

SUMMARY OF WORKSHOP ON ASSESSING IMPACTS OF NATIONAL STRATEGIES FOR SUSTAINABLE DEVELOPMENT: FROM METHODOLOGY DEVELOPMENT TO POLICY PROCESS AND OUTCOMES

11 February 2009, Helsinki, Finland

Background

The Finnish National Commission on Sustainable Development (FNCSO) sponsored a Workshop on *Assessing Impacts of National Strategies for Sustainable Development* on 11 February 2009 in Helsinki. The purpose of the Workshop was to identify tools and integrated approaches for assessing the economic, environmental and social impacts of policies and strategies. The Workshop was moderated by Candice Stevens, former OECD Sustainable Development Advisor. Short summaries of the presentations are included in the Annex and all powerpoint presentations are available at <http://www.ymparisto.fi/default.asp?contentid=313422&lan=en&clan=en>

The general outcomes of the Workshop are discussed below in terms of:

- i) defining sustainability assessments,
- ii) applying sustainability assessments to strategies,
- iii) selecting sustainability assessment tools,
- iv) selecting sustainability indicators, and
- v) integrating assessments into policy-making.

Defining Sustainability Assessments

There are many different types of impact assessments and related methodologies, including regulatory impact analysis (RIA), strategic environmental assessments (SEA), and integrated assessments (IA) as developed by the European Commission (EC). Sustainability assessments are defined by the following characteristics:

- i) assessment of economic, environmental and social impacts
- ii) identification of synergies and trade-offs across domains
- iii) examination of long-term and intergenerational effects
- iv) open, inclusive and transparent processes

Several organisations (including the EC and the OECD) and countries (*e.g.* Switzerland, Belgium, Austria) are developing sustainability assessment methodologies. While these vary in details, the common roadmap for sustainability assessments consists of the following steps:

- 1) Set up the assessment process to include a range of participants (ministries, stakeholders) and to ensure transparency.
- 2) Specific the subject of the assessment, establish the relevancy or need for the assessment, and scope the process in terms of time, resources, etc.
- 3) Select the analytical tools and criteria and assess economic, environmental and social impacts.

- 4) Identify potential conflicts across the economic, environmental and social domains and propose measures to mitigate any negative effects.
- 5) Present the assessment results and options to policy-makers in a clear and understandable fashion.

Discussion at the Workshop centered on the relationship of sustainability assessments to other types of impact assessments. An integrated sustainability approach is superior to developing separate methodologies for regulatory or sectoral assessments (e.g. economic, environment, health). The tendency to start with environmental tools (SEA, life-cycle approaches) and to extend these to include other sustainability dimensions was also questioned. There is a need for an agreed, integrated methodology for sustainability assessments.

Applying Sustainability Assessments to Strategies

The main purpose of sustainability assessments is to implement sustainable development strategies (national, regional or local) in fostering coordination across governments, policy integration, and sustainable policy decisions. While the sustainability assessment methodologies discussed at the Workshop are intended primarily for assessing proposals on their potential sustainability impacts, assessments can be conducted at different stages and levels of a strategy. While these differ somewhat in timing and method, these assessments are inter-related and overlapping.

The following are the three main three levels of the strategy assessment process:

- 1) **Ex ante assessments** -- To *implement* the sustainable development strategy, proposed policies and projects are assessed in advance using selected tools and criteria to identify potential economic, environmental and social impacts and conflicts.
- 2) **Ad interim assessments** -- To *monitor* the implementation of the sustainable development strategy, progress towards economic, environmental and social goals is assessed during the strategy using quantitative baselines, criteria and indicators.
- 3) **Ex post assessments** -- To *evaluate* the overall sustainable development strategy, qualitative and quantitative approaches are used after a set time period to assess the process, content and results of the strategy to correct weaknesses and prepare for revisions

Selecting Sustainability Assessment Tools

Different tools can be used to analyse the short- and long-term economic, environmental and social effects of proposed policies and projects. The intent is to identify the intensity and direction of the potential impacts in the different domains and whether there are significant conflicts. The *Sustainability A-Test* provides a web book on the Internet explaining different analytical tools and their application, including case studies (www.sustainabilityA-test.net). These tools include modeling and scenarios, cost-benefit analysis, risk assessments, and multi-criteria analysis. Input-output analysis was proposed and discussed at the Workshop as a potentially useful tool for sustainability assessments.

However, many of these assessment tools are too resource-intensive, complicated and time-consuming to apply on a regular basis. Governments generally do not have the budgets, time or expertise to apply these tools in *ex ante* assessments of the sustainability of their proposed policies. Simple, less costly tools are needed which can be easily used to analyse the effects of a range of policies and projects at different levels and in various sectors as part of the overall sustainability assessment process.

The method or tool most commonly used for sustainability assessment is to rank potential positive and negative impacts on a checklist of economic, environmental and social criteria using both qualitative judgments and quantitative data. The potential severity or extent of impacts can be indicated and conflicts between domains easily identified (as seen in the example matrix below). Switzerland has developed an Excel tool, based on the agreed 15 Swiss economic, environmental and social criteria, which can be broadly used to implement this approach.

Proposed Policy	Impacts on Economic Criteria	Impacts on Social Criteria	Impacts on Environmental Criteria	Comments
Element 1	++	+	-	
Element 2	--	-	Not applicable	
Element 3	-	--	++	

Source: D. Wachter, *Sustainability Evaluation in Switzerland*.

Selecting Sustainability Indicators

There are numerous indicator sets proposed and used for measuring and assessing sustainable development. These sets have varying emphasis and include different numbers and types of indicators, but most comprise economic, environmental and social criteria. The United Nations has a set consisting of nearly 200 economic, environmental and social indicators, while the EC recommends about 100 indicators to monitor the EU Sustainable Development Strategy. Many countries have developed a set of indicators as part of their national sustainable development strategies. For example, Switzerland uses the MONET system of 80 indicators to monitor its sustainable development strategy.

The Joint UNECE/OECD/Eurostat Working Group has mapped the commonalities in these indicator sets and has proposed a sustainable development measurement approach based on a capital framework (www.unece.org/stats/archive/03.03f.e.htm). Sustainable development can be measured in terms of the following general types of indicators:

- 1) *Financial capital* – stocks, bonds, assets
- 2) *Produced capital* – machinery, buildings, infrastructure
- 3) *Natural capital* – natural resources, land, ecosystems
- 4) *Human capital* – health, education, employment
- 5) *Social capital* – institutions, governance

This framework has the advantage of grouping economic, environmental and social assets in easily understood categories for the selection and comparison of basic indicators. Policies can be assessed on whether they contribute to an increase or decrease over time of the five types of capital. Potential conflicts or substitutability across domains can be identified, *e.g.* increases in financial wealth vs. declines in resources. This indicator framework can also highlight the investments needed to maintain critical forms of capital for long-term sustainable development.

Integrating Assessments into Policy-Making

A main finding of the Workshop is the need to integrate sustainability assessments into policy-making at the local, regional, national as well as international levels. However, progress on this has been slow. The concept of sustainable development is politically sensitive due to the reluctance of governments to be assessed on the actual results of their combined economic, environmental and social policies. Sustainability assessments can reveal the lack of good governance and integrated decision-making, the presence of ideological biases or unwarranted focus on certain objectives, and/or the failure to perform as well as peers in a range of areas. The accountability and transparency associated with sustainability assessments can also be uncomfortable for governments.

Academic efforts to develop sustainable development indicators and assessment tools and methodologies should be geared more towards policy processes. A general guide or manual for conducting sustainability assessments should be agreed to provide a practical tool for governments. The institutionalization of sustainable development through strategy processes could help overcome political sensitivities and the sacrifice of sustainability goals to shorter-term political objectives. To this end, greater commonalities and more joint work should be fostered between the often separate activities on national sustainable development strategies (governance), sustainable development indicators (measurement), and sustainability assessments (analysis).

The findings of the Helsinki Workshop should be presented and discussed at the following events, among others, to ensure continuity and progress in developing sustainability assessment approaches at the international level:

- **15-16 June 2009, Brussels** – EPOS Conference on Sustainable Development in Policy Assessment: Methods, Challenges and Policy Impacts
- **17-19 June 2009, Prague** – Annual Meeting of the European Sustainable Development Network (ESDN)
- **19-20 October 2009, Paris** – OECD Annual Meeting of Sustainable Development Experts (AMSDE)

ANNEX: SUMMARY OF WORKSHOP PRESENTATIONS

Sauli Rouhinen (sauli.rouhinen@ymparisto.fi), Secretary General, Finnish National Commission on Sustainable Development (FNCSO), Finland – Achieving sustainable development is a societal learning process of which assessments and evaluations are a crucial component. A number of indicator sets and composite indicators have been developed for national assessments, including the Environment Sustainability Index (ESI) and the Sustainable Society Index (SSI). Assessment methodologies are being explored by the European Commission, the European Sustainable Development Network (ESDN) and the OECD, among others. Yet we still lack agreed indicators and approaches for assessing sustainability in all its dimensions.

Candice Stevens (CanStevens@gmail.com), Former Sustainable Development Advisor, Organisation for Economic Co-operation and Development (OECD), Paris, France -- The OECD developed a Draft Guide to Sustainability Assessments based on a workshop held in Amsterdam in January 2008 (see www.oecd.org/sustainabledevelopment). While the basic elements of sustainability assessments are agreed, there are major implementation challenges owing to a lack of political commitment and the failure to develop simple and least-cost methodologies. Ongoing analyses and discussions on sustainable development strategies, measurement approaches, and assessment tools should be pursued together in policy forums rather than separately.

Michal Sedlako (michal.sedlako@wu-wien.ac.at), European Sustainable Development Network (ESDN) Office at the Research Institute for Managing Sustainability (RIMS), Vienna, Austria – ESDN reviews of sustainability assessments and the interface between the European Sustainable Development Strategy and the Lisbon Strategy show that sustainability concepts and monitoring have not been integrated into overall policy-making. Indicator-based assessments should be used in developing and reviewing national sustainable development strategies (NSDS), but countries have failed to volunteer for EC or UN peer reviews. Governance by evaluation, including internal strategy reviews and monitoring of progress, should be the goal.

Daniel Wachter (daniel.wachter@are.admin.ch), Head of the Sustainable Development Section, Federal Office for Spatial Development (ARE), Switzerland – As one of the few countries conducting sustainability assessments of policies and projects, Switzerland has recently improved its assessment methodology and developed a simple Excel tool to examine measures in terms of economic, environmental and social sustainability based on 15 pre-set criteria. The Excel tool allows the grading of impacts on the different criteria on a scale of 0 to 3, the assignment of weights to the criteria, and estimates of the degree of uncertainty. Switzerland also conducts general monitoring based on its MONET system of 80 indicators and periodically reviews its Sustainable Development Strategy, which will be revised for the period 2012-2015.

Joëlle Pichel (joelle.pichel@poddo.be), Federal Programmatic Service for Sustainable Development, Belgium, and **Jean Huges** (jean.huges@vub.ac.be), Human Ecology Department, Free University of Brussels, Belgium – Stemming from a 2004 Royal Decree, Belgium has developed a sustainability assessment

methodology at the federal level based on 33 core economic, environmental and social criteria. Research institutes are now testing the approach in case studies. In Flanders, consideration is being given to merging the sustainability assessment methodology with regulatory impact assessment in the context of the 2006 Flemish Regional Strategy for Sustainable Development.

Kerstin Arbter (office@arbter.at), Büro Arbter, Vienna, Austria – The Austrian Pacemaker for Sustainable Development is a 12-step procedure for assessing the impacts of proposed policy measures featuring a “mindmap” of economic, environmental and social variables selected as relevant to the measure. When applying this approach to assessing the impacts of amending the Austrian environmental subsidies guideline, it was found to be a valuable learning process but also somewhat resource-intensive.

Annika Lindblom (annika.lindblom@ymparisto.fi), Deputy Secretary General, Finnish National Commission on Sustainable Development (FNCSD), Finland – Finland is using a range of approaches for evaluating progress on its 2006 National Sustainable Development Strategy by the end of 2009, including monitoring through a set of 34 indicators and progress reports from government ministries. An assessment methodology is being developed to give guidance to sector ministries for the integrated evaluation of the economic, environmental and social effects of their programmes.

Jyri Seppälä (Jyri.Seppala@ymparisto.fi), Research Manager, Finnish Environment Institute, Finland – The Finnish ENVIMAT input-output model, which covers 151 industries and 918 domestic products, is being extended as a tool for assessing sustainability impacts, particularly trends in sustainable consumption and production. The model assesses the life-cycle impacts of monetary and materials flows on the environment and some socio-economic aspects and also the role of impacts and exports. Based on 2005 data, it can identify critical thresholds in resource consumption, greenhouse gas emissions, GDP per capita, employment and unemployment, etc. and contribute to a decision analysis tool.

Juha Honkatukia (juha.honkatukia@vatt.fi), Research Director, Government Institute for Economic Research, Finland – The ENVIMAT input-output model is useful in analysing the structure of flows in the economy at the macro-level, but it assumes fixed coefficients which rules out assessing the effects of changes in budget shares or other variables. It is to be used for *ex-post* rather than *ex-ante* assessments. Of the 24 indicators in the Finnish sustainable development strategy, the model covers 10 environmental criteria and 3 economic criteria, so that its concept of welfare may not be sufficiently comprehensive.

Mikko Kautto (mikko.kautto@etk.fi), Head of Research, Centre for Pensions, Finland – Sustainability assessments generally, and the ENVIMAT model in particular, tend to neglect the social dimension of sustainable development which is the hardest to incorporate. What should be included in the social pillar and how it should be measured remains unresolved. Ideally, assessments would cover social aspects such as demographic trends, income distribution, pension expenditures and adequacy, intergenerational fairness, and the extent of community and trust.