BRAINPOoL that interest in Beyond GDP indicators had declined during the economic crisis, but remained strong amongst those who felt that the over-focus on GDP was part of the cause of the crisis. We suggest that the OECD does 'market research' to identify who are the key potential partners in developing the new approaches.

4.9 Maintain internal communications on Beyond GDP

Suggested leads: SG/PAC

As well as a clear cross-organisational definition of well-being, we felt that the OECD needs to develop a clearer communication about Beyond GDP in general. When we arrived at the OECD, we experienced a lack of knowledge about successes and initiatives in the field that took place in different directorates. For example, there were staff in STD who we felt should have known more about the Austria report, but didn't. Internal communications is always a challenge in large organisations, and it's particularly acute when the topic under consideration is so broad and vague. We believe that having a common language – such as referring to horizontal initiatives, diagonal impacts, and well-being – can help staff recognise when people in other directorates are doing something similar to them. Regular staff meetings between different OECD units can also provide an opportunity to share activities. For example, the UK has a well-being group consisting of officials from different departments to share experiences on using well-being in policy. Lastly, such internal communication can help provide a sense of momentum. Developments will take several years, and it is important for staff to feel that they are part of a process to maintain enthusiasm and energy.

Annex 2. Barriers and Opportunities: the Use and Impact of the German National Welfare Index (NWI)

By Alistair Whitby

World Future Council (WFC)

22 July 2013

Executive Summary

The aim of BRAINPOoL's action research with the National Welfare Index (NWI) is to explore and describe the full range of barriers affecting the indicator and where possible illustrate ways of exploiting potential drivers and opportunities. In this way the study aims to develop a greater understanding of the challenges faced by a national case example in institutionalising a 'Beyond GDP' approach to the use of indicators that could have relevance for others working in this field.

The National Welfare Index is the only index funded as a research project by the German government through the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and Federal Environment Agency (UBA).

The index attempts to act as a catalyst for the debate about what kind of growth we actually want for society and how we can best include sustainability and social prosperity into our measurement systems. It does this by correcting the long-standing 'problem' with GDP that it interprets every expense as a positive and does not distinguish between welfare enhancing activity from welfare-reducing activity.

Thus from the starting point of private household consumption, the NWI adds monetarised values for selected welfare-increasing components such as domestic or voluntary work, deducts components that detract from welfare such as the costs of environmental damage and the reduction of natural capital and adjusts for social factors such as public spending on health and education.

The results have so far confirmed the theoretical assumptions of ecological economics, according to which not all results stemming from economic growth contribute to improvements of social welfare. As well as raising important questions about economic sustainability in Germany the index has also inspired initiatives both regionally, in many German Länder, and internationally where welfare indices based on the NWI methodology are being calculated.

The index, however, faces a number of barriers ranging from the economic context to methodological criticisms and political resistance.

In terms of barriers related to the NWI's context, the economic crisis, European sovereign debt crisis and resurgence of the 'pro-growth' agenda has led to a marked shift in German public opinion away from support of 'Beyond-GDP' approaches. The report suggests one method of countering this drop in support could be to develop tools to give the NWI message greater resonance with those groups that have seen the largest falls in support, for example by relating the index to justice and equity issues.

Further factors relating to the economic and political context include a reduction in resources available for data collection at both the Federal and regional level, and the conflicting timescales between short term political cycles and indicators like the NWI associated with long-term sustainability. Interestingly our analysis shows that the challenging political and economic situation in Germany has not prevented a historically high number of Beyond GDP initiatives being undertaken at all governance levels by a wide variety of actors.

In terms of barriers related to the index itself, the study shows there are a number of pertinent factors. These include questions around data availability (particularly at the regional level), data robustness (with many of the NWI's components based in studies rather than 'hard data'), timeliness (there is currently a 1½ year time-lag) and the use of taboo words (the word 'welfare' has some negative connotations).

There are also a number of barriers related to the beliefs, capacities and expectation of potential users of the NWI. Indicators like the NWI based on the methodology of the Index of Sustainable Economic Welfare (ISEW) have in the past been accused of lacking a coherent theoretical foundation which its critics believe results in corrections being applied to economics data without giving any theoretically sound justification for doing so.

Some critics also showed strong resistance to the monetarisation technique which is used to transform the NWI's components into a common monetary unit. Despite its neutral scientific framework the NWI's neutrality was also raised due to the strong correlation of uptake in Länder that are associated with the Green party.

These barriers to the NWI are counterbalanced by a number of further opportunities that have been identified as offering a potential catalytic effect to the use and influence of the index. These include the compelling communicational abilities of the index which as a composite indicator can usefully provide the 'temperature' of welfare in Germany through its single number and the potential opportunities for political impact through clearly identifying and engaging with potential users.

If the NWI is to be used more widely, however, the paper concludes that it will have to solve some of the barriers highlighted in this paper, particularly perceptions of political neutrality and robustness and will have to tailor its communication to project a message that has greater resonance to a broader audience.

This process should not be insurmountable, however, as there is clear international public support for using health, social and environmental statistics as well as economic statistics to measure societal progress and human well-being, and the positive outcomes for society resulting from such a shift are becoming increasingly clear.

Moves towards environmental protection, social equity, better product quality and durability, and more efficient resource use are already underway in many countries and regions. Alternative measures of progress, like the NWI, can be useful tools to help chart the course and assess progress along it if appropriately understood and used.

1. Introduction

1.1 Methodology

Several complementary research tasks provided the basis for the results presented in this report.

Firstly a review was undertaken of the range of alternative indicator initiatives that have taken place in Germany in order to understand the broad institutional context of the Beyond GDP agenda in which the NWI is situated (see Fig. 3 for an overview).

Interviews were then conducted with a broad range of relevant actors. These included a lead scientist⁶¹ involved in developing and calculating the indicator and two officials⁶² from the German Federal Ministry for Environment (BMU), as one of the joint commissioners of the index, to gain a clear picture of their intention and experience working with the NWI and the challenges they have encountered.

Further interviews were conducted with key actors who could provide a mainstream or critical perspective of the NWI and identify potential barriers or opportunities to its wider acceptance and use within the political and statistical community. These included two senior officials⁶³ from the German Federal Statistical Office (DESTATIS) and three members⁶⁴ of the German Parliament's 'Enquete Commission on Growth, Wellbeing and Quality of Life' which was tasked with developing a holistic indicator of welfare or progress as part of its investigations.

These internal/external perspectives were supplemented with interviews with a number of German indicator experts⁶⁵ who gave their assessment both of the key events and

⁶¹ Prof. Dr. Hans Diefenbacher, Professor of Economics, Kassel University; and FEST – Protestant institute for interdisciplinary research, Heidelberg.

⁶² Dr. Jörg Mayer-Ries, General Aspects of Environmental Policy, German Federal Ministry for Environment (BMU); and Frank Hönerbach, General Aspects of Environmental Policy, Environmental protection and sustainability strategies, BMU.

⁶³ Albert Braakmann, Head of Division, Destatis; and Ulrich Spoerel, Head of Section 'Concepts of Welfare Management, Destatis

⁶⁴ Hermann Ott (Green Party), Ernst Ulrich von Weizsäcker (SPD) and Albert Braakmann (Destatis)

⁶⁵ Stefan Bergheim (Centre for Societal Progress), Andreas Kraemer and Lucas Porsche (Ecologic), Kai Schlegelmilch (Green Budget Germany), Prof. Heinz-Herbert Noll (GESIS, Mannheim), Hans Thie (Bundestag Indicators Group)

current state of the Beyond GDP movement in Germany and of their assessment of the specific barriers and opportunities facing the National Welfare Index.

The interviews were supplemented by desk research applying the findings from earlier BRAINPOoL studies (e.g. on the 'success factors' and 'demand' for Beyond GDP indicators) to the NWI.

Finally a workshop was held between the BRAINPOoL project and key personnel from the Protestant institute for interdisciplinary research (FEST) and the BMU to discuss the results and agree on further actions.

1.2 The aim of the NWI

The National Welfare Index (NWI) attempts to act as a catalyst for the debate about what kind of growth we actually want for society and how we can best include sustainability and social prosperity into our measurement systems.

For the BMU, the debate that sprung up about GDP as one of the 21 key indicators in Germany's National Sustainable Development Strategy was a primary driving force for the Ministry's continued involvement in beyond GDP indicators and their interest in the NWI.

For the scientists calculating the NWI its genesis stems from an unease with the narrow pursuit of economic growth and the disregard for the negative environmental and social side effects which are often associated with growth that threaten to cancel out a certain proportion of the benefits.

The index thus aims to correct the long-standing problem with GDP that it interprets every expense as a positive and does not distinguish between welfare enhancing activity from welfare-reducing activity. By including these distinctions the NWI aims to reveal a more qualitative kind of growth, which also takes into consideration the available natural and social capital.

The purpose of the NWI is, however, not to replace GDP but rather to 'complete' it, filling in gaps in information and improving specific areas of the national accounting system. In highlighting these differences, the index aims to support the development of new opinions on the nature and aims of social progress and better inform the policy-making process on the potential risks and side effects of both the goal of economic growth and the related market processes that are promoted.

1.3 Genesis of the NWI

The National Welfare Index is jointly managed by the Protestant institute for interdisciplinary research (FEST, Heidelberg) and the Free University of Berlin (FFU). The first stage of the research work was funded by Germany's Federal Environment Agency (UBA) with the second part funded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU). This process was initiated after a joint BMU/UBA conference in 2008 after which the key scientific actors Prof. Hans Diefenbacher (Professor of Economics at FEST, Heidelberg) and Roland

Zieschank (Sociologist at the Environmental Policy Research Centre of the Free University of Berlin) were given the brief to start developing the NWI methodology and variables.

The NWI is conceptually based on the ISEW (Index for Sustainable Economic Welfare) and Genuine Progress Indicator (GPI) but makes efforts to improve on these methodologies both for reasons of data availability and in response to historical theoretical criticisms (e.g. from Neumayer, 1998⁶⁶)

Trend results of the National Welfare Index were first publicly reported in 2009 but have been retrospectively calculated back to 1990. Results are added and reported periodically with a time-lag in the data of 1½ to 2 years. The latest edition, released in January 2013 as a revised 'NWI 2.0', includes new data and an updated list of twenty components.

1.4 Components

The index starts from the basic quantity of 'private consumption', a key component of traditional GDP, based on the assumption that the consumption of goods and services on the part of households generates positive utility and contributes to welfare. This is then weighted with an index of income distribution (the Gini Coefficient) according to the notion of diminishing marginal utility of income where additional income for a poor household translates into higher additional welfare than for rich a household.

From this starting point selected welfare-increasing components such as domestic or voluntary work that are not included in GDP are added, while components that detract from welfare such as the costs of environmental damage (e.g. on air, soil, water) and the reduction of natural capital (on land, forests, non- renewable resources etc.) are deducted. Social factors such as public spending on health and education and the costs of crime are also included in the NWI. Finally, adjustments are made for the timing mismatch between expenditure and benefits.

Individual variables that are included in the NWI can also be presented separately to make their respective impact more transparent.

Table 1: Components of the 2013 'NWI 2.0'

No.	Components	+ / -
1	Index of Income Distribution	
2	Weighted consumer spending	+
3	Value of domestic work	+
4	Value of voluntary work	+
5	Public spending on health and education	+
6	Costs and benefits of consumer durables	+ / -
7	Costs of commuting between home and work	-

⁶⁶ Neumayer, E., Sep 1999, 'The ISEW – Not an Index of Sustainable Economic Welfare, Social Indicators Research, Kluwer Academic Publishers.

8	Costs of traffic accidents	–
9	Costs of crime	–
10	Costs of alcohol, tobacco and drug use	–
11	Social costs of compensation for environmental damage	–
12	Damage due to water pollution	–
13	Damage due to impacts on soil	–
14	Effects of air pollution	–
15	Damage due to noise	–
16	Loss or gain through changes to habitat	+ /–
17	Damage due to loss of arable land	+ /–
18	Substitution costs generated by exploitation of non-renewable resources	–
19	Damage due to CO2 emissions	–
20	Costs of nuclear energy use	–

1.5 Results of the NWI

The calculations and results of the NWI have so far confirmed the theoretical assumptions of ecological economics, according to which not all results stemming from economic growth contribute to improvements of social welfare and periods of low or negative growth do not necessarily equate to a drop in overall welfare.

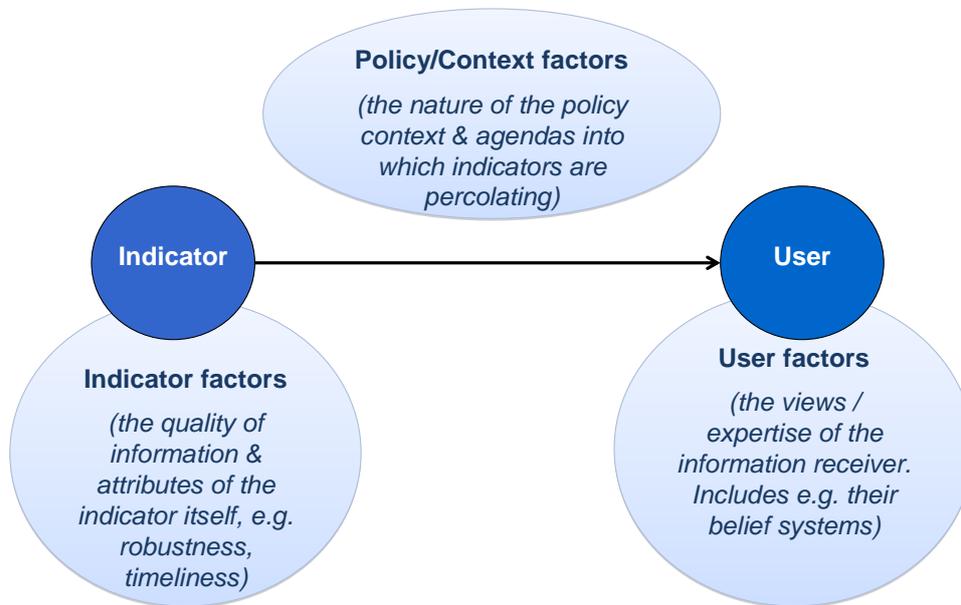
Thus, for example, the NWI results showed that in 2008 and 2009 Germany's true prosperity levels had risen rather than declined, even though GDP collapsed dramatically. This result was due largely to the fact that personal consumption remained strong, CO2 emissions shrunk as some energy-intensive industries reduced production and more people became socially engaged.

It is results like this, which seemed to match how most of the German public were actually feeling, that has led figures like Albert Braakmann, a Head of Division at Germany's National Statistical Office Destatis to comment that "in years like 2009, my personal opinion is that the NWI better reflects the experience of people on the ground".

2. Barriers to use and influence: 'Context' factors

The BRAINPOoL project's analytical framework explores the uses of indicators through three types of factors which can enhance or hinder their influence and uptake into policy arenas. We will use these three broad factor areas to explore potential barriers and opportunities for the National Welfare Index.

Fig. 1 Three types of factors which can act as a barrier



The nature of the policy context and policy agendas and arenas which make up the setting into which indicators percolate (or not), are identified as ‘policy’ or ‘context’ factors. Governance and actor coalitions as well as the policy issue at hand frame specific policy arenas and agendas and this setting (which shifts over time) determines the processes and level of institutionalisation of specific indicators.

It is the nature of policy factors which contribute to the legitimisation and formalisation of the concepts and methods underlying an indicator. Extending from the work of Kingdon (e.g. 1984) on the development and evolution of policy windows and opportunities, the use of a specific indicator can be explained via the (mis)match between the indicator-based reporting/monitoring of the policy problem and the main policy idea, as well as the existence or emergence of a favourable political environment.

2.1 The economic context and resurgence of the growth agenda

The economic crisis is viewed by many of the interviewees (including members of the BMU itself) as a serious challenge for the Beyond GDP agenda as it seems to have decisively shifted the policy focus. Since the onset of the financial crisis but particularly since the escalation of the southern European sovereign debt crisis there has been a renewed force to arguments in favour of economic growth in Germany (as elsewhere). This is highlighted by the clear, stated focus of the Federal Government to achieve

“long-term and continuous economic growth” on the basis of “free competition, individual responsibility and subsidiarity”⁶⁷.

The Federal Minister of Economics and Technology Philipp Rösler has been vigorous in his campaign for GDP increases and his belief that environmental legislation is a barrier to growth and needs to be cut back. Politicians from across the spectrum have touted Germany’s status as a country reliant on manufacturing output and exports which must be supported at all costs.

Several interviewees suggested that in recent years the arena for the discussion of alternatives to growth has worsened in Germany with many mainstream actors viewing well-being as a distraction.

2.2 Effects on public opinion

This perception amongst the interviewees seems to be borne out by a marked shift in German public opinion towards support for ‘going beyond GDP’ between the years 2010 and 2013 which highlights the importance of context as potential barrier. While in 2010 Germany was the country most in favour of using alternative methods to assess a country’s progress, by 2013 the country had seen the biggest shifts in favour of traditional, economic models (see Fig 2)⁶⁸. Along with Kenyans and Indians, Germans are now the most likely to prefer a focus on economic statistics (34% in each country).

The changes in German opinion highlight that public attitudes on this issue can remain a hostage to wider factors, particularly the media profile of the high levels of public indebtedness and economic stagnation in southern Europe over the last few years and the feeling in Germany that they are bankrolling much of the rest of Europe.

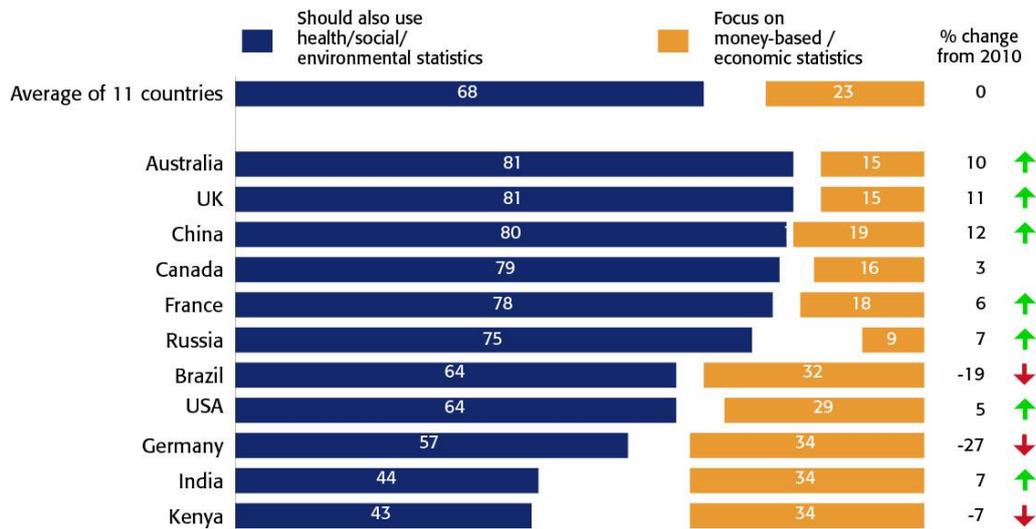
It is worth noting that despite this 27% fall in support, Germany still enjoys a majority of the population (57%) who support using health/social and environmental statistics as well as economic statistics to measure progress.

⁶⁷ BMWi website, accessed on 16.04.2013 at <http://www.bmwi.de/English/Navigation/Economic-policy/economic-policy.html>

⁶⁸ Globescan, (June 2013), press release at <http://www.globescan.com/commentary-and-analysis/press-releases/press-releases-2013/98-press-releases-2013/278-public-backing-for-going-beyond-gdp-remains-strong.html>

Fig. 2 Globescan/Ethical Markets survey on ‘Going Beyond GDP’, May 2013

Trends in Support for “Going Beyond GDP”
2010–2013



R13_ethicalmkt_release

The white space in this chart represents “DK/NA.”

Column of figures and arrows on outside left refers to % change in support for using health/social/environmental statistics since 2010

One potential method of countering this drop in support is to effectively demonstrate the salience and relevance of the Beyond GDP agenda to a wider audience. For example, even though a greater focus on social and health issues would likely be of greatest value to disadvantaged sections of society, the Globescan opinion poll showed that the largest drop in support came from low-income and less-educated groups who increasingly favoured a focus on purely economic statistics.

This drop in support could also be tied to a familiar mainstream (mis)perception that Beyond GDP indicators are linked to an electorally unattractive change agenda that is out of touch with most people’s everyday concerns and necessarily includes rather radical (even revolutionary) societal changes and reductions in living standards. The message needs to be reinforced that the NWI is a weighted economic statistic that primarily aims to better describe the welfare that derives from economic activity than GDP does.

Part of the barrier to greater demand, use and acceptance could, therefore, be a presentational or communication issue. In order to gain broader appeal, arguments, communication strategies and tools around going ‘beyond GDP’ should be developed in a way that gives them greater resonance for those without high incomes or university educations.⁶⁹ The potential for policy change and positive outcomes for

⁶⁹ Ethical Markets, (July 2013), http://www.ethicalmarkets.com/wp-content/uploads/2013/05/Beyond_GDP_Poll_2013_Summary-Report-final-280513.pdf, p.6

society resulting from such a shift needs to be clearly, simply and persuasively articulated, using communication messages (that show for example how the NWI relates to justice and equity issues) and using tools aimed at these specific target groups (e.g. social or populist media).

2.3 The financial crisis as a driver

As we have seen in our previous BRAINPOoL research⁷⁰ the financial crisis appears to provide support to various – often conflicting – beliefs. So while on the one hand there is a widespread mainstream perception that the crisis is preventing any concrete Beyond GDP agenda from being implemented due to a resulting lack of financial and political means to do so, at least at the regional level in Germany the crisis seems to acting as a strong driver for the NWI by clearly highlighting the limitations of the current economic system.

This groundswell of support for the NWI at the regional level has seen Ministries of the Länder (or the delegates of the Green Party to the Länder parliaments) in Schleswig-Holstein, Rheinland-Pfalz, Thüringen, Bavaria, Sachsen and the city of Hamburg asking FEST/FFU to calculate a Regional Welfare Index (RWI) using the same variables and methodology as the national NWI. Interestingly the primary motivation for calculating regional welfare seems to be a critique of the official GDP figures and particularly the exclusion of environmental factors from the traditional economic data.

For these primarily Green Party groups, the NWI/RWI allows them to paint a different picture that demonstrates that our collective welfare is not necessarily connected to increasing *or* decreasing growth levels and that economic expansion often comes at the expense of our environmental stocks. Far from being an electorally unattractive agenda (in Nordfriesland Green party members voted ‘alternative indicators’ as the most important out of 58 potential policy topics to be pursued if they were elected) the NWI seems to support the Green Party message that change is both necessary and possible and can actually enhance welfare. For Robert Habeck, leader of the Green Party in Schleswig Holstein’s state parliament, these calculations now “offer the burden of proof for a new economic policy discussion.”⁷¹

2.4 Constrained budgets

Despite this ‘bottom up’ support for the NWI methodology, one unavoidable side effect of the financial crisis has been a reduction in resources available both for statistical services in general and for data collection across Europe which is often cited as a key context-related barrier. In Germany, for example, financial support for data collection is a problem at both Federal and regional level as budgets for the production of official

⁷⁰ See for example Thiry, G. et al (2013), ‘Characterizing Demand for Beyond GDP’ Brainpool Project deliverable 2.1

⁷¹ Michael Bauchmüller (19th May 2011), ‘All for the comfort factor: Welfare Index instead of GDP’, *Süddeutsche Zeitung*, accessed on 11. 07.2013 at: <http://www.sueddeutsche.de/wirtschaft/bip-alles-fuer-den-wohlfuehlfaktor-1.1099345>

statistics have been cut and there is reduced funding in the environmental accounting departments at Destatis (NSO) and in the German Länder.

Another factor here is not just reduced funding but also budgetary continuity which is essential if an indicator takes the form of a time-series which is calculated regularly and therefore has continuing needs for reliable data. This has already been a factor for the NWI at the national level (with uncertainties about who will fund its continuing calculation) and could also affect the Regional Welfare Indices in the Länder should they choose to update their calculations through a regular time-series.

2.5 Factors related to the political context

One of the primary factors acting as a barrier to Beyond GDP indicators is a lack of political will confronting actors working in this field.

A primary reason for this is a conflict in time-scales that alternative indicators often experience within the political sphere. In other words, if measures that are desirable for long-term sustainability also somehow imply short-term 'pain', they are less liable to be adopted by those engaged in the short-term focus of political decision-making. This is particularly the case in an election year, as is now the case in Germany, when politicians and Ministers are playing to a domestic audience and need to be seen to be acting in voters immediate (often economic) interests.

As one of the key aims of the NWI is to act as catalyst for the debate about what kind of growth we actually want for society and how we can best include long-term issues (such as sustainability) and long-term trends (such as changes in welfare) into our measurement systems, it will inevitably be resisted by those engaged in such short-termist agendas.

2.6 Situation on the ground

Interestingly, the challenging economic and political situation described above seems to contrast somewhat to the historically high number of Beyond GDP initiatives that have commenced in Germany since 2009.

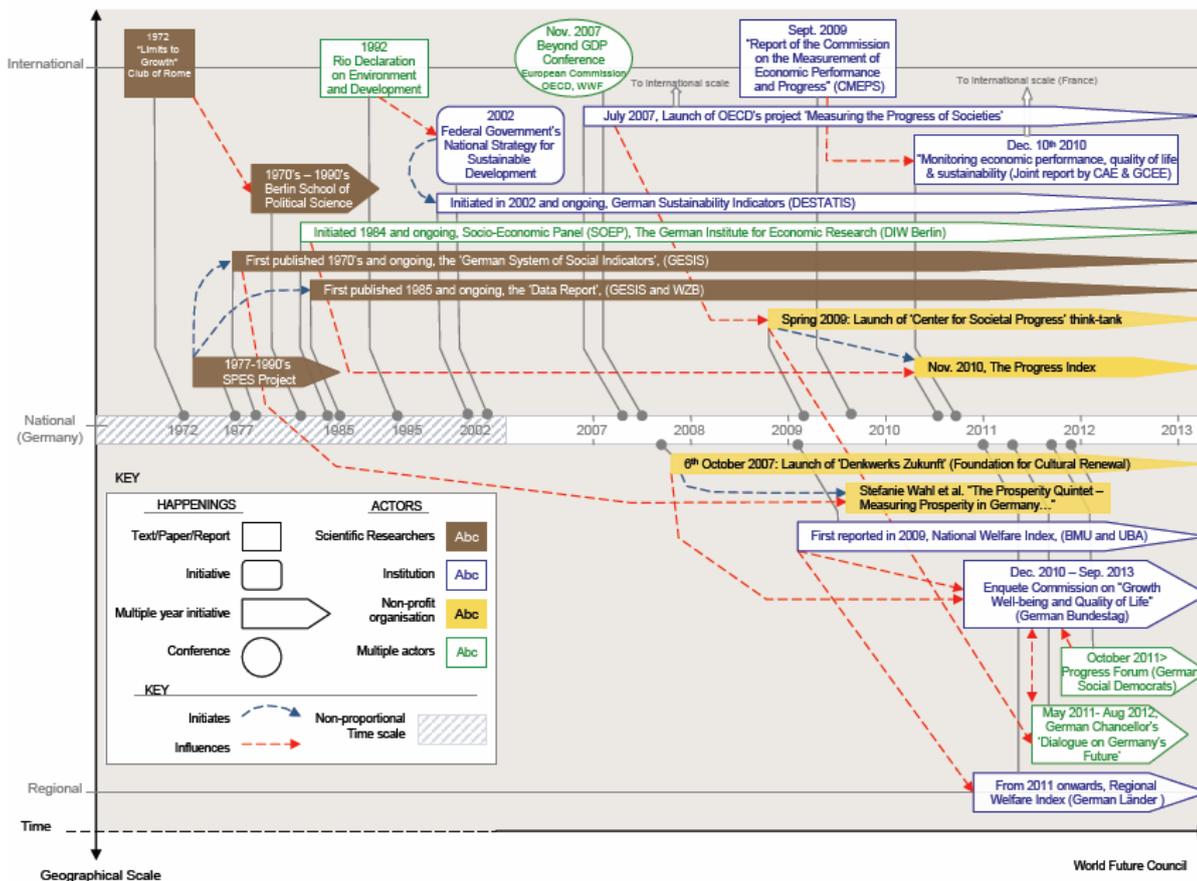
These initiatives have involved a very wide variety of actors from governmental and parliamentary to the national statistical office (Destatis), from the scientific and academic communities to non-governmental (NGO). They have also taken place at all levels of governance from international (the joint report by the French Council of Economic Analysis and the German Council of Economic Experts) down to regional level (see Fig. 3). At the local level, at least 300 cities, towns and villages in Germany have also introduced a local indicator system for sustainability reporting with about a third of these cases undertaking this reporting at least twice and some continuing it regularly.⁷²

The proliferation and diversity of these initiatives shows that the state of the Beyond GDP agenda in Germany is by no means bleak and that many of the barriers related to

⁷² Source: calculations by the Ministry of Environment, Baden Württemberg

context have perhaps hindered, but certainly not eliminated, effective action in this area.

Fig. 3 Alternative indicator ‘happenings’ at the international, national and regional level (Germany).



3. Barriers to use and influence: ‘Indicator’ factors

The quality of the information itself, which we refer to as the ‘indicator factors’ relates to the attributes of the indicator itself (i.e. robustness, timeliness etc.). These include the quality of the underlying data, the configuration and classification of the indicator and the variables which constitute it, the development of the weighting scheme (in the case of indices), the accuracy of the data sources used, the presentation and communication of the indicators. Indicator factors determine the validity, reliability, specificity and sensitivity of an indicator (and the underlying data) as well as the adequacy of the communication and dissemination processes.

The factors that were repeatedly mentioned in the interviews as a source of quality are: data availability, robustness, recognition by NSOs, choice of variables, verifiability and timeliness.

Previous BRAINPOoL results have found that methodology is often used as an excuse to reject an indicator which a user dislikes due to its results or rankings. There is also a strong perception from alternative indicator practitioners that a higher test for accuracy is set for new indicators than is set for the continuation of existing, more institutionalised, indicators (for example GDP has recently been shown to be grossly inaccurate in many Sub-Saharan African countries and yet is still used by these countries as their primary international benchmark⁷³). Regardless of whether all the methodological criticisms levelled at an indicator are valid or not, they still represent a potential barrier to its use and impact so it is worth seeing how each of these factors relates to the NWI:

3.1 Data availability

The novelty and complexity of the issues tackled by the NWI means that in some cases the necessary statistical tools and data aren't yet available for the index. This is particularly true at the Länder level, where, for example, it has been very difficult to obtain monetarised values for environmental costs which are needed for the calculations, a problem that cannot be solved without significant increases in funding.

3.2 Robustness

Several of the interviewees expressed the view that not all the NWI variables are based on robust data or as one Destatis official put it "many of the numerical foundations are based on assumptions or studies rather than hard data".

Others mentioned the challenges, for example, of calculating the costs or benefits of consumer durable goods over time (e.g. the difficulties of finding a suitably reliable method of estimating the yearly benefits to a person of e.g. a tumble dryer versus its depreciating costs).

It should be noted that where there are methodological problems the producers of the index are well aware of these limitations and they are explained in detail in the NWI reports for each variable.

3.3 Recognition by NSO

Generally statisticians have been a bit defensive about the NWI and no moves have been made to include the index as part of the official data largely due to perceived weaknesses in the methodology and the conviction that data from an NSO should largely be devoid of normative assumptions or personal judgement.

In 2012 the German Advisory Council on the Environment (SRU) issued a report which highly commended the NWI and recommended that the government should commission Destatis to develop a "robust, standardised methodology for an

⁷³ See for example Morten Jerven's book 'Poor Numbers: How we are misled by African Development Statistics and What to Do about It' which details how in 2010 Ghana's statistical office announced it was revising its GDP estimates upwards by over 60%, suggesting that in the previous estimates about US\$13bn worth's of economic activity had been missed.

aggregated welfare index” based on the NWI to be published prominently and at regular intervals.⁷⁴

In interviews, Destatis officials responded by saying that this would indeed be “technically possible” but they would need a firm signal from government and the decision would have to be negotiated at cabinet level.

3.4 Timeliness

While the NWI results are reported periodically there is currently a time-lag in the data of 1½ to 2 years. Interviewees from both Destatis and the Enquete Commission mentioned that to have greater policy relevance you need to shorten this time lag as particularly for politicians there is limited utility in knowing, for example, that things were bad 3 years ago and then got a little bit better 2 years ago.

There was a strong consensus that if we are to balance the over-reliance on GDP there is a need for alternative indicators to be released sufficiently promptly to reflect events and trends that have occurred recently. Policy makers, media and other stakeholders would then at least be given the option of comparing the picture provided by the alternative data with the conventional economic statistics, opening up the possibility for different policy outcomes to be pursued.

There was recognition from Destatis officials, however, that GDP itself started as just an annual number and that there are significant issues with striving to release data too promptly or regularly, as can be seen with GDP’s first quarterly estimates which are often unreliable and occasionally have to be revised significantly.

As it stands, the producers of the NWI do not use forecast data and are therefore constrained by the delivery of data and statistics produced by third parties (e.g. time-use studies that are only produced every 10 years). The second issue around timeliness is also purely practical based on a need for additional funding, particularly at the regional level, to improve the data sources.

3.5 Choice of the components

The choice of components and how they are weighted can often elicit the strongest resistance from critics of an indicator. But the selection of components has also been a challenge for those who produce and calculate the NWI, as it was for the ISEW/GPI from which it developed.

The difficulty for those producing the ISEW/GPI/NWI has been that there is no definitive agreement on the selection of the components or a common methodology for calculating them which has led to a proliferation of alternative approaches and disagreements about which is superior.

⁷⁴German Advisory Council on the Environment, (June 2012), Environmental Report, ‘Chapter 1: The New Growth Debate’, p. 18, http://www.umweltrat.de/SharedDocs/Downloads/EN/01_Environmental_Reports/2012_06_Environmental_Report_Chapter_01.pdf?__blob=publicationFile

This is very likely to be acting as a barrier to other actors adopting the indicator as not only are there competing methodological approaches to choose from (which makes comparison between entities more difficult) but also competing aims or ‘storylines’ attached to the different approaches (as a replacement for GDP, as a complementary source of information to the standard economic data, as a policy guide for a more sustainable future etc.).

We have seen in previous BRAINPOoL studies⁷⁵ how the multiple meanings and interpretations (e.g. of terms such as ‘progress’, ‘welfare’ and ‘sustainability’) and the competing aims of Beyond GDP indicators (e.g. to improve the operation of the current economic model vs to help move beyond the current economic model) has led to confusion and exacerbated non-use of alternative indicators by statisticians and policy makers, so this should be avoided as much as possible.

In an effort to solve this problem and harmonise the methodology, the producers of the German NWI are working with a number of other groups to undertake comparative national studies which use the same methodology and variables. These include Ireland (in collaboration with Feasta – the Irish Society for Sustainable Development) Poland (developed by a Polish academic Prof. Dr. Jerzy Sleszynski, University Warszawa) and other studies likely to be undertaken by academics in Italy and Belgium.

Further discussion of the NWI’s components, relating to barriers around the perceptions of its users and critics is included under the section on ‘User Factors’.

3.6 Verifiability

Each edition of the NWI has included a description of the characteristics of each partial variable as well as the data sources, which provides a good level of transparency and verifiability.

3.7 Measuring things that can be influenced by policy

Indicators tend to be successful when they have real relevance for policy makers and crucially if they can measure something that policy makers believe they can influence. This can be problematic for indicators like the NWI that seek to measure overarching concepts such as welfare which have a wide range of influencing factors.

Despite the fact that consideration was given to the relevance and susceptibility to political influence of each of the NWI variables during the selection process their broad nature does seem to be acting as a barrier.

Because the NWI variables span economic, social and environmental topics the index itself doesn’t fit neatly into any departmental or ministerial mandate in government. According to Federal Environment Ministry (BMU) officials this makes it difficult to champion and promote externally, even for the BMU’s own Minister, as the results will automatically apply to and affect other departments.

⁷⁵ See Thiry, G. et al (2013) (U. Toulouse, ‘Characterising demand for Beyond GDP’, Brainpool Deliverable 2.1

3.8 Need for inter-disciplinary competences

The holistic nature of the NWI, while providing many obvious benefits in terms of the broad picture of welfare the index can convey might provide an additional barrier in that it requires the expertise of a broad spectrum of disciplines and competences both in its construction process and effective use. While these competences and inter-disciplinary skills are certainly desirable in statisticians, policy makers and the media they are unlikely to be common, providing potential limitations to a very broad diffusion.

3.9 Use of taboo words

One of BRAINPOOL's findings from its 'Review report on Beyond GDP indicators'⁷⁶ was the importance of avoiding taboo words if an alternative indicator is to be successful. This factor also appears to be acting as a barrier to the NWI as the word 'welfare' (and similarly 'Wohlfahrt' in German) has some negative connotations in its associations with aid or financial handouts from the government. This was cited by one Member of Parliament as one of the key reasons why the Green Party at the national level had been unable to agree on choosing to support the NWI.

3.10 Regional issues

Some indicator factors are specific to the calculations made at the regional level. These include how to tackle commuting, with many people living and working in different Länder and the challenges of adjusting the data accordingly.

4. Barriers to use and influence: 'User' factors

The level of experience and of expertise of the information receiver, i.e. the capacity and repertoires of the person effectively using the information, we term "user factors". User factors include the mental models, belief systems and expectations of the user with regard to the indicator, but also partly depend on the administrative/institutional cultures and practices the user belongs to. User repertoires have been conceptualised as "stabilized ways of thinking and acting (on the individual level) or stabilized codes, operations and technology (on other levels)"⁷⁷. User factors are crucial to understand the (mis)match between the conceptual models (implicit and explicit) which frame an indicator (and the way it represents and relates to reality) and the conceptual framework of a user and his/her organisation.

There are a number of areas where the views of potential users of the NWI could be acting as a barrier:

4.1 Link between the indicator and a societal 'model'

⁷⁶ See Tomas Hak et al. (Jan 2013), Chapter 6 of 'Review report on Beyond GDP indicators: categorisation, intentions and impacts', BRAINPOOL deliverable 1.0

⁷⁷ Van der Meer, F.B. (1999), "Evaluation and the Social Construction of Impacts". P.390

One of the most consistent elements of distrust of Beyond GDP indicators we have seen from mainstream actors throughout the BRAINPOoL project is the perception of a lack of realism in the hypotheses, alternative models and assumptions underlying certain alternative indicators.

Although the NWI doesn't provide an exact reproduction of the categories in the national accounts, because the basic quantity of the NWI is private consumption (which is one of the sub-components of GDP) and it aims to fill in the gaps in this data rather than replacing it, to a certain degree it avoids criticism of being based on an unrealistic alternative model.

The index falls under the category of 'enlarged GDP indicators' and as such remains strongly connected to the traditional reference frame of economics. As we have seen from Brainpool's WP2 Report, indicators which do not suggest an entirely new model and remain coherent within the present economic paradigm have a much higher likelihood of being accepted and used by mainstream actors, even if their results may point out the need for change.

That being said, indicators such as the NWI that are based on the methodology of the Index of Sustainable Economic Welfare (ISEW) have in the past been accused of lacking a coherent theoretical foundation which its critics believe results in corrections being applied to economics data without giving any theoretically sound justification for doing so.⁷⁸

4.2 Choice of components

Indicators based on the ISEW/GPI methodology have also been criticized for being arbitrary in the components they include or (implicitly) exclude as contributors to welfare, which they suggest are open to subjective judgement. Eric Neumayer notes, for example, that if you include a correction item for income inequality why not include a correction for the degree of political freedom or equality between sexes?⁷⁹

But an item such as the political freedom enjoyed by a nation's citizens is not included because it is not the aim of the NWI to measure all welfare-related factors but rather the economic welfare generated by economic activity and whether that activity is increasing benefits more than costs (or vice versa).

Some Enquete Commission members were also not convinced that the NWI's social indicators were the "definitive" ones with one member criticizing the idea that you "can create growth in the index by avoiding traffic accidents". While no doubt acting as a barrier in this context (the Enquete Commission ultimately rejected the use of the NWI as a model for producing its own welfare/progress index) it is important to note that any aggregate indicator, including GDP, involves subjective judgments about the choice of variables and the effects they create on the results. GDP, for example, could be

⁷⁸ Neumayer, E., (1999), 'The ISEW – Not an Index of Sustainable Economic Welfare, Social Indicators Research, Kluwer Academic Publishers, p. 82

⁷⁹ Ibid, p.83

equally open to criticism for creating positive growth through the *inclusion* of the costs of traffic accidents.

4.3 Distrust of monetarisation

Some members of the German Parliament's Enquete Commission also showed resistance to the monetarisation technique which is used to transform the NWI's components into a common monetary unit.

While the scientists calculating the NWI sympathise with some disquiet about the monetarisation of natural capital (e.g. an apprehension about reducing all value to monetary value and assigning a market price to things some believe should be valued intrinsically), they believe the strong resistance in the Enquete Commission was towards any form of monetarisation, independent of a critique of the NWI.

This strongly suggests that for some actors there are 'taboo' methodologies or valuation techniques which, if used in the production of an alternative indicator, can act as a barrier to its acceptance and diffusion.

At least from the perspective of the current producers of the NWI, as long as you recognise the limits and problems associated with monetarisation, the pragmatic benefits of producing a monetarised indicator that can be easily compared with GDP and that communicates an alternative message in the language of economists, far outweighs any benefits of not having the indicator.

4.4 Psychological and institutional barriers

The strong resistance from some Enquete Commission members to the NWI was also viewed by BMU officials to have certain psychological and institutional elements to it.

Firstly there was a perception that the ideology of these critics played a part as very few scientific or rational arguments were put forward for rejecting the index. By way of example, the Ecological Footprint which shares similar methodological traits to the NWI's monetarisation technique in its own conversions to global hectares did not receive the same resistance.

A second factor suggested as acting as a barrier in this context was competing institutional allegiances. Simply put, there was a huge opportunity to be had for those producing Beyond GDP indicators in Germany to showcase their approach to a high profile and cross party audience, and the experts that were brought in inevitably sought to influence the members of parliament towards their own index (and away from others).

4.5 Concerns regarding composite indicators

Some interviewees expressed the worry that aggregation into a single figure can hide crisis situations associated with a particular component. While this is undoubtedly the case, this criticism is true of all composite indicators (even GDP) and thus is not a problem which is specific to the NWI.

4.6 Being (or appearing) neutral

Aside from the requirement of quality data, BRAINPOoL's prior research has shown that the appearance of neutrality is seen as the best route for an index to achieve credibility and legitimacy.

While the NWI works within a neutral scientific framework of providing information that is freely available for any actors to use and is not affiliated to any political party, at least one of the interviewees mentioned that there "must" be a connection to the Green Party, due to the strong correlation of uptake in Länder that are associated with them.

There is a question here about the extent to which it is a good thing for an indicator, at least initially, to be linked to a particular political position or party. Thus the strong vanguard support from the Green Party for the NWI could actually be acting as a barrier to other actors or political groups supporting the index.

However, as we have seen the selection of variables of a composite indicator always has a normative element to it and only political actors that are actually interested in changing the system will be attracted to an indicator, like the NWI, whose results suggest this needs to happen. The German conservative (Christian Democratic Union) and liberal (Free Democratic Party) parties who are not interested in changing the current economic model are therefore naturally wary of the NWI.

5. Further Opportunities for the NWI

Alongside the barriers and drivers mentioned above there are a number of further opportunities that have been identified as offering a potential catalytic effect on the use and influence of the National Welfare Index.

5.1 Media opportunities

While the media have largely avoided reporting on the methodology, they have responded positively to the communicational abilities of the NWI which as a composite indicator can usefully provide the 'temperature' of welfare in Germany through its single number.

However, given the background context of the financial crisis, the continuing questions about the future of economic growth and the compelling alternative story provided by the NWI about welfare, growth, and resource use, we believe there are a number of additional media opportunities that could be exploited.

The NWI produces figures that are easy to compare to GDP and often show a substantial difference, giving the clear message that if we were to value and measure different things our indicators would start giving us very different signals about progress. These attributes could be highlighted further through a range of different media.

5.2 Identifying and connecting with other potential users

Despite the firm view of the scientists who calculate the NWI that there should be clearly defined and separate roles for scientists and policy makers and that any political or normative implications of the results should be left for others decide on and undertake, it would be a useful exercise to apply the NWI results to real current political problems. Clearly identifying the types of problems the NWI could help to solve and therefore which policy makers, politicians and officials it could be useful for would be a good basis for catalysing greater political use.

This practice of clearly identifying potential users has been confirmed as one of the key success factors for alternative indicators in BRAINPOOL's previous work⁸⁰ which found that developing the indicators with the audiences at whom they are targeted was vital to their use and impact. The importance of relationship building also applies to policy makers with most initiatives that had achieved policy success citing direct face-to-face channels as key to their success.

5.3 Turning calculations into policy applications

Furthermore, previous experience with the ISEW/GPI methodology has shown that while the headline figure that is produced by these indices does not, in itself, communicate a very distinct message that could be used policy makers or politicians, one of the key benefits is that it allows the key stakeholders to start talking to each other about what kind of progress they are seeking to pursue. Once these actors start to deconstruct the variables, they can see in which areas their country, region or city is doing well or badly, which can then inform a debate about policy priorities.

6. Conclusion

It is increasingly recognized that GDP was never designed as a measure of economic welfare and the pursuit of GDP growth as an end in itself is no longer an appropriate national policy goal.

The National Welfare Index, while certainly not perfect, has been used effectively in Germany as a headline indicator to monitor the progress made towards an inclusive multi-purpose economy that generates welfare in a sustainable way, both at the national and regional level. In this way, it could be argued that the NWI is a better approximation of economic welfare than GDP.

What this study has shown, however, is that there are a number of different barriers and hurdles that have, in different ways, affected the level of use and impact that the index has achieved. These include barriers associated with the political context such as the European sovereign debt crisis, barriers connected with the indicator itself such as its robustness and timeliness and barriers linked to potential users including perceptions about its neutrality.

⁸⁰ See Tomas Hak et al. (Jan 2013), Chapter 6 of 'Review report on Beyond GDP indicators: categorisation, intentions and impacts', BRAINPOOL deliverable 1.0

In this way this study has developed a greater understanding of the challenges faced by a 'Beyond GDP' indicator in institutionalising an alternative approach to measuring progress both from the perspective of the producers, users and detractors of the index.

Of broad interest is the understanding that if an indicator is going to be used politically, it needs to solve somebody's problem. The question for the NWI is whose problem it solves? One potential answer is that it is the Green Party's problem, who can continue to use the NWI in an effort to show that by following 'green' policies they can improve the welfare of those living in the regions they govern.

If the NWI is to be used more widely, however, it will have to solve some of the barriers highlighted in this paper, particularly perceptions of political neutrality and robustness and will have to tailor its communication to project a message that has greater resonance to a broader audience.

This process should not be insurmountable, however, as there is clear international public support⁸¹ using health, social and environmental statistics as well as economic statistics to measure societal progress and human well-being, and the positive outcomes for society resulting from such a shift are becoming increasingly clear.

Moves towards environmental protection, social equity, better product quality and durability, and more efficient resource use are already underway in many countries and regions. Alternative measures of progress, like the NWI, can be useful tools to help chart the course and assess progress along it if appropriately understood and used.

⁸¹ Ethical Markets, (July 2013), http://www.ethicalmarkets.com/wp-content/uploads/2013/05/Beyond_GDP_Poll_2013_Summary-Report-final-280513.pdf.

Annex 3. The British Business Bank

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nef (the new economics foundation)

September 2013

1. Background

Work is currently taking place in the UK department for Business Innovation and Skills (BIS) to set up a state owned Business Bank which will be fully operational by the second half of 2014. It is being designed to do three things:-

- Increase finance provided to viable but underserved businesses, especially long term finance
- Increase the diversity of suppliers and products in the SME and mid-cap finance market
- Improve the effectiveness, raise awareness and increase the use of Government finance and other support by consolidating the array of existing schemes.

The Business Bank will not directly lend to or invest in businesses: its programmes are designed to increase the capacity of existing channels of finance, essentially by de-risking therefore increasing the profitability of investment. These channels will include providers of debt, equity and mezzanine finance. There will be some immediate refinements and a small amount of new money, while plans are being developed for new mezzanine and long term debt products for SMEs that are not currently available on the market. Various wholesale products are also being considered, designed to reduce risk or the capital a lender needs to hold against a portfolio of SME loans. The bank may offer business advice.

It will have £1bn of new capital and will take over existing investments, giving it a total of £3-4bn. It is expected to produce an 'appropriate' return.

At the same time the UK Labour Party, currently in opposition, has been developing its own plans for a British Investment Bank – in practice a further development of the same idea. A number of reports have been prepared by think tanks on how the current or a future Labour government could develop this idea. Most of the proposals are designed to address failures in the market for business finance, particularly as affecting small and medium sized enterprises (SMEs). In particular they cite a long standing (and long recognised) information failure (the cost of assessment do not justify the returns available on the investments), exacerbated by oligopoly and current restrictive market conditions.

At the same time The Good Jobs Taskforce, a group of business people, trade unionists, academics and policy researchers, including the new economics foundation (**nef**) has been considering the policies necessary to create more sustainable good jobs in the economy.

It defined ‘good jobs’ as ones which provide

- a decent income
- job security
- opportunities for progression
- satisfying work
- employee voice
- decent conditions, *and*
- work life balance.

It defined ‘sustainable good jobs’ as good jobs that (a) can survive and will be commercially viable following the transition to a low carbon, sustainable economy and (b) do not threaten environmental sustainability and thus do not reduce the prospects for other good jobs in the medium to long term.

It concluded that one of the levers that could help achieve this could be the British Business Bank – but with a suitable mandate, and operating with a performance indicator framework that used a new set of indicators. These are described below and, if used more broadly, can be seen as ‘beyond GDP’ indicators.

2. Methodology

Initial approaches revealed that Both BIS officials and Labour Party politicians and advisors were open to discussion of this and accordingly a case study was set up in which we were able to identify the barriers to the use of this new set of indicators and how these might be overcome in practice during the policy development process.

The case involved a series of interviews with officials, politicians and political advisors and email exchanges with experts and on this basis preparation of a presentation and a seminar attended by officials, political advisors, academics and representatives of stakeholders. Through these various methods we consulted with a total of 26 individuals.

Interviews were conducted with 8 individuals:-

- 2 officials
- 2 'front bench' politicians
- 4 political advisors

E-mail comment was received from:-

- 2 bankers/advisors on banking
- 3 policy specialists

16 people other than nef attended the seminar including:-

- 2 officials
- 3 political advisors
- 4 business consultants
- 4 representatives of business organisations with an interest in policy
- 2 trade unionists
- 1 business academic.

3 of the seminar attendees had been interviewed.

3. How alternative indicators could be used

The following is based on the draft report by the Good Jobs Taskforce which was used during the case study to elicit comments.

The bank's sustainable good jobs mandate is for the short and the long term, and so it should use both short and long term indicators. The short term indicators should measure between numbers of sustainable good jobs the bank has helped to create, and the long term indicators should be strategic or leading indicators, measuring the bank's contribution to the successful implementation of an agreed strategy for sustainable good jobs over the longer term (that is to say implementation of an industrial strategy).

Note that neither type of indicator reports directly on what the bank has done: they are outcome indicators, not output indicators. As such, they may be as much or more influenced by the actions of other agencies (or uncontrollable events) as by the bank itself.

The indicators are not themselves targets. However, they can be used as the basis for targets set by the bank's national board and regional boards.

Short term indicators

The choice of indicators represents a compromise what one would ideally measure given the definition of a sustainable good job in chapter two, and what data are available or could be made available.

The starting point for developing the bank's short term performance indicators should be a suite of national and regional 'sustainable good jobs' indicators. These measure performance in nation or region as a whole and are not performance indicators for the bank. They can be grouped into four themes: unemployment, pay/income, job quality

other than pay and CO₂ emissions. A starting point for the discussion was as set out in table 1.

<u>Category</u>		<u>Core Indicators</u>	<u>Supplementary Indicators</u>
Unemployment		<ul style="list-style-type: none"> Unemployment Rate 	<ul style="list-style-type: none"> Youth unemployment Rate Long term unemployment rate
Pay/Income		<ul style="list-style-type: none"> Median Wages 	<ul style="list-style-type: none"> Median household income Proportion of working-aged individuals in low income households
Job quality (other than pay)	Working Hours	<ul style="list-style-type: none"> % working more than 45 hours a week % underemployed 	<ul style="list-style-type: none"> Average working hours
	Job security	<ul style="list-style-type: none"> % who feel it is likely or very likely that they will lose their jobs in the next 6 months % of employees on temporary contracts because they are unable to find full-time jobs Job turnover rates 	
	Job satisfaction	<ul style="list-style-type: none"> % satisfied or very satisfied with their job 	
	Autonomy	<ul style="list-style-type: none"> % reporting lots of or some autonomy with their job 	
	Employee voice	<ul style="list-style-type: none"> % reporting they have adequate opportunity to have their views heard 	
	Opportunities for progression	<ul style="list-style-type: none"> % reporting the opportunity to progress in their job % reporting opportunities to develop their skills 	
Environmental impact		<ul style="list-style-type: none"> Industrial and commercial CO₂ emissions per full time equivalent job Overall CO₂ emissions per capita 	

Table 1

The data needed for most of these indicators already exist.

Positive or negative movement in these national and regional indicators will *not* tell the board, or the public, whether management is doing a good or bad job. They are subject to too many other drivers. However they do serve three other important functions:-

- They can inform decisions about the types of interventions that might be most appropriate in each region.
- They play a symbolic role, sending a signal to all staff about the purpose of their work and making clear the ultimate shared objectives of the various agencies contributing to the creation of sustainable good jobs in terms that make sense to the public.

- Poor performance against these measures *may* call into question the overall economic strategy and institutional architecture.

However indicators measuring the Bank's contribution to these results are also needed and a starting point for the discussion was as set out in table 2. All the indicators refer to the aggregate of investee companies in a region. In some instances they are absolute figures, in some cases changes, in some cases absolute figures or changes relative to the regional or sectoral average. The latter is important because the bank may be in a position to promote better than average pay, and better conditions, in badly paid industries.

<u>Category</u>		<u>Core Indicators</u>	<u>Supplementary Indicators</u>
Unemployment		<ul style="list-style-type: none"> • Net increase in employees 	<ul style="list-style-type: none"> • Recruitment of workers under 25 compared with regional average • Recruitment of long term unemployed in investee companies compared with regional average
Pay/Income		<ul style="list-style-type: none"> • Median Wages compared with regional average • Median Wages of non-graduate employees compared with regional average and compared with sectoral average 	<ul style="list-style-type: none"> • Proportion of employees earning less than 75% of national median wages
Job quality (other than pay)	Working Hours	<ul style="list-style-type: none"> • % working more than 45 hours a week compared with regional average 	
	Job security	<ul style="list-style-type: none"> • Number of redundancies • % of employees on temporary contracts • Job turnover rates 	
	Job satisfaction	<ul style="list-style-type: none"> • % satisfied or very satisfied with their job 	
	Autonomy	<ul style="list-style-type: none"> • % reporting lots of or some autonomy with their job 	
	Employee voice	<ul style="list-style-type: none"> • % reporting they have adequate opportunity to have their views heard 	
	Opportunities for progression	<ul style="list-style-type: none"> • % reporting the opportunity to progress in their job • % reporting opportunities to develop their skills • Average percentage pay rise enjoyed by individuals excluding directors 	
Environmental impact		<ul style="list-style-type: none"> • CO₂ emissions per full time equivalent job relative to sector [This is problematic but better than a non-sectorally based measure] • Change in CO₂ emissions per full time equivalent job 	

Table 2

There are clearly issues as to whether gathering this data is feasible, or at least can be done without imposing an undue burden on investee companies: this has proved a difficulty with the Regional Growth Fund. We therefore recommended investigating whether the core employment and pay data could be gathered through (or in parallel with) the PAYE system. Subjective data about job quality will require a survey, which the Bank can operate (at the government's expense) on all investee companies.

Strategic or leading indicators

The bank's performance should also be measured by leading indicators, measuring the extent to which the economy is developing into one which will support good jobs in the future. The Good Jobs Taskforce recommended that this will again require regional and national indicators of overall progress, for the same reasons as discussed above, as well as indicators of the bank's contribution to these.

The national and regional measures should be of:-

- Employment in targeted sectors and companies
- Skills development
- Sustainability and environmental performance.

The starting point for discussion was as set out in table 3. Again, the bank will not be the only or in the case of skills development the main agency responsible. However the bank's investment decisions will influence these outcomes and the starting point for discussion of indicators of the bank's contribution was as set out in table 4.

Category

- | | |
|--------------------------|---|
| Employment | <ul style="list-style-type: none"> • Change in employment in target sectors and supply chains (i.e. sectors and supply chains identified as having the potential to deliver good jobs as part of the UK industrial strategy) • Increase in employment in high growth companies • Increase in exports in target sectors • Skill levels (NVQ) in targeted sectors |
| Skill development | <ul style="list-style-type: none"> • Surveys of management in targeted sectors on ability to recruit people with requisite skills • Balance in projected demand and investment in supply of requisite skills |
| Sustainability | <ul style="list-style-type: none"> • Absolute levels of and changes in carbon (and other environmental) efficiency sector by sector, as compared with international changes and (for regional indicators) national changes in those sectors • Change in employment in sectors which are substituting for environmentally inefficient sectors |

Table 3

Category

Employment	<ul style="list-style-type: none"> • Change in employment in investee companies in target sectors/supply chains (i.e. sectors/supply chains identified as having the potential to deliver good jobs as part of the UK industrial strategy) • Net increase in employment in high growth investee companies • Change in proportion of total employment by investee companies in the above two categories • Proportion of financing used to develop skills • Proportions of jobs in investee companies requiring NVQ3 qualifications and NVQ4 qualifications as compared with regional average
Skill development	
Sustainability	<ul style="list-style-type: none"> • Absolute levels of and changes in carbon (and other environmental) efficiency in investee companies sector, as compared with international levels and changes and (for regional indicators) national changes in agreed comparator companies • Investment in technologies which are increasing environmental efficiency and in sectors which are substituting for environmentally inefficient sectors • Aggregate profitability and profit growth of the banks' investee firms if emissions priced at target price

Table 4

4. The barriers to the adoption of alternative indicators

During the discussions several potential barriers to the use of the indicators set out in section 3 were identified. These were broadly of two kinds: practical barriers, given that a good jobs mandate is accepted, and more theoretical or ideological barriers, calling into question the good jobs mandate.

Two kinds of practical barrier were identified: first, that the necessary data would be either unavailable or excessively costly and difficult to gather; second, that attempting to respond to the resulting indicators would involve excessively complex, bureaucratic operations.

It is true that some of the data about job quality would require use of surveys, and thus additional costs. There would also need to be additional investment in data gathering and analysis on wage levels since tax data gathered through the PAYE system might not be sufficient. There could also be issues about the reliability of some of the data collected at firm level about job quality – this kind of information can be manipulated. Collection of environmental data at firm and regional level in a meaningful form (for example so that it can be compared with sector averages) is also not straightforward

and could involve excessive cost. Where investments are relatively small this cost could be disproportionate.

In addition, if the bank is to be guided by these indicators, it will have to make assessments of applicant firms according to criteria related to the indicators. Badly designed assessment processes could create unacceptable burdens on applicants (and deter good applications) or become excessively costly to the bank itself, given the relatively small size of many loans and investments. There is a real danger that an impossibly bureaucratic system is set up – and fear of this could deter use of the indicators.

For this reason the novelty of the indicators could itself constitute a barrier – this was raised as an issue by one interviewee: if the necessary data gathering and assessment systems have not been set up elsewhere, there is a perceived risk that the investment needed to set them up for the British Business Bank would be wasted.

Related to this was a concern that the use of indicators in this way would create an institution with too complex a set of objectives – this is not a concern about the details of day to day processing, but about lack of focus for management. This is an interesting issue, since much of the power of the traditional focus on GDP and market efficiency is its simplicity, and the ease with which it can be translated into guiding principles for middle ranking and junior officials. The concern, raised by an official, reflects the failure of government agencies which have lacked a clear and focussed mandate.

In addition to these practical or organisational issues, there were concerns at a more fundamental level with moving away from a mandate, and thus a set of indicators, to make market as currently structured work more efficiently.

This theoretical or ideological barrier was not about the ultimate goals described: no-one – from the bankers association to business to the finance ministry – would object to the broad goals implicit in the mandate and the indicator set (to create more sustainable good jobs). However, a minority revealed a theoretical attachment to the power of efficient markets:-

- a. 3 of the 26 people we consulted thought that an explicit mandate and indicators of the kind suggested were unnecessary because relying on market forces and the resulting growth would deliver these goals; this was definitely a minority view amongst those we interviewed, but it remains powerful and we were told by one interviewee that it is widespread amongst members of the Government Economics Service. During our work with BIS as part of WP2 we were advised by some officials that they believed all too often officials were unaware of the assumptions on which this view depended – although as impartial officials they should be made aware of them.
- b. 1 or 2 people expressed the related orthodoxy that it is better for non-financial objectives to be pursued separately – that investment intervention by government should use purely financial criteria, and that the objectives implicit in the indicators should be pursued through grant aid, or investment in further education etc; underlying this is, presumably, the assumption that distinct

market failures can and should be clearly identified and dealt with by distinct policy instruments.

Others were clearly less attached to market solutions, but thought that in the real world government needed to work within this paradigm:-

- c. Several of the people we consulted were sympathetic to the mandate but were concerned that use of these indicators would mean the bank would be perceived as 'uncommercial', that business and the banking community would then react negatively to it, and that this would in turn make the bank ineffective – less attractive to business clients and less of a role model to the banking community. In fact the discussion at the seminar suggested this need not be the case, and the Good Jobs Taskforce had shown that there are precedents for a 'social mandate' for a banking institution from outside the UK: this fear seemed to reflect less a worked out problem and more an implicit assumption that government interventions need to work within the grain of existing market and business paradigms. This is at least in part a continuing reaction to the failed industrial interventions by the UK government in the 1970s but may also reflect a common perception of the power of business to set the rules of the game, and the need to work within these rules.
- d. The view was expressed that the use of these indicators, and the mandate behind them, would be more acceptable if described as economic rather than social indicators (and mandate). In other words the concern is possibly more about perceptions and rhetoric than reality.

5. Ways in which these barriers may be overcome

Our view, which was shared by several of those we consulted, was and is that the practical barriers identified can be overcome given a focussed effort, some money and a willingness not to let the best become the enemy of the good. However this happening will itself depend on a coherent strategy for implementing an industrial strategy being adopted, with something like the indicator set described above used to guide the full range of available interventions. Such a strategy would:-

- Justify the investment in data collection
- Make sense of the bank's mandate and justify the necessary process design
- Make it possible to allocate some kinds of investment and business to support to other institutions, and therefore deal with the problem of focus identified.

As for the broader, ideological objections,

- The reasons why markets do not deliver the ultimate objectives – and should not be expected to do so – need to be communicated again and again – and in terms that those on the other side of the argument cannot simply dismiss as uninformed; in particular the contradictions and assumptions in the views expressed need to be identified and communicated
- Similarly the reasons why identifying individual market failures and devising individual instruments for dealing with these is an inadequate approach to

policy development – at both a theoretical and practical level – need to be communicated, again in terms that cannot be dismissed

- A coalition of support for the kind of institutions, mandates and indicators needed for the broader industrial strategy that justifies the use of new indicators by the Bank needs to be built – a coalition that includes sections of business and finance
- Care needs to be taken about the rhetoric used in building this coalition so as to ensure success.

The theoretical objections a and b described in section 4 are built into government institutions (in this case the Government Economics Service – and while we do not have evidence from the case itself, most likely the finance ministry – H.M. Treasury). It is difficult for elected politicians to take on these institutions and the assumptions they operate under. Typically discussion of this problem revolves inconclusively around whether the kind of argumentation advocated here should be designed to make such institutions guardians of the new agenda or to create alternative centres of expertise and power. Resolving this issue is beyond the scope of this case, but remains an important issue for Bringing Alternative Indicators into Policy Making and we will return to this in WP4.

6. Conclusions

The case overall demonstrates the following points:-

1. It is possible to identify sets of indicators that provide a new roadmap to broadly agreed goals – in this case the agreed goal is sustainable good jobs
2. This roadmap would lead to a different set of actions to those suggested by conventional indicators, such as increase in economic activity (GDP)
3. The objection to such indicators is not typically that the goal is objectionable or that the indicators fail to measure progress towards the goal; it is more likely to be that the indicators are at best redundant or not worth the effort (given the power of markets) and at worst will not work in practice or if they do may divert efforts away from well-established methods
4. Countering such objections requires effort at four levels:-
 - a. Practical work to show that the indicators do work, both as descriptions of reality and as guides to decision making
 - b. Strategic work that links the indicators to a coherent set of policy objectives, sufficiently broad to attract political momentum – in this case an industrial strategy
 - c. Conceptual work that disarms the theoretical position of opponents
 - d. Institutional work – to weaken opponent if the conceptual work fails to make powerful opponents themselves guardians of the agenda
 - e. Campaigning work to build the necessary alliances.

Annex 4. The use of Sustainable Development Indicators in the Welsh Government

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September 2013

Executive summary

This report documents the findings of a case study on how the Welsh Government uses its headline Sustainable Development Indicators (SDIs). It finds that the indicators are not currently used effectively across Welsh Government policy-making due to a variety of barriers that result in them not being seen as having a meaningful role within the policy-making process. However, it describes a clear opportunity to clarify and strengthen the role of the SDIs through the Future Generations (Wales) Bill which the Government plans to introduce in 2014.

The case study was carried out by **nef** (the new economics foundation) as part of BRAINPOoL (Bringing Alternative INdicators into POlicy). This is a project, funded by the European Commission through the FP7 research programme, that seeks to help accelerate the use of 'Beyond GDP' indicators in policy-making. The case study involved a review of Welsh Government documents, meetings with key policy informants, semi-structured interviews with senior policy-makers from across Welsh Government and a workshop for policy-makers.

Despite the clear formal commitments of the Welsh Government to sustainable development (SD) goals, and the seemingly high-profile SDIs, we found that SD and the SDIs are not seen as top-level drivers of policy goals within Welsh Government. Instead, research participants pointed to a small number of ministerial-led priorities as encapsulating the Government's key goals (economic growth, promoting employment and tackling poverty), and further referred to the Programme for Government as the key place where Government priorities were brought together.

Two findings about the policy context help in particular to set the scene for understanding the range of barriers to the effective use of the SDIs. Research participants displayed a range of attitudes towards the SD agenda in general, with a minority who saw the full range of Welsh Government SD themes as central to their work. Others focused on only those particular aspects of SD to which their work most strongly related, described SD as synonymous with the process of good policy-making rather than emphasising the role of specific SD goals or viewed SD as a minimum standard which must not be breached. Participants also described a somewhat mixed picture of how indicators in general are used within the Welsh Government policy process, noting that the indicators which have brought about change are those which received particular attention, not necessarily because they reflect the top priorities of Welsh Government, but often because of poor performance.

However, there is currently focused attention on improving the apparatus to help the Government address SD throughout its policy-making, with work on the Future Generations (Wales) Bill on-going (referred to by research participants and in this report as 'the SD Bill'), and this provides an important opportunity to address the barriers to the effective use of the SDIs.

The research identified eleven specific barriers to the effective use of the SDIs, clustered into four groups, as follows.

Barriers relating to lack of salience for key audiences

1. Lack of strong narrative
2. Lack of context and meaning
3. Too many indicators across Welsh Government
4. Poor design and selection of individual indicators

Barriers relating to lack of connection to priorities and action

5. Lack of connection to Government priorities and tension about how the SDIs *should* relate to them
6. Reluctance to prioritise within indicator sets
7. Lack of connection to policy action

Barriers relating to perceptions that the SDIs distort the true priorities of the Welsh Government

8. Seen as too weighted to environmental issues
9. Seen as a false technocratic solution

Barriers relating to political pressures affecting the use of indicators

10. Lack of fit between the evidence from indicators and the factors driving political decision-making
11. Pressure on politicians to be seen to be taking quick action

Reflecting on the findings, including the suggestions for changes made by research participants, we note that the barriers, taken together, suggest that the SDIs are not seen as having a meaningful role within the policy-making process. But we point to

the important and timely opportunities to develop such a role for the SDIs presented by the on-going work relating to the SD Bill.

In particular, we make four recommendations for action, to help the SDIs contribute effectively to policy-making across the Welsh Government:

1. The SD Bill legislation should establish a clear role for the indicators as an accountability mechanism for the contribution of Welsh Government (and other public sector) policy to sustainable development goals, with the indicators to be developed and owned by the SD body.
2. The SD body, working in consultation with the Welsh Government's SD policy unit, should re-develop the SD indicator set according to a set of design principles which ensure that it is fit for purpose for this role.
3. The SD body and Welsh Government, working together, should improve the communication of and narrative around the SDIs to ensure that they are viewed as meaningful and important.
4. The Welsh Government should create tools that help embed a focus on the SDIs within its core policy processes.

1. Introduction

BRAINPOoL (Bringing Alternative INdicators into POlicy) is a project funded by the European Commission through the FP7 research programme that seeks to help accelerate the use of 'Beyond GDP' indicators in policy-making. It is primarily a knowledge brokerage project working by helping the producers and promoters of Beyond GDP indicators and the potential users of these indicators come together, understand one another, and identify fruitful interactions. The project's understanding of Beyond GDP indicators is based on how indicators are used, describing them as:

“those indicators and indicator sets that have been proposed as necessary and central to the measurement of societal progress in a broad sense, other than those indicators, such as GDP or the unemployment rate, that are already playing this role.”⁸²

BRAINPOoL is being delivered by a consortium of partners across Europe, including **nef** (the new economics foundation)⁸³. Juliet Michaelson of the Centre for Well-being at **nef** carried out this case study. **nef** is an independent think tank based in London, which works on developing alternative economic solutions for achieving sustainability,

82 Hák, T. (CUEC), S. Janoušková (CUEC), S. Abdallah (nef), C. Seaford (nef) and S. Mahony (nef). *Review report on Beyond GDP indicators: categorisation, intensions and impacts*. Final version of BRAINPOoL deliverable 1.1, A collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024). CUEC Prague, 18 October 2012.

⁸³ The other partners are: The Netherlands Organisation for Applied Scientific Research (TNO); Université Libre de Bruxelles, Centre of Studies of Sustainable Development (CEDD); Erasmus University Rotterdam; Charles University Environment Centre, Charles University Prague; Université de Toulouse; and the World Future Council.

social justice and well-being. The Centre for Well-being at **nef** leads a programme of work on the use of well-being and other Beyond GDP indicators in policy-making.

The first stage of the BRAINPOoL project (work package 1) explored the perspective of indicator producers and promoters – cataloguing the various initiatives, understanding the producers’ intentions, and learning about the indicators’ success or otherwise in achieving some form of impact either in policy or elsewhere. In the second stage of the project (work package 2) we took a look from the perspective of the potential users of Beyond GDP indicators – understanding several selected national and supranational organisational contexts, and identifying the barriers to and opportunities for demand for Beyond GDP indicators.

In this, the third stage (work package 3), the BRAINPOoL partners have brought producers and potential users together in seven specific case studies at different geographical levels, from the local to the supranational. In each case study we have sought to identify a problem that Beyond GDP indicators might help solve, and explore steps towards them playing such a role.

The case study reported here is concerned with the Welsh Government, and examines the use of its set of headline Sustainable Development Indicators (SDIs) in its policy-making activities, and considers how they could be used more effectively. The case study was selected because of the Welsh Government’s prominent commitment to the sustainable development (SD) agenda, of which the indicators form part, and because it offered an opportunity to explore the use of Beyond GDP indicators in a devolved government setting.

The remainder of this report on the case study is structured as follows:

- **Section 2** – Approach and methods used to carry out the case study.
- **Section 3** – Background to the Welsh Government and sustainable development in Wales.
- **Section 4** – First findings section: The current context for and use of the SDIs.
- **Section 5** – Second findings section: Barriers to the effective use of the SDIs.
- **Section 6** – Discussion of findings and recommendations for action.

2. Approach and methods

The case study has been carried out through qualitative and participative action research with policy officials across the Welsh Government.

The research has involved the following stages and methods:

1. **Initial discussions with policy officers within the Welsh Government**, to agree the scope for the case study. Our main contacts who acted as the liaison point throughout the project were policy officers responsible for SD across the Welsh Government, but we also attended an initial meeting with a set of ‘key informants’ – officials whose roles in Welsh Government gave them a particular interest in either the SD policy agenda or indicators, or both.

2. **Reviewing Welsh Government documents and other related grey literature** to understand the context of the organisation, how the SD agenda is interpreted and implemented in Wales, and in particular the history and use of the SDIs.
3. **Semi-structured interviews with policy officials.** Interviewees were recruited from a list, provided by our main contacts, of suggested officials across each of the main Welsh Government policy areas. Based on advice from our contacts, we aimed to recruit interviewees at the level of Deputy Director or Division Head i.e. they were two rungs below the Director General of the relevant policy Directorate.

The recruitment strategy was based on an introductory leaflet (produced in discussion with our main contacts) and sent by the **nef** researcher by email to recruitment targets, followed up by phone calls where email responses were not obtained.

Eight in-depth interviews were carried out on a one-to-one basis with the **nef** researcher (except in one case where two officials from the same policy area were interviewed jointly). Most achieved interviews were with officials with the intended seniority (e.g. Deputy Director level). While the aim was to cover a broad range of policy areas, many of the interviewees' job roles often gave them a particular interest in SD within their policy area – thus the sample was not one of 'SD neutral' officials. They represented a range of policy areas including those focused on economic, social, and environmental policy.

Interviews lasted around an hour and were audio recorded. The interviews were structured around a topic guide (revised after the first set of interviews) that focused on:

- Key goals of the interviewee's work area
- The role of SD within the work area and attitudes to the SD agenda
- The extent to which the SDIs had received attention in the work area
- What could help the SDIs have more influence
- How indicators compare to other means of policy change.

The full topic guide is shown in Appendix 1.

4. **Sense-checking with key informants.** After carrying out the initial interviews and summarising the main themes emerging from them, we held three in-depth conversations with key informants, whose roles gave them a particular insight into the SD agenda across Welsh Government and/or the use of indicators. These conversations were used to gain initial feedback on the emerging findings, learn about changes to the policy context since the inception of the case study, and develop a structure for the action-research workshop.
5. **Action research workshop.** The aim of the workshop was to generate further insights into the barriers to the effective use of SDIs across the Welsh Government and to stimulate discussions of changes and tools which could help overcome these barriers. On the advice of our main contacts, the workshop was framed around the effective use of indicators as a whole in Welsh Government policy-making, rather than the SDIs specifically. However, the initial findings from the

interviews which focused on the SDIs were presented during the workshop, so that much of the discussion which took place was directly focused on to the SDIs and nearly all of it was relevant to them.

A leaflet about the workshop was produced in discussion with our main contacts, and was sent by them to a list of their colleagues across Welsh Government, which included those who had taken part in interviews. Recipients were asked to delegate if they were unable to attend themselves, and therefore those attending the workshop were, on average, less senior than the group of interviewees (although some interviewees did attend the workshop). Our main contacts also took part in the workshop, largely in participant roles.

The workshop lasted three hours and was facilitated by the main **nef** researcher together with a colleague from **nef**. Around 14 people participated. It included:

- A presentation on the Beyond GDP agenda and BRAINPOoL project
- A small group exercise discussing current use of indicators across the policy cycle in Welsh Government
- A presentation on initial findings from the interviews on the use of the SDIs
- A facilitated discussion on better use of headline indicators

The full workshop agenda is shown in Appendix 1.

The workshop sessions were audio recorded and transcripts produced.

6. **Analysis and write up.** A data-driven approach was used to analyse the findings from the interviews and workshop, classifying the content using an iterative approach to developing themes.

The findings have been presented in this report to protect the anonymity of research participants. This means that details of particular policy areas referred to by participants have been obscured where they would be likely to lead to the identification of individuals.

3. Background to the Welsh Government and sustainable development in Wales

This section provides a brief background to: the Welsh Government and its structure, the SD agenda within Wales as a whole, and the Welsh SDIs in particular. It is based on the review of grey literature and conversations with key informants which were carried out during the case study, and is also informed by interview and workshop findings.

3.1 The history and current context of the Welsh Government

The current Welsh Government is the executive body responsible for the twenty policy areas for which responsibility has been devolved to Wales from the UK Government. The devolved areas include agriculture, education, the environment, health, housing

and local government but not general taxation, defence and foreign affairs, and social security, which remain the responsibility of the UK Government.⁸⁴

Welsh devolution has undergone a number of different stages since 1997, which have contributed to the development of the current Welsh Government. Following a referendum in 1997 which secured a narrow majority for devolution, the National Assembly for Wales was created, with the first elections held in 1999. At first it was a corporate body with no formal distinction between the executive and legislature, but from 2002 efforts to make this distinction clearer were made, with the term 'Welsh Assembly Government' used to refer to the actions of the Cabinet. Following a review of the Assembly, the Government of Wales Act 2006 created a legal separation of executive and legislature, with additional legislative powers for the Assembly. A referendum in 2011 further added to these powers.⁸⁵ That year also saw the renaming of the executive body from the 'Welsh Assembly Government' to the 'Welsh Government', to make a clearer distinction between the Government and the National Assembly for Wales.⁸⁶ The civil service of the Welsh Government replaces what was the Welsh Office of the UK Government pre-devolution. While it is therefore a new organisation in many ways, in some ways the civil service pre-dates the devolved government (for example, in its physical location, and with a number of members of staff who were previously employed by the Welsh Office).

The civil service is structured into seven Directorates between which the areas of the Welsh Government's policy responsibility are divided. Each Directorate is relatively broad in scope and is headed by a Director General. Directorates are structured into policy Divisions, which have responsibility for defined areas of policy. Divisions are headed by Directors who are in turn supported by Deputy Directors for specific policy areas within the Division.

The most recent elections to the National Assembly for Wales in 2011 resulted in a government formed by Welsh Labour (the Welsh section of the UK's main centre-left political party). After its election, the Welsh Government published the 'Programme for Government' (PfG) as a 'roadmap' for its actions during the Assembly term.⁸⁷ The PfG document is structured into twelve chapters, each representing an area of policy (see Table 1b later in the report).⁸⁸ Each chapter sets out a high-level aim, key actions to deliver, a narrative on 'how we will know our actions are on track', including indicators to be monitored, the 'big long-term challenges that our actions will contribute to

⁸⁴ <http://wales.gov.uk/about/history/devolved/?lang=en>.

⁸⁵ <http://www.assemblywales.org/abthome/role-of-assembly-how-it-works/history-welsh-devolution.htm>

⁸⁶ <http://www.bbc.co.uk/news/uk-wales-politics-13389400>

⁸⁷ Welsh Government (2011) *Programme for Government*.

⁸⁸ The PfG policy areas are: Growth and sustainable jobs; Public services in Wales; Education; 21st Century Healthcare; Supporting People; Welsh Homes; Safer Communities for All; Equality; Tackling Poverty; Rural Communities; Environment and Sustainability; and the Culture and Heritage of Wales.

meeting’, the ministers accountable for delivery and who the key partner organisations in delivery will be. PfG progress reports have been published in 2012 and 2013, with an overview narrative detailing the key actions taken and outputs achieved within each of the twelve areas, and detailed tables describing progress on the large number of ‘action commitments’ within the PfG.

3.2 History and current state of the SD agenda in Wales

The Government of Wales Act 1998, which established the devolved government in Wales, included a requirement on it to make a scheme setting out ‘how it proposes, in the exercise of its functions, to promote sustainable development’, with requirements to keep the scheme under annual review, to remake or revise it when a new government was formed, and to carry out an effectiveness review of the scheme at the end of each government term. The duties were renewed in the Government of Wales Act 2006, though placed on the newly established executive body rather than the National Assembly. This commitment to SD in the founding legislation of the devolved government made it ‘one of the few administrations in the world to have a distinctive statutory duty in relation to sustainable development’⁸⁹. This set the tone for what has become the Welsh Government’s high-profile public commitment to SD, which has persisted through a number of changes of government.

To date, there have been three SD schemes adopted, in 2000, 2004 and 2009. The statutory effectiveness reviews on the first two schemes, noted progress on building SD into policies and generating enthusiasm, but the review published in 2008 reflected that SD in the Welsh Government took place in ‘innovative silos’ rather than being mainstreamed.⁹⁰

The third (and current) scheme, One Wales: One Planet, was published in 2009. It defines ‘Sustainable Development in Wales’ as follows:

“In Wales, sustainable development means enhancing the economic, social and environmental wellbeing of people and communities, achieving a better quality of life for our own and future generations:

- *In ways which promote social justice and equality of opportunity; and*
- *In ways which enhance the natural and cultural environment and respect its limits - using only our fair share of the earth’s resources and sustaining our cultural legacy.*

Sustainable development is the process by which we reach the goal of sustainability.”

⁸⁹ Welsh Assembly Government (2009) *One Wales: One Planet. The Sustainable Development Scheme of the Welsh Assembly Government.*

⁹⁰ Flynn A, Marsden T, Netherwood A and Pitts R (2008) *Final Report: The Sustainable Development Effectiveness Report for the Welsh Assembly Government.* Cardiff University, Richard Pitts Associates and Netherwood Sustainable Futures.

It also introduced the concept of SD as the ‘central organising principle’ of the Welsh Government:

“sustainable development will be the central organising principle of the Welsh Assembly Government, and the steps we will take to embed this approach. Sustainable development should be a real organising principle, relevant to all sectors of society. It demands joined-up government with a focus on the long-term and serving the citizen”.

Following the closure of the UK Sustainable Development Commission (SDC) in 2011, the Welsh Government appointed the former SDC Commissioner for Wales as the new Welsh Commissioner for Sustainable Futures with a role to provide leadership for SD, promote the embedding of SD into sectors and communities across Wales, and advise the Welsh Government on the implementation of SD.⁹¹

The statutory effectiveness review on the One Wales: One Planet SD scheme, published in January 2012, noted the appointment of the Commissioner for Sustainable Futures as a positive step, as well as noting positives on engaging with stakeholders and the creation of the post within the Welsh civil service of Director General for Sustainable Futures (the official who heads the Sustainable Futures directorate which is made up of five departments: Environment; Agriculture and Food; Office of the Chief Veterinary Officer; Housing and Regeneration; and Culture and Sport). However, it noted challenges which included: the fact that not all departments within Welsh Government had the same levels of understanding or clarity about how SD principles should shape policy, the SD policy branch being seen as marginal to the main activities of the Government, and that SD was seen as one of a number of competing priorities, rather than the means by which competing priorities were managed.⁹²

In May 2012, the Welsh Government launched an initial consultation on plans for a new piece of legislation, the Sustainable Development Bill. (The working title of this Bill was updated during the writing of this report to the ‘Future Generations (Wales) Bill’⁹³, but as research participants referred to it as the ‘SD Bill’, this name will be used throughout this report). This proposed: a duty to be placed on the Welsh Government and a number of other public sector organisations in Wales to ensure that high-level decisions are consistent with a set of SD factors; a new role for the Auditor General for Wales to examine compliance with the duty; and a new statutory independent SD body, headed by a Commissioner, as a source of support, expert advice, guidance and constructive challenge for organisations subject to the duty.⁹⁴

⁹¹ <http://www.cynnalcymru.com/commissioner>.

⁹² PwC (2012) *Effectiveness Review of the Sustainable Development Scheme: A Report to Welsh Government*. PricewaterhouseCoopers LLP.

⁹³ <http://wales.gov.uk/topics/sustainabledevelopment/future-generations-bill/?lang=en>

⁹⁴ Welsh Government (2012) *Consultation Document: Proposals for a Sustainable Development Bill*.

The responses to the consultation informed a White Paper for the Bill, published for consultation in December 2012. The White Paper stated that the new duty on public bodies would apply to strategic decision-making processes within organisations rather than specific high-level documents. It described how the duty will be based on the application of a set of key principles of SD:

- Integration and working across boundaries
- Long-term thinking and a focus on prevention
- Engagement and involvement
- International scope

While the legislation will not specify particular outcomes, organisations will need to clearly set out the outcomes that they are working towards, and have a way of measuring progress towards them. The White Paper notes a 'clear expectation' that this will be through an indicator system. It also states that the SD body will have responsibility for recommending and monitoring key indicators of progress.⁹⁵

3.3 The Welsh SDIs

In addition to the wealth of indicators within the PfG, there is a set of SD indicators for Wales which has been evolving since 2000. In that year, the Welsh Government published a consultation paper with an initial set of 81 possible SD indicators, including a smaller set of 20 headline indicators (many of which were also included in the UK-wide 'Quality of Life Counts' publication). The consultation led to a reduced set of 12 headline SD indicators for Wales being adopted in 2001 (of which 9 were headline indicators for the UK) – this was regarded as an initial set with some indicators identified as requiring further consideration.⁹⁶ In 2006, the SD Indicators Working Group made recommendations on a full suite of indicators, which the Government confirmed, although there were still some identified as requiring development.⁹⁷

This indicator set, first reported on in 2007, embodied the basic structure of the current set of indicators, with headline indicators on the themes of economic output, social justice, biodiversity conservation and ecological footprint, and a range of supporting indicators that fell under a broader number of themes. The 2009 One Wales: One Planet scheme confirmed the headline indicators, adding one on 'the Wellbeing of Wales' and restructuring the supporting indicators, so that they fell within the same five

⁹⁵ Welsh Government (2012) *White Paper: A Sustainable Wales. Better Choices for a Better Future. Consultation on proposals for a Sustainable Development Bill.*

⁹⁶ Sustainable Development Indicators for Wales 2006, <http://wales.gov.uk/cisd/publications/statssustainable/2006/0330sustainable/sb212006en.pdf?lang=en>

⁹⁷ Sustainable Development Indicators for Wales 2007, <http://wales.gov.uk/cisd/publications/statssustainable/2007/0329sustainable/sb162007en.pdf?lang=en>

themes as the headline indicators. These themes were used to structure much of the One Wales: One Planet document. As a result, in the indicator results published in 2010 and subsequently, the headline and supporting indicators are structured into the five themes of: Sustainable Resource Use, Sustaining the Environment, A Sustainable Economy, A Sustainable Society and The Wellbeing of Wales. Descriptions of the five headline and their supporting indicators are shown in Table 1a, based on the most recent publication of the indicators. For comparison, Table 1b shows the twelve PfG policy areas. (Note that the presentation of the headline and supporting SDIs in one table has been developed for this case study – the indicators are not presented together on one page in Welsh Government documents.) Results for the indicators are published annually in a ‘Sustainable Development Indicators for Wales’ booklet.⁹⁸ This is a National Statistics publication, and therefore has the status of a statistical update on Wales as a whole, unlike the SD annual reviews (published as part of the statutory duty on SD) which report explicitly on government activity.

During the period of the research, plans to consult on and revise the SDIs were being discussed. The White Paper for the SD Bill sets out plans for the Welsh Government to review the PfG indicators, as well as to consult on the SDIs, and states that the legislation will set out ‘the need for need for clearly defined outcomes and corresponding indicators that measure progress against them’, which will be supported by the SD body.⁹⁹ At our initial meeting, key policy informants made clear that the option producing an integrated set of PfG and SD indicators was being actively examined. Our later conversations with key informants also highlighted an on-going process, led by a cross-government steering group, to develop a set of ‘national well-being’ indicators in a similar vein to those which have been developed by the UK Office for National Statistics Measuring National Well-being Programme. While no plans had been approved at that point, the intention was to create a framework for measuring well-being, where ‘well-being’ was regarded as a broad concept relating to ideas of ‘the state of the nation’ (rather than specific measures of people’s experiences of their lives as measured by subjective indicators of well-being). The framework would be populated with indicators from the PfG (if necessary flagging gaps where new indicators would be required) – hence the well-being measurement framework would be deliberately linked to the existing government programme, unlike the current SDIs which have the status of a separate statistical product. However, the idea of merging the SDIs with the new well-being measurement framework was being seriously explored. Hence this case study feeds into a context where changes to the SDIs are being actively considered across the Welsh Government.

⁹⁸ Most recently in: Statistics for Wales and Welsh Government (2012) *Sustainable Development Indicators for Wales 2012*.

⁹⁹ Welsh Government (2012) *White Paper: A Sustainable Wales. Better Choices for a Better Future. Consultation on proposals for a Sustainable Development Bill*. Paragraphs 4.7-4.10.

The SDIS					
Theme	Resource use	Environment	Economy	Society	Well-being
Headline indicator(s)	Ecological Footprint	Priority species status; Priority habitat status	GVA; GVA/head	% population in relative low-income households	Mental and physical functioning – ‘health status’ (SF-36); Life satisfaction
Supporting indicators	Greenhouse gas emissions	Bio-diversity: Short-term changes in bird population; Long-term changes in bird populations	Employment	Health inequality: Infant mortality; Life expectancy at birth	Education: % KS2 pupils achieving core subject indicator; % adults 19-21 qualified to NVQ L2; % working age adults qualified to NVQ L4
	Waste by sector; Waste by disposal;	Ecological impacts of air pollution: sensitive habitat areas exceeding critical loads	Resource efficiency: CO2 emissions to GVA ratio	Benefit dependency: % working age people claiming out of work benefits	Child poverty: % children in low income households
	Household waste	Air quality: air pollution in urban sites; air pollution in rural sites	% electricity from renewable sources	Housing: energy efficiency rating of dwellings	Pensioner poverty: % pensioners in low income households
	Mobility:	River quality		Accessibility:	Worklessness:

	no of trips by main mode; % people travelling to work by mode			% households where facilities reachable in under 15 minutes by foot or public transport	% children and adults to 64 living in workless households
		Soil quality		Crime: recorded serious acquisitive crime; HH crime from BCS	Active participation: % volunteering formally or informally at least once a month
		Sustainable water resources: % areas with target deficits			Welsh Language: % KS1, 2,3 pupils assessed in Welsh First Language

Table 1a: The Sustainable Development Indicators

Table 1b: The Programme for Government policy areas

- | |
|--|
| <ul style="list-style-type: none"> • Growth and sustainable jobs • Public services in Wales • Education |
|--|

- 21st Century Healthcare
- Supporting People
- Welsh Homes
- Safer Communities for All
- Equality
- Tackling Poverty
- Rural Communities
- Environment and Sustainability
- The Culture and Heritage of Wales

4. Findings: The current context for and use of the SDIs

This section and Section 5 describe the findings of the case study, largely based on its interview and workshop stages, but also informed by the document review and discussions with key informants. The findings in this section cover perceptions of the current policy context across Welsh Government, as relevant to the use of the SDIs. In particular: what drives overall policy goals, how indicators are used across the Government, how the SD agenda is perceived and ways in which the SDIs are currently used. Section 5 covers findings about barriers to the more effective use of the SDIs and research participants' views of changes which could help them to be overcome.

4.1 What drives overall policy goals

The interview stage of the case study revealed a clear sense of the overarching policy goals which were seen to be key priorities across all of the Welsh Government's activities. Most interviewees named a few headline goals. Tackling poverty and promoting employment emerged as strong themes. There were some differing views about the role of economic growth as an aim. One interviewee said that "GVA still dominates"; another said "the ultimate aim of the Government is GDP growth". But a third interviewee said that there "is a move away from GVA as trumping everything", and remarked that most ministers would say decent employment was a more important indicator for overall well-being than GVA. However even this third interviewee was clearly drawing on the assumption that GVA had dominated policy-making at least until very recently. Overall, there was therefore a strong sense that economic growth was the ultimate aim of the Welsh Government. While interviewees recognised SD as a cross-cutting goal across the Welsh Government, none of them mentioned the concept when discussing the Government's key headline goals.

There was no explicit transmission mechanism by which these goals – tackling poverty, employment, GVA growth – were recognised as the most important for the Welsh Government. They did not have official status in material published by the Government as a defined set of top goals. Instead, one interviewee talked in very general terms about GVA's "visibility" as "hard to get away from". Tackling poverty was described by another as "a big cross-government agenda" without further details of how it came to occupy this position; but another said "a clear priority on tackling poverty" had been set by the First Minister; and a third referred to the Tackling Poverty Action Plan as a means of articulating government priorities. The views of ministers, and agendas of particular ministers in setting the priorities of their departments were mentioned often (and the fact that the interviews were carried out during the period of and immediately after a Cabinet reshuffle perhaps brought this into sharp focus). The overall impression given was therefore that officials identified the most important government aims as those emphasized by ministers, likely both in their public roles and through their private interactions with officials.

4.2 The Programme for Government

The case study research suggests that the PfG is clearly seen across Welsh Government as the key place where government aims and priorities are collected.

The introduction to the PfG document states that it:

“represents a real commitment to delivery, and a move away from an approach to measuring success that placed too much emphasis on the amount of money spent, or the number of policies implemented, rather than the impact government is actually having on people’s lives. In contrast, this document emphasises the outcomes we are working towards.”¹⁰⁰

The PfG was referred to frequently by interviewees and workshop participants and clearly had a high profile within the organisation. But it was not generally seen as the *mechanism* by which the genuine highest-priority aims of the Government were set or communicated, rather as a means of collecting together and ensuring accountability for pre-existing emerging from across the Government’s policy directorates. However it was seen as reflecting and driving the policy priorities which would contribute to achieving these aims. One workshop participant described the PfG as effective because it has the backing of the first Minister.

In line with its overall role in driving policy priorities, research participants frequently referred, in general terms, to the PfG indicators as encapsulating the highest-priority programme of work across Welsh Government. One workshop participant said:

“if there’s any [indicators] which bind us together at the moment it would be the Programme for Government indicators”.

However, there were no clear mentions by participants of specific examples of influential indicators within the PfG. The fact that it contained a very large number of indicators was often seen as a problem. For example, a workshop participant commented that it “has got 350 priorities”. Unlike the informal top three priorities to which interviewees referred, the PfG document does not contain a succinct statement of top-line goals (see Section 3 for a description of its structure).

The perceptions that the PfG was a driver of policy priorities and that it contained an unhelpfully large number of indicators may seem somewhat contradictory, but seemed to be explained by the process through which the PfG was originally compiled. As described by participants, each policy team was asked to submit the key indicators relating to its work, resulting in a large number of indicators. (A similar process was described relating to the creation of the Tackling Poverty Action Plan). This led to a sense for most officials that the PfG reflected the key aims and indicators they were working to achieve, although this seemed to be a matter of PfG indicators reflecting their already existing priorities, rather than creating or helping to shape them. One interviewee described the PfG as:

“an attempt to put the Government’s performance management system into the public domain, so that ministers are accountable for it and make it real for them”.

This public accountability role for the Government’s performance management system as a whole would explain why the processes around the PfG did not themselves seem to set or communicate the real top-priority policy aims of the Government.

4.3 The push towards joined-up working

Interviewees also described a concerted effort to ensure more joined-up working across the Welsh Government, via mechanisms including the Delivering Results Group which was

¹⁰⁰ Welsh Government (2011) *Programme for Government*. p iv.

bringing together policy-makers from “areas not normally seen as intersecting”; the Policy Log, described as a mechanism to enable policy-makers across the Government to get an overview of policies in development; and the PfG and SD Bill also cited as contributing to this agenda. The indicators within the PfG were described by one research participant as being based on the Results-Based Accountability approach. This approach was mentioned by key informants and by many research participants as of growing importance across the Welsh Government. It aims to assess policy areas and programmes through a clear distinction between outcomes, outcome indicators and performance indicators. It has strong links to efforts to increase joined-up working – as illustrated by the comment from a workshop participant who described it as aiming

“...to demonstrate the idea that we're making a contribution towards an outcome, as opposed to achieving the outcome entirely in isolation”.

4.4 How indicators are used across policy-making

The overall sense given by research participants was that, in general, the role of indicators in the policy-making process was as a mechanism to reflect existing policy priorities, but that some particular indicators had gained a prominence which had led to meaningful policy changes.

As discussed above, the PfG indicators were frequently referred to as encapsulating the Welsh Government’s priorities, but ultimately in a way which reflected pre-existing priorities, and research participants rarely referred to specific PfG indicators in discussing policy priorities.

The Results-Based Accountability approach also emerged as a strong theme in considering how indicators were used across the Government, with some worries expressed about whether it allowed sufficiently nuanced analysis. The existence of indicator sets of outputs and outcomes that related to specific government programmes was also highlighted.

Workshop participants provided a number of specific examples where indicators were seen to have had a genuine influence on the content and direction of policy. These were:

- The use of high-level economic indicators for regions and local areas to make the case for the need for policy intervention and funding in those areas.
- The teenage pregnancy indicator, which failed to show improvement for a number of years, which then led to a programme of concerted action and thus improvement in the indicator.
- The fly-tipping (illegal dumping of waste) indicator which was showing an improvement that did not reflect the “reality on the ground” reported by local authorities. This led to a push to develop a new policy strategy and new indicators.
- The OECD’s PISA indicator which compares education systems internationally through measures of pupil performance at age 15. Wales performed very badly on this indicator, which led to what one workshop participant described as a “fantastic change” in the Welsh education system.
- A concerted focus on ambulance response times which had received a lot of public attention. Some participants suggested that there had been too great an emphasis on this single indicator to the detriment of attention to other indicators.

In many of these cases, indicators had risen to prominence because of poor performance, and the resulting attention then led to a drive for action. One participant said, giving the example of ambulance response times:

“the kind of indicators that drive us, they’re the performance indicators which have a resonance with the public”.

Other than these examples of action-spurring and policy-content-shaping policy uses of indicators, some other types of uses were described. One related to what was described in the BRAINPOoL work package 1 review report as ‘conceptual’ uses of indicators, where they influence ‘how decision-makers define problems or provide new perspectives on problems’.¹⁰¹ This was the idea that headline indicators “hold” or stand for ultimate outcomes, with indicators linked to long-term targets give a “mind-set for change”, while a second tier of more detailed indicators is used to identify policy options. However there was also a view that target-setting was potentially problematic because it drew public criticism for failure if target were not met and criticism for being set too low if they were.

Some other uses of indicators were described, relating to the way that the policy process functioned. One workshop participant described indicators as a mechanism to assign responsibility to particular government departments in order to “hold these sectors responsible” – requiring particular indicators to be designed that worked below the level of overall economic growth or well-being. Another use was a monitoring role during the implementation stage of the policy-cycle where output indicators in particular were used. Examples of this were the number of local authorities with relevant policies in place, and the amount spent on a programme, which were used as progress indicators. One interviewee said that using outcome measures as targets for external delivery organisations can lead to too narrow a focus on those specific areas

A related issue which emerged during discussions at the workshop was the role of evaluation during the policy process. One workshop participant described evaluation as a neglected stage of the policy cycle, attracting less attention than other stages, which resulted in a lack of effective mechanisms to end programmes which were not working. However, another participant suggested this was a problem of the past and described how policy guidance now aims to ensure that evaluation is given attention from the outset of a programme. Some other general problems with evaluation were discussed. Some other general problems with evaluation were discussed including that evaluators tended to highlight positive messages from their findings. At the policy assessment stage, the range of different assessment tools in use was seen to be difficult for policy makers. A further problem mentioned was the time lag before evaluation results became available, by which time they were seen as out of date and policy officers had often moved on to new roles, so that the feedback loop was not properly closed.

4.5 How the SD agenda is perceived

There was a high degree of awareness that SD was, at least nominally, a central part of the Welsh Government’s agenda. In the interviews, which particularly sought views of the SD

101 Hák, T. (CUEC), S. Janoušková (CUEC), S. Abdallah (nef), C. Seaford (nef) and S. Mahony (nef). *Review report on Beyond GDP indicators: categorisation, intensions and impacts*. Final version of BRAINPOoL deliverable 1.1, A collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024). CUEC Prague, 18 October 2012. p22.

agenda in general (before probing on the SDIs in particular), the responses suggested that SD was acknowledged as important, but was not often being used as a means to ensure that particular goals were being met within government. Four broad attitudes to SD could be distinguished, although these were not mutually exclusive – in some cases individual interviewees described aspects of more than one of these attitudes.

Two interviewees stood out in describing the **SD approach as being genuinely central** to their work – notably, both worked in policy areas relating to physical and natural environments. One described SD as “an integrated approach to multiple benefits for the long-term”. The other said that SD was “the golden thread that runs through [the relevant policy area’s] activity”. Both of these interviewees described work creating sets of SD indicators which were applicable to their specific policy areas (see ‘Current uses of the SDIs’ below). It did not appear to be coincidental that these interviewees, who saw SD as central to their work, had done indicator work to help them achieve a balanced set of SD goals.

But while some other interviewees used the language of SD as the ‘central organising principle’ of government, there was substantial evidence that it was not as thoroughly embedded in ways of working as the phrase implies. For example, one workshop participant suggested that the extent to which SD was focused on in a given piece of policy work depended on the preferences of the particular minister involved. Others pointed to the fact that communication around SD was difficult and had failed to connect with the public. Many interviewees did not describe the SD agenda as pushing them to consider a balanced spectrum of outcomes (as represented by the five SDI themes) throughout their work.

Hence, of the other attitudes, one was the **‘SD as a mirror’** approach, suggested by interviewees whose descriptions of the SD agenda focused on the areas in which it reflected the priorities of their own area of work. They pointed to headline SDIs such as economic growth and poverty reduction, and described their activities towards one or other of these goals as evidence that they were addressing the SD agenda. But these interviewees did not describe a sense that the SD agenda was causing them to think more broadly in their work across the whole spectrum of SD themes.

Another attitude to SD was the idea, expressed by a number of interviewees, that **SD is synonymous with the process of good government**. For example, one interviewee said:

“SD should just be the way we work – it’s about improving lives in the long-term, and taking a collective focus on the biggest collective impact”.

Another said:

“It is no more than good government – there is a danger if it becomes something separate”.

This interviewee, when asked about the role of specific policy priorities within the SD agenda, emphasised the fundamental concept of SD as unchanging, and likened it to “equality” which needed to be mainstreamed in policy-making to avoid the sense that it was “somebody else’s job”. One workshop participant spoke particularly positively about a sense that SD was becoming already more mainstream and “bleeding obvious” in policy-making, citing as examples the acknowledged needs to “keep people well as long as possible” and “get everyone educated”.

This attitude to SD, in contrast to the first, recognised the breadth of the agenda, but potentially risked de-emphasising the role of specific goals within the agenda of the sort

represented by the SDIs. It seemed to be linked to the view, expressed by a workshop participant that SD was “trying to do everything” and was “all encompassing”.

The ‘synonymous with good government’ view seemed to be motivated in part by a desire to counteract the impression that SD was overly weighted to the green agenda, something mentioned by a number of interviewees. For example, one interviewee said that “the majority of external partners interested in SD see it as a green agenda” but that the “three legs approach was not necessarily favoured by the environmental lobby”. Another talked about:

“the need to move beyond the environmental sphere” to avoid people thinking that SD means ‘green stuff’ which is ‘someone else’s job’ ”.

While the interviewees described this effort to counteract an overly green impression of SD in terms of the need for balance and effective cross-government working towards SD, the comments to some extent created the impression that the environmental aspect of SD was now being downplayed in many areas of the Welsh Government.

The fourth attitude to SD described it as a sort of **minimum standard** against which activity must be checked. When describing what the SD agenda meant for his area of work, one interviewee noted that the Government’s commitment to SD meant that he and his colleagues needed to ask “Is [any particular policy] outcome compatible with the SD approach?” even if they were “not actively thinking about it most of the time”. Another said his team “wouldn’t contemplate making policy without reference to SD”, saying “we have to check our work doesn’t mitigate against SD outcomes” and described this in terms of needing to also consider a range of other factors including “rurality, demographics, [service user] preferences etc”. These responses suggested a view of SD as only indirectly related to the policy areas which they owned, so that it would be considered only once the broad direction and content of the policy area had been decided.

These general attitudes to SD did not seem to be strongly linked to views of current innovations in the SD policy sphere, particularly the SD Bill, which was described positively by many interviewees. The new statutory advisory SD body which it would create was seen as important, and two interviewees also welcomed the new duty on the Auditor General for Wales to examine how successfully organisations have embedded SD, alongside the duty for standard financial scrutiny. One interviewee welcomed the effect of the Bill in being able to clarify a particular duty on local authorities relating to her policy area, “giving teeth” to this policy area. A number of interviewees, while positive about the Bill, described its role primarily as symbolic, noting that in creating the statutory duty to consider SD in decision-making it was enshrining into legislation an already well-established and broadly unchallenged commitment to SD across Welsh Government.

Two interviewees offered explanations for the lack of a stronger SD approach across much of Welsh Government activity. One pointed to the limits to the devolved powers of the Welsh Government – particularly its lack of broad tax-raising powers. As well as putting a limit on available policy levers, he noted that this was also linked to a lack of external scrutiny (and, it was implied, pressure for action) from the media and others. Another interviewee described the Welsh Government as “still immature” as a policy-making organisation, only in existence since 1999, with its predecessor body, the Welsh Office concerned only with “rebadging” policy made in London, although he noted that recent years had seen “more pro-active policy-making”. In addition, he described a general tendency for people to “go straight for an answer” or “action”, rather than take what he felt was the SD approach of “breaking down

problems first". Implicit across all interviewees' responses, however, was perhaps the strongest reason for the lack of strong SD impact: the fact that SD priorities as a whole were not seen to be among the top three goals driving activity across the Welsh Government (as described in 'What drives overall policy goals' above).

4.6 Current uses of the SDIs

The clear overall message from research participants when describing the current use of the SDIs across the Welsh Government was their low profile and lack of prominent use. Participants' comments about the overall role of the SDIs included: "the organisation is not lined up behind [them]", they "don't drive anything", "the SDIs measure stuff that we contribute to, but the agenda is set somewhere else", "we pay a lip service". Another said:

"the indicators are virtually unknown in our department. They're just totally disconnected from the work that goes on".

One participant explained the SDIs' position relative to his department's own indicators:

"I think each area has its own indicators. They're probably seen as more important than sustainable development ones, which are supposed to be the cross cutting ones".

Another compared them to the PfG indicators, saying that the SDIs have:

"quite low status...whereas the Programme for Government ones have a high status. So even indicators have a class system, if you like."

One interviewee reflected on the low profile of the SDIs by suggesting that expectations of how they would be used in an instrumental way were in fact too high, and that their role was a symbolic one in terms of expressing priorities:

"it's easy to overstate the value of headline indicators – but there is value in their clear expressions of priorities".

Probing during the interviews revealed that there was some degree of knowledge of the SDIs among interviewees. One said that he was not at all familiar with the indicators, but others seemed more aware of them (which was not unexpected, given that a number of interviewees had at least some remit for SD within their policy areas – a likely reason why they had volunteered or been delegated to take part in the interviews). In accordance with the 'SD as a mirror' view, some interviewees took the approach of focussing in on those indicators which directly related to their 'home' area of policy work – they felt a strong degree of ownership of these particular indicators, but not for all of the headline indicators within the set. Other indicators did not seem to have any champions among the interviewees.

Even those interviewees with a strong environmental focus in their work did not feel a sense of ownership of the headline indicators for resource use (Ecological Footprint) or environment (priority species status and priority habitat status). One of them said "It is difficult to argue that Ecological Footprint...is affected by [my policy area]". In some interviews, interviewees were probed about uses of the supporting economy indicator of resource efficiency – the ratio of carbon emissions to GVA – because prima facie it seemed a useful example of an indicator which tied together two key elements of SD (economy and environment), and which therefore may be the focus of some attention. But while one interviewee suggested that although he didn't work on the CO₂:GVA indicator himself, he

expected that there were “people in a number of departments working on it”, there was in fact little evidence of this, even among interviewees who worked across elements of environmental and economic policy.

Most interviewees did not, however, describe the lack of attention to the SDIs in the round as a problem, perhaps reflecting the attitude (expressed in the comment quoted above) that expectations of the effective instrumental use of the SDIs in the policy process had always been low. However, one interviewee, whose work had a strong focus on environmental sustainability, did see this as a problem. She said that the SDIs were:

“too linear, they promote linear thinking and don’t ensure that people address the full range of SD outcomes in the round. We need mechanisms for integrating – [because] it is human nature to narrow down [one’s] focus.”

This interviewee was one of the two, both of whose policy areas included a fairly strong element of environmental policy, who described the creation of a set of SD indicators specific to each of their areas of work. There did not seem to be a strong impetus in either case to mirror the structure of the cross-government SDIs within these bespoke indicator sets; rather, the aim was to create indicators which would measure aspects of SD in a way which would be genuinely useful and relevant to their work. However one of them did describe an explicit effort to ensure that their indicator set did:

“try to capture the balance of the three ‘legs’ [of SD] – we were conscious of trying to do that”.

In both cases there was a clear sense that simply using the cross-government SDIs, or a closely adapted version of them, would not have been as useful, because they would not have related as clearly or relevantly to the particular issues which their policy areas were dealing with.

Other interviewees, with a less strong environmental focus in their policy areas, described difficulties with using the SDIs in relation to their particular areas of work. One, responsible for a programme operating in local areas across Wales, explained the difficulties he had experienced:

“There are some aspects of the programme where the SDIs are very relevant – but SD is more useful to extend [our attention] beyond the three key areas [of the programme]... Measuring the SDIs at local level is very difficult – [instead] we need to find related action at local level.”

Another said:

“if we used the SDIs to measure the success of [our policy area] we would get big distortions”.

Other interviewees saw problems with the design of specific indicators within the SDI set, with some describing that the key indicator relating to their policy area was not the most appropriate or nuanced way of capturing the relevant issues. There were therefore seen to be difficulties of applicability of the SDIs to day-to-day policy as an indicator set as a whole, and in terms of individual indicators.

The interviews also revealed the lack of a sense that the SDIs were something for which policy-makers, teams or departments would be held accountable – reflecting their official status as an official statistics product, rather than a set of government indicators. One

interviewee commented that he would not expect to be asked directly to report on his programme for the Sustainable Development Annual Report.

This reflects the observation within the commentary by Wales's Commissioner for Sustainable Futures, Peter Davies, on the SD Annual Report for 2011-12, that:

*"In parts, this report continues to feel like two separate reports, with little connection between the factual reports of progress against the indicators and the narrative report about delivery actions undertaken."*¹⁰²

It therefore seems that, at present, the SDIs are not being used very effectively as an accountability mechanism.

5. Findings: Barriers to the effective use of the SDIs

The research produced rich data on the barriers identified by officials to the more effective use of the SDIs across Welsh Government policy-making, which are explored in detail in this section.¹⁰³ The barriers relate to four core problems with the SDIs: their lack of salience for key audiences, their lack of connection to government priorities and action, the perception that they distort the true priorities of Welsh Government and the political pressures which counter their effective use. We have identified eleven distinct barriers which relate to these problems, which we describe in this section. We also discuss the suggestions made by research participants for changes which could help address the barriers.

5.1 Barriers relating to lack of salience for key audiences

This group of barriers related to the indicators' lack of salience – that is, meaningfulness, comprehensibility and interest – for their key audiences, i.e. policy-makers, politicians and the public.

Lack of strong narrative

The lack of a strong, emotionally meaningful and comprehensible narrative accompanying the indicators emerged as a strong barrier.

During the workshop, participants were presented with a restructured set of the current SD indicators – the same indicators, but grouped differently into headline themes (the restructured indicator set is shown in Appendix 1). One participant reacted to this restructured set as follows:

¹⁰² Welsh Government (2012) *One Wales: One Planet – The Sustainable Development Annual Report 2011-12*. pp 2-3.

¹⁰³ Many of the findings on barriers came from the workshop, which, as noted earlier, was framed overall in terms of the effective use of indicators in policy-making rather than the use of the SDIs specifically. Therefore participants were not always referring to the SDIs directly in discussing these barriers. However, the links between the barriers relating to the effective use of indicators in general, and the SDIs specifically, were strong, and thus the findings on barriers are presented here in a single section.

“...there’s nothing there that I find exciting or inspirational or emotionally charged. Nothing I’d ever want to buy into myself, frankly. I think it’s very poorly [done] – as a communication, it’s weak. It’s not helping really with what the priorities are.

[Then asked by researcher: ‘What would it need to be doing to excite you?'] You need some sort of emotional language that people can touch on, really.”

A participant noted that it is the narrative around economic growth that “makes it a priority [so that] it sits at the top”. Another commented on the need to “excite the policy visions and excite the public”, noting that this meant indicators need to be “seen as important either for that policy area or for the Government or quickly understandable”.

The point about comprehensibility was emphasised by participants, and extended beyond lack of overall narrative to the design of indicators themselves. One participant said:

“...these are indicators that policy people develop, but the citizen doesn’t develop. Therefore it’s very difficult for citizens to get excited about something which is very policy speak.”

Ecological Footprint was highlighted as an example of an indicator that was

“quite complicated...The main in the street didn’t understand. Therefore, that can sometimes not lead to a push to improve on that measure”.

[Lack of context and meaning](#)

Participants noted that the presentation of the SDIs did not make their results seem meaningful, because they lacked the context of a form of robust comparison.

Workshop participants contrasted the SDIs to examples of indicators which had led to policy change (see section above on ‘How indicators are used across policy-making’). One theme which emerged from this discussion was the useful role that international comparison of indicators can play in drawing attention to performance on an indicator, with the PISA indicator referred to as a key example. While one participant noted a concern that international comparison may not give enough weight to differences in national context, another argued that it remained useful from both a benchmarking and communication perspective. A participant said:

“Say we had a league table. Wales is performing at the bottom of that, people can see that as being somehow worse, but if you just tell them something in isolation, then they’ve got to understand that. There’s not always that push to change resulting from media pressure.”

As the SDIs were not explicitly designed with international comparisons in mind, they do not benefit from this sort of attention-drawing and meaning-giving comparison.¹⁰⁴

Workshop participants pointed out that headline indicators often lacked context, because they are not presented comparatively or as a rate of change, with attention drawn to very

¹⁰⁴ Some of the headline indicators are in fact available at national level for many countries, for example, Ecological Footprint and percentage of the population in households with below 60% of median income, but none are presented in the form of international comparisons

small changes unlikely to be robust in terms of statistical significance.¹⁰⁵ One described this by saying that some form of comparison is vital to provide a sense of context and meaning to an otherwise ‘floating’ number:

“So from a data perspective, it’s better to have that, a level of international comparison that you can then benchmark yourself against. Without that, there’s no context to how well you’re doing.”

[Too many indicators across Welsh Government](#)

Workshops participants described a clear sense that, as a whole, the number of indicators across the Welsh Government was too high and this in itself was a cause of lack of salience for any particular indicators, including the SDI set.

Participants commented on the sense that the existence of a large number of indicators across the Welsh Government created a sense of a “mass of information” which makes it difficult to “determine the most significant indicators from amongst the plethora we have”.

Participants gave examples of the large number of indicators they were expected to respond to. Another talked about European obligations which come with their own sets of priorities and indicators, creating further complexity.

[Poor design and selection of individual indicators](#)

A further lack of salience for the policy-maker audience of the SDIs derived from the problems with the design and process of selecting individual indicators, so that there was reluctance to treat specific indicators as ‘standing for’ an entire policy area.

Within the SDI set participants pointed to the infant mortality indicator and the indicator based on achieved NVQ Level 2 as indicators which did not best represent the policy areas to which they related. In the case of NVQ Level 2, this was because evidence suggests that achieving NVQ Level 3 is more strongly related to better outcomes across the life course. In the case of the infant mortality indicator, it was described as not best representing the success of health policy because it reflected an outcome experienced only by a ‘tiny’ proportion of the population overall.

Interestingly, although the PISA indicator had been cited in the workshop as an example of success in bringing about policy change (see ‘How indicators are used across policy-making’ in Section 4), one participant also pointed to PISA as an indicator that, when looked at in detail, was not in fact seen as a useful standard within education policy. The fact that it had brought about change did not outweigh, for him, the problems he perceived in the detail of indicator construction that failed to reflect detailed policy priorities. This tension points to the different functions that indicators have across the policy cycle – here, both flagging a broad policy area as in need of attention and directing the details of policy activity.

¹⁰⁵ A related specific problem was that of local areas in Wales tending to compare themselves to the Welsh average on a number of indicators, which does not help to drive improvements if the average is falling. This was contrasted to the benefits of indicators which make international comparisons.

There was also scepticism about the subjective well-being indicators within the SD set. For some research participants this seemed to be based on fundamental misunderstandings of the basic principles of subjectively measuring well-being – for example, one said “I think the problem with well-being is that people are jealous”, another referred to the fact that her “own personal well-being...changes from day to day” as a reason why the Government should not attempt to measure it. Others’ doubts centred on whether well-being measurement was a useful addition to the policy process. One suggested that it was “about recognising age-old policy goals, just recording them better”; another cited the “lack of change” over time in well-being measures as a “big challenge” and asked:

“...if well-being indicators just cut old problems, e.g. jobs, in a new way, what do they really add?”

These responses suggested that the case for the robustness and usefulness of using well-being measures in the policy process had not been made clearly across Welsh Government¹⁰⁶, so that these indicators were not salient for a number of officials.

One spoke about the failure to make the case for why particular indicators were best suited to being used in a given situation, noting that a robust theory of change was not always set out as to why the use of particular indicators would help address an identified problem

In the case of the subjective well-being indicators, there was an oblique suggestion that part of the reason that they were viewed warily was that they were seen as deriving from a process external to the Welsh context:

“This is where I have some issues with the whole wellbeing agenda in the UK and other levels. Is it really addressing the core issues of what matters?”

These process concerns seemed to be part of a sense of unease about the resulting indicators that were chosen.

5.2 Barriers relating to lack of connection to priorities and action

This group of barriers related to the sense that the SDIs were disconnected from both the true priorities of Welsh Government and from the possibility of taking policy action to improve them – and thus that they were often disconnected from the real concerns that policy-makers are working on.

[Lack of connection to government priorities and tension about how the SDIs should relate to them](#)

A clear barrier to their effective use was the sense that the SDIs stood apart from the real priorities of the Welsh Government, although research participants also recognised the value

¹⁰⁶ This case has been made for example in: Diener, E. & Seligman, M. E. P. (2004). Beyond money: Toward an economy of well-being. *Psychological Science in the Public Interest*, 5:1–31; Bok, D. (2010). *The politics of happiness: what government can learn from the new research on well-being*. Princeton: Princeton University Press; Centre for Well-being (2011). *Measuring our Progress: The power of well-being*. London: New Economics Foundation; Helliwell, J. F., Layard, R. & Sachs, J. D. (2012) *World happiness report*. New York: The Earth Institute, Columbia University.

in an indicator set that had more longevity than the programme of a single government. There was a sense of impasse about how to resolve this tension.

Given the clear sense of importance of the PfG to policy priorities noted earlier (see ‘How indicators are used across policy-making’), it is not surprising that a particular area of disconnect was seen to be the SDIs’ lack of adequate linkages to the PfG. However, while one research participant questioned the need for the SDIs “to be separate and sit outside” the PfG, another, while agreeing that all the SDIs should be included within the PfG, said it was still useful to “abstract an identified subset of SDIs from PfG indicators that embodies SD – until SD is totally merged with good policy-making”.

This issue can be seen as part of the wider one that received considerable attention during the workshop: whether a set of headline SD indicators would be more effective as a long-term structure, distinct from the programme of a particular government, or as a set of indicators which are more closely tied to government priorities. On the one hand was the idea that the indicators were so “fundamental” that they should not change with changing politics or governments, to allow them to be the “rock and foundation of the whole process”. On the other, was the disconnect from current political priorities that arises, as currently, when the SDIs are set apart from the Government’s programme, particularly as things “move on” over time, with the example given of youth unemployment only having become a key issue in recent years. Describing an example of the potential benefits of aligning the SDIs to the government programme, a participant said:

“...if the indicators were the voice of the government, then as you restructured your health service, you’re thinking about how you’re going to improve health inequalities.”

One participant said that the choice of indicators was not a neutral one but rather was part of the process of prioritising policy goals, and suggested that the tension between indicators sitting outside a government programme or in effect being policy targets was rarely clearly acknowledged:

“I think there’s a question for me about, when you’re setting indicators, in a sense, are you making policy decisions? If you’re setting indicators like teacher to child ratios, is that embedding policy positions? And if so, what should the process be for making those decisions and setting those indicators?”

Another participant summed up the dilemma:

“So you’ve got this difficult decision to make as to whether you have them separate. They’re long-term and they are an external monitoring of Wales as a whole. But yes, they don’t potentially have the ability to influence decisions. Or you have it within. That’s the real challenge.”

[Reluctance to prioritise within indicator sets](#)

A further barrier to the SDIs genuinely reflecting government priorities was a sense of a reluctance or inability to prioritise when designing headline indicators.

A research participant clearly described the barriers to effective focusing of policy work that the large number of priorities and indicators across government created, suggesting that the structure of Welsh Government made prioritising at headline level difficult:

“...part of the problem...is that we have so many priorities, some of which compete with one another. It is impossible for us, with the political arrangements that we have, to focus down on: ‘Well, if we do these five things then the citizens of Wales will benefit’. People have got more departments than that..”

The number and breadth of focus of the indicators within the SD set itself certainly seemed to represent a barrier to its effective use, creating a sense of uncertainty about the role of the indicator set as a whole and adding to the unclear relationship between the SDIs and the PfG indicators described as part of Barrier 5.

One workshop participant described the hypothetical situation that would address this lack of prioritisation, where headline indicators would express genuine overall goals across government:

“What do we want our population to be? We want them to be educated, fit, cultured, healthy, living in a decent environment and having prosperity. So...it seems to me that that should be the framework that we’re operating in, and the indicators should take us towards that being an ideal situation”

But despite the clear acknowledged problems of having too many indicators (Barrier 3), many participants described concerns relating to what is lost when a high-level summary set of indicators is used – and these concerns appeared to act as barriers to high-level prioritisation being implemented. They included a concern about the nature of headline indicators lacking sophistication – that “if you shrink the number of indicators by that much that they become too blunt” and “over-simplif[ied]”, with the risk of attention falling on “silo-ed single headline grabbing indicator[s]” (with the example of ambulance response times cited). An interviewee summed up the problem, saying:

“the problem with prioritisation in indicator sets is difficult because it entails de-prioritisation”.

This understanding seemed to reflect the attitude expressed during the workshop that “the danger of having one headline set” of indicators was seen to be that “it’s not responsive enough” to particular interpretations or policy interests. For example, one participant cited the issue of ethnic diversity within communities as something which should be reflected in the SDI set.

The comment of one participant revealed an expectation that evidence should be able to help with the process of prioritisation, which sat to some degree in tension with his acknowledgement that prioritisation is ultimately a political process:

“I think it’s a lack of understanding and the evidence for the really critical things to do because you can select political priorities. We don’t then have the evidence to get evidenced-based priorities as well. Academics aren’t very good at looking and practising, they tend to do very narrow pieces of research which often creates another priority rather than actually what are the really significant things that we should be doing?”

[Lack of connection to policy action](#)

This barrier was can be summed up as the sense of a lack of ability to influence or ensure accountability for headline indicators.

One workshop participant said that there was a tendency for headline indicators “to be the ones we can’t change” because too many factors contributed to them. According to another participant, work on the SD Bill, which would place a duty to consider SD onto a wide range of public bodies, had highlighted that:

“You’ve got a set of indicators, [but] you can’t hold all these organisations accountable for achieving those targets”.

Participants did not seem to see a way in which smaller contributions towards an overall goal represented by a headline indicator could be taken account of in this context.

However, participants clearly acknowledged the need for action towards a headline indicator to be possible for it to be effective. One said that headline indicators need to be amenable to being impacted by Welsh Government action, but not so specific that they drive perverse actions which are overly narrowly focused. Another pointed to the example of teenage pregnancies as a successful indicator, arguing that a key part of this success was that “there was a very clear solution to the issue”, whereas for other indicators arriving at a clear solution was much more difficult:

“It’s no good having indicators where we haven’t got a clue what we’re going to do, so we never end up knowing whether we’ve succeeded or not”.

Furthermore, some indicators were seen as ineffective because they did not bring about action, even when this was possible – the need to “build in triggers within those indicators” which lead to quick action was highlighted. The timing with which indicators were updated were seen as part of this problem:

“...some of the things you get once a year and therefore it becomes quite difficult to use them meaningful. But if you have data on a quarterly or a monthly basis, you will rapidly react to the information that you’re getting.”

A particular example of lack of timeliness, discussed at the workshop, was the Ecological Footprint indicator for which new data had not been available for some years.

5.3 Barriers relating to perceptions that the SDIs distort the true priorities of the Welsh Government

This group of barriers derived from perceptions that, for a variety of reasons, the SDIs did not merely fail to reflect the Welsh Government’s true priorities, but in fact distorted them.

[Seen as too weighted to environmental issues](#)

Some participants expressed a sense that the SDIs were too weighted towards environmental issues – related to the similar point noted earlier about perceptions of the SD agenda as a whole (see Section 4).

Commenting on the fact that two of the five current headings within the SDIs (resource use and environment) relate to the environmental aspect of SD, one participant said:

“I know that some conversations I’ve had where we saw two columns of the environment was evidence that the environment tail was wagging the sustainability dog. Not necessary that I personally align to it, but it’s a well-worn comment and a well-known perception.”

Seen as a false technocratic solution

Two interviewees argued that the SDIs could not be used to resolve issues of trade-off between different policy aims, particularly between environmental and other aims, rejecting a supposed view that the indicators could provide a technocratic solution to difficult problems.

One said:

“You need a political argument about the right balance between the [pillars of SD]. For example, in the case of a new nuclear power station – this requires a value system about which of economic, social and environmental is most important – the evidence on each feeds into a value judgment – it is not a technocratic problem.”

The other spoke in similar terms:

“There is always a process of weighing things against each other – a need to make value judgements on the basis of the evidence – so officials weigh up the odds. Officials should use logic, evidence, but also need to take account of ‘the art of the possible’.”

What is interesting about these comments is not the fairly uncontroversial observation that indicators and evidence do not remove the need for political decision-making, but the sense that a belief existed in some quarters that the SDIs *could* do this – giving rise to the need to defend against an overly technocratic view of how the SDIs might work.

5.4 Barriers relating to political pressures affecting the use of indicators

Participants described political pressures on the policy process as another set of barriers preventing the effective use of indicators.

Lack of fit between the evidence from indicators and the factors driving political decision-making

Participants described a lack of fit between indicators and the evidence they provided on the one hand and the political pressures which were driving decision-making processes on the other. The specific pressures to which politicians are subject, to present policy-decisions in a media-friendly and appealing way, seemed to be at the root of this.

This included a pressure to ensure that the change in an indicator sounded meaningful enough to announce publicly, irrespective of the real significance of the change. It was also suggested that the evidence produced from indicators often did not meet ministers’ real needs in terms of helping them make specific decisions.

Pressure on politicians to be seen to be taking quick action

A further barrier was the pressure on politicians to be seen to be taking action and making changes in response to an identified problem, which could bias the policy-making process away from concerted attention on headline indicators.

Participants described how this pressure could tend to result in a focus on short-term activity and outputs. In turn, this seemed to be linked to a focus on what was seen to be “measurable, whether or not it’s actually useful”. One participant suggested this led to a focus on measuring the “intermediate stuff” rather than outcomes. Another said:

“The danger is we just do what we do. We don’t pay attention to this long-term ambition because we’re too busy trying to sort out the immediate problem”.

Hence there was a clear tension between these pressures and the use of headline indicators designed to provide a broad overview of policy progress.

6. Participants’ views of changes which could help overcome the barriers

The detailed discussions during the workshop about the barriers to the effective use of indicators in policy-making also led to a number of suggestions from participants for changes which could help overcome the barriers. The suggestions made can all be considered applicable to the SDIs, although in some cases participants were discussing indicators in general when making their suggestions. The suggestions addressed the barriers relating to lack of salience and to the lack of connection to priorities and action.

6.1 Fewer indicators

Responding to Barrier 3 of having too many indicators, Barrier 5 of lack of connection of indicators to government priorities and Barrier 6 of reluctance to prioritise among indicators, a number of participants suggested moving to, as one described it, “fewer, better, more coherent” indicators. Participants mentioned benefits of a smaller indicator set, including that “it’s easier to sell a message”. One participant spoke positively of her experience of working towards focused outcomes in the private sector:

“...the only three things I really worried about is cost, time and quality and everything else falls under it. So you can work towards those as your outcome, and I think that keeps you focused”.

Another talked about the benefits of a recent streamlining of indicators within his policy area, despite the fact that not all stakeholders approved of the change:

“...we set out two outcomes and ten indicators. We’ve had lots of people who are very unhappy with that. But it has had the effect of making people think more seriously about those areas”.

One participant specifically linked taking a Beyond GDP approach to the need to reduce the number of indicators:

“...there needs to be very few indicators if we want to take on something like GDP”.

6.2 More structure within indicator sets

The tension between the need for a set of fixed outcome indicators and the need for a set of indicators which could be more responsive to current policy priorities and action – that is, to

Barriers 5-7– led some respondents to suggest the use of indicator sets with more internal structure, that could help them meet both needs.

In particular, two participants suggested a distinction between overarching outcomes and the indicators which sit underneath them. One talked about “headlines or outcomes” with “indicators under that are a lot more plastic”. Another spoke of the idea of:

“...going to outcomes as opposed to indicators, and how the indicators are supportive of the outcomes. And having more contextual indicators and narrative and ...communication side of things. So we can contextualise everything.”

Asked to clarify her use of ‘outcomes’, the participant said:

“I mean a broad aim that we’re trying to achieve as the top level, and then below that, an agreed, say, five high level indicators...[and] contextual indicators.”

A related point was the benefits of “shared responsibility and RBA [Results-Based Accountability] type approaches” which aimed to help demonstrate:

“The idea that we’re making a contribution towards an outcome, as opposed to achieving the outcome entirely in isolation.”

6.3 Clearer links to policy action

Responding to Barriers 5 and 7 of lack of connection of indicators to government priorities and action, participants suggested ways in which this gap could be bridged.

One participant described the importance of going through a process to identify possible courses of policy action in response to high-level indicators and their drivers:

“...we questioned the relationship between what we can actually do with these high level outcomes. Then we tried to decompose some of these measures, what drives them? Then think about what policy we can use to influence them. So it's understand[ing] the high level indicators, but also breaking them down into what you can actually do.”

Another participant talked about the need to recognise that while indicators “trigger the case for change” this “sits within a political context”, implying that it may be best not to expect immediate action based on the result of an indicator. But other participants suggested that mechanisms to ensure that indicators were responded to might be useful. One said:

“You can create obligations to listen to [indicators] essentially, whether it's a reporting duty through the SD bill or payments for ecosystem services. There might be a policy process, a guarantee so that indicator will be taken into account and valued by future actions.”

Another comment echoed this:

“...have [indicators] compulsory. A lot of people make choices and chose what to do and what not to do. They will choose to do the easy thing and the hard things you just push aside and don't do.”

And one participant made the specific suggestion that the new ‘SD body’ being created by the SD Bill could be assigned a duty of overseeing responses to the SDIs:

“...the SD body would be monitoring and reviewing to see whether you’re on track. So is the policy making sure that the indicators are allowing you to make the right kind of policy and get the right kind of interventions, as needed?”

6.4 Better communication

Participants responded to Barriers 1 and 2 relating to lack of strong narrative, context and meaning of indicators by suggesting ways to improve the way they are communicated.

Reflecting on the discussion about how international comparisons of indicators have helped them gain a profile, it was suggested that “we should be looking at using internationally comparable indicators”. A number of participants pointed to the need for better use of narrative, presentation and language to more effectively communicate the indicators to a broad audience. One participant pointed to the negative messages which are often encountered in relation to SD, and to the difficulty in talking about the technicalities of indicators:

“I think there’s big messages around communication of sustainable development itself. The topic of KPIs is a very dry subject...‘sustainability is about ruining Wales, putting wind farms there’. It’s got a story which is just terrible. Try and get that right and get the messages right and get the politics right, and the other things will come in behind it.”

Another highlighted an example of success in using language to communicate about sustainability and indicators:

“Oxfam in Scotland...did [an indicator] called the Humankind Index. It had a lot of sustainability approaches, but without calling it sustainability. Coming back to the language...it made [it] so real in terms of what action could be taken.”

The suggestion to change the structure of the SDI set was also picked up on as a means to help improve the narrative around the indicators. Referring to the suggested restructuring presented during the workshop (see Appendix 1), and the identified barrier that the SDIs were seen as too biased towards environmental concerns, a participant said:

“the rearrangement you’ve got there would address that perception. Perceptions are important, whether the facts back it up or not, you grab hold of anecdotes and information and filter information. So the perception is out there that there is too much on the environmental emphasis, so it perhaps goes some way to addressing that.”

7. Discussion and recommendations for action

In this section we discuss the findings from case study and draw out some key recommendations for action.

7.1 Discussion of findings

Reviewing the findings presented above leads us to make the overall observation that currently, there is no clear or shared understanding of the role of the SDIs across Welsh Government, but that the changes that will be brought in by the Future Generations (Wales) Bill (referred to here as elsewhere in this report as ‘the SD Bill’) provide a key opportunity for their role to be clarified and strengthened.

The four sets of barriers to the effective use of the SDIs that we have identified – that they are not seen as salient, or as connecting to government priorities, and that they are seen by some as in fact distorting the true priorities of Welsh Government, and (therefore) vulnerable to political pressures which risk them not being given full account in decision-making – all suggest that they are not seen as having a meaningful role in the Welsh Government’s political and policy-making activity. This seems to be at least partly linked to the findings about attitudes to the SD agenda as whole: most research participants (with a few exceptions) did not seem to approach SD from the point of view of aiming to embed all five of the One Wales: One Planet themes (see Table 1) into their day-to-day work. In particular, there was a clear resistance to a perceived over-emphasis on the environmental sustainability aspects of SD, suggesting that in fact, this is an area to which many across Welsh Government do not assign high priority.

However, the Welsh Government is in an excellent position to create a strong and meaningful role for the SDIs. In addition to its founding statutory duty to consider its progress in relation to SD, the coming changes to be brought in by the SD Bill will create an even stronger duty for SD to be given concerted attention during the policy-making process, together with new mechanisms, particularly in the form of the new SD body and broadened role of the Auditor General for Wales, to review the effectiveness of the SD apparatus across the Welsh Government (and wider public sector). The SDIs could therefore play a crucial role, as part of these mechanisms, in monitoring the effectiveness of the Welsh Government’s SD activity.

This role for the SDIs suggests an answer to the dilemma raised by research participants of whether the indicators should be more closely merged with the programme of the current government or kept distinct: as an accountability mechanism used by an independent body they would need to be formally separate from the day-to-day priorities of any particular government. A key means of making this distinction and clarifying what is unique about the SDIs in comparison with other sets of government indicators is, it seems to us, ensuring that they are genuinely indicators of *sustainable* development. Sustainability is fundamentally about ensuring that current government activity and public services are financially, socially and environmentally sustainable into the future. Therefore the indicators should not merely be indicators of the current situation in Wales, but be designed to be leading indicators, based on current data, of what is likely to happen in the *future*. In this way, they could help

the new SD body monitor the extent to which current policy activity is contributing to genuine future sustainability. One implication of this is the need to counter scepticism about the SDIs being ‘too green’ by championing the fact that the indicator set includes a focus on environmental issues alongside other sustainability priorities, because environmental degradation represents one of the clearest threats to the sustainability into the future of much current policy. At the same time, consideration should be given to redressing the perceived imbalance of the indicator set towards environmental issues which arises from its current structure. These activities are closely linked to the need to develop a new narrative around the SDIs (and the SD agenda more broadly).

The need for a new narrative around the indicators is crucial, because the findings make clear that the SDIs will not be an effective mechanism for ensuring that policy activity contributes to future sustainability if there are merely regarded as a ‘backroom tool’ to which only the SD body need pay attention. To help shape the direction and implementation of policy they need to be seen as meaningful and important across Welsh Government and beyond. This means there needs to be a clear top-line message about what the indicators aim to help achieve that has resonant content for policy, political and public audiences. Hence the indicator set itself should be simplified to ensure clarity and focus on the top priorities for sustainability of policy. It also means that there need to be mechanisms demonstrating clearly how the SDI set, as something which sits outside any particular government programme, nevertheless strongly links to current government priorities, creating the structure below headline indicators which research participants advocated. This is likely to include the SD body encouraging the Welsh Government to set specific headline targets linked to the SD indicators – such targets, unlike the indicators themselves would form part of particular government programmes. The SD body could also support the development of sets of SD targets or performance indicators within particular policy areas, which would have a clear relationship to the headline SDIs. In addition, there is a need for the development of other policy tools which will help embed attention to the SD indicators within policy-making processes.

7.2 Recommendations for action

The preceding discussion leads us to make four key recommendations to help the SDIs contribute effectively to policy-making across the Welsh Government:

- The SD Bill legislation should establish a clear role for the indicators as an accountability mechanism for the contribution of Welsh Government (and other public sector) policy to sustainable development goals, with the indicators to be developed and owned by the SD body.
- The SD body, working in consultation with the Welsh Government’s SD policy unit, should re-develop the SD indicator set according to a set of design principles which ensure that it is fit for purpose for this role.
- The SD body and Welsh Government, working together, should improve the communication of and narrative around the SDIs to ensure that they are viewed as meaningful and important.
- The Welsh Government should create tools that help embed a focus on the SDIs within its core policy processes.

These recommendations overtly address the first two sets of barriers to the effective use of the SDIs – the lack of salience for key audiences and the lack of connection to priorities and action. However, by setting up a clear, role for the indicators with a narrative that helps them to be viewed as meaningful and important we believe that they will also address the third set of barriers, because a result of this is likely to be a reduction in perceptions that the SDIs distort the true priorities of the Welsh Government. The recommendations do not directly address the barriers of political pressures that can lead to indicators not being used effectively in the policy process, as it does not seem possible to deal with these barriers through activity around the indicators themselves. But on this point too it is possible (although perhaps less likely) that if the SDIs are viewed across Welsh Government as more meaningful and important then they may be given more account at the ‘political end’ of the policy cycle.

In what follows we briefly discuss each recommendation and suggest an outline of what we think will be required for its implementation.

1. **The SD Bill legislation should establish a clear role for the indicators as an accountability mechanism for the contribution of Welsh Government (and other public sector) policy to sustainable development goals, with the indicators to be developed and owned by the SD body.**

This recommendation is motivated by the need to create a clear role for the SDI set using the opportunity presented by SD Bill to embed the SDIs within the new accountability arrangements which it creates. It aims to strengthen the suggestions in the SD White Paper that the SD body will ‘have responsibility for recommending and monitoring key indicators of progress’ (paragraph 3.2) and a ‘key role’ in ‘monitoring progress’ (paragraph 4.7).¹⁰⁷ Defining a key accountability role and placing responsibility for the development of the indicators with the SD body will provide much greater clarity over the role of the indicators, particularly a clear differentiation between the SD indicators and indicators associated with particular government programmes. It will allow the indicators to be used to assess compliance with the new SD duty by the Auditor General for Wales, and for the results of these assessments to be used robustly by the SD body in its supporting and challenging role, particularly with respect to the Welsh Government.

Implementing this recommendation will require:

- **The SD Bill legislation to strengthen the expectation on the SD body that it will take ownership of, and responsibility for the development of, a set of SD indicators** that can be used to assess the success of policy towards key sustainable development goals for Wales.

We suggest that the recommendation will be most effectively implemented if:

- **The SD body works closely with others across Wales, particularly the SD policy unit of the Welsh Government, in developing the new indicator set.**

and once the indicators are developed, if:

- **The Auditor General for Wales uses the SDIs as a key tool** in its assessment of the Welsh Government’s compliance with the SD duty.

¹⁰⁷ Welsh Government (2012) *White Paper: A Sustainable Wales. Better Choices for a Better Future. Consultation on proposals for a Sustainable Development Bill.*

- **The SD body pays close attention to the SDIs to aid its role of supporting and constructively challenging the Welsh Government** to improve the embedding of SD in its policy-making. This could include requiring directorates to provide a regular update on how their policy programme is contributing to each of the headline SD indicators, which the SD body would then synthesize and publish. It might include developing mechanisms to oblige Welsh Government directorates to respond to the results of the headline indicators when they are updated. The SD body should also consider encouraging the Welsh Government to set specific headline targets linked to the SD indicators – such targets, unlike the indicators themselves, would form part of particular government programmes. The SD body might also support the development of sets of SD targets or performance indicators within particular policy areas, which would have a clear relationship to the headline SDIs.

2. The SD body, working in consultation with the Welsh Government’s SD policy unit, should re-develop the SD indicator set according to a set of design principles which ensure that it is fit for purpose for this role.

The case study findings have clearly shown that many of the barriers to the use of the SDIs derive from the design of the indicator set itself. Therefore, to effectively play the accountability role described in Recommendation 1, we think it will be necessary to:

- **Simplify the structure and content of the indicator set so that it reflects only the key sustainable development priorities for Wales.** The headline indicators should represent a clear and succinct statement of these priorities. This will require boldness about the need to prioritise within the set. It will be particularly useful to consider whether the indicator set would be more effective with a single headline ‘environment’ theme rather than two, for clarity and to avoid perceptions of bias. The added value of having additional supporting indicators alongside the headline indicators should be closely examined, weighing the benefits of capturing additional priorities against the disadvantages of reduced clarity and focus resulting from a larger indicator set.
- **Ensure that individual indicators within the set are leading indicators of the sustainability of current policy into the future,** rather than simply indicators of current welfare or status. The indicator set should therefore be distinct from those indicators that measure the current ‘state of the nation’ or ‘national well-being’.
- **Consider whether the indicators selected are fit for purpose in a monitoring role,** examining particularly the inclusion of indicators for which new data is not regularly available (such as Ecological Footprint within the current set).
- **Ensure that a meaningful consultation on the selection of indicators is carried out with colleagues across Welsh Government as well as other stakeholders,** so that there is, as far as possible, broad agreement that indicators chosen best represent Wales’ SD priorities. Where particular indicators are used, there will be a need to make sure that a strong case for their robustness and usefulness has been made.

- **Give indicators context and meaning by presenting them in form of comparisons.** This could be in the form of comparisons against future goals (particularly where these are firmly agreed in legislation) or through using indicators which are in common use internationally. Simply presenting year-by-year change in indicators is unlikely to adequately address the need for meaning because such changes can be very small and incremental and do not provide a clear sense of the bigger picture.
- **Consider the communicability of particular indicators when making decisions about whether to include them in the set,** especially if there are potentially easier-to-communicate alternatives.

3. The SD body and Welsh Government, working together, should improve the communication of and narrative around the SDIs to ensure that they are viewed as meaningful and important.

This recommendation addresses the clear need for a strong narrative and communication strategy around the SD indicator set, so that it does not become seen as just a ‘backroom tool’. Without this, however improved the indicators are in terms of structure and content, they are unlikely to be seen as an important means of guiding policy-making across Welsh Government. The attention to communication and narrative should be seen as part of an effort to better communicate the SD agenda as a whole, and should link strongly to communications around the SD Bill. Thus a starting point is likely to be the ‘Future Generations’ language now being used for this Bill – which could be very useful in helping communicate the focus on the future which we discussed in Recommendation 2.

Implementing an effective communications strategy around the indicators is likely to require actions to:

- **Draw on input from communications professionals to shape a strong narrative and communication strategy around the indicators.** This is likely to involve input from communication both from within and external to Welsh Government. The narrative should reflect the elements of the redesign of the indicator set suggested in Recommendations 1 and 2, particularly the focus on future sustainability and the central role of the indicators as a mechanism to improve Welsh Government policy-making.
- **Tie the indicator communication strategy to a broader strategy to more effectively communicate the goals of the SD agenda as a whole.** This will require using language that will best resonate across all sectors of Welsh society. Words and phrases which it may be helpful to consider in addition to ‘Future Generations’ are ‘progress’, ‘the future of Wales’, ‘Measures of Wales: Now and Future’.
- **Consider using a public engagement exercise to help shape the narrative around SD and the indicators,** and potentially to add legitimacy to the indicators.¹⁰⁸

¹⁰⁸ The recent study of Beyond GDP measurement approaches by the Carnegie UK Trust and IPPR North found that involving citizens in indicator development processes can help mitigate the ‘inherent risk in government programmes becoming technocratic’. Wallace J and Schmuecker K (2012) *Shifting the Dial: From wellbeing measures to policy practice*. Dunfermline: Carnegie UK Trust. p20.

- **Plan a high-profile relaunch of the indicators, involving the backing and engagement of ministers**, as a clear statement of intent to reach both public and political as well as policy audiences with the indicator set.

4. The Welsh Government should create tools that help embed a focus on the SDIs within its core policy processes.

While we have recommended that the primary role for the SDIs should be as an accountability mechanism that sits outside specific government programmes, the findings have also made clear the crucial need to ensure that there are strong links between the indicators and current policy priorities and activity. Only in this way can the indicators help shape the way that policy-making is carried out to ensure that it addresses Wales's key sustainability priorities. Specific policy tools will be required to help embed them within the Welsh Government's policy-making processes.

Such tools are likely to include:

- **A database or 'menu' of possible policy responses to changes in the headline indicators within different policy areas.** This may involve holding discussions focused on particular indicators to stimulate detailed thinking about possible actions within and across policy areas.
- **Policy tools to enable the indicators to be used within the decision-making process**, for example, screening tools which encourage impacts across all indicators to be considered early in the policy process, as well as tools which help impacts to be quantified later in the process.

Appendix 1: Research documents

This appendix contains the key documents used to guide the interview and workshop stages of the research, in particular:

- Both version of the topic guide used to structure the in-depth interviews.;
- The workshop agenda.
- The diagrams used during the workshop to present the current SDIs and suggested restructured SDI set.

Topic guide: SD indicators and Welsh Government's policy activity

v1, 13th March 2013

- Introduce self, CWB, nef, recording and anonymity
- Your role
- Key aims of your unit / department
 - Where are its goals formally stated? (More than one place?)
 - What are key goals / objectives that really drive day-to-day work?
 - What is it about these that gives them bite?
 - How is progress towards goals measured?
 - Formally
 - Informally
- How far has work of your dept / unit taken on board SD as COP? (...given findings of variation between depts.)
 - Why / what has brought this about?
- How familiar are you with the SD indicators?
 - Prompt with table if appropriate
- To what extent have the SD indicators had attention / influence in dept's work?
 - Indicators as framing issues / Year-on-year changes in indicators
 - What has stopped them having more influence?
- What might allow these or revised SD indicators to have more influence / concrete effects in the future?
 - Setting targets / milestones? Possible to overcome barriers to this?
 - Shorter-term vs longer-term?
 - Personal objectives for individuals?
 - Results-Based Accountability approach?
 - Other way of setting intermediate indicators more relevant to your work?
 - SD Bill / duty?
 - Other?
- Views on plans to produce unified set of PfG and SD indicators
 - How easy is it to identify those areas / indicators in PfG to which your work relates?
 - Reflections on process of producing first set of PfG indicators?
 - How effective have PfG indicators been so far?
 - How could this be designed to maximise influence?
- How do indicators compare to other means of getting policy change
 - e.g. (suggested in PwC review of SD scheme): formal SD impact assessment; oversight role of eg. First Minister's Delivery Unit; use of grant aid / conditions and other procurement practice; SD body to challenge decisions

Topic guide: SD indicators and Welsh Government's policy activity

v2, 25th March 2013

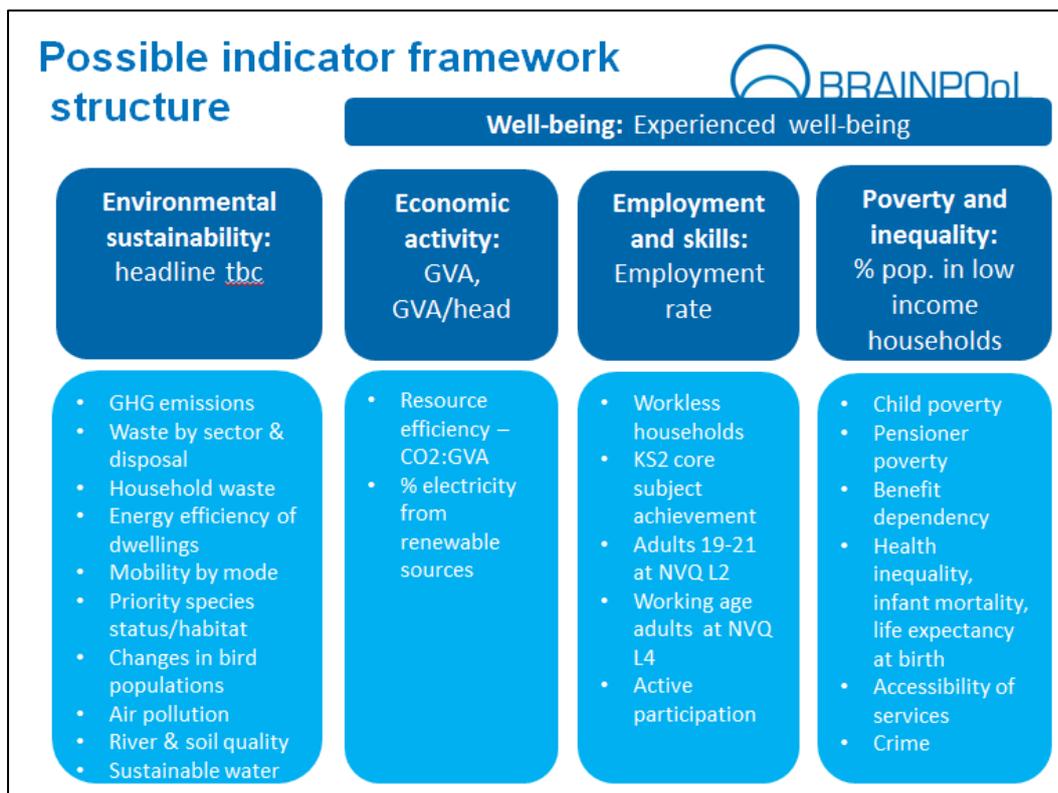
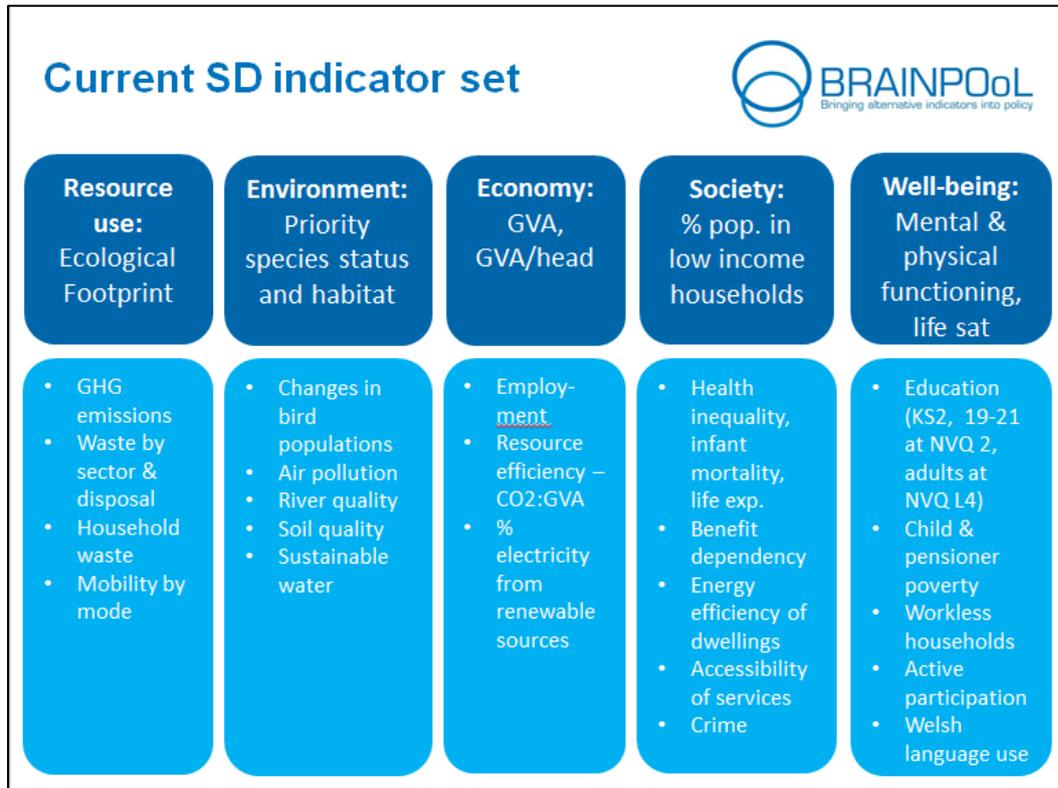
- Introduce self, nef, BRAINPOoL, recording and anonymity
- Your role
- Key aims of your unit / department (explore which most appropriate)
 - What are key goals / objectives that really drive day-to-day work? Why these?
 - How is progress towards goals measured (formally / informally)?
 - What are key live policy issues?
- How far has work of your dept / unit taken on board SD as COP?
 - Why / what has brought this about?
 - How much role have SDIs had?
- How familiar are you with the SD indicators? (Prompt with table if appropriate)
- To what extent have the SD indicators had attention / influence in dept's work?
 - Indicators as framing issues / Year-on-year changes in indicators
 - Different indicators pointing in different directions?
 - What has stopped them having more influence?
 - Particularly EF, well-being? Are they fit for purpose?
- What might allow these or revised SD indicators to have more influence / concrete effects in the future?
 - Setting targets / milestones? Possible to overcome barriers to this?
 - Personal objectives for individuals?
 - Other way of setting intermediate indicators more relevant to your work? Particular live issues where this might be relevant?
 - SD Bill / duty? *Who is driving this politically?*
 - Other?
- Views on plans to produce unified set of PfG and SD indicators
 - How effective have PfG indicators been so far?
 - How could this be designed to maximise influence?
- How do indicators compare to other means of getting policy change
 - e.g. (suggested in PwC review of SD scheme): formal SD impact assessment; oversight role of eg. First Minister's Delivery Unit; use of grant aid / conditions and other procurement practice; SD body to challenge decisions
- SD as 'just good policy making'
 - How do you make people consider the long-term?
 - Reticence about 'green' aspects? Isn't this just about welfare into the future?
 - Need for focus on specific to fulfil duty under the Bill?

Using headline indicators effectively in policy-making: Welsh Government seminar agenda

Friday 28 June, 2-5pm, Conference Room 6, Cathays Park Welsh Government building

1. Introductions and our objectives for the session (15 minutes)
2. Presentation: Beyond GDP and the BRAINPOoL project (15 minutes)
3. Small group exercise: Using indicators at each stage of the policy cycle (50 minutes)
 - Small group work
 - Feedback and discussion in plenary
4. Comfort break (15 minutes)
5. Presentation: Findings on the use of SDIs across Welsh Government (25 minutes)
 - Presentation
 - Questions and reflections
6. Facilitated discussion: What does it look like if we are using indicators effectively in policy-making? (40 minutes)
7. Conclusions and next steps (10 minutes)
8. Evaluation questionnaire (5 minutes)

Diagrams used in the workshop to present the current and suggested restructured SDI set



Note that the second diagram erroneously omitted the indicator on Welsh language use – this was explained as an error during the workshop, with the suggestion that it could fit under ‘Employment and skills’.

Annex 5. Outcomes from Toulouse

Sebastien Paris

University of Toulouse

July 2013

Executive Summary

Previous BRAINPOoL's activities offered an overview of the pattern of actors, initiatives and approaches carried out inside the European debate about going "Beyond-GDP" at various scales. One interesting outcome showed that sub-national scales in France engage relevant actions toward the experimentation, the promotion and/or the implementation of Beyond GDP indicators. As BRAINPOoL engaged an analysis of the barriers encountered by several actors at the national and international scales, we chose to focus on regional and sub-regional actors to comprehend the specific barriers at work at these scales.

Stakeholders involved come from four different territorial scales – region, *département*, urban community/community of towns, city/town – and act as territorial authority, NGO, regional statistical office or elected representative.

Two methodologies have been used to lead this case study. Firstly, actors were interviewed separately to gather information about the content, the approach and the methods used by every actor to tackle the Beyond GDP issue inside its institution. Secondly, actors were invited to a meeting to favour exchanges and communication, and to take part to a workshop dedicated to create a collective reflexion. Both methods were structured according to the entries that the previous studies showed as the more relevant to tackle beyond GDP processes: actors, scales, concepts and methodology.

A large array of specific drivers and barriers at work at sub-national scales are revealed here in the context of the *Région Midi-Pyrénées*. As the main objective of this peculiar stage of research is to sort out barriers and propose ways to overcome them, we identify four main categories of limits whom major issues are presented here:

Communication and knowledge – There is general lack of communication between actors and the absence of coordination is the major factor of the non-use of alternative indicators in public decision. Above all, the whole context about Beyond GDP is poorly known and implemented - alternatives are generally ignored.

Conceptual bounds – The absence of a clear model linked to Beyond GDP curbs its acceptance and its implementation. Sustainable Development keeps being mentioned but its objectives are directed toward well-being and social cohesion as ideals. Moreover, GDP still is predominant and must be completed instead of replaced.

Methodological barriers – Beside the general lack of material and economic facilities, the main barrier is the absence of (harmonized) data at sub-regional scales, and the will to develop data sharing or common database is unequal and limited by technical issues.

Actors and participation – Participation from civil society is subject to various problems as feasibility, individualism, which people are involved, what is the ideal degree of participation in institutional processes, etc. Decision makers are also sources of limits, from political calendars constraints to societal pressures.

Considering these barriers, and according to the drivers observed in this case, we make some propositions to overcome some of them through three types of activities to be carried-out by BRAINPOoL: communication (mainly by spreading the knowledge gained during the project), consulting (provide tools and methods produced during the project; propose existing AIs according to the need of the actor, etc.), and action (mainly by holding meetings at specific scales and by favouring the constitution and the efficiency of a network of actors).

The pool of Midi-Pyrenean actors ready to involve in a Beyond GDP initiative is rich, but needs to be structured to overcome the barriers it is facing. In general, the willingness for change seems to be relatively strong at sub-national scales, but the facilities they can rely on are limited to achieve it.

1. Introduction

The case study we carried out in Toulouse was deliberately dedicated to observe the barriers encountered by various actors inside the situation determined by the regional and sub-regional scales. The previous work packages showed that these scales were hosting several forms of Beyond GDP initiatives that bring relevant material into the whole Beyond GDP debate. So we made the choice to understand the practical limits they have to face, according to specificities pertaining to these scales.

Based on the observation (in WP2) of a general lack of communication among the various actors of the debate, we decided to invite different stakeholders constituting the system of actors (potentially) involved in a Beyond GDP approach inside the Midi-Pyrénées Region. This decision has two main reasons:

- There is no clear Beyond GDP initiative at work yet (inside which we can intervene)
- The limited means in these actors' possession – because of their limited size and their very localized influence – can be balanced by an efficient network able to tackle a Beyond GDP initiative together

So we decided to do not focus on a single actor/institution implementing an indicator inside its “area of influence”, but to observe the opportunity of a multi-actor approach inside a specific territory.

1.1 Objectives:

- Observation of the initiatives inside the Midi-Pyrénées Region, and analysis of the pool of actors involved,
- Bringing together these actors to spread the knowledge about this context,
- Discussing together the barriers to the uptake of alternative indicators inside these scales,
- Bringing ideas to overcome these barriers,
- Determining the specific drivers at work at these scales,
- Determining if there is a demand,
- Favouring the emergence of a network of actors, to improve the communication.

1.2 Actors constituting the case:

- Regional authorities (Midi-Pyrénées Regional Council; Regional Directorate for environment, land management and housing),
- *Départementale*¹⁰⁹ authorities (Haute-Garonne; Gironde),
- Community of municipalities (Sicoval),

¹⁰⁹ In France the first sub-section of the *région* is the *département*.

- Municipality (Toulouse; Saint-Orens de Gameville),
- NGO, (Social and solidary economy; Regional Agency for Sustainable Development),
- Elected representatives,
- Regional statistical office (INSEE Midi-Pyrénées).

1.3 Initiatives presented/actors interviewed:

Actor	Scale	Initiative
Midi-Pyrénées Regional Council	Region	Dashboard of SD Indicators Agenda 21
DREAL	Region	SPIRAL Agenda 21
Gironde	<i>Département</i>	SD aggregated indicators
ARPE	Region	Observatory for SD SD Barometer
Sicoval	Community of municipalities	Agenda 21
Saint Orens de Gameville	Municipality/town	Social Need Analysis Agenda 21

1.4 Methodological approach

The WP3 case study is structured according to two approaches. The first one consists in semi-structured interviews of the participants individually. The second one is the meeting itself, where actors are gathered and encouraged to discuss and perform a collective reflexion.

Individual interviews

The interview guide were structured according to the following entries to have a precise description of each initiative. The whole guide tend to more precisely address the issues linked to the scales and the societal participation:

- Conceptual aspects
 - Link between concepts and indicators
 - Can SD and Well-Being be measured?
 - What are indicators' roles and what is an alternative indicator?
 - Knowledge and influence of AIs
 - What influence can be expected from AIs?
- Implementation
 - Drivers of the actor's initiative
 - Barriers
- Methodology
 - How are linked concept and indicator?
 - Conveniences and inconveniences of dashboard, composites and single indicators? Which one did you select?
 - Legitimacy, salience
 - Communication
- Scale
 - Relevant scale for your initiative
 - Which scale for participation?
- Political aspects
 - Political and institutional context (crisis, Stiglitz report, Agenda 21,...)
 - What influenced you initiative? Who it influenced?
 - Top-down influence
 - Bottom-up influence
- Place given to civil society
 - Role of citizens inside the initiative
 - Methods and objectives of this participation
 - Results and uses

Meeting: collective workshop

To reach the objectives of the meeting, we organised it in two parts. The first one offers an overview of the context inside the regional scale by the presentation of five main initiatives. It allows attendees to have a better knowledge of the situation and build their argumentation upon real situations. This part begins with the presentation of BRAINPOoL's objectives and results (Léa Sébastien) to ease the comprehension of the role and the objectives of this

meeting. Then, five initiatives linked to the Beyond GDP debate inside the Midi-Pyrénées Region are presented:

Sébastien KEIFF, in charge of Agenda 21, council of the *département* of Gironde:

Sustainable Development composite indicators of Gironde

Sendrine PICARD, Directorate for the Environment and SD, Regional Council of Midi-Pyrénées:

Sustainable Development in Midi-Pyrénées: Dashboard of regional indicators

Renée FARAUT, in charge of SD, Regional Directorate for the environment, land management and housing of Midi-Pyrénées:

Social cohesion and Agenda 21 in Midi-Pyrénées

Cécile RODRIGUEZ, Head of Agenda 21 and Governance, Sicoval, & Cédric VANDAELE, head of Social Cohesion, Sicoval:

The Agenda 21 of the 36 municipalities of the Sicoval

Bénédicte RIEY, Regional observatory for SD, Regional agency for Sustainable Development Midi-Pyrénées:

The Barometer of Sustainable Development

The second part of the meeting is a workshop for which the participants are randomly spread among 3 groups of 4 persons¹¹⁰. Before the working in groups, each participant fills in a questionnaire addressing the four themes on which the following discussions will be structured:

- *Actors: Name the actors to be associated to AIs' conception/implementation process.*
- *Scale(s): Which scale appears to you as the more relevant to implement alternative indicator(s)?*
- *Concept(s): According to you, could a concept unify the various beyond GDP initiatives? Why?*
- *Indicators: What shape(s) should have the ideal indicator?*

These questions have to be answered individually (on paper) to allow participants to gather their arguments and built a first reflexion on the themes that will be discussed later. They will

¹¹⁰ There were 17 participants, 5 of them left during the coffee break. We were 3 members of BRAINPOoL to lead the meeting.

keep their questionnaire all along the workshop to have their basis for reflexion at hand. At the end we get them back to enrich our individual analysis.

When the questionnaire is filled in, participants are asked to introduce themselves inside their respective group to favour exchanges, ease communication and chose a representative that will present the group's results to others.

The discussions in groups are structured on three questions per theme, knowing that the first one is the most general and is the same as in the individual questionnaires, while the two others are broadening the reflection to specific issues we wanted to have answers for.

The first discussion time lasts 25 minutes and is intended to tackle two themes – “actors” and “scales”. Questions for both themes are presented (as follows) on the same slide in the presentation to help participants manage the time available:

Theme “actors”: *Name the actors to be associated to AIs' conception/implementation process.*

- Which role(s) could civil society play inside the debate and the AIs conception/implementation process?
- Who are the potential users of alternative indicators?

Theme “scales”: *Which scale appears to you as the more relevant to implement alternative indicator(s)?*

- Does comparability between territories appears relevant to you?
- Should we favour interactions between scales and between territories?

When discussions inside groups are over, each group's representative proposes its results and arguments. BRAINPOoL members encourage participants to deepen their argumentation and further general discussions help broadening the debate on specific points.

The second discussion time should be carried out according to the same proceedings. However, some more participants have to leave, so is decided to run a collective reflection (eight participants). The following themes are driving the discussion:

Theme “concept(s)”: *According to you, could a concept unify the various beyond GDP initiatives? Why?*

- Is a coherent theoretical frame for the implementation of AIs necessary?
- What constitutes a territories' wealth?

Theme “methodology”: *What shape(s) should have the ideal indicator?*

- Is the systematic standardization desirable?
- Is the systematic participation desirable?

Long discussions take place freely and the themes are extensively covered. The debates slowly shift toward more general views about the Beyond GDP issues to be finally concluded on opportunities to conduct future meetings.

2. Results

2.1 Individual stakes

Here are the results of individual interviews. They are the main drivers and barriers met by actors inside the regional context at the regional, departemental and local scales. Results are displayed according to the same themes used during the workshop (Actors, Scale(s), Concept(s), Methodology). Actors interviewed are those who presented their initiative during the meeting of May 27th.

Actors

Drivers	Barriers
<p>All initiatives led at the regional scale (Midi-Pyrénées) have a participatory approach involving the highest number of regional actors available (regional authorities and directorates, State, NGOs, citizens, employees, companies, etc.).</p> <p>This participation generally consists in collecting ideas, discussing about concepts, priorities</p> <p>In Midi-Pyrénées exists a platform for SD where major institutions bring funds and working time to tackle several topics whose results are destined to help territorial authorities.</p> <p>Some institutions are powered by individuals strongly involved in both the development of</p>	<p>Participants from the civil society are people already involved in this type of initiative. There are no inexperienced people, and they are not randomly selected.</p> <p>Some ideas clearly come from citizens and will be taken into account by the institutions, but the rest of the process is clearly top-down.</p> <p>Involving in an alternative indicators' initiative needs time and money. Such institutions have to make choices between several issues because they have limited economic and human resources.</p>

a project inside their territory/institution and inside the national debate

By providing information, indicators can alert about certain issues and legitimate the implementation of some political decision.

The measure of well-being implies so much subjectivity that if we do not involve citizens it cannot be widely accepted.

Some innovative and prospective techniques are used at local and *départementale* scales. They gather a relative high number of participants and offer real inputs in specific processes.

With SPIRAL, the Region expects to reach people that are not used to involve in such issues (households, unemployed people, young people under 25, etc.).

The use of the SPIRAL program by every territorial authority can offer a wider participation of citizens by an involvement of

Regarding the influence upon citizens, it seems like indicators are not educational enough, and cannot be presented alone and need to be explained

The lack of coordination is a major factor of the non-use of indicators inside public decisions. So the coordination is one of the main challenges and the work is done in this way.

There is a clear lack of communication.

Indicators reporting on well-being are still based upon national data.

Young people and households are very difficult to reach regarding such issues.

Propositions from workshops and other participative methods are interesting but need deep adaptations to the functioning of the administration to potentially reach the implementation.

Political choices and methodological feasibility will decide to what extend this program will be accepted and implemented.

inhabitants at the scale of their commune.

The Stiglitz report is clearly a driver for Beyond GDP. Its assets are linked to its media coverage, to its educational, political and institutional impact.

Sometimes decision-makers are motivated to tackle specific programs or to try to reach national objectives (as an example the ministry announced in 2009 that every territorial institution (more than 50 000 inhabitants) should have to an annual report about the situation of SD.

Decision-makers moreover pay attention to what citizens propose because they need to understand their electorate.

Several barriers:

1. This report is still unknown by many actors
2. Actors being aware of this report almost know nothing else about Beyond GDP (except HDI and EF)
3. Citizens do not address the issue by talking about “going beyond GDP”, but by considering the opportunity to assess progress differently.
4. Addressing Beyond GDP is anxiety-provoking. To involve citizens and decision-makers it is important to focus on specific themes and debate according to these themes, not directly about the questioning of GDP.

Decision-makers are facing several problems:

- They cannot tackle environmental issues because the social situation is too critical
- Citizens may be aggressive during participative meetings because they ask decision-makers to act quickly and efficiently to reduce the social/economic crisis (there is an idea to create a training to help DM managing conflicts to use such interactions instead of avoiding them).
- Some of them are simply not interested in the issue: they do not want to involve, the process cannot exist or is very much slowed, and no decision is done.
- Such process take years (often more than one mandate) so decision makers do not want to involve in projects whose results are not immediate, and projects appearing at the end of the mandate might be too dangerous and participate to the defeat at an election.
- Public meetings during the last 4/5 five months before the election are accounted as part of candidates'

campaign. That's why they hesitate to take part to public workshop, roundtables, etc.

- Some are strongly committed to GDP and to the economic performance of their territory.
- The political sensitivity of political representatives is very important in the ranking of politics to be undertaken in priority.
- Lack of economical resources.

One problem with the top-down and bottom-up methods is that pure bottom-up initiatives do not take into account the political agenda, so they can hardly be effective.

And sometimes, political agendas invite to address specific topics for which people have no interest at that time.

One major asset of the Midi-Pyrénées region is the high amount of NGOs that constitute a strong basis for potential alternative projects.

2.2 Scales

Drivers	Barriers
<p>Agenda 21 are carried out at every scale:</p> <ul style="list-style-type: none"> - Region - <i>Département</i> - Urban communities - Communities of municipalities <ul style="list-style-type: none"> - Cities - Towns <p>The SPIRAL program was spawned by the European Council, has been promoted inside regions by the ministry of ecology, there is a national driving committee and territorial workshops are led everywhere in France.</p> <p>SPIRAL is still in an experimental phase so every territory/institution implementing it participates to the building of its method by providing proper outcomes to other territories and scales.</p> <p>A national seminar about SPIRAL gathered 46 territories (Regions, urban communities, National Parks, departmental councils, communities of municipalities, etc.)</p> <p>The initiative from Gironde is transparent and oriented to be shared with other departments and in relation with the national scale (Senate, National Assembly, Fabrique Spinoza).</p>	<p>Data and standards are incompatible.</p> <p>This methodology is sometimes blindly copied by other departments that do not adapt the tools to their specificities.</p> <p>That is an extensive initiative that asked for a large economical and human involvement from the departmental institution (cannot be easily reproduced in other <i>départements</i>).</p> <p>For all initiatives, there is a major lack of data at the scale of municipalities. This</p>

The measure allows knowing where we are compared to other territories and use them as examples.

Some initiatives are based upon a large observation of the national context and of the various regional initiatives

The initiative has been broadly diffused and is now used inside some other departments.

The Regional Council organized a workshop at Rio+20 to present its approach of Agenda 21 and compare with and feed from other initiatives.

Interaction between territories is very interesting and pooling experiences and data has a strong potential.

avoids the development of local implementation of AIs (If we want to collect data of the few main cities in Midi-Pyrénées, the budget of the regional directorate of the INSEE needs to be multiplied 800 times).

Some initiatives are built without any communication/knowledge about what has been done elsewhere.

No decision-maker took into account the numerous results produced.

Incompatibility of data, of processes in compiling them, of tools used to process them.

2.3 Concepts

For all actors, well-being is a constitutive part of SD. Some of them also considers that it is its main goal by developing in a way that allows future generations to have good living conditions. *“If we consider that well-being and SD are not linked, it is a sign that the original purpose of SD has been forgotten”*. Furthermore, social cohesion is a major focus and a transversal finality in almost each initiative.

Drivers	Barriers
<p>The governmental activities mainly addressed the environment during the last years with the Grenelle Environment process, and the Pact of Ecological Solidarity tackled the social dimension by inviting local authorities to act in that way inside Agenda 21. Now The social dimension and the social cohesion are leading concepts inside the regional institutions. At the scale of the government, the environment is now tackled through the concept of ecological transition where past initiatives (from the last government) are taken into account without being named.</p> <p>The Social Cohesion is the main approach currently used in Midi-Pyrénées inside every institution questioned.</p> <p>It is the main entry because of the general context that puts aside climate change and incites to focus on social sustainability. The related actions are led while considering an environmental sustainability but the environment is clearly not the main objective. Social cohesion is the most transversal finality.</p>	<p>SD is considered from a very anthropocentric position as a reasonable consumption of resources to allow current and future well-being. Constituents of well-being are: equal good living conditions, have a job, ability to decently raise children, and decently taking care of aged and/or disabled people.</p> <p>People are at the centre of the whole approach, and their thriving and the social cohesion are the first entries of the process. There also is some kind of opportunism to tackle well-being while it becomes a major concept at the international scale. The whole</p>

All the new agenda 21 are structured on social cohesion that is placed at the heart of the process as a knot.

The SPIRAL program focused on social cohesion is carried out as part of Agenda 21.

Participative meetings were carried out to adapt the definition of social cohesion (produced by the European Council inside SPIRAL) to the vision of regional actors and to regional priorities.

Using well-being is clearly a communicational asset for politicians because they can make decisions that have a immediate positive impact on the electorate.

Actors are all convinced that GDP should be completed by measures of environmental and social aspects. It is a necessity.

system has to contribute to human well-being on territories and globally, and SD a is mean to achieve it.

The current individualism is a barrier to the development of alternatives that ask for an involvement by and for the community.

SD and A21 finally appear as approaches that are difficult to appropriate by citizens and decision-makers while well-being is easier to link to quotidian issues.

When we ask some actors what they consider as alternative indicators, some of them show a perception reduced to composite indicators, as if they were all AIs and as if all AIs were composite indicators.

GDP must be kept untouched for its international role, its clarity and robustness. Nothing can be a better representation of a national economy.

AIs cannot replace GDP because territories

Offering a tool as an alternative to GDP consists in offering the practical tools able to support new world visions. It just needs to be educational, accessible, and robust.

SD and well-being need to be measured. Some aspects cannot be measured, but it is essential to measure the consequences of what is/could be lost. So, well-being can be measured in a retro-active way through the measure of several factors of malaise.

also need to be economically strong (AIs are not considered as opportunities to measure differently a complex system, but as new indicators focused on specific concepts as well-being = they are considered as reductive as GDP is)

Indicators cannot change world visions. Individuals do not need them to feel if they are happy or not. Implementing a new indicator reveals a change in mentalities, but the implementation of a new indicator cannot change mentalities.

Many actors interviewed declare that well-being can't be measured. We can only use data about aspects influencing well-being.

2.4 Methodology

Drivers	Barriers
<p>Regional institutions are at the origin of several interesting productions linked to the collection and the diffusion of data/information:</p> <ul style="list-style-type: none"> - List of regional observatories producing data. - Collection of all available data linked to SD in Midi-Pyrénées 	
<p>There are exchanges of data between regional institutions.</p>	<p>Data are not always usable by every institution.</p>
<p>Some alternative indicators are experimented at all scales.</p>	<p>Furthermore, some institutions prefer using their data to be certain of its relevance, or of its coherence with their discourses.</p>
	<p>Only the Ecological Footprint, the HDI and the Social Health Indicator are calculated for every regions.</p>
	<p>There is distrust for composite indicators because they are seen as black boxes that hide what composes it (can be dangerous). Simple indicators are clearer compared to aggregated ones. A composite can be useful to have an overview, but it is necessary to clearly see the various dimensions behind to understand trends. Citizens too want to know what is behind a single number.</p>
<p>At the regional scale, there is a clear preference for dashboards of indicators in Midi-Pyrénées.</p>	
<p>The measure of well-being is done with</p>	<p>The ideal number of indicators for the dashboard is between 10 and 20, but it does not help transparency. And it takes a lot of time to do such a work on indicators. It is a choice done by the institution to allow spending time and money on such issue.</p>

various indicators inside the SD dashboard inside categories as social cohesion, human thriving, ...

One of the main challenges is the balance between statistical salience and appropriability by citizens.

Inside A21, they noticed that it is better to have a low amount of indicators to be able to take the information into account without leaving it inside a massive unreadable stock of data. Advisories are to select something like 3 indicators by finality.

The data need to be talkative, easily spreadable in society. Official institutions have the duty to inform and find ideal ways to inform at best; that is why synthetic indicators might to be too complex.

The Region has two types of indicators:

- strategic indicators to assess the evolution regarding the main objectives,
- action indicators for the follow-up of specific activities.

Data come from the INSEE, from internal activities/directorates, and from partnerships with other regions.

A global indicator could be useful to allow the region to know how it is ranked among others and to act on a larger scale.

All the dimensions constituting the assessment of the social cohesion, well-

Great difficulty to access regional and sub-regional data.

Regional specificities need to be accounted to address the issues that peculiarly threatens the balance of the Region (example: need to have information about the influence of the major pole that Toulouse constitutes at the expense of rest of the whole region).

being etc. are still problematic to be synthesized into indicators. That is why institutions are expecting many practical solutions from the program SPIRAL.

The approach of the *département* of Gironde:

The annual SD report is structured upon the five finalities of the Grenelle Law, so they decided to create a synthetic indicator for each of them. Each indicator is totally transparent, all the information about the method and the data are freely available on the Internet

Communication is not done widely, but wisely: creating and feeding the debate among field workers, inside families, municipalities, companies, NGOs, instead of a wide and blind diffusion in large media (that is expensive and inefficient).

Decision makers and territorial authorities are gathered inside a technical advisory council to train them and to involve them.

Synthetic indicators can grasp people attention. Each synthetic indicator hides a dashboard that constitutes it. These information only have to be freely available to people who want to deepen the understanding of the synthetic indicator.

They have a data-visualization on the Internet

(<http://www.datalocale.fr/drupal7/dataviz/ig-presentation>)

In the Sicoval, data are structured in a

Having only a dashboard is highly operational but is not educational at all.

Highly technical, non adapted to a diffusion to the public.

common database that gathers information from every directorate and that is automatized and available to every agent and decision maker (internal system).

Midi-Pyrénées has a lot of observatories at various scales and about various themes (SD, landscapes, social cohesion, etc.) that create data available for sharing and can be a basis for networking.

A common methodology needs to be built to allow efficient exchanges of data between institutions.

2.5. Collective stakes

Here below are the results from the workshop and discussions carried out during the meeting of May 27th. They are synthetized in few main barriers encompassing the various problems raised by participants during discussions, and mentioned during individual interviews.

Lack of interactions between actors

We observe that in a relatively small territory (one French Region) are several initiatives which are totally carried out without any interaction between one another. Knowledge and experience are enclosed inside tiny spheres of actors without gaining from external exchanges. This leads to an interesting variety of initiatives and methods, but the general lack of economic and human resources to achieve high standard projects shows that interactions could be useful. We observe actors facing technical problems that others already overcame. Some are referring to out-dated initiatives while others could share their state of the art, etc.

No data sharing between institutions

The idea of a database shared and fed by every territorial institution and upon which could be based new indicators is mentioned several times. As an interesting solution, it has been discussed quite deeply and multiple barriers emerged. Institutions creating data and/or institutions having processed data do not share their productions and methods with others because of several factors:

- Some institutions ignore the usefulness to share data
- Sharing data can be a risk for an institution that does not want to have its

- performances compared (or judged)
- In some institutions, data are often spread all over its internal departments without being organised inside a common and convenient database
 - Some institutions avoid sharing data that needed a hard work to collect. They do not want to freely share the enjoyment of such work, and want to assure their primacy regarding the interpretation of data.
 - The harmonisation of data between institutions and between territories needs a tedious work

However, some administrative drivers are inciting official institutions to share their data:

- Ministerial obligation to diffuse a certain amount of data
- The public access to administrative documents
- Since 1995 towns and cities have to carry out a analysis of social needs
- Each territorial authority over 50 000 inhabitants has to produce an SD diagnosis

Lack of available/usable data at local scales

Collecting, creating and processing data at scale lower than the *département* is highly expensive and cannot be undertaken by national nor regional statistical institutes. However, at every scale, institutions are producing data about various aspects linked to their activities. As seen before, these data are not processed, not even organized so they cannot be used to produce regular indicators nor to allow comparison between entities.

No clear national frame for alternative indicators

Actors are feeling that the alternative indicators issue, the Beyond GDP debate, the questioning of the measure of progress, of wealth, etc. are not framed enough by national authorities. This situation limits official regional and local authorities to carry out initiatives because they are used to respond to national objectives structured upon a clear approach and a dedicated budget. They are lost in the various concepts, finalities and means to address this issue.

No common conceptual frame

What we call “Beyond GDP” is not so obvious for Midi-Pyrénéan actors. They need to refer a clear concept on which actions can be built. Without it, objectives appear unclear and individual interpretations avoid pooling means and actions. A better theoretical frame could offer a better basis and point out the reasons why new indicators are needed, what is expected from their implementation, etc.

Several limits regarding citizens participation

What do we consider as a “participative approach”? Are citizens involved to bring ideas without being involved in the technical and decisional process? Citizens can be easily involved punctually but it is really difficult to involve them regularly. We need to respect their

right be not involved. Participation appears easier to be carried out at local scales, what limits the possibility to generalize this approach at higher scales.

Lack of material and economic facilities

Alternative indicators initiatives need long and deep processes that require important economic and human resources. Their tenure needs to make political choices that some decision-makers are not ready to engage.

Unclear objectives behind the implementation of alternative indicators

As mentioned above, regional actors are feeling that alternative indicators are still not paired with clear goals. We need to refer to a common ideal to consider what changes are to be expected from the implementation of indicators.

No clear model linked to alternative indicators

As GDP is linked to a specific and well known model, alternative indicators still are only linked to what we don't want to be part of anymore. A clear model needs to support their implementation to strengthen processes, to settle objectives and to communicate more easily about their finalities.

Need to settle if we need comparison between territories or if we need to favour local uniqueness

According to the objective expected from the implementation of alternative indicators, it is important to decide if the challenging of GDP is to be undertaken to have a better basis for the comparison of territories or if it is done with the goal to better manage a specific territory. A general observation shows that comparison between territories is useful to help territorial authorities to assess their performances according to current national/global stakes. However, it is necessary to adapt the measure to territorial specificities. Both orientations are necessary, the challenge seems to find how managing a measurement tool able to take both of them into account.

Lack of diffusion of alternative indicators -> lack of knowledge

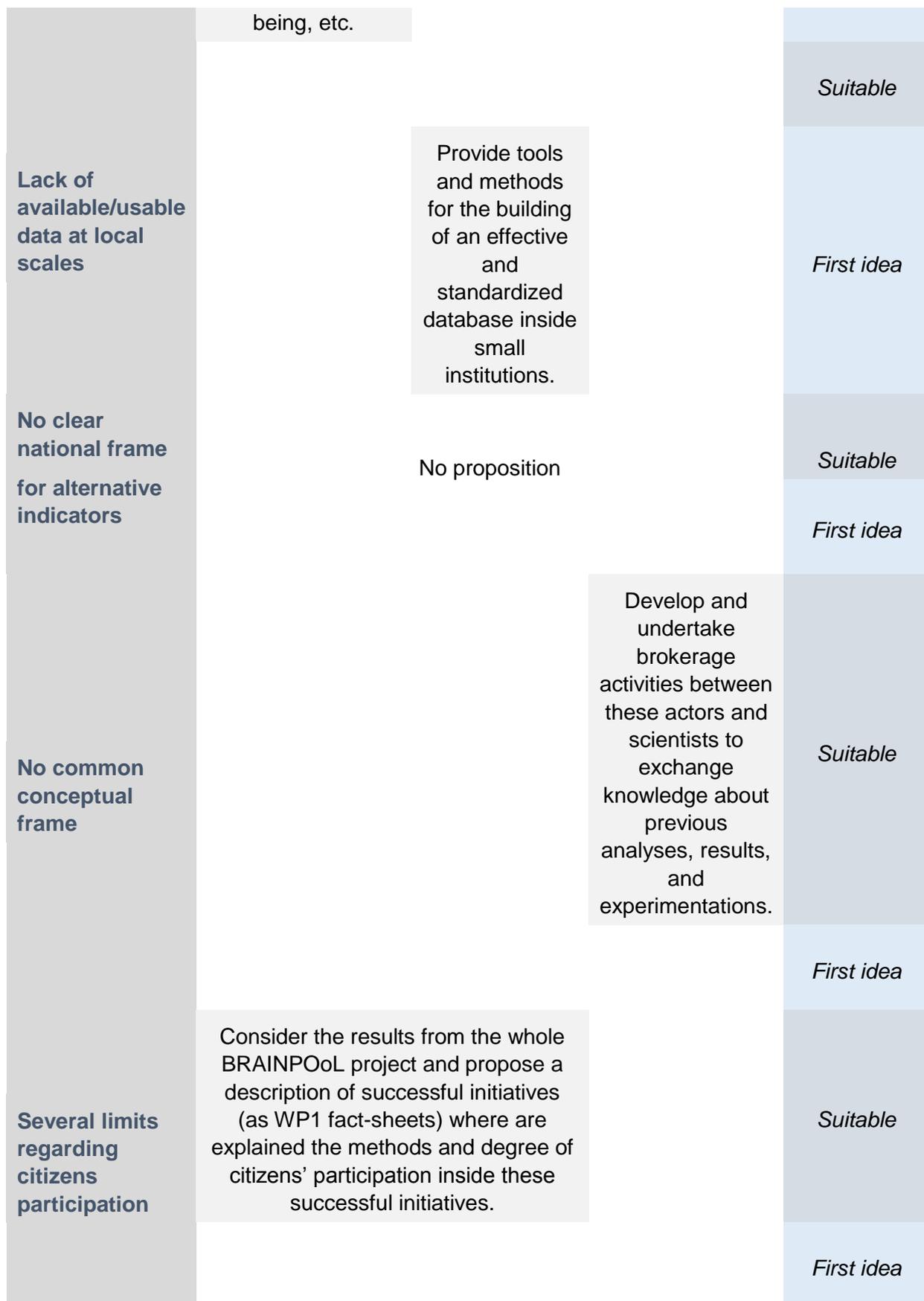
There is an important lack of communication about alternative indicators. Existing initiatives, contextual innovations, AIs experimentations still are not known by the large public, even among actors of debate. Comments during the workshop and during the interviews clearly reveal that when people are informed about the stakes of alternative indicators, they show a

strong interest for the issue. Moreover, only the main international outstanding initiatives are known by the public (HDI and EF).

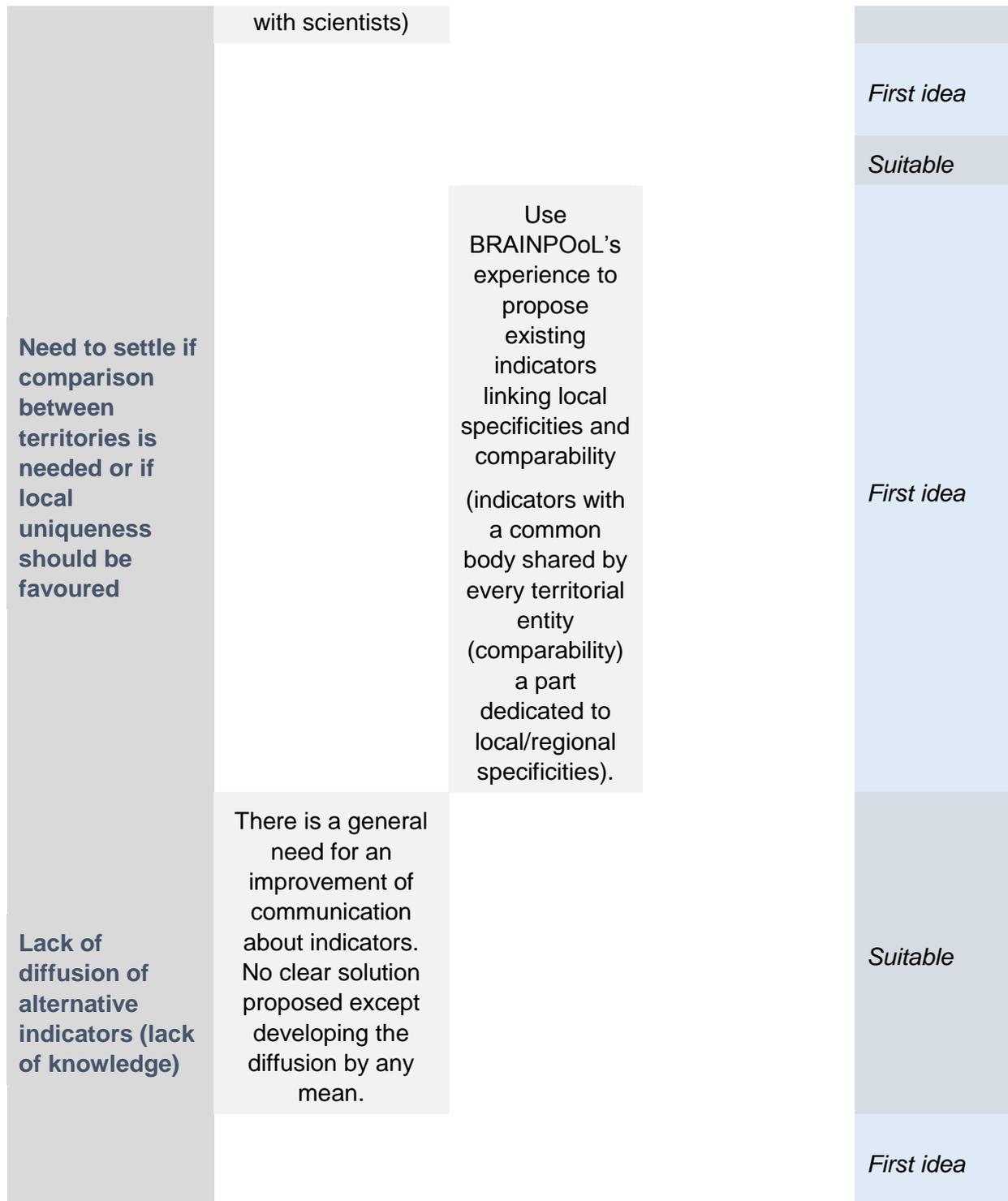
3. Conclusion and propositions

Several barriers being identified, we now propose ideas to overcome them. The following tab organises our propositions according to the method to implement them ('communication', 'consulting' and 'actions') and to the feasibility for BRAINPOoL ('suitable for BRAINPOoL's competence' and 'first ideas to develop').

		METHOD			
		COMMUNICATION	CONSULTING	ACTIONS	
Barriers	Lack of interactions between actors			Organise workshops and meetings to improve exchanges between actors, favour the creation of an effective network and improve the understanding between the various actors.	<i>Suitable For BRAINPOoL</i> <i>First idea</i>
	No data sharing between institutions	Inform institutions about the interest and the usefulness of sharing data, and the role that a common database could play in building alternative measures of progress, SD, well-			<i>Suitable</i> <i>First idea</i>



<p>Lack of material and economic facilities</p>	<p>Develop and use the interactions between the members of the network to fasten knowledge exchanges, sharing investments into local experts' training and specific equipment.</p>	<p><i>Suitable</i></p>
<p>Unclear objectives behind the implementation of alternative indicators</p>	<p>Organise workshops dedicated to the definition of common goals inside the network, to find the ultimate users and adapt the measure to them, and to consider the political use of AIs (what changes are expected, how new indicators are expected to be used and taken into account).</p>	<p><i>First idea</i></p>
<p>No clear model linked to alternative indicators</p>	<p>Diffuse knowledge about alternative indicators, their goals, paradigms, authors, etc. Broaden the audience of BRAINPOoL's results. (To be linked with the development of brokerage activities</p>	<p><i>Suitable</i></p>



Annex 6. Rotterdam's Sustainability Profile

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(TNO)

10 October 2013

Executive Summary

Rotterdam's Sustainability Profile

The development of Rotterdam's Sustainability Profile started from the idea to map where the city of Rotterdam stands in terms of sustainability, as well as from the view that there is a pool of 'unused' data available. Moreover, in already existing indicators sustainability aspects were not well captured yet. The initiators of the Sustainability Profile felt a need for indices that measure progress in the field of sustainability more holistically/ integrated and at the same time make a link to every day planning practices and hands on activities.

Within the context of the EU-funded MUSIC project, a (very detailed, GIS based) quantitative information tool was being developed. This data tool started to be called '*Sustainability Profile*' (or '*Sustainability Index*' or "Quality of life"-index) and now has to find its way into policy making. It should give both urban planners and policymakers the opportunity to optimise sustainability plans in relation to the Rotterdam Programme on Sustainability and Climate Change: Investing in Sustainable Growth.

A clear advantage of the Sustainability Profile should be to show the implications of policy and planning decisions in a more explicit way, and in the end, to show/monitor the progress of local areas towards sustainability.

Stakeholder analysis

In the period January 2013 – March 2013 nine interviews with both internal and external stakeholders (including potential users) are conducted. A shortlist of key findings is listed below.

- ▶ Interviewees connect the Sustainability Profile to: spatial development or city development, the creation of awareness (actors are handed a tool to take action), well-balanced economic growth, the themes of the Program on Sustainability and Climate Change;
- ▶ The Sustainability Profile should proof its value added compared to the already existing approaches and instruments. It should really be additional to these existing indicators in order not to cause confusion;
- ▶ Final success of the Sustainability Profile will depend on the function it will be given.
Interviewees could easily make a list of potential functions. A univocal function should be distilled and communicated;
- ▶ The *interpretation* of the Sustainability Profile is seen by interviewees as important issue to elaborate on. Various interviewees see a risk of misinterpretation.
Some interviewees explicitly expressed worries of misinterpretation at the political level, leading to wrong policy interventions. Politicians might give a wrong absolute meaning to indicator outcomes;
- ▶ Besides on functionality, there also exist different views on scale. Should the Sustainability Profile play a role on neighborhood level, municipality level, or urban agglomeration scale?
- ▶ In a way there is a *dilemma between generic or specific*. A certain tension between harmonizing outputs (e.g. for the purpose of benchmarking) and showing unique characteristics of local areas exists.

Some interviews made us aware of a danger that the Sustainability Profile will lose its connection to policy if the focus is too much on technical aspects of the instrument itself. The Profile will have true value added when embedded in the policy context, and implemented in actual work processes. The latter preferably also in connection to spatial development plans - if possible even in cooperation with external parties and/or in participatory processes.

- ▶ On the operational side, efforts should go out to efficiently embed the Sustainability Profile in regular work processes of various departments of the Civil Service. Especially a more integral way of working, including cooperation between different departments is seen as important. In this context, the problem of 'different Worlds' and cooperating with 'different blood groups' is mentioned as organizational barrier by various interviewees.

Based on the stakeholder analysis we identified the following challenges to be discussed in the workshop, to further move towards a successful implementation of the Sustainability Profile in Rotterdam:

- ▶ Find a clear connection between the **concept of the profile** (data system management, content: the (sub)indicators to be included, explanation of its function(s)) and **work processes of the Civil Service** (here interpretation of the

indicators is an important factor and, accordingly, implementation in (local area) policy interventions.

- ▶ However, technical aspects of the Profile and the exact content are subordinated to the function(s) and policy goals it will serve.
- ▶ First an answer to the following questions should be formulated:
 - **Strategic:** What goal(s) should the Sustainability Profile aim for? (or: Which functions should the profile have? And Whom should it serve?)
 - **Tactic:** How can the quality be guaranteed? What is needed to really make the Sustainability Profile interpretable in a clear way, such that correct policy interventions can be based on its results?
 - **Operational:** How can the Sustainability Profile be embedded in the organizational structure and work processes?

Workshop findings

A workshop took place the 2nd July 2013 with participants selected by the project leader of Rotterdam's Sustainability profile. The group of participants comprised of close colleagues who are needed for the operational work, people from other departments with whom cooperation is required, and some external stakeholders whose support is also needed. The goal of the workshop was to make a strategic plan for the coming two years for further design, development and implementation of the Sustainability Profile.

The workshop took off with the general acknowledgement that an important first step is to embed sustainability in regular (planning) processes at the municipality's office. In this context it should accordingly be found out what role the Sustainability Profile can play, and how it can be implemented in regular work processes. The following Top-3 of issues to be discussed in-depth was then decided upon:

1. Function(s) of the Sustainability Profile
2. What is needed to bring the Sustainability Profile into use?
3. How can (potential) users be attracted?

On #1, the function(s) of the Sustainability profile, it is concluded that the real strength of the Sustainability Profile is to supply a factual (objectively measured and undisputable) knowledgebase to feed in policy and planning processes as 'common starting ground'. Based on such a shared knowledgebase, various policy options for city development can be mapped in an objective way. In its core the Sustainability Profile should thus supply the agenda for discussions on new policy plans, in its early phase of development. The ultimate goal of these discussions should be to create broadly based support on how to embed sustainable development in concrete urban planning processes or city development projects.

Given that private parties (companies) are nowadays more involved in investments to develop local areas in Rotterdam, the city development and urban planning process must be realized more in interaction with external parties. The challenge for the local government is thus to make a connection between public tasks and market initiatives, in such a way as to optimise sustainability targets and outcomes. It is important to now apply the Sustainability Profile in such processes – the development of the profile was up till the workshop primarily focused on the rather technical aspects of the instrument

itself. It will remain important, however, to present information in the right (manageable) proportions, at the right moment in the process, and to the right persons.

On #2, the question what is needed to bring the Sustainability profile into use, it was agreed by workshop participants that especially at the initial moment where high-ranked officials set more abstract policy targets at a macro-level, the Sustainability Profile can have value added in offering an instrument to define more overarching sustainability targets in a SMART way. In this initial phase of defining policy targets the Sustainability profile could define the optimal opportunity and optimal (geographical) scale to target policy interventions as to realise maximum impact. Workshop participants therefore conclude that an important first step should always be to identify the (type of) users with whom the Sustainability Profile will be implemented in a policy process, and to identify what type of process this is. Both variables – (type of) users and process characteristics – determine the research questions the Sustainability Profile should answer. The instrument needs to be customized to the specific situation, stakeholders, etc.

On #3, the question how (potential) users can be attracted, the first important point relates to the business model behind practical implementation of the Sustainability Profile. On the operational management side, structural budget allocations are needed to update datasets and maintain data management systems. Furthermore to 'run' customized exercises with the Profile, it should be clear how time allocation of staff will be paid for. At the time of the workshop it was not yet clear to the project leader of the Sustainability Profile how structural financing can be arranged. Beyond finance, other operational questions in relation to the roles to play with the Sustainability profile (i.e. knowledge broker, advisor, and process manager) exist on the 'back office team'. Is this team complete yet? And does the team have all needed competences to fulfill all roles? It was concluded by workshop participants that competences of back office team members are an important factor to take into account.

Conclusions on the development of Rotterdam's Sustainability Profile

The development of Rotterdam's Sustainability Profile started as a bottom-up initiative on the operational level of the civil service. When we got in contact with Rotterdam's municipality, the development process of the Sustainability Profile was still in a somewhat conceptual phase. The focus at that time was on rather technical aspects of the instrument itself (dataset underlining it, way of presentation etc.), but yet arriving a level of maturity that it was opportune to brief the head of unit and other higher ranked officials on the concept.

From the start, there seemed not to be a shared conception on the functionality of the Profile within the municipal organization. It was not directly clear to people what the Sustainability Profile can do, and for what purpose. This resulted in skepticism at some places within the municipal office, including higher managers. We learned that it can take a while for higher managers to determine how useful this new indicator is, and to assess the functionality of it. We found that some more efforts are needed to promote the key strengths of the Sustainability Profile to arrive at a situation where there is broadly based support and understanding of the profile's value added. The challenge for the near future

is to move away from fine-tuning technical aspects of the instrument itself, and instead to focus on the (policy) processes in which the Sustainability Profile will have to be applied.

Along the lines of BRAINPOoL's analytical framework as applied in the first two work packages, observed barriers are:

▶ **Context factors:**

- *Organizational structure/work processes*
 - It is especially pointed out that more cooperation between different departments is needed, as well as a more integral way of organizing projects.
- *Embedding in policy context*
 - Some interviews made us aware of a (perceived) danger that the Sustainability Profile might lose its connection to policy. This because of too much emphasis on technical aspects of the instrument itself or a fear that the Sustainability Profile does not capture developments at the same geographical scale as where local politicians are interested in.

▶ **Indicator factors:**

- *Naming / image / way of presentation*
 - Some interviewees had a preference for other names and a "easier to interpret" way of presentation of the Sustainability's Profile data.
 - There was not yet a clear and coherent perception among interviewees of what the Sustainability Profile is, or can do.
- *Legitimacy*
 - Some interviewees questioned how distinguished the Sustainability Profile is in relation to already existing assessment tools and other indices already available within the municipality.
 - Support from higher management seemed to be relatively moderate (especially in the early phase of development when we started the first contacts in the context of this case study).
 - Importance to make a connection to the right geographical scale and with the current policy agenda.
- *Reliability and interpretability*
 - Various interviewees mentioned the importance for the Sustainability Profile to provide rather univocal results which can be easily understood, so that a correct meaning will be given to the outcomes.

Use(r) factors:

- *Functionality*

- There was not yet a clear and coherent conception among interviewees of what the Sustainability Profile is, or what it can do. Interviewees had questions on what roles the Sustainability Profile should play.
- Interpretation (“use” versus “misuse”)
 - Underlined by a concrete example of misinterpretation leading to a wrong policy intervention (Safety index score versus perception of safety as explained by inhabitants of neighborhoods themselves were diverging), it became clear that the issue of *interpretation versus misinterpretation*, especially at political level, is an important user factor to take into account.

Obviously, some of these observed barriers relate to the fact that the Sustainability Profile was still in a rather conceptual phase when the BRAINPOoL case study started. The ‘level of maturity’ of the Sustainability Profile should therefore be taken into account while interpreting case study findings and synthesizing them in BRAINPOoL’s context. For this reason, recommendations or next steps identified, are rather practical or explanatory in nature, and primarily targeted to the team working on the Sustainability Profile:

- ▶ Create clarity on the function(s) of the Sustainability Profile:
 - Create a recognizable instrument (with a sound information- and database underlining it) which is, throughout the municipal organization, acknowledged to function as provider of objective information for discussions in policy plans and projects at their early phase of development.
- ▶ For this, it is important to present information in the right (manageable) proportions, and to the right persons:
 - Balance the supply of data to the specific needs of the user [or city development project or urban planning process in which the Sustainability Profile will be applied].
- ▶ Make a connection to target audiences of (potential) users not reached yet:
 - During the workshop there was agreement on the importance to show ‘inspiring examples’ to a group of local area managers who was not yet aware of the Sustainability Profile. Potentially, these managers determine where they see opportunities to connect the Sustainability Profile to policy measures.
- ▶ Connect public tasks to market initiatives in such a way as to optimize sustainability targets and outcomes but be open on ‘desired outcomes’:
 - This requires to set-up a good process in which negotiations with external parties on sustainability targets will be arranged. In this process it remains important to base decisions on new policy plans or city development projects on objective information. The Sustainability Profile certainly has the potential to provide arguments in such an objective matter.

- The local government is, however, not only a 'player of the game' but to a certain extent also sets the 'rules of the game'. For this reason, for the municipality it is important not to 'exploit' its own normative stance while applying the Sustainability Profile in collaborative processes with external actors. The shared knowledge base should be truly objective.

Synthesis of case study findings in the context of BRAINPOoL

The general objective of BRAINPOoL's work package three – to which the case study on Rotterdam's Sustainability Profile belongs – is to test the interaction between the supply of indicators (WP1) and demand for indicators (WP2) in practical case studies. We have therefore tried to map our observations on primary bottlenecks or barriers in the development process of Rotterdam's Sustainability profile along the lines of BRAINPOoL WP1's and WP2's main findings. For the purpose of synthesizing individual WP3 case study findings, five (generalized) types of barriers are identified:

4. *Natural conservatism*

During our case study between March 2012 and July 2013, the development process of Rotterdam's Sustainability Profile entered a phase in which more people at different departments and at different hierarchical levels got aware of the Profile. This also resulted in skepticism on the value added of the Sustainability Profile.

It is recognized by a high-ranked official that the Sustainability profile can have true value added if it is able to connect to visions on integrated (local)area development, point out connections to other policy domains, can connect to stakeholders, improve communications, and is able to explain the development potential of local areas (i.e. identifying problems but also chances). Without such abilities, the Sustainability Profile would not per se have value added compared to already existing indicators in the field of economics, ecology and social aspects.

However, the Sustainability Profile is in fact a good example of an initiative which is bringing together already existing data into a coherent and integral way, rather than trying to be a new, and potentially competing, measurement instrument.

We clearly noticed in the Rotterdam case that at some point in the development process internal support from heads of unit and program managers is needed to make a connection, not only to policy processes but also to operational processes. The primary bottleneck to overcome first was more to bridge a gap between the operational work on the Sustainability Profile and the reservation of heads of unit and program managers. The process flow is thus more from bottom-up to higher hierarchical levels of the organization. It is especially in the latter context that the Rotterdam case proves WP1's finding that *Indicator initiatives take time*. It took some time to get required support from higher ranked officials. In the context of the Rotterdam case study we can better characterize high-level actors as the ones playing a crucial facilitating role, instead of being on the 'demand side'. Without their support in the end, it will be very hard to secure any form of structural embedding in municipal work processes and policy processes.

5. Ignorance of the opportunity

During the case study in Rotterdam we found that some work needs to be done to really promote the key strength and value added of the Sustainability Profile within the municipal organization. It appeared that there was no shared conception of the usefulness and functionality of the Profile. This links to WP1's findings on *perceived need*.

However, given as what is seen to be the Sustainability Profile's key strength, to provide objective information as shared knowledgebase at the start of new city development projects or urban development planning processes, it should be possible to convince people within the municipality that the Sustainability Profile has true value added.

In fact the Sustainability Profile has the potential to do exactly what the abovementioned (#1) high-ranked official considers to be determining factors for value added. Given that the Sustainability Profile starts 'bottom-up' with very detailed data on small geographical areas and accordingly tries to target the information to facilitate the specific needs of the city development project or urban planning process at stake, a participatory way of working is basically what the project leader of the Sustainability Profile is aiming for.

In general we found that some more efforts are needed to 'market' all assets of the Sustainability Profile in order to win broader based support and acknowledgement of its functionality.

6. New indicators don't fit policy objectives

During the case study we found that there were some fears that, due to a strong initial focus on technical aspects of the instrument itself, a connection to actual policies could get lost. However this must clearly be seen in the context of the 'level of maturity' of the Sustainability Profile. First practical applications of the Profile had yet to start, and some of the interviewees were, to a certain extent, unaware of all possibilities and function of the Sustainability Profile. This misperception also relates to the novel character of the Sustainability Profile.

The stakeholder analysis also pointed out to some reservation to embrace indicators. For example, a higher ranked official stated that to his opinion:

"To be useful for local politics, indicators should especially serve to monitor developments and to find out the reasons and causes behind. Indicators should not function to hold policy to account, therefore there should not be any political target connected to indicator outputs"

In a way, there seems to be a fear to be confronted with critique based on indicator outcomes.

One of BRAINPOoL WP2's findings is that *"Beyond GDP indicators face a paradox: they aim to be comparable at the international level as well as revealing local level aspirations. [...] Interconnection, comparability, harmonization and international cooperation are considered to be very important characteristics. But the question of how to do it without jeopardizing contextualisation, locality, specificity remains unanswered."*

We found elements in the context of the above in our case study on the Rotterdam Sustainability Profile. Although the Sustainability Profile is

orientated on the local level of the city of Rotterdam, there still are important issues related to scales. During the round of interviews we found that there is a certain tension between ‘harmonization of indicators’ and showing unique characteristics of local areas with help of the Sustainability Profile. It was questioned to what extent a generic story should be told, so that benchmarking with other local areas or perhaps even other cities would be possible, and what room then is left to show the uniqueness of developments in certain neighborhoods. During the interviews this was referred to as a ‘*dilemma between generic or specific*’.

Furthermore, on the geographical scales in the context of functionality of the Sustainability Profile, we found during the stakeholder analysis that various interviewees were wondering on which scale the Sustainability Profile should play a role: neighborhood level, city level, or even at the level of the urban agglomeration?

Moreover, during the stakeholder analysis there seemed to be some fears by interviewees that the Sustainability Profile could lose its connection to the policy agenda, by not necessarily measuring developments at the same geographical scale as where the local politicians are focusing on. However, a unique characteristic of the Sustainability Profile is that it is flexible to provide data on developments within the city’s boundaries on basically every possible geographical scale. The profile thus has the potential to target reliable and objective information, to specific needs. Again, this seems to relate to misperceptions on the functionality due to unawareness of the Sustainability Profile’s full potential. This must be seen in light of the relatively early phase of development in which this case study was running.

7. Problems with the indicators themselves and associated models

The case study on Rotterdam’s Sustainability Profile proofed that complexity of the indicator can be a real problem, especially in terms of interpretation of the outcomes. In the stakeholder analysis we found that various persons within the municipal organization saw a possible danger of misinterpretation, partly driven by a complex way of presentation, or an information overflow. Furthermore, in Rotterdam various people not so much feared that decisions will be made too late, but that the wrong policy actions will be derived from the indicator outcomes. It was stressed by a higher ranked official that, to his opinion, it would not be desirable to burden city politicians with complex technical details of the Sustainability Profile. Politicians should only be asked to deal with governance-related aspects in directions of solution as indicated by the data of the Profile.

8. New ways of working are required

Some further elaboration within Rotterdam’s municipal organisation on operational processes is needed. During the case study we learned from various interviewees that cooperation with other departments or other local governmental services are not always considered to be optimal. At the beginning of the case study we learned that there might exist some tension between different departments or governmental services who ‘claim’ to be the ‘problem owner’ of the theme sustainability.

To conclude, internal cooperation need to be optimised somewhat so that the Sustainability Profile can be really applied in concrete projects and processes, also in cooperation with external parties. As soon as both internal processes and cooperation processes are better targeted to implement the Sustainability profile in, there should certainly be potential to *reach multiple audiences*.

Conclusions

- ▶ Although Rotterdam case study is unique by nature, our observations can be related to some of WP1 and WP2 key findings. We can actually confirm most BRAINPOoL WP1 and WP2 findings which match to some extend with our observations in the Rotterdam case.
- ▶ We cannot so much add new generalized findings on success factors of indicators or the characterization of demand - they are probably too case study specific.
- ▶ An interesting observation from the Rotterdam case study in the context of BRAINPOoL is the discovered barrier related to the process flow from a proactive bottom-up initiative to higher hierarchical levels within a, in this case local, government organization. In fact the level of middle management could create a 'hold-up'.
- ▶ Another, perhaps more general, finding is that even within a local level 'beyond-GDP' initiative their can still exist a dilemma between multiple scales, e.g. a dilemma between 'generic or specific', also related to harmonization.

1. Introduction

This report describes a case study in the context of BRAINPOoL WP3 – Action research in practical cases – executed by TNO at the municipality of Rotterdam. The objective of this case study is to support the City of Rotterdam in their search for a ‘Sustainability Index’ or ‘Sustainability Profile’, while at the same time learn from this search for the BRAINPOoL project in terms of bottlenecks regarding designing/developing/implementing this new sustainability indicator.

The case study in Rotterdam took off in March 2012 after an exploratory appointment with an already existing contact from previous TNO work at Rotterdam’s municipality. After this initial exploratory meeting, we were introduced to the project leader of the ‘Sustainability Profile’. For him we came at the right moment with an interesting offer; his project to develop a new way of presenting and using data on sustainability issues at the local level was ready to be scaled-up and pushed to a next level. Insights from the BRAINPOoL-project could be of help, so we were invited to step in.

Together the project leader of the ‘Sustainability Profile’ we listed potential bottlenecks in the further development- and implementation process of this new indicator, identified the right stakeholders to test these bottlenecks with (and find out other bottlenecks not listed yet), and discussed ways how we, the BRAINPOoL-project, could support the process.

During the initial meetings in Rotterdam we learned that the ‘Sustainability Profile’ was in a relatively early phase of development. Up to December 2012 interest in the Sustainability Profile grew stronger within Rotterdam’s municipality but also worries arose about connection to processes (both inside and outside the municipality). We came to a joint conclusion with the project leader of the Sustainability Profile that this was a good moment to do a round of interviews with stakeholders. These interviews took place in the period January-March 2013. To reflect on the interview findings and to define next steps to prepare implementation of the Sustainability Profile, we agreed to design a workshop with “key persons” within the local government services. This workshop took place on July 2nd 2013.

The next section briefly summarizes the case study set-up and process. Accordingly, in the section after the executive summary, a description of the policy context in Rotterdam will be presented; followed by sections on the stakeholder analysis undertaken and workshop. The report concludes with more generalized findings for the BRAINPOoL project.

2. Case study set-up and process

2.1 The issue

Given an initial bottom-up development process of the Sustainability Profile the next step should be to test the Sustainability Profile in a wider setting of the municipality's office. In this way bottlenecks for designing, developing, and implementing the Sustainability Profile should become clear.

The case study approach and methodology

As a first step, a stakeholder analysis is carried out to identify internal demand and what kind of urgent issues can be addressed by using the *Sustainability Profile*. This includes finding out what themes/questions remain unanswered and what is the potential way to go forward.

- ▶ The stakeholder analysis is carried out by conducting several individual or group interviews with civil servants from different departments, managers and external stakeholders. The final list of interviewees is made in accordance with the contact person – and producer of the index – at the municipality's urban planning department (part of the cluster City Development).
- ▶ One of the goals of the interviews was to find out who (or which department) is the 'problem owner' of the *theme* sustainability. From our first conversations in Rotterdam, it seemed there are several departments 'claiming' this theme. In effect this could be a barrier for a successful implementation of an indicator initiative such as the *Sustainability Profile*.
- ▶ Based on the interviews a next step was to organise a workshop on the need (or perception of this need) and potential use of this *Sustainability Profile* (or similar indicator).

The outcome for the 'client'

With this case study BRAINPOoL would like to support the City of Rotterdam in their search for a sustainability index or profile. A final outcome for Rotterdam should be an advice on (further) implementation of a Sustainability Profile (or similar indicator), including clear follow-up steps and timing.

The learning for BRAINPOoL

The learning for BRAINPOoL will be insights in the dynamics around the 'Beyond-GDP' topic at the local (city) level. This will include a wider understanding of internal institutional barriers in the production and use of a new (sustainability) indicator, but also insights in the dynamics from a bottom-up initiative towards higher management and city politics.

3. Context of Rotterdam's Sustainability Profile

3.1 Policy context

The city of Rotterdam, the Netherlands' second largest city with about 600 thousand inhabitants, has some challenging ambitions to become a sustainable city. Rotterdam aims to balance social (people), ecological (planet) and economic (profit) interests when making decisions and carrying out activities, both now and in the future. In this way, the city of Rotterdam wants to transform the city into a more pleasant, safe and healthy place for future generations to live, and where the economy can continue to flourish. This is the city's understanding of a high quality of life.

In 2007, Rotterdam has started the Rotterdam Climate Initiative¹¹¹, a partnership between the city, the Port of Rotterdam, Deltalinqs (organization for companies in the port), and the regional Environmental Protection Agency [DCMR] in order to respond to climate change and make way for sustainable economic development in the region. The main target of the Rotterdam Climate Initiative was to have 50% reduction of CO₂ emissions in 2025 compared to 1990, and to make Rotterdam 100% climate-proof. However, the Rotterdam Climate Initiative has recently been incorporated into the Rotterdam Programme on Sustainability and Climate Change: *Investing in Sustainable Growth*¹¹². This is a wide-ranging programme that runs from 2011-2014 and links-in with many policies of the City of Rotterdam.

Given its characteristic of a delta and port city with large parts situated below sea level, Rotterdam is vulnerable to flooding as an effect of increased rainfall and a rising sea level. This makes sustainability even more a high priority for the city. Besides water protection, policy measures aim to: reduce the use of fossil-derived energy; reduce CO₂ emissions; reduce noise and air pollution; have higher energy and resource efficient buildings, industry, traffic and transport; make better use of waste heat; increase the use of renewable energy; and facilitate carbon capture and storage.

Furthermore, as reflected in Rotterdam's 2007 City Vision on spatial planning, the quality of life of Rotterdam's inhabitants should be improved by concentration and condensing, i.e. bringing places to work, live, and leisure closer together. This choice for a 'compact city' offers many advantages such as less traffic and more support for urban facilities. However, it then needs to be accompanied with additional policy efforts to achieve a better quality of the living environment in terms of public green, clean air, less noise pollution, and efficient use of energy.

¹¹¹ <http://www.rotterdamclimateinitiative.nl/en>

¹¹² http://www.rotterdam.nl/DSV/Document/Rotterdam%20Sustainability%20Programme_vs5_3_cover.pdf

3.2 Operational management

The Programme Office on Sustainability and Climate Change, with a staff of 23 FTE, is responsible for the practical implementation of the programme and for writing progress reports. Through incorporation of the commissioning role towards DCMR – the regional environmental protection agency, Rotterdam’s Sustainability and Climate Change Office is also responsible for coordinating the regular environmental tasks of the city such as external safety, water quality and sewage treatment. However, implementation of individual activities is and remains the responsibility of the ‘regular’ municipal civil service. This means that there are several departments formally involved in the realisation of sustainability goals.

3.3 Towards a Sustainability Profile / measuring progress towards a sustainable city

The statistics of Rotterdam’s local government services are quite well organized in the Centre for Research and Statistics. Several indices are being produced in Rotterdam to measure progress in different thematic fields: a safety index, physical index, health atlas, and a social index. These indices are all used in policy making. However, there is a need for indices that measure progress in the field of sustainability more holistically/ integrated and at the same time make a link to every day planning practices and hands on activities.

Both the Architecture Biennale, held in Rotterdam every two years (latest edition April 2012) and the European Interreg IVB project MUSIC¹¹³, which focuses on the transition towards sustainable cities, were reason for Rotterdam’s Spatial Planning department to commission a study on the impact on sustainability of densification of Rotterdam’s inner city. For the purpose of this research project a (GIS based) quantitative information tool at a very detailed geographical scale (street level) is being developed, not only for application at inner city level but for the whole of Rotterdam. This data tool is being developed into a ‘Sustainability Profile’ (or ‘Sustainability Index’ or “Quality of life”-index) and now has to find its way into policy making.

In this search for indices that capture sustainable development or progress more holistically/integrated, the municipality of Rotterdam meets several bottlenecks:

1. The producers and the users of the index are not the same people or departments. The interests of the departments are different and boundaries between the departments seem to hamper the use of the indicators;
2. The continuity of data gathering for the indicators is not guaranteed as Rotterdam has a tradition to organize work in unique projects that last until a certain date;
3. The political and managerial level did not articulate an initial need (and herewith legitimacy) to develop this new set of indicators for more general policy purposes. The development started bottom-up within the urban planning department, in the context of the above mentioned study on impacts of densification of Rotterdam’s inner city. Wider implementation and application in regular work processes of the municipality was at that point perhaps not yet foreseen by the higher management.

The process

¹¹³ www.themusicproject.eu (Rotterdam is a lead partner). The aim of cooperating cities is to make CO2 reduction an integral part of urban planning processes. In this project Rotterdam wants to develop new cooperation models between the public and private sector to make public buildings less energy consuming.

In the course of development of the Sustainability Profile at the urban planning department within the Cluster City Development, awareness on the indicator is gradually picked up by several other departments. The political or managerial level of the City slowly started to take the idea and possibilities of wider implementation of this Sustainability Profile aboard. However, an articulation of the need and opportunities of the Sustainability Profile was not (yet) always clear on this level. The next step should therefore be to test applicability of the Sustainability Profile in a wider setting of the civil service, such as in urban development plans, neighbourhood development plans, hands on projects, and visions.

Only then, the process of development can be directed more towards implementation, and finally repetition, for example in future periodic monitoring studies like 'State of Rotterdam' or 'Rotterdam Economic outlook'. Furthermore, the Sustainability Profile could potentially be connected to the obligation the city has installed to attach a sustainability paragraph to every new city development plan of Rotterdam's municipality.

Figure 1: Sustainability Profile Rotterdam (version of July 2013)

A comparison of neighbourhood 'Feijenoord' with scores of the City average

numbers and percentages on, say, needed amounts of public green (parks) in the city to reach policy goals related to the living environment. At the same time, the Sustainability Profile also incorporates questions like: *where to plan more green, why there, what is the advantage of place A over B?* It is important to understand that the Sustainability Profile makes this connection as it bridges the gap between mapping and calculating. It gives both urban planners and policymakers the opportunity to optimise sustainability plans in relation to the Rotterdam Programme on Sustainability and Climate Change: *Investing in Sustainable Growth*.

The already existing assessment tools are seen to be less useful to make this link with the Rotterdam policy context on sustainable development. Furthermore, these existing assessment tools are more 'black-boxes' with their weighting schemes and translation into outcomes of single numbers and percentages. A clear advantage of the more 'customized' Sustainability Profile should thus be to show the implications of policy and planning decisions in a more explicit way, and to better target the instrument to the local policy context.

Next to matching the Sustainability Profile of Rotterdam to on-going work processes, projects, policymaking and this 'asset based planning', there should be an internal discussion on the desired content of the indicator base. In the study on the impact on sustainability of densification of Rotterdam's inner city, the Sustainability Profile comprised of 35 indicators. This indicator framework includes themes such as "water system and climate change", "accessibility", "energy", and "health". A research question is if this current set of indicators suits all purposes of Rotterdam's municipality, or if there should be an extension to other themes as well. Within the municipal office there are indicators on even more themes available. For this reason, experts on each theme will be questioned to fine-tune the indicator selection.

Both on the city level as well as a wider regional level there are internationally harmonized indicator initiatives in which Rotterdam participates. These form a potential pool of data to be implemented in a Sustainability Profile of Rotterdam. For example, the World Bank has established the Global City Indicators Program (www.cityindicators.org) to provide cities with a standardized system for data collection in order to monitor performance and quality of life in a consistent and international comparative way. The Global City Indicators Facility [GCIF], the actual database of this World Bank program, allows for more transparent and accountable evidence-based policy making. This program uses two broad thematic indicator categories: City Services (with topics like government budget, housing, healthcare, and transportation) and Quality of Life (with topics like civic engagement, culture, social equity, and technology and innovation). Since Rotterdam already is committed to collect and publish data for this GCIF, the indicators can be taken into consideration to further fill the dataset of the Sustainability Profile.

4. Stakeholder analysis (interview round)

As stakeholder analysis, 9 interviews are conducted in the period January – March 2013. We interviewed civil servants from various departments within the municipality of Rotterdam,

who can support further development of the Sustainability Profile on a more operational level. Furthermore, we interviewed some higher managers and heads of unit who are needed for support, as well as two external stakeholders. Next to people needed for support in operational work or for more formal support to secure for example time and budget allocations, we interviewed some stakeholders who are (potential) users of the Sustainability Profile. All interviewees were suggested by our case study contact at the Municipality of Rotterdam – and developer / project leader of the Sustainability Profile. A full list of interviewees can be found in the Annex.

4.1 Main findings from the interviews

- ▶ Indicators on sustainability / Sustainability Profiles are sufficiently known by the interviewees. Some even know the special publication related to the International Architecture Biennale in which a chapter is devoted to the 'Sustainability Profile'.
- ▶ Interviewees connect the Sustainability Profile to: spatial development or city development, the creation of awareness (actors are handed a tool to take action), well-balanced economic growth, the themes of the Programme on Sustainability and Climate Change.

There are thus multiple interpretations of sustainability, which at least goes well beyond the classical and narrow approach of environmental aspects only.

- ▶ Within Rotterdam's municipality there exist various indices next to each other: for example a Safety index, Social index (recently also integrated into 'Neighborhood profiles').

The Sustainability Profile should proof its value added compared to the already existing approaches and instruments. It should really be additional to these existing indicators in order not to cause confusion.

To a certain extent, there might be competition between already existing approaches and instruments, and the Sustainability Profile which is still under development.

- ▶ Final success of the Sustainability Profile will depend on the function it will be given. Interviewees could easily make a list of potential functions. From this long list an univocal function should be distilled:
 - Information tool in bottom-up spatial planning / city development early stage policy planning
 - Economic: trigger for local area investments, calculation of business cases
 - Monitoring of neighborhoods, identifying local 'shortcomings' and points of attention
 - Making a connection to spatial planning visions (master plans), building an integral approach, mobilize stakeholders, list the development potential of local areas
 - Communication instrument
 - Benchmarking tool
 - Policy impact assessment tool

- ▶ A lot of interviewees pointed towards the *interpretation* of the Sustainability Profile as important issue to elaborate on. Various interviewees see a risk of misinterpretation. Therefore, the profile should produce rather univocal results. But is this possible?
- ▶ Related to this worry, it is stressed that the Sustainability Profile should especially focus on the Civil Service, not on local politicians. Some interviewees explicitly expressed worries of misinterpretation at the political level, leading to wrong policy interventions. In one of the interviews a concrete example of misinterpretation (of the Safety index) leading to wrong policy interventions was mentioned.
- ▶ To work with indicators such as the Sustainability Profile (the making of it, clear way of presentation, and to work out how it should be interpreted) work processes are preferably organized in an integral way. This requires cooperation between different departments. Some interviewees pointed out that work processes within Rotterdam's municipality tend to be less integral, without strong cooperation between different departments or sectors. A lot of attention will be needed to efficiently embed the Sustainability Profile in work processes of various departments of the Civil Service.
- ▶ More in general, the problem of 'different Worlds' and cooperating with 'different blood groups' is mentioned as organizational barrier by various interviewees.
- ▶ There is a certain tension between 'harmonization of indicators' and showing unique characteristics of local areas in the Sustainability Profile. This gives rise to the question to what extent a generic story should be told (for the purpose of benchmarking, perhaps even with other cities) and what room is left to show the uniqueness of an area.
We can refer to this as a *dilemma between generic or specific*.
- ▶ Besides on functionality, there also exist different views on scale. Should the Sustainability Profile play a role on neighborhood level, municipality level, or urban agglomeration scale?
It is important to list the possibilities for these different perspectives such that a decision on scale can be made in a conscious way.

Some interviews made us aware of a danger that the Sustainability Profile will lose its connection to policy. It is therefore very important to embed the instrument in internal work processes but, where possible, also to connect it to (external) spatial development plans. Ideally, in the future, the Sustainability Profile plays a role in participatory spatial development processes. The data system (content of the profile), its meaning, and finally, its interpretation and related policy interventions then get really connected.

Based on the above observations and conclusions, taken from the interviews, we can define the following challenges for a successful implementation of the Sustainability Profile:

- ▶ Find a clear connection between the **concept of the profile** (data system management, content: the (sub)indicators to be included, explanation of its function(s)) and **work processes of the Civil Service** (here interpretation of the indicators is an important factor and, accordingly, implementation in (local area) policy interventions).

- ▶ However, technical aspects of the Profile and the exact content are subordinated to the function(s) and policy goals it will serve.
- ▶ First an answer to the following questions should be formulated:
 - **Strategic:** What goal(s) should the Sustainability Profile aim for? (or: Which functions should the profile have? And Whom should it serve?)
 - **Tactic:** How can the quality be guaranteed? What is needed to really make the Sustainability Profile interpretable in a clear way, such that correct policy interventions can be based on its results?
 - **Operational:** How can the Sustainability Profile be embedded in the organizational structure and work processes?

These topics were presented at the start of the workshop with key stakeholders who need to be taken aboard. Participants of this workshop were selected by the project leader of the Sustainability Profile. This workshop took place in Rotterdam on the 2nd of July 2013. The next section will summarize the content of the workshop.

5. Workshop (July 2nd 2013, Rotterdam)

5.1 Workshop design

The goal of the workshop was to make a strategic plan for the coming two years for further design, development and implementation of the Sustainability Profile. This in a joint effort of the Sustainability profile's project leader, close colleagues needed for the operational work, people from other departments with whom cooperation is required (Programme on Sustainability and Climate Change), and some external stakeholders (at DCMR – the environmental protection agency and MUSIC project) whose support is also needed. This workshop took place the 2nd of July 2013, a few months after the round of interviews with internal and external stakeholders.

A full list of workshop participants can be found in the Annex.

Workshop programme

12:00 – 12:30	Getting acquainted, time to have lunch	
12:30 – 12:45	Sustainability Profile Rotterdam: state of the art, function/ what should it do?	Presentation by Nico Tillie (project leader of the Sustainability Profile)
12:45 – 13:00	Findings from the interviews	Presentation by Thijmen van Bree (TNO, BRAINPOoL)
13:00 – 13:30	Questions? (10 min)	Group of participants

	Articulation of biggest challenges /bottlenecks	
13:30 – 14:00	Prioritizing: which problems/ challenges should be addressed and solved first? Top 3 of issues to discuss in-depth.	Group of participants
14:00 – 14:15	Coffee break	
14:15 – 15:35	Every group works out one point (from the Top 3) and defines concrete actions for the short-term	Group of participants
15:30 – 16:00	Appointments, BRAINPOoL WP6 questionnaire	Group of participants

5.2 Workshop Summary

The final programme of the workshop (2 July 2013, Rotterdam (NL)) is decided upon by mutual agreement with all participants. Initially we intended to make three subgroups to discuss the Top-3 of issues in parallel and conclude the workshop with plenary presentations of action plans per topic. However, due to the relatively small group of attendees, all issues were plenary addressed. The Top-3 of issues to be discussed during the workshop were chosen after two presentations:

9. Presentation on state of the art of Rotterdam's Sustainability Profile (by Nico Tillie, Municipality Rotterdam - Project leader Sustainability Profile)
10. Findings from the interview round (stakeholder analysis) by Thijmen van Bree (TNO; BRAINPOoL project)

The presentation on the state of the art of Rotterdam's Sustainability Profile concluded with remarks on next steps to be taken. According to the project leader of Rotterdam's Sustainability Profile, an important first step is to embed sustainability in regular (planning) processes at the municipality's office. For this it is important to find out how the Sustainability Profile can be implemented, both internally within the local government services, and with external partners. An important question to be answered in the near future is: What is needed to make a successful implementation happen?

In essence, the Sustainability Profile should bring in factual (objective) information (in the right way, and at the right moment) in (planning) processes or city development projects, in such a way that there will be a sound (and shared) knowledgebase.

After both presentations it became clear to all workshop participants that within the municipality's office there is no shared conception of what the Sustainability Profile exactly is, or what it can do. Even workshop participants themselves discussed if the Profile is just the 'spider diagram' (graphical representation of scores on various (sub)indicators) or actually the whole process behind it.

Based on these findings and discussion after the two presentations, the Top-3 of topics to discuss in-depth during the workshop was derived:

11. Function(s) of the Sustainability Profile
12. What is needed to bring the Sustainability Profile into use?
13. How can (potential) users be attracted?

The next paragraphs will summarize workshop discussions per each of these topics

Topic 1: Function(s) of the Sustainability Profile

Related questions:

- ▶ What is the purpose / function of the Sustainability Profile?
- ▶ Is it already possible to do these things?

In other words:

- ▶ **Is everything in place to meet the objectives of the Sustainability Profile?**

Functionality

A more in-depth discussion on functionality (including its purpose) of the Sustainability Profile appeared to be necessary, given the fact that both the interviews and first discussions during the workshop pointed out that within the municipal organization there is in fact no shared conception of what the Sustainability Profile is and what it can or should do.

A first point addressed during the workshop is that even the name of the Profile itself can be misleading. A danger of naming it *Sustainability Profile* is that every discussion will almost automatically evolve towards a (rather technical) discussion on the instrument, while in fact the Sustainability Profile is an assessment or appraisal tool meant to serve policy or planning processes. One should remember that concrete city development projects, and even more the final outcome of these projects, is the ultimate goal; not the instrument as such.

Given this statement, all workshop participants agree that the real strength of the Sustainability Profile is to supply a factual (objectively measured and undisputable) knowledgebase to feed in policy and planning processes as 'common starting ground'. Based on such a shared knowledgebase, various policy options for city development can be mapped in an objective way. In this way, even at the smallest local level of neighbourhoods, a policy agenda for sustainable development can be prioritized based on objective information.

In its core the Sustainability Profile should thus supply the agenda for discussions on new policy plans, in its early phase of development. The ultimate goal of these discussions should be to create broadly based support (because of a shared and accepted knowledgebase) on how to embed sustainable development in concrete urban planning processes or city development projects. It is stated that a certain level of flexibility is required in order to customize the Sustainability Profile on different processes at different geographical levels. Two concrete processes are defined by the workshop participants:

- ▶ Setting the agenda (policy agendas within the municipal organization but potentially also externally)
- ▶ To support and work-out questions and projects initiated by external parties (city development projects started by private companies or organisations)

For both processes it is of great importance to balance the supply of data to the specific needs of the development process or project. Discussions between data providers and development project executives might thus be needed in early stages of policy plans.

Possibilities

By stating the ultimate goal of the Sustainability Profile as to embed sustainable development in urban planning process and city development projects, both by providing objective information to set internal policy agendas, and to facilitate projects of external parties, a related question to the latter is how these external parties can be ‘persuaded’ to take sustainable development on board in their own plans. For internally commissioned planning processes or new city development projects, the municipality can steer to a certain extent towards the uptake of sustainability issues in the plans. Such steering is much more difficult to realize in cooperative projects with external parties, who have autonomy over their own project plans. Especially since the municipal organization of Rotterdam tries to move away from the ‘blueprint’ way of working and wants to play a more facilitating role – partly to realize operational costs savings such cooperation with external partners will be started more often.

City planning in Rotterdam used to be more top-down, coordinated by the municipal civil service. Now the planning process must be realized in interaction. Private parties (companies) are nowadays more involved in investments to develop local areas. For the city planners of the municipality, this requires to acculturate work processes to a certain extent.

Cooperation with external parties also means that the municipality cannot always fulfil its own sustainability ‘wishes’ to the maximum. In fact there is a trade-off in the execution of public tasks between municipal frameworks (regulations) and market initiatives. Especially in projects which are externally financed there is only limited room for steering by the municipality. The challenge for the local government is thus to make a connection between public tasks and market initiatives, in such a way as to optimise sustainability targets and outcomes. The workshop participants referred to this trade-off and challenge to cooperate with external parties as “The Game”. In fact this “game” is a negotiation process where there are opportunities for the municipality to realise (“win”) some of their own sustainability goals. Applying the Sustainability Profile in this process would thus be a good opportunity for the municipality to convince external parties with well-founded arguments. Up till now, development of the Sustainability Profile was primarily focussed on the instrument (to remain in the metaphor of gaming: “The Toy”) itself, not on larger processes in which the Sustainability Profile should be applied.

Despite the shared conception among workshop participants that the Sustainability Profile’s primary function is to supply objective and indisputable information to policy processes, it is stated that the municipality sometimes, implicitly and subtly, wishes to serve more goals. In other words, the municipality sometimes has its strong preferences for certain outcomes and tries to steer processes (also in cooperation with external parties) in such a way to reach a desirable outcome or desirable actions. When the Sustainability Profile would now be introduced as instrument to provide a shared knowledgebase at the start of a process or project, this discussion would not be completely free of normative aspects. In fact, since the municipality is executing the Sustainability Profile, it can strategically choose which information to present (and what to hide). This is then conflicting with what is considered to



be the key strength and, most probably, the best function of the instrument: provider of objective and indisputable information to feed into discussion at early phases of new policy plans and city development projects in order to embed sustainable development. This would also imply to provide **complete** information, hence to be open and honest at all stages.

To conclude workshop discussions on the first point of the Top-3 of issues, function(s) of the Sustainability Profile, a sequence of next steps to be worked on in the near future were identified:

14. Create a recognizable instrument (with a sound information and database underlining it) which is, throughout the municipal organization, acknowledged to function as provider of objective information for discussions in policy plans and projects at their early phase of development.
For this, it is important to present information in the right (manageable) proportions, and to the right persons.
15. Only when #1 is fully completed “The Game”, i.e. the challenge for the local government to make a connection between public tasks and market initiatives in such a way as to optimise sustainability targets and outcomes, can be further developed.
As first step the question: Who should play “This Game”? (and are they capable to play “This Game”?) should then be answered first.

Related questions:

- ▶ Who should use the Sustainability Profile?
- ▶ On which scale (geographical) should the Sustainability Profile be used?

(Potential) users to engage with

During the first round of discussions on how to enhance the use of the Sustainability Profile some workshop participants identified a group of local area managers who could be of help for promotion of the Profile. Workshop participants agreed that it is important to show some ‘inspiring examples’ of what the Sustainability Profile can do in practice. The right target audience would then be this group of local area managers within Rotterdam’s municipal office (these managers are now not yet aware of the Sustainability Profile). They could for example be provided with a set of information from the Sustainability Profile on ‘the state of the neighbourhood’. Accordingly, these managers could then determine where they see potential to connect with policy measures.

Field of force in the municipal organization

Another important issue related to the potential use of the Sustainability Profile was identified as ‘the field of force’ or ‘field of actors’ within the municipal organization. Workshop participants recognized a problem in an apparent level of abstraction between actual projects run by civil servants, and the initial (macro) goals to serve. It are these initial goals for which projects are being initiated. It seems that the overall – and often much more abstract – goals and targets are defined by high-ranked local government officials. As second step, concrete projects are being defined in which such abstract goals and targets are operationalized in much more practical project milestones and deliverables. Now there

can arise a problem around accountability. In fact, project leaders and people responsible for the operational work in projects are only hold responsible for meeting such practical project outcomes as defined (in a SMART¹¹⁴ way) by milestones and deliverables in the project plan or description of work. The relation with the initial, macro - and often more abstract - sustainability goals can get lost to a certain extend.

Workshop participants agreed that especially at this initial moment where high-ranked officials set policy targets at a macro-level, the Sustainability Profile can have high value added in offering an instrument to define targets at this more macro-level, in a SMART way. Yet another function of the Sustainability Profile in this initial phase of defining policy targets is to define the optimal opportunity and optimal (geographical) scale to target policy interventions at as to realise maximum impact. Such an *ex ante* assessment or appraisal function is especially important given the substantial budget cuts the municipality Rotterdam has to implement. Given a tight budget constraint, choosing the right policy interventions becomes thus even more important for Rotterdam.

Towards practical implementation

The workshop discussion on how to enhance use of the Sustainability Profile was concluded with some short comments on more practical determinants for usage of this instrument. Immediately, “The Game” (see # Topic 1) was mentioned again.

It is acknowledged that the starting point or point of reference will always be a public task for the local government. Such tasks ask for a certain degree of governmental steering and orchestrating. This makes that the local government is not only a ‘player’ of “The Game”; it also sets the rules of “The Game”. This comes back to the challenge for the local government to make a connection between public tasks and market initiatives in such a way as to optimise sustainability targets and outcomes, without emphasising too much on its own normative stance (see # Topic 1). Workshop participants therefore conclude that an important first step should always be to identify the (type of) users with whom the Sustainability Profile will be implemented in a policy process, and to identify what type of process this is. Both variables – (type of) users and process characteristics – determine the research questions the Sustainability Profile should answer. The instrument needs to be customized to the specific situation, stakeholders, etc.

Subtopics:

- ▶ Image (there now are various conceptions on what the Sustainability Profile is / What it can do. **Communication!**)
- ▶ Marketing

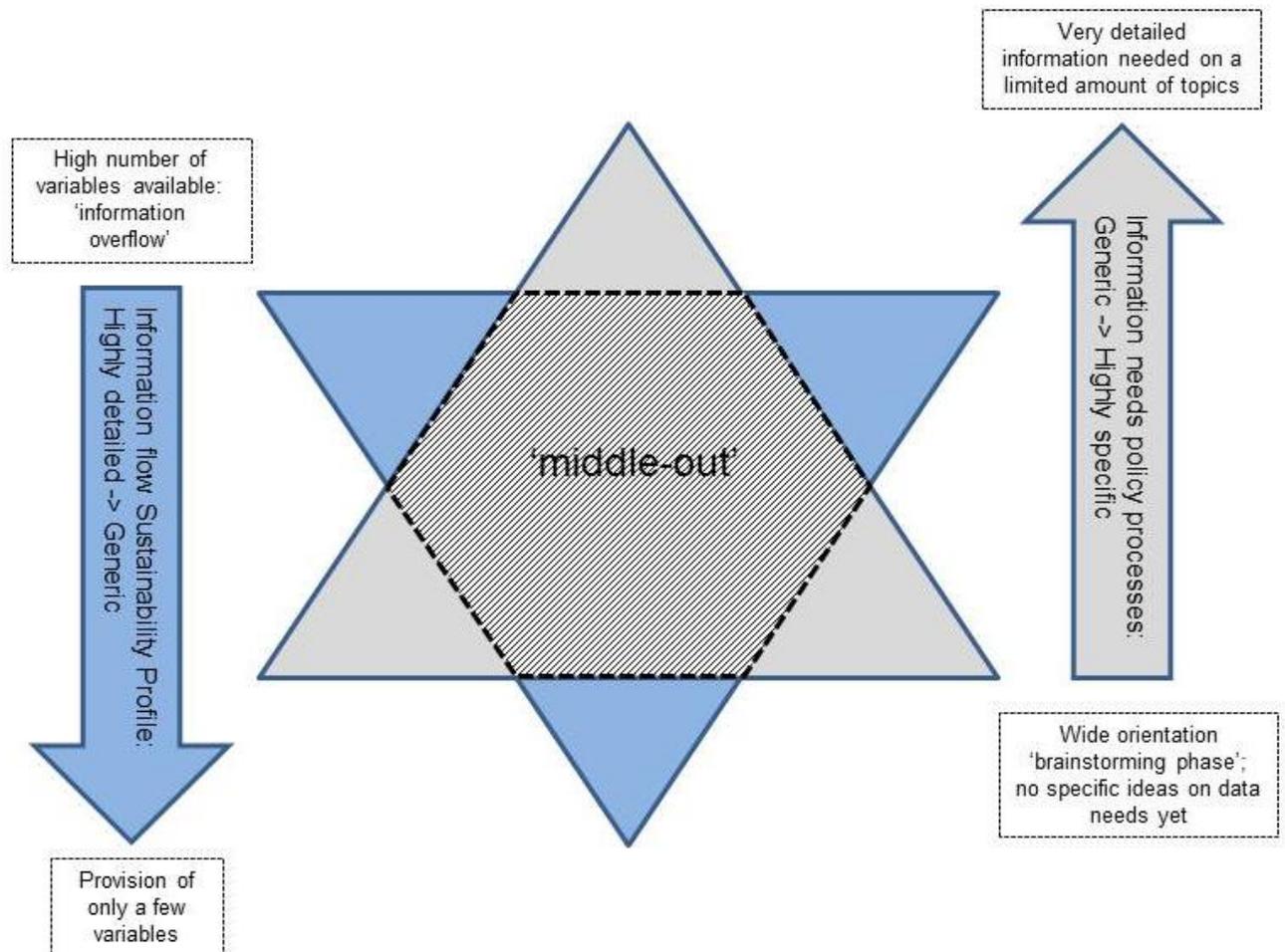
¹¹⁴ Specific, Measurable, Attainable, Relevant, and Time-bound)

A first and important issue addressed during workshop discussions on how to attract (potential) users is the business model behind the Sustainability Profile and its practical application. Regular updating of datasets and data management systems require a structural allocation of budget. Furthermore, arrangements are needed to allocate time (fte's) to run customized exercises with the Sustainability Profile according to the specificities of city development projects. At this point in time it is not clear to the project leader of the Sustainability Profile yet how structural financing can be arranged.

It is thus very important to demonstrate/communicate to managers of budgets the value added of the Sustainability Profile. Especially to show which type of information can be provided by the Sustainability Profile and how this information can be used as shared knowledgebase (of objective information) at the early phases of new urban planning processes or city development projects. It is also important to emphasize on the characteristic of the Sustainability Profile to be able to balance the amount of information, time of presentation and complexity of information to specific project needs.

This flexibility to customize the instrument to specific needs of users is a strength to market according to workshop participants. However, they also acknowledge that this flexibility could be a potential threat at the same time. The Sustainability Profile, after all, starts with very detailed information while normal processes and projects 'funnel' from abstract ideas (macro-level) towards specific targets. This stresses the importance of timing when to introduce the Sustainability Profile in projects and processes, and which information to present then. The term 'middle-out' was introduced in this context to balance between an overflow of information and too little information provided by the Sustainability Profile. Figure 2 shows the process of information provision by the Sustainability Profile in relation to the information needs during the policy making process.

Figure 2: interaction between Sustainability Profile and the policy process



Source: TNO, based on BRAINPOoL WP3 workshop Rotterdam (2 July 2013)

Roles to play by Rotterdam's municipality and operational management

The workshop ended with a discussion on the roles Rotterdam's municipality can or should play with the Sustainability Profile. A few roles were identified:

- 16.** Knowledge broker
- 17.** Advisor
- 18.** Process manager

Besides these three roles, also the (more 'classic') official role to set rules and regulation was mentioned but not as a role directly to be executed with help of the Sustainability Profile. Workshop participants mentioned that it would be wise to keep a close eye on which people to involve or ask for specific roles. Competences of people are an important factor to take into account.

A last point mentioned was the 'back office team' of the Sustainability Profile: is this team complete yet? Who might be good to have in the team as well?

To end, all workshop participants concluded that for them the key lesson of the workshop was that the ultimate goal of the Sustainability Profile is to share knowledge, i.e. objective information, which can be the basis of constructive discussions on new policy plans for city development.

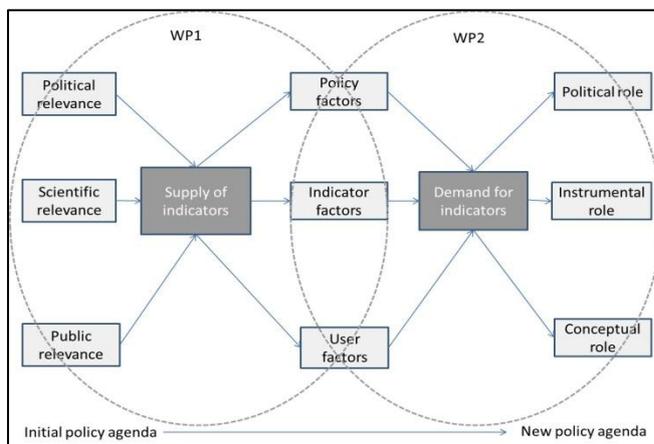
6. Observations and reflection in BRAINPOoL’s context

As stated in the case study set-up and process in the beginning of this report
“The learning for BRAINPOoL will be insights in the dynamics around the ‘Beyond-GDP’ topic at the local (city) level. This will include a wider understanding of internal institutional barriers in the production and use of a new (sustainability) indicator, but also insights in the dynamics from a bottom-up initiative towards higher management and city politics.”

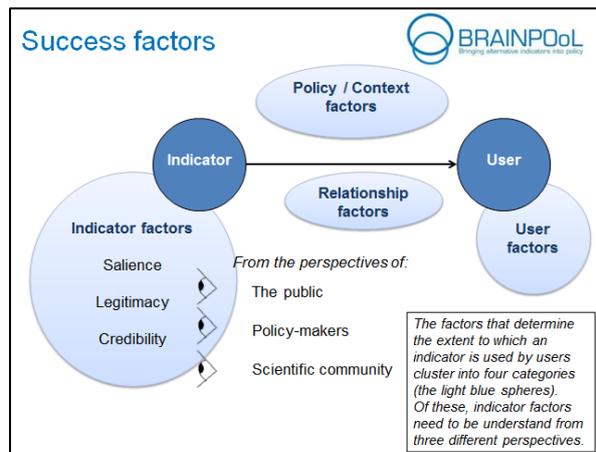
To reflect on our observations in the case study on Rotterdam’s Sustainability Profile we will use the analytical framework of BRAINPOoL’s first two work packages to the best extend possible. BRAINPOoL’s analytical framework is summarized in the two figures below. The left-side of this figure primarily focusses on the interactions between the first two work packages of BRAINPOoL, while the right-hand side of the figure gives an operationalization of this analytical framework from the perspective of: “What makes indicators successful?” (the title of Work package one’s summary presentation).

The general objective of BRAINPOoL’s work package three – to which the case study on Rotterdam’s Sustainability Profile belongs – is to test the interaction between the supply of indicators (WP1) and demand for indicators (WP2) in practical case studies. In this section we will therefore try to map our observations on primary bottlenecks or barriers in the development process of Rotterdam’s Sustainability profile along the lines of BRAINPOoL WP1’s and WP2’s main findings. In this way we can check to what extend the more general findings of BRAINPOoL’s previous work packages can be confirmed by the case study in Rotterdam, and if there are any new findings to add.

Figure 3: BRAINPOoL’s analytical framework



Source: Léa Sebastien (Toulouse University) - BRAINPOoL WP2



Source: BRAINPOoL WP1 summary presentation

6.1 Observed bottlenecks or barriers in the Rotterdam case

The main findings from the stakeholder analysis within the case study on Rotterdam's Sustainability Profile – the interviews (as summarized on pages 17-19 of this report) – can be classified along the lines of BRAINPOoL's analytical framework in the following way:

► Context factors:

- *Organizational structure/work processes*
 - It is especially pointed out that more cooperation between different departments is needed, as well as a more integral way of organizing projects.
- *Embedding in policy context*
 - Some interviews made us aware of a danger that the Sustainability Profile will lose its connection to policy. This is either due to a fear of too much emphasis on technical aspects of the instrument itself or a fear that the Sustainability Profile will not capture developments at the same geographical scale as where local politicians are focusing on.

► Indicator factors:

- *Naming / image / way of presentation*
 - Some interviewees had a preference for other names and a “easier to interpret” way of presentation of the Sustainability's Profile data.
 - There was not yet a clear and coherent perception among interviewees of what the Sustainability Profile is, or can do.
- *Legitimacy*
 - Some interviewees questioned how distinguished the Sustainability Profile is in relation to already existing assessment tools and other indices already available within the municipality.

- Support from higher management seemed to be relatively moderate (especially in the early phase of development when we started the first contacts in the context of this case study).
- Importance to make a connection to the right geographical scale and with the current policy agenda.
- *Reliability and interpretability*
 - Various interviewees mentioned the importance for the Sustainability Profile to provide rather univocal results which can be easily understood, so that a correct meaning will be given to the outcomes.

▶ **Use(r) factors:**

- *Functionality*
 - There was not yet a clear and coherent conception among interviewees of what the Sustainability Profile is, or what it can do. Interviewees had questions on what roles the Sustainability Profile should play.
- *Interpretation (“use” versus “misuse”)*
 - Underlined by a concrete example of misinterpretation leading to a wrong policy intervention (Safety index score versus perception of safety as explained by inhabitants of neighborhoods themselves were diverging), it became clear that the issue of *interpretation versus misinterpretation*, especially at political level, is an important user factor to take into account.

Based on the state of the art of Rotterdam’s Sustainability Profile at the End of June 2013 and the context factors, indicator factors, and use(r) factors as described above, the Top-3 of topics or issues to solve was identified to be:

19. Function(s) of the Sustainability Profile

20. What is needed to bring the Sustainability Profile into use, or enhance use?

21. How can (potential) users be attracted?

In-depth discussions on these topics during the workshop of July 2nd 2013 unravelled some challenges and next steps to be taken:

- ▶ Create clarity on the function(s) of the Sustainability Profile:
 - Create a recognizable instrument (with a sound information- and database underlining it) which is, throughout the municipal organization, acknowledged to function as provider of objective information for discussions in policy plans and projects at their early phase of development.
- ▶ For this, it is important to present information in the right (manageable) proportions, and to the right persons:
 - Balance the supply of data to the specific needs of the user [or city development project or urban planning process in which the Sustainability Profile will be applied]: “middle-out”.
- ▶ However, are all the right target audiences of (potential) users reached yet?
 - There was agreement on the importance to show ‘inspiring examples’ to a group of local area managers who was not yet aware of the Sustainability Profile. Potentially, these managers determine where they see opportunities to connect the Sustainability Profile to policy measures.
- ▶ Connect public tasks to market initiatives in such a way as to optimize sustainability targets and outcomes.

- This requires to set-up a good process in which negotiations with external parties on sustainability targets will be arranged. In this process it remains important to be completely open and honest on all ‘desired outcomes’ so that, based on the application of the Sustainability Profile, decisions on new policy plans or city development projects are well-founded with truly objective information. (# “The Game”)
- The local government is not only a ‘player of the game’ but to a certain extent also sets the ‘rules of the game’.
- ▶ Not only should then an answer be found to the question who should play “The Game” but also to the question if these people are already capable to do so, both in terms of competences and practicalities around the organizational structure.
- ▶ Practical barriers might exist in the ‘field of actors’ or ‘field of force’ within the organizational structure. There is an apparent level of abstraction between overall (macro) – and often much more abstract – sustainability targets and concrete (SMART) project milestones and deliverables for which lower-ranked employees are hold responsible. The relation between initial overarching sustainability goals, as set by high-ranked officials or politicians, can get lost in the process.
- ▶ A practical barrier to overcome, is to secure sustainable funding of the Sustainability Profile’s ‘back-office’ as well as to make a good business model to operate runs with the Profile in municipal projects.

6.2 Conclusions on the development of Rotterdam’s Sustainability Profile

The development of Rotterdam’s Sustainability Profile started as a bottom-up initiative on the operational level of the civil service. When we got in contact with Rotterdam’s municipality the development process of the Sustainability Profile was still in a somewhat conceptual phase. The focus at that time was on rather technical aspects of the instrument itself (dataset underlining it, way of presentation etc.), but yet arriving a level of maturity that it was opportune to brief the head of unit and other higher ranked officials on the concept.

From the start, there seemed not to be a shared conception on the functionality of the Profile within the municipal organization. It was not directly clear to people what the Sustainability Profile can do, and for what purpose. This resulted in skepticism at some places within the municipal office, including higher managers. We learned that it can take a while for higher managers to determine how useful this new indicator is, and to assess the functionality of it. We found that some more efforts were, and still are, needed to promote the key strengths of the Sustainability Profile to arrive at a situation where there is broadly based support and understanding of the profile’s value added.

The challenge for the near future is to move away from fine-tuning technical aspects of the instrument to instead focus on the (policy) processes in which the Sustainability Profile will have to be applied. In this context the municipality will have to think further on what roles it can or should play with the Sustainability Profile, also in cooperation with external parties.

Internally, operational processes including a well-equipped back-office team and a ‘business model’ should be set in place to secure a sustainable future for the Sustainability Profile. This will require final approval of higher managers on budgets and the like. On the cooperation with external parties the municipality should elaborate on how to make good connections to projects initiated and financed by others, and serve public tasks at the same time. This would also mean to practice with the Sustainability Profile as provider of objective information to be used in negotiations on sustainability goals and targets with external parties.

6.3 Synthesis with WP1 findings: ‘what makes indicators successful?’

Key findings of BRAINPOoL’s first work package are presented in the summary presentation “*What makes indicators Successful. Lessons from practitioners*” of January 2013 (available at www.brainpoolproject.eu). In this section we will reflect upon our observations in the case study on Rotterdam’s Sustainability Profile in the context of the main findings from BRAINPOoL WP1.

Some clear links with WP1’s findings on ***Indicator Factors – salience for policy makers*** arise from the Rotterdam case study:

- Fit with a vision or organisational strategy – this is particularly relevant for those initiatives promoting new indicators so as to shift priorities or assess progress differently.
- Reaching multiple audiences – this can ensure indicators do not sit within particular silos and can achieve cross-cutting outcomes.
- Perceived need – this is particularly important where initiatives are bringing together data rather than creating new measures.

Source: BRAINPOoL WP1 summary presentation (sheets 8 and 9)

During our case study between March 2012 and July 2013, the development process of Rotterdam’s Sustainability Profile entered a phase in which more people at different departments and at different hierarchical levels got aware of the Profile. However, there were some fears that, with a strong initial focus on technical aspects of the instrument itself, a connection to actual policies could get lost. This also resulted in scepticism on the value added of the Sustainability Profile. But in fact – to connect to # *fit with a vision or organisational strategy* – Rotterdam’s overarching policy program on Sustainability and Climate Change offers ample opportunities to embed the Sustainability Profile in a clear policy context.

We obviously found support for the last finding on # *perceived need*. Given, as what is seen to be the Sustainability Profile’s key strength, to provide objective information as shared knowledgebase at the start of new city development projects or urban development planning processes, it should be possible to convince people within the municipality that the

Sustainability Profile has true value added. The Sustainability Profile is a good example of an initiative which is bringing together already existing data into a coherent and integral way, rather than trying to be a new, and potentially competing, measurement instrument.

However, there is still some work to be done to really promote the key strength and value added of the Profile within the municipal organisation, so that a shared conception of the usefulness and functionality, i.e. *perceived need*, will be reached.

Internal cooperation need to be optimised somewhat so that the Sustainability Profile can be really applied in concrete projects and processes, also in cooperation with external parties.

As soon as both internal processes and cooperation processes are better targeted to implement the Sustainability profile in, there should certainly be potential to *reach multiple audiences*.

Yet another key strength of the Sustainability Profile is that it is very flexible in customizing the information to specific needs of users (as well as city development projects, urban planning processes). Although some further elaboration within Rotterdam's municipal organisation on operational processes are needed, we can conclude that along the line of WP1's findings on *successful indicator factors – salience for policy makers*, there are elements for a successful implementation of the Sustainability Profile within reach.

On ***Indicator Factors – salience for public/broad audience*** we can confirm the importance of:

- ***Simplicity – initiatives are effective when they allow one to produce a simple and attractive message.***
- ***Ease of understanding – while what they measure may be complicated, successful indicators manage to illustrate a complex reality using understandable concepts.***
- ***Engagement with communications experts – close collaboration, rather than simply handing over data, can ensure that both communicability and accuracy are maintained.***

Source: BRAINPOoL WP1 summary presentation (sheet 11)

The case study on Rotterdam's Sustainability Profile proofed that complexity of the indicator can be a real problem, especially in terms of interpretation of the outcomes. In the stakeholder analysis we found that various persons within the municipal organization saw a possible danger of misinterpretation, partly driven by a complex way of presentation, or an information overflow. It was stressed by a higher ranked official that, to his opinion, it would not be desirable to burden city politicians with complex technical details of the Sustainability Profile. Politicians should only be asked to deal with governance-related aspects in directions of solution as indicated by the data of the Profile. Moreover, it was stressed that technical aspects of the Sustainability Profile are of less importance than the goal and functions it (should) serve.

With regard to ***Indicator Factors – Legitimacy*** we found a hundred percent match with:

- Being (or appearing) neutral – some indicator initiatives work within a framework of simply providing ‘neutral’ information, while others are clearly connected to political agendas, such as social cohesion or respecting environmental limits. Mechanisms used to ensure neutrality included monitoring funding mix and barring staff involvement in political parties.

Source: BRAINPOoL WP1 summary presentation (sheet 15)

During the workshop on the 2nd of July 2013 it was agreed by all participants that the Sustainability profile’s key strength is to provide undisputable objective information as shared and acknowledged knowledgebase. Also the importance of neutrality is confirmed in the case of Rotterdam. Here it is especially in the context of setting goals and targets in negotiation/cooperation with external parties and carrying out regulative governmental tasks at the same time. When assessing the impacts of various options and giving approval for projects to external parties, the local government can use an objective line of reasoning based on the Sustainability Profile. This can help to avoid any arbitrary rulings.

To conclude our synthesis of case study observations with BRAINPOoL WP1 findings, we found some linkages with key findings on ***Relationship and process factors***:

- Engage one’s audience from the start – fundamental to the success of local initiatives, it was also seen in terms of getting policy-makers involved in large-scale initiatives.
- Direct contact with audiences – while not all initiatives can or want to engage their audience from the beginning, all the most successful initiatives had direct contact with the people they were trying to influence.
- Small is beautiful – to date, local initiatives have been able to achieve more impact than larger/national ones, with local bodies tending to be more ‘flexible’ and responsive.

Source: BRAINPOoL WP1 summary presentation (sheet 17)

As well as on ***Policy and context factors***:

- Public pressure – support for the idea of alternative indicators required from the bottom up.
- Indicator initiatives take time – a last sobering lesson is that it can take generations for an indicator to become sufficiently embedded in the system to maximise its impact.

Source: BRAINPOoL WP1 summary presentation (sheet 23)

Given that the Sustainability Profile still need to find its way to a first concrete application in a city development project or urban planning process, it is too early to tell if this specific

indicator initiative can confirm the conclusion that local initiatives tend to achieve more impact. However, this notion might give the project leader in Rotterdam some confidence.

More interesting to address here are the findings on the support, either from internal target audiences or outside public support. We clearly noticed in the Rotterdam case that at some point in the development process internal support from heads of unit and program managers is needed to make a connection, not only to policy processes but also to operational processes. The difficulty in Rotterdam was that the indicator initiative itself started as a bottom-up process. There clearly was bottom-up support at the department where the work on the Sustainability Profile started. They themselves felt a need to make a connection to various data sources available within the municipality and work with these sources more integrated or holistically. In the case of Rotterdam, the primary bottleneck to overcome first was more to bridge a gap between the operational work on the Sustainability Profile and the reservation of heads of unit and program managers. The process flow is thus more from bottom-up to higher hierarchical levels of the organization. It is especially in the latter context that the Rotterdam case proves that *# Indicator initiatives take time*. It took some time to get required support from higher ranked officials. Yet, there are still challenges ahead for the future to secure a sustainable embedding in organizational process. Getting support from outside audiences is even the next step thereafter.

6.4 Synthesis with WP2 findings: ‘where is the demand for beyond-GDP indicators?’

In the same way as the previous section, we will now synthesize our case study observations with BRAINPOoL’s WP2 findings on the demand for alternative or beyond-GDP indicators. Since the development of Rotterdam’s Sustainability Profile was primarily an internal process during our case study work at the municipality between March 2012 and July 2013, we will not emphasize on WP2’s findings related to societal demand. However, the general idea that:

“the general public does not think in terms of indicators, but in terms of human dimensions”

(sheet 10 WP2 summary presentation) seems to be supported in the Rotterdam case if ‘societal demand’ is translated into general demand for the Sustainability Profile within the municipal organization. Besides that the project leader of the Sustainability Profile intends to go beyond just producing numbers and percentages (see page 16 of this report), also most stakeholders we have interviewed, and people participating in the workshop of July 2nd 2013, are mostly interested in results of concrete city development projects – not so much in the Sustainability Profile as such. After all, the Sustainability Profile is a tool which should be helpful in such projects or processes. It is more interesting to put case study observations in the context of BRAINPOoL’s WP2 findings on other types of demand, including *political demand* and user factors, including *political will*.

Who is formulating demand and what kinds of demand are observed?

- High-level actors – Our studies have revealed that high-level actors cannot be exclusively considered as on the ‘demand’ side of the equation. They are often producers as much as consumers of indicators. [...]

- Democratisation – All the discourses we analysed argue for a general democratisation of the construction and development phases of indicators and for greater access to statistical data. These demands, however, contrast strongly with the current technical nature of the agenda.

Source: BRAINPOoL WP2 report, p7; and WP2 summary presentation (sheet 25)

On the first bullet, the Rotterdam case clearly showed that high-level actors within the municipality were not on the ‘demand’ side. First of all, the development of the Sustainability Profile started proactively (yet another driver to formulate demand as identified in WP2) at the operational level of the civil service, hence bottom-up. Secondly, higher ranked officials initially showed scepticism on the need and usefulness of the Sustainability Profile. In the context of the Rotterdam case study we can better characterize high-level actors as the ones playing a crucial facilitating role. Without their support in the end, it will be very hard to secure any form of structural embedding in municipal work processes and policy processes.

On the kinds of demand observed in BRAINPOoL’s WP2, democratisation as described above, connects to our observations in the case study on Rotterdam’s Sustainability Profile. The whole development process was started from the idea that there is a need for indices that measure progress in the field of sustainability more holistically/ integrated and at the same time make a link to every day planning practices and hands on activities. The project leader of the Sustainability Profile and his colleagues wanted to make use of various data sources - which are separately available within the municipal organization - to support urban planning processes and city development process. This fits well to the observation as to enhance greater access to statistical data. Moreover, the democratisation of the Sustainability Profile can be traced back in its ability to customize the type and amount of information to the specific needs of the project or process at stake. This flexibility will be an asset of the Profile. However, we found that some more efforts are needed to ‘market’ this asset in order to win broader based support and acknowledgement of the Profiles functionality.

WP2’s finding on **Political demand** is confirmed in the Rotterdam case:

- Beyond GDP indicators are currently more likely to serve a conceptual or an assessment/communication role rather than a role in decision-making (where they are often applied too late).

Source: BRAINPOoL WP2 summary presentation (sheet 13)

Especially the assessment/communication role is observed in the case study. Not only because of the key strength of the Sustainability Profile workshop participants acknowledged to be: provider of objective information to be used as shared knowledge base in early phases of new city development projects or planning processes. But also because during the stakeholder analysis a higher ranked official stated that to his opinion:

“To be useful for local politics, indicators should especially serve to monitor developments and to find out the reasons and causes behind. Indicators should not function to hold policy to account, therefore there should not be any political target connected to indicator outputs”

Furthermore, in Rotterdam various people not so much feared that decisions will be made too late, but that the wrong policy actions will be derived from the indicator outcomes. This is driven by the concrete example of misinterpretation of the Safety Index where the numbers of the index were pointing to a worsening of the safety situation in a neighbourhood whereas the local inhabitants felt changes in the opposite direction: improvement of safety.

On user factors, it is stated in WP2’s report (p9) that:

“It has been observed that one of the major factors, if not the primary one, hindering the uptake of indicators is the lack of political will confronting most actors who are working proactively in the field.”

In the WP2 report this observation is placed in the context of a conflict between the short-term agenda of winning elections versus longer term sustainability goals, together with acceptance of a status quo towards GDP and some normative and/or political assumptions leading to distrust towards new and innovative indicator methodologies.

This generalized WP2 finding cannot really be confirmed by the case study on Rotterdam’s sustainability Profile. In the proactively started development process, it was the level of heads of unit and programme managers who were mostly holding-up the process. At this level a reluctant position towards the Sustainability Profile arose, primarily driven by their (mis)conception of the usefulness and functionality of the Profile, as well as fears for a too complex instrument to bother ‘their’ local politicians with (e.g. the politicians holding the portfolio of their department’s field of expertise). This comes back to the workshop observation that it is very important to create a shared conception within the municipal organization of the value added of Sustainability Profile, what it can do, and what function(s) it should have.

More on the positive side of things, the WP2 report also state **Opportunities and hope:**

At the political level...

- Institutionalisation – The existence of political programmes such as national sustainable development strategies in which indicators have a specific role to play has rendered indicators less dependent on the vagaries of policy cycles.
- Pro-active approach – Statisticians and decision-makers are making increasingly proactive moves towards the production and use of alternative indicators.

Source: BRAINPOoL WP2 summary presentation (sheet 28)

In this context it can be considered a positive element that Rotterdam has its Programme on Sustainability and Climate Change which can clearly serve as the institutional and policy context in which the Sustainability Profile can mature and find its practical implementation opportunities.

The last chapter of WP2's report discusses 'demand' for indicators at the level of some 'meta questions'. Given the characteristic of the development process of Rotterdam's Sustainability Profile it is interesting to relate our case study observations to WP2 findings on:

The framing of demand for 'bottom-up' indicators (p81 of the report).

In the report it is stated that:

"it is agreed to be efficient and useful if indicators are elaborated on according to a bottom-up approach, which is most often translated in a call for participatory processes during the construction of indicators." And, "Societies' belief systems and values should be transferred into the production process of indicators, in order to improve the way that indicators reflect a society's reality".

In fact we can relate Rotterdam's Sustainability Profile to a large extent to these two statements. Given that the Sustainability Profile starts 'bottom-up' with very detailed data on small geographical areas and accordingly tries to target the information to facilitate the specific needs of the city development project or urban planning process at stake, a participatory way of working is basically what the project leader of the Sustainability Profile is aiming for (see also # 'middle-out' in the summary of the workshop of July 2nd 2013). The ultimate goal is to provide 'real life' city development projects with objective information as to get an optimum result in terms of sustainability. This optimum is very much connected to solving 'real' problems in the city.

Another interesting topic as discussed in the last chapter of WP2's report is the observation that ***Indicators are 'multi-scale'*** (p82 of the report):

Here it is stated that:

"the production of 'beyond-GDP' indicators generally reveals a sharing of knowledge and methodologies allowed by the permeability of geographic scales. Initiatives developed at specific scales are all based upon the background knowledge of initiatives practiced at every scale, but in most cases, some fundamental adaptations need to be carried-out. These adaptations are necessary to satisfy both the particular needs of the scale and the availability of data. This is important because the ideal objective of the Beyond GDP perspective is to provide reliable indicators for coherent monitoring of a geographical entity. In this sense, the diversity of scales and territories restricts the opportunity of implementing a common indicator relevant for each entity." [...]
"Beyond GDP indicators face a paradox: they aim to be comparable at the international level as well as revealing local level aspirations. The importance of the connection between indicators at different geographical scales is an issue expounded by practically all the reports we analysed and was mentioned in the majority of interviews. Interconnection, comparability, harmonization and international cooperation are considered to be very important characteristics. But the question of how to do it without jeopardizing contextualisation, locality, specificity remains unanswered."

We found elements in the context of the above in our case study on the Rotterdam Sustainability Profile. Although the Sustainability Profile is orientated on the local level of the city of Rotterdam, there still are important issues related to scales.

A unique characteristic of the Sustainability Profile is that it is flexible to provide data on developments within the city's boundaries on basically every possible geographical scale.

The profile thus has the potential to target reliable and objective information, for the purpose of knowledge sharing, to specific needs.

During the stakeholder analysis we were picking-up discussions on more or less the same paradox as described in the WP2 report, but now instead on the comparability between the international and national level, the focus is on comparability and harmonization of various local areas. During the round of interviews we found that there is a certain tension between 'harmonization of indicators' and showing unique characteristics of local areas with help of the Sustainability profile. It was questioned to what extent a generic story should be told, so that benchmarking with other local areas or perhaps even other cities would be possible, and what room then is left to show the uniqueness of developments in certain neighborhoods.

During the interviews this was referred to as a '*dilemma between generic or specific*'.

Furthermore, on the geographical scales in the context of functionality of the Sustainability Profile, we found during the stakeholder analysis that various interviewees were wondering on which scale the Sustainability Profile should play a role: neighborhood level, city level, or even at the level of the urban agglomeration? Interviewees stressed the importance of listing the possibilities at these different geographical scales such that a decision on the best scale to target the Sustainability Profile on could be made in a conscious way. Moreover, during the stakeholder analysis there seemed to be some fears by interviewees that the Sustainability Profile could lose its connection to the policy agenda, by not necessarily measuring developments at the same geographical scale as where the local politicians are focusing on.

It is for this reason that during the workshop on the 2nd of July 2013, the topic of geographical scales was addressed again as an important sub-question to deal with while discussing the function(s) of the Sustainability Profile (Topic 1 discussed during the workshop). Depending on the functionality, for instance benchmarking, immediately discussions on scales, harmonization, and a *dilemma between generic or specific* pop-up, even related to an indicator initiative already oriented on the local level.

The thesis of WP2 that indicators are 'multi scale' thus still holds for local level initiatives.

7. Conclusions

- ▶ Although Rotterdam case study is unique by nature, our observations can be related to some of WP1 and WP2 key findings. We can actually confirm most BRAINPOoL WP1 and WP2 findings which match to some extent with our observations in the Rotterdam case.
- ▶ We cannot so much add new generalized findings on success factors of indicators or the characterization of demand - they are probably too case study specific.
- ▶ An interesting observation from the Rotterdam case study in the context of BRAINPOoL is the discovered barrier related to the process flow from a proactive

bottom-up initiative to higher hierarchical levels within a, in this case local, government organization. In fact the level of middle management could create a 'hold-up'.

- ▶ Another, perhaps more general, finding is that even within a local level 'beyond-GDP' initiative there can still exist a dilemma between multiple scales, e.g. a dilemma between 'generic or specific', also related to harmonization.

Appendix – List of participants

Stakeholder analysis' list of interviewees

- ▶ Derk Loorbach (director of Dutch institute for Transitions (Drift), Erasmus University Rotterdam)
- ▶ Robbert Bastiaan Schuijff (permanent staff member of the Sustainability and Climate Change Programme Office)
- ▶ Hans Beekman (Director of department Spatial and Economic Development, Cluster City Development)
- ▶ Lennert Middelkoop (Head of unit Policy, Advice and Urban Planning programmes, Cluster City Development)
- ▶ Paula Verhoeven (Director of the Programme on Sustainability and Climate Change)
- ▶ Wim van der Zanden (City of Rotterdam's Centre for Research and Statistics)
- ▶ Ron Voskuilen (Director General of Cluster City Development)
- ▶ Tom Boot (Director of department Spatial Planning, Cluster City Development)
- ▶ Caroline Lemmen (Social Housing cooperation 'Woonstad Rotterdam')

Workshop participants

- ▶ Nico Tillie (Municipality Rotterdam; project leader Sustainability Profile)
- ▶ Roland van der Heijden (Municipality Rotterdam, Cluster City Development – Urban planning)
- ▶ Iris Dudok (Municipality Rotterdam, Cluster City Development – Urban planning)
- ▶ Robbert Schuijff (Municipality Rotterdam, Programme Office on Sustainability and Climate Change)
- ▶ Aad Loendersloot (DCMR - Regional Environmental Protection Agency)
- ▶ Derk Loorbach (Director of the Dutch Institute for Transitions of the Erasmus University Rotterdam. He is cooperating with the municipality Rotterdam in the MUSIC project (Mitigation in Urban areas: Solutions for Innovative Cities))
- ▶ Adriaan Slob (TNO; BRAINPOoL project): Workshop facilitator
- ▶ Thijmen van Bree (TNO; BRAINPOoL project)
- ▶ Jurian Edelenbos (Erasmus University Rotterdam; BRAINPOoL project): WP6 Monitoring

Annex 7. Implementation of an evaluation system – an indicator set – in the Healthy City of “Chrudim”, Czech Republic

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September 2013

1. Introduction

1.1 A short introduction to the initiative

In 1988, the World Health Organization (WHO) initiated an **international Healthy Cities project** and invited major European cities to participate. Over twenty years, more than 1300 cities, towns and regions throughout Europe have joined the Project.

After the 1989 Velvet Revolution, several municipalities in the Czech Republic started to implement the ideas of the Project. In 1994, eleven active cities formed an association called the Healthy Cities of the Czech Republic (HCCZ). Since 1998, HCCZ member cities, towns and regions have followed the HCCZ methodology, co-operating with a wide range of HCCZ expert partners, particularly Charles University in Prague and the National Health Institute. The Methodology developed and used for the implementation of Healthy Cities principles was presented with an award at the Worldwide Project EXPO 2000 in Hanover.

Within a brief period of time, the New Gate 21 methodology (a gate is the graphic symbol of the two fundamental pillars of the Healthy Cities – health and the environment) has stimulated a boom in the activities in the member cities, municipalities and regions to promote the strategic development of the municipalities with citizen participation, including local Agendas 21, applications of Health 21, and Local Environmental and Health Action

Plans (LEHAPs).

Currently (as of June 2013), there are 1120 Healthy cities, municipalities and regions (members of the HCCZ) in the Czech Republic, with a regional influence on 2,653 municipalities (56 per cent of the country's population).

HCCZ is presently the only association of Czech municipalities that stipulates consistent work towards the sustainable development, health and quality of life in cities, municipalities and regions of the Czech Republic in its statutes.

Unlike many other national programs, the HCCZ strongly involves citizens in strategic planning and decision making processes in municipalities. This participatory approach towards public policy making fosters a shift from government to governance. Governance implies a whole array of actors that are involved in the formulation and implementation of public policy. In other words, the engagement and involvement of citizens in policy-making processes often results in easier implementation of various policy measures at the local level. The will for change hence does not depend only on politicians and policy-makers, but also on the interest of the public.

2. Evaluation system of the Healthy Cities

Public administrations that are committed to the Healthy Cities idea, otherwise known as Local Agenda 21, are monitored in the following areas:

- ✓ implementation of sustainable development,
- ✓ public engagement,
- ✓ quality of strategic management.

Evaluation takes place according to a set of 21 criteria enumerated by the Working Group for Local Agenda 21 created by the Government Council for Sustainable Development. Each criterion has its own set indicators, including activities/operations whose implementation leads to meeting the designated criteria. According to these criteria, a given town can fall into one of four categories A-D and one preliminary category . Indicators associated with the categories are not implemented by the towns themselves, but rather they submit the required information to the Working Group (their level of detail differs pursuant to the assigned category) and the monitoring takes place in the town itself.

Categories A-D are preceded by the category 'Interested Parties'. This involves towns that start to be interested in LA 21, but they do not want or they cannot create any formal structures or initiate processes for implementing LA 21. During this phase, towns familiarise themselves with the LA 21 agenda, examples of good practice in a given field and the possibilities of application in their own case.

Category D of LA 21 is the lowest category. This requires a town to implement activities based on the principle of partnership. It is necessary to create organisational support with a

town (e.g. the appointment of an official onsite LA 21 coordinator) for the implementation of LA 21. Within this category, LA 21 has to be fulfilled with specific content that include communication and managerial procedures, including active public participation in regional planning and decision-making, and the implementation of significant measures that impact upon the lives of inhabitants, or cooperation with the civil and business sectors.

Category C of LA 21 requires a more sophisticated structure, a deeper level of political support and civic participation in LA 21 activities. An integral part is the provision of an official administrative body for LA 21, and the creation and approval of an official document signing up to LA 21 in the form of a declaration. Also important are freely accessible meetings at public forums where public issues can be discussed. Cooperation and joint activities between political representatives, civic associations, the local business sector and inhabitants are very important.

The second highest category of LA 21 is **Category B**. The requirements stated above for the category C are significantly expanded. An interim plan respecting the principles of sustainable development is gradually integrated into a comprehensive sustainable development strategy for the given region and with the participation of experts, partners and the public. LA 21 has an agreed method of financial support either from a town's own resources or from external resources (national and European funds). For measuring their progress made toward sustainable development, towns make use of a set of appropriate indicators that they define themselves for this purpose or they use an existing set of indicators developed for this purpose (e.g. the European Common Indicator set), or as the case may be, they work together with various initiatives and professional institutions that apply the indicators onsite. Their procedures are made publicly available and they share their experiences with other towns at joint meetings or via an online system.

The highest **Category A** represents towns that interconnect individual areas of sustainable development to a comprehensive process of strategic management. Implementation of LA 21 is ensured through a permanent body of the council or representative government. In order to be allocated this category, a town carries out a **sustainable development audit** on the basis of a **set of indicators** designed by national experts. They also evaluate the town's audit and propose to the LA 21 Working Group of the Government Council for Sustainable Development the granting of Category A. This category can be further distinguished by assigning stars, so towns in Category A can achieve further improvements. No towns in the Czech Republic have so been classified within this category, although the town of Chrudim is seeking to be awarded this classification this year. Another three towns - Vsetín, Kopřivnice and Litoměřice – have participated in the testing of the indicator set and will probably seek to be granted Category A in 2014/15.

3. The purpose and the methodology of the case study

The presented case study illustrates the process of development and implementation of indicators at the town level. The study aims to:

- ✓ Describe the unique cooperation between experts in indicator development on the one hand and the local authorities on the other on the indicator set development (the

set was tailored to the selected municipalities in terms of data availability, environmental and social conditions, low financial costs etc.)

- ✓ Describe the motivation of the town representatives to use “alternative” indicators (drivers)
- ✓ Describe the barriers to the indicator set implementation

The authors of the study are also national experts on the creation of indicators. This allows them to directly monitor the process of developing, testing and implementing the indicators. Two qualitative research methods were used for drawing up the study: participative observation and structured interviews¹¹⁵ (using open-ended questions). Both these methods are used due to the fact that both authors of the study are in close contact both with the creators of the indicator set – national experts, and with the representatives of the towns that are testing the set, and of course with the representatives of the town of Chrudim as well, which is seeking to be granted the highest status within the scope of the Healthy Cities network – Category A – in 2013, and will therefore implement the final indicator set in practice by carrying out a sustainable development audit in the town. It was therefore possible during open discussions to uncover a range of barriers and drivers in the creation and use of the indicator set. The study was conferred with the representatives of HCCZ as well as with representatives of the town of Chrudim. Their views and perceptions were incorporated in the study. The results of the study can be thus considered as the knowledge provided by study authors – based on well-established research methods, and opinion of the representatives of HCCZ and the representatives of the city of Chrudim.

4. The development of the indicator set

To develop the indicator set, the Healthy Cities’ National Network formed a group of experts who have focused over the long term on the issue of sustainable development, quality of life, and the creation and use of sustainability indicators. Their role was:

- a) to help create general rules for the awarding of Category A to towns (a timetable, the role of individual stakeholders, a peer review management process, etc.),
- b) to identify relevant areas for assessing the sustainability of towns on a given SD theme,
- c) to create an indicator set for evaluating sustainability at the local level (each expert focused on the creation of indicators for one of the identified areas),
- d) to work together with towns and regions in the creation and testing of the indicator set and the implementation of indicators – finding optimal key indicators and supplementary indicators for a town
- e) to help with the implementation of the indicator set (supervising sustainable development audits carried out by cities) and assessing the audits of towns carried out on the basis of this indicator set,
- f) to carry out final modifications of the indicator set and the general conditions for the awarding of Category A,
- g) to help incorporate the results of the work into the methodology for users.

¹¹⁵ Structured interview samples are listed in the annex to the study.

This group of experts worked together with town representatives, specifically the LA 21 coordinators, mayors and deputy mayors, and individual department officials who directly participated in the development testing of the indicator set. It was the task of these representatives to:

- a) help create rules for the awarding of LA 21 category A by means of a consultation process,
- b) co-create an indicator set for evaluating sustainability at the local level (finding the connections/compromise between the options available to towns and the requirements of the experts),
- c) use the proposed indicator set in practice for evaluating specific areas of sustainability (carrying out sustainable development audits) and discuss with experts the pitfalls of using the proposed indicators,
- d) help stipulate the final form of the indicator set for compiling the methodology.

The compiled methodology was also the subject of a peer review procedure and after a consultation process it was approved by the Government Council for Sustainable Development's LA 21 Working Group as the recommended methodology for evaluating LA 21 Category A. The agreed methodology establishes 10 sustainable development/quality of life categories (derived from the Aalborg Commitments¹¹⁶):

- 1) Governance
- 2) Environment/Natural common goods
- 3) Responsible consumption and life style choices
- 4) Transportation
- 5) Health
- 6) Local economy and business
- 7) Education
- 8) Culture and local traditions
- 9) Social environment
- 10) Global responsibility

The above categories are divided into specific areas (3-4) related to SD/QoL and about four key (obligatory) indicators and several complementary (voluntary) indicators are defined for measuring purposes for each of those areas.

5. Main findings from the indicator set development and testing

The next findings are based on the participative observations and interviews with national experts and city representatives during the indicator set development and testing.

Drivers on the promoters'/experts' side¹¹⁷:

¹¹⁶ <http://www.aalborgplus10.dk/>

¹¹⁷ The work was not paid, only travel costs were compensated

- professional interest in the creation of an indicator set at the local level that would be systematically used by towns for the formation of their policies (this is one of the few original comprehensive sets for the local level in the Czech Republic)
- better understanding of the principles of the functioning of towns (for experts who have hitherto not worked at the local level)
- getting to know new people who are interested in promoting sustainability in towns – establishing contacts for further cooperation
- expanding the portfolio of expert activities (for part of the expert team)
- the opportunity to cooperate with representatives of towns who are generally motivated by the creation and testing of indicators

Recommendation (by experts, representatives of HCCZ): The above identified drivers (Drivers on the promoters'/experts' side) to be used for motivation of potential members at the phase of putting an expert panel together.

Barriers on the promoters' side:

- a lack of time – most team members are top professionals in their field and are therefore very busy
- forming compromises between the requirements of towns and the demands of experts (experts seek the maximum number of indicators ideally supported by data, while town representatives want to minimise the number of indicators and in particular limit those indicators which are difficult in terms of access to data). These compromises are perceived by some experts as a potential threat to their professional quality – if it is not possible to formulate indicators well in a given field, other experts in that given field will challenge the overall quality of the evaluation of sustainability.
- the need to introduce entirely new indicators where they have hitherto not been greatly used even at the national level (e.g. for assessing the quality of environmental education).
- The scepticism of some town representatives over the use of indicators as a means for the further adoption of political measures because a change at the town level is not in some cases (cities/regions) possible because of overall Czech Republic directives and associated legislation. Their willingness to work with indicators is hence reduced. It is necessary to discuss this with town representatives and rid them of their scepticism. This, however, occurs only very rarely and more at the level of individual officials who were the co-creators and subsequent users of the indicators.
- the fears of some town representatives (especially officials) of their own low erudition in the field of applying and evaluating indicators – communication during the creation and testing of indicators is then not ideal (such cases have also been quite rare)
- low knowledge of the issues of evaluating phenomena with the help of indicators on the part of some users – discussion over specific indicators and their inclusion within the set is hence limited (such cases have been quite rare)

Drivers on the users' side¹¹⁸:

- the effort to map the situation in the field of sustainable development with the aid of an indicator set that would fully correspond to the needs of towns (existing sets are not ideal for towns in the Czech Republic) – a shift from intuition to objective information
- the need for the creation of policies in the field of sustainable development that would be based on objective information
- towns want to draw attention to their strengths that could attract the interest of people in living in a given area or confirm that the town where they are living is something special
- the opportunity to increase the knowledge of town representatives regarding the issue of sustainable development indicators
- better-informed citizens
- the opportunity to consult with national experts on indicator issues
- the interest of people or NGOs in obtaining objective evaluations of specific critical issues in towns

Recommendation (by experts, representatives of HCCZ): The above identified drivers (Drivers on the users' side) constitute prospective incentives for the cities that consider using the alternative indicators for measuring quality of life.

Barriers on the users' side:

- generally, there is a lack of information and/or understanding of indicators on the users side – there is generally very little understanding of indicators at the town level (this is also clear from WP2 Czech Case Study). Policy is essentially managed either through reporting, which a town is obliged to do for the state or on the basis of randomised measures or simply intuition. The basic problem of towns generally consists in the ability to obtain data and subsequently evaluate and interpret them. Even the data are available, their evaluation and interpretation are often difficult because the town lacks trained personnel/officers. Thanks to HCCZ and the DataPlan operational database, towns have some basic data available to them relating to issues of health and the environment. Nevertheless, there is still a lot of important information such as that relating to the social environment in towns, education, town management, etc, that is not usually available, or is available but has not hitherto been used.
- a lack of capacity on the users' side (money, time, people abilities) – this must be seen as a complex problem. The first described barrier, i.e. the lack of information and experience with using indicators is enhanced by the fact that towns often do not have sufficient staff capacity in the form of officials who would be able to use indicators more than has been the case so far. They are also limited by the ability of officials who have been trained for wider data analysis. If

¹¹⁸ Towns voluntarily enrol in the process of creating and testing indicators. This concerns towns that would be interested in obtaining Category A on the basis of LA 21 evaluation within the foreseeable future.

indicator users are therefore able to overcome the first barrier and decide to make use of the indicators on the basis of information obtained from the creators and the promoters, then they are generally handicapped by a lack of staff capacity. This problem can be resolved either by hiring further staff or outsourcing the required work. This will naturally increase administration costs, which is always seen as a great problem. In general, there is a tendency in the Czech Republic, as well as in other European countries to gradually reduce administration costs. It is therefore necessary to develop a high degree of commitment by users to implementing the indicators.

- lack of will for change on the users' side because of the necessity to learn new things – many politicians are motivated for making a change through voters' interests/pressures/etc. This is especially so if there is no interest on the part of voters in the application of indicators, and there is little interest shown by politicians in their application. This, however, was not been the case of towns in which indicator sets have been tested. In several cases, however, we became acquainted with the concerns of some officials based on the fact that they will have to include new work obligations within their work programmes. Their concerns stemmed from a lack of time to undertake quality processing of audit documents, and some officials were concerned about where they will obtain data and how they will evaluate them. However, this concerns quite rare cases rather than a general problem, and towns working over the long term with HCCZ are used to responding to new challenges.
- the absence of interest at the national level in the application of indicators at the local level – towns obligatorily report a lot of data, although they are then often aggregated at higher territorial units and the data are no longer useful for local planning. There is no pressure from the state level to use indicators at the town level, and towns are also not appreciated from the state level in their use of indicators for planning.

Ways and opportunities for overcoming the barriers (Best practice – common opinion):

- Long term cooperation with HCCZ
 - a) it has been shown that the above described barriers are mostly being overcome gradually by the fact that towns are included within categories D-A according to what they are capable of. They hence introduce sustainability principles and subsequently the principles of self-evaluation over a longer time. Essentially, it seems a good thing to firstly allow towns to apply sets of their own indicators (see Category B) so that they become acquainted with the demands of the evaluation process, and only then be inspired to apply the firmly stipulated indicators pursuant to which sustainability audits in towns are formed.
 - b) What is efficient in this sense is communication between municipalities that facilitates the sharing of examples of good practice.
- Intensive cooperation between experts and town representatives:

- a) the development of indicator sets has proved to be effective when there is close cooperation between experts and town representatives – the high demands of experts for the indicator set were reviewed on the one hand, and on the other there was a desire on the part of towns for a minimalist approach to a set of indicators – the indicator set hence took an optimal form – it is possible to carry it out at the town level, while it also includes important indicators for evaluating given areas
 - b) systematic personal and written consultation over the issue of indicators in a specific field was compiled by the experts in the audit – thanks to cooperation in drawing up the audit, its authors learned how to use the indicators in a natural way. Experts on the other hand may take into account their own experience with the implementation of indicators in the creation of the methodology.
- Intensive cooperation between experts and representatives of HCCZ:
- a) HCCZ representatives formed a team of professionals who have looked into the issue of evaluating various parameters of sustainability for many years already. Simply said, there was a very good working atmosphere among all members of the team, including a willingness to share in resolving problems that they came across together. The unity and cohesion of the team was in our opinion of fundamental importance for the success of the creation of the indicator set.
 - b) the precise knowledge of the HCCZ representatives regarding the situation in towns enabled the experts to formulate the indicator set parameters and the principles of its implementation relatively well right from the beginning. The first discussion with town representatives hence played out over quite a realistically formulated indicator set (it thus prevented the development of scepticism over the chances of compiling the audit by towns)
 - c) the experts had the opportunity to communicate with each other during personal meetings and electronically. It was thus possible to make use of findings regarding the suitability of various approaches of other team members during discussions with town representatives. This proved to be very positive. The team was able to find compromises within the overall approach of individual areas (approximately the same number of sub-areas of interest within ten set areas and the number of indicators in each of them)
- Appropriate choice of the coordinator of LA 21 activities

The person who coordinates the activities of creating and using indicators in all areas of sustainable development, i.e. the LA 21 coordinator in a town, is of great significance in overcoming barriers. This person represents the communication channel between the leading town representatives (the mayor and the council), the town administrators who contribute to the creation of the indicator set and the creation of the Audit for individual areas, and the experts. This person should have:

- ✓ a sufficiently powerful position – this is secured by the support of leading town representatives,
- ✓ a willingness to broadly help the people carrying out the audit – a careful study of the general methodology, be the contact point between the experts and the auditors, and between the auditors themselves
- ✓ great personal motivation for the work and overcoming barriers

6. The main findings from the indicator set implementation (Audit LA 21) in the City of Chrudim

Chrudim is the only town in the Czech Republic which is currently (as of June 2013) seeking to obtain LA 21 Category A. The town representatives decided to directly adopt the indicators in practice, in particular because they found during the phase of the development and testing of indicators that working in decision-making processes and managing the town in general with objective information is of great benefit to the town, and in addition they were able to overcome many barriers during the indicator development and implementation phase, and the process of evaluation on the basis of alternative indicators became a normal part of the town administration's work.

We let the town representatives summarise their findings in interviews regarding the conditions necessary for carrying out the implementation of LA indicators and the processing of the audit. We also came to very similar conclusions on the basis of participative monitoring. A note: It is difficult to distinguish recommendation and best practice here. On the whole the following text is a digest of the best practice of implementation of the indicators on the local level. Each item (bullet) might be taken as a recommendation of the City of Chrudim to other cities.

- The ideal situation is when a town works over the long term on improving its performance in the field of sustainable development and freely comes to the conclusion that further systemic changes are not possible without objective information (see the approaches among LA 21 categories D-A). Each of these categories meaningfully bit-by-bit increases the demands on a town.
- It is very effective in a given issue (in the form of workshops, training sessions, etc) to gradually educate town administration officials in matters pertaining to sustainable development generally so that they are gradually familiarised with alternative indicators (although they are currently not being used directly).
- The process of introducing indicators should be gradual – a town should allow itself sufficient time for incorporating the indicators into its management system.
- The key to the correct implementation of indicators – carrying out the audit at the local level - is a highly motivated person who assists the administrators-auditors overcome general problems, motivates them and coordinates the entire activity so that the result of the implemented indicator set meets the expectations of the town representatives and experts, and ultimately the administrators themselves.
- What is very important is the opportunity to consult with the experts on individual areas of sustainable development where alternative indicators have been introduced. The experts provide the town with feedback and highlight where the

town has managed to compile the information well and where there are potential shortcomings either in the collection of data or their implementation.

- Also beneficial to a town is the chance to consult over problems with the implementation of indicators with other towns either directly or through meetings of towns at conferences and workshops organised by HCCZ.
- It is also necessary to take into account the fact that the implementation of indicators may uncover problems that were previously not so obvious and which aggravate town inhabitants to a certain extent regarding a town's quality of life or the quality of the town's and the town council's work. It is therefore necessary to discuss these issues and explain the given findings to the town's population.
- To ensure that town management and indicator use settings are correct, it is necessary to maintain a certain continuity in a town's management – sustainable development must be in the interest of the alternating political representatives of the town. This has been managed so far in Chrudim. The LA 21 coordinator plays a significant role by ensuring continuity in these activities. What is also vital is the interest of the local population for whom the quality of life in the town (established by previous councils) is very important.

Appendix

Structured interview for the case study “Using indicators at the local level from the perspective of their creators and users: Implementation of an evaluation system – an indicator set in the town of Chrudim.”

(Evaluation of users from the perspective of creating, testing and implementing an indicator set at the local level)

A) Retrospective evaluation of the testing phase and pilot compilation of the Audit in the town of Chrudim in 2011-2012

1. What was the **motivation** for cooperating on the development and testing of the indicator set for evaluating sustainability at the local level, and what **barriers** had to be overcome?
 - a) from the perspective of the “authorities” (council, mayor, deputy mayor)
 - b) from the perspective of the executors (town administration officials)
 - c) from the perspective of the LA 21 coordinator in the town

2. How would you evaluate the cooperation between the experts designing the indicators for individual areas of sustainability evaluation and between the indicator users-auditors?
 - a) from the perspective of professional communication (knowledge of issues at the town level, professional knowledge)
 - b) from the perspective of personal features (e.g. excessive promotion of the opinions of experts or excessive giving in to the opinions of the town representatives)

3. Describe the **advantages** that the testing and pilot compilation of the SD Audit-indicator set implementation brought:
 - a) to the “authorities”
 - b) to the executors
 - c) to the inhabitants
4. Describe the **disadvantages** that the testing and pilot compilation of the SD Audit-indicator set implementation brought:
 - a) to the “authorities”
 - b) to the executors
 - c) to the inhabitants
5. Did you undertake any evaluation of the benefits of testing the indicator set? If yes, in what way (informal discussion, workshop discussion, etc.)?

B) Evaluation of the current process of implementing the indicator set – compiling the SD Audit in the town of Chrudim (2013)

1. As one of the four original test towns, you decided in 2013 to submit an application for the granting of LA 21 Category A. Why do you think the other three towns did not do the same?
2. What was the **motivation** of the Chrudim town representatives to implement the indicator set, and what **barriers** had to be overcome?¹¹⁹
 - a) from the perspective of the “authorities” (council, mayor, deputy mayor):
 - b) from the perspective of the executors (town administration officials):
 - c) from the perspective of the LA 21 activities coordinator in the town
3. What is the cooperation like with the national experts who now comprise the advisory-evaluative body?
4. Describe **the anticipated and existing advantages** that compiling the SD Audit – indicator set implementation bring and will bring:
 - a) to the “authorities”
 - b) to the executors
 - c) to the inhabitants

¹¹⁹ Motivation and barriers may be the same as in the testing phase wherein the barriers could be overcome to a significant extent during the testing period. We nevertheless expect that new types of motivation could occur (e.g. new legislation, the increased interest of town inhabitants, better training of officials), as well as new barriers to implementation (e.g. changes in the composition of the town council, new town administration employees, loss of interest by town inhabitants). The question is therefore appropriate.

- a) Describe **the anticipated and existing disadvantages** that compiling the SD Audit – indicator set implementation bring and will bring:
 - b) to the “authorities”
 - c) to the executors
 - d) to the inhabitants
6. If at the end of undertaking the SD Audit – indicator set implementation – no evaluation was carried out by the Government Council for Sustainable Development’s LA 21 Working Group, do you think that you would still have carried out the Audit on the basis of the existing “Methodology”?
7. Would you have undertaken the compilation of the SD Audit – indicator set implementation – only the basis of the “Methodology” with the chance of consulting the national experts on the completed Audit, or was the fact that you had the opportunity to go through a testing phase a major impetus for you?
8. Will you incorporate the results of the Audit within the town management tools?
9. Will you present the results of the SD Audit to the town’s inhabitants in some way? If yes, how?
10. How would you change the present methodology in future years?

Annex 8: To what extent has ‘Beyond GDP’ been successful?

Our report published as part of Work Package 2, suggested that there was some implicit societal demand for a new approach to economic policy. This demand reflected discontent following the crash and sometimes includes a demand for a (more or less extensive) transformation, both of our ‘world vision’ and of the system itself. However it does *not* result in popular support for particular policy programmes – and of course “*the general public does not think in terms of indicators*”¹²⁰

In addition, Work Package 2 and the cases covered in this report reveal at least some implicit official demand for new approaches to policy. There is some official as well as public recognition of the need for economic policy that distinguishes between ‘good’ and ‘bad’ growth¹²¹. It is also often but by no means universally recognised that this means going beyond making markets efficient, correcting externalities and using tax and benefits to redistribute. This is reflected in the interest in finding new ways of measuring the economy and society – at the OECD, the EC, the UN and many governments (curiously, the official discourse is more about indicators than policy, which of course is one reason why BRAINPOoL was set up in the first place). What is more, the resulting debate about measuring progress is no longer just a topic for economists. Other disciplines are now involved (e.g. psychology, environmental science), and civil society actors have a role.

Work Package 1 also shows that indicators that could play a role as Beyond GDP indicators are getting *some* traction in policy¹²². Many are being used for assessment purposes, for example: the GPI is being used by the state government in Maryland; QUARS is being used in Italy by town and regional governments; quality of life indicators for cities are being used in New Zealand by local authorities; and ecological footprints are being used in Wales, Ecuador and the UAE. There have been some associated policy changes, for example: a greater focus on farmland birds in UK, because of the Sustainable Development Indicator set; delivery of public health projects in USA, because of the Gallup-Healthways Well-Being Index; delivery of projects working with the homeless in Belgium, because of SPIRAL;

¹²⁰ Thiry G, Bauler T, Sébastien L, Paris S and Lacroix V (2013) *Characterizing demand for 'Beyond GDP'*. Final version of BRAINPOoL deliverable 2.1, a collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024), pg. 44. .

¹²¹ Hawksworth, J., Jones, N. and Ussher, K. (2012) *Good Growth*. London: Demos and PwC

¹²² Hák, T., Janoušková, S., Abdallah, S., Seaford, C. and Mahony, S. (2012), *Review report on Beyond GDP indicators: categorisation, intensions and impacts*, Final version of BRAINPOoL deliverable 1.1, A collaborative project funded by the European Commission under the FP7 programme (Contract no. 283024

changes to alcohol policy in UK because of well-being data. [check]; and new scrutiny processes being developed linked to the National Performance Framework in Scotland.

However, as these examples suggest, this traction is greatest at local and regional levels, and often involve indicators in an assessment or conceptual/ communication role rather than for decision-making. National level use is not as Beyond GDP indicators in the sense we have defined it, (ie as measures of progress in the broadest sense) and even at local and regional level there is relatively little influence on economic policy. In general the indicators are designed to influence detailed social and environmental policy issues (alcohol, public health, service delivery, farmland birds).