Interview with José Pineda on the Green Economy Progress Index

José Pineda is UNEP’s lead consultant on the Green Economy Progress (GEP) Index. He has extensive research experience in the fields of international trade and open macroeconomics. Prior to joining UNEP, he was Senior Researcher at UNDP, where he contributed to the Human Development Report, and Deputy Director of Research for the Latin American Development Bank. He has also served as Chief Economist at the Venezuelan-American Chamber of Commerce and Industry and as a consultant for the Venezuelan Ministry of Finance, the Venezuelan Central Bank and international organizations, such as the World Bank. He also was professor at the Universidad Central de Venezuela in the field of macroeconomics. José holds a PhD in Economics from the University of Maryland.

What is the reasoning behind the development of the Green Economy Progress index?

The work on the GEP Index is a follow-up to UNEP’s earlier effort to measure progress towards a green economy (http://www.unep.org/greeneconomy/). UNEP recognizes the importance of using indicators for designing and operationalising green economy policies. It has developed an indicators framework in Ghana, Mauritius and Uruguay. Based on these experiences, UNEP has developed a preliminary methodological framework for constructing the GEP Index in order to compare improvements across countries and inspire an international race to a green economy.

What is the information gap the index is trying to fill?

The GEP Index is the first composite indicator capturing progress towards a green economy at country level. This includes what is referred to by Sheng Fulai from UNEP as “a new generation of capital” (natural capital, clean manufactured capital, a labour force with green skills and equitable social institutions) for producing “green aggregate supply” to meet the “green aggregate demand” (sustainable consumption, green investment, green public procurement, and trade in environmental goods and services).

This new “green equilibrium” has the potential to generate several benefits such as improved public health, new streams of income and jobs, a sustainable natural resource base and more bio-diverse and resilient ecosystems. The index is multidimensional, it aims to cover over 90 countries and it allows cross-country comparisons of national “progress” rather than current “state” of the green economy. Therefore, it can facilitate policy assessments at both national and international level, including in connection with monitoring aspects of the recently adopted UN Sustainable Development Goals (SDGs).

Which policy issues does the index tackle? Who are its potential users?

The GEP Index is conceived to enable policy makers, analysts and advocacy groups to compare countries’ green economy progress over time. It takes into account the progress made by countries vis-à-vis the top performing countries in a group with similar development conditions, as well as the progress needed to achieve a specific national target.

According to which criteria did you select the indicators on which the Green Economy Progress Index is built on?

Selecting the indicators was a challenge for developing the GEP Index. UNEP’s choice has been so far based on four criteria:

• The indicators should include the major Green Economy dimensions (environmental performance, economic performance and inclusiveness) and reflect the integration of these dimensions;
• The indicators should be available for as many countries as possible and for an extended period to allow comparisons over time;
• The indicators should come from trusted sources with
international harmonized standards of data collection;
- The indicator construction should be transparent.

UNEP is still in the process of integrating the selected indicators into a single composite indicator.

When developing monitoring tools, data availability is often a limitation. What type of indicators should be developed to make your index even more useful?

There is a general lack of indicators breaking the silos of green economy’s different dimensions. The most important gaps in the indicator landscape are:

- Green Investment: There is no internationally harmonized and publicly available source of information on green investment;
- Green Jobs and Decent Work: The methodologies of indicators measuring green economy policies impacts on labour market are not yet applied to a significant number of countries;
- Inclusiveness: There is little information available on how to measure green economy policies impacts on inclusiveness.

In addition, green exports are important for demonstrating economic opportunities arising from a transition towards a green economy. For the GEP Index, UNEP has constructed a green exports measure, but additional work is needed to better define the list of environmental goods.

What weighting methodology is applied to the indicators of the GEP Index?

The weighting framework takes into account the required change to reach a target as well as the current rate of change. This is done in two steps:

1. Change relative to a target: The single indicators are weighted based on the change relative to a specified target. The targets are set to be ambitious but feasible. In this calculation, the targets are not set to be common to all countries, but only to countries with similar development conditions (e.g. in terms of human development). This ratio of speed of improvement relative to the gap to the target is weighted by the relation between the initial conditions with respect to a global threshold (e.g. a maximum level of global pollution beyond which there are risks to human health), which is set according to global scientific standards. By using a country’s initial conditions, we are in fact using country-specific weights;

2. Normalization: for indicators to be comparable within a country as well as across countries, the GEP Index aggregates the reweighted indicators. This is done by dividing the result of the previous point by the sum of all the country-specific weights across all indicators.

When will the results of the Green Economy Progress Index be released?

An initial concept paper is available. Data for about 90 countries are expected to be released in the first quarter of 2016.

Interview with Myriam Linster on the OECD Green Growth Indicators

Myriam Linster has more than 30 years of experience in international environmental policies including the field of environmental reporting and assessment. She joined the OECD in 1985, where she currently heads OECD’s programme on environmental information and leads the work on monitoring resource productivity and progress towards green growth. She is a member of the UN Committee of Experts on Environmental Accounting, and has been contributing to international work on sustainable development indicators and to EU work on indicators and targets under the Resource Efficiency Platform. She is further involved in country environmental peer reviews, and is an active member of the municipal council of her village in France.

For which reasons has the OECD developed the set of Green Growth Indicators?

The Green Growth Indicators set was developed to support the definition and monitor the OECD Green Growth Strategy implementation. The key purpose of the strategy was to tackle the lack of integration of environmental and economic policies. The context of the 2008 economic crisis was also important. We had to identify new growth paths by moving to more environmentally friendly production and consumption patterns, which requires investments and innovation.

What were the policy problems you had in mind when developing the indicator set?

The indicator set was aimed at monitoring progress towards the integration of economic and environmental policy goals.

Five questions were deemed particularly relevant:

- How can the economy become greener and more resource efficient and how does that affect productivity?
- How can natural assets be preserved in the long term?
- Do people benefit in terms of quality of life from the changes to a greener economy? Or do they face increased environmental risks and degradation?
- Are the right measures taken to achieve a green growth?
- What is the growth context of the economy? What is the impact of environmental policy on economic growth?

Who are the potential users of the OECD Green Growth indicators set?

There are three main groups of users:

- National policy makers and policy analysts;
- Policy analysts at the OECD;
- The broader public and high-level policy makers mainly interested in the six headline indicators.

According to which criteria have the Green Growth indicators been selected?

The selection was based on the same criteria used 20 years ago for selecting the environmental indicators duly adapted to the task:

- Policy relevance: indicators should be easy to interpret, allow a comparison across countries and have the potential to be adapted to national circumstances;
- Analytical soundness: there should be a consensus among OECD countries regarding the analytical soundness of the data and the ability to be combined with other statistical frameworks;
- Practicability: indicators need to be available for OECD countries in a timely manner.
Since none of the indicators met all these criteria, some trade-offs were unavoidable. The indicators were not chosen by the OECD secretariat, but resulted from the OECD countries’ consensus. For example, there is no headline indicator on water as no agreement could be reached between OECD countries about the prominence of water quality or water quantity indicators (due to different priorities between OECD countries).

**For which reasons have such indicators not been aggregated into one composite indicator?**

When developing the indicators, the possibility to aggregate them into one index was discussed, but no agreement was reached among OECD countries. While some countries were in favour, many were against aggregation, as they believed that no aggregation method could be defended against critics and easily communicated to the broader public.

**What would make your set even more useful to the users, if anything?**

A first list of indicators has been released in 2007 and a reviewed list was published in 2014. Data was not available for all listed indicators and for some there are still no robust data available. The OECD is currently developing indicators on demand-based resource efficiency, on population exposure to air emissions and on innovation and economic opportunities. Generally, the Green Growth indicators set and the Green Growth Strategy will benefit from ongoing work to connect the Green Growth agenda to the Better Life agenda of the OECD (http://www.oecdbetterlifeindex.org/).

The usefulness of the indicators set is proven by its implementation in different member states. These applications will provide more opportunities for comparison for other countries.

**Has the set of indicators been recently modified? Is any further change to the indicators set planned?**

Although some indicators already included in the 2007 list have been developed since then (e.g. demand-based greenhouse gas emissions), only one indicator has been added to the list.

The OECD is developing a Natural Resources Index, which focuses on evaluating non-renewable resources in monetary terms to fill this gap in the indicators set.

### In the spotlight

**Monitoring Progress towards a Green Economy – Building on Existing Initiatives and Looking Forward**

In recent years, discussions on sustainable development have gained a further element through the concept of green economy. At international level, it was a central theme of the United Nations Conference on Sustainable Development (Rio+20 Conference) in 2012. Green economy concepts have also become increasingly important for decision-makers at local, regional and national levels. Yet, what is a green economy and how can we measure progress towards achieving it?

A green economy, drawing on the definition of the United Nations Environment Programme (UNEP), is one that “results in improved human well-being and social equity while significantly reducing environmental risks and ecological scarcities”. According to the OECD, “green growth is about fostering economic growth and development while ensuring that natural assets continue to provide the resources and environmental services on which our well-being relies”. The concept has been widely adopted within sustainable development thinking, but progress towards a green economy at different levels is not always easy to assess.

In the context of the UNEP-led Green Economy Initiative (launched in late 2008), the UNEP report *Measuring Progress towards an Inclusive Green Economy*, published in 2012, presents a number of indicators for supporting policy makers in implementing and assessing green economy policies. These indicators are intended to contribute to identifying priorities, setting targets and measuring progress towards low carbon, resource efficient and inclusive development. In 2014, UNEP published a guidance manual for green economy indicators to support users at the country level on the selection and use of relevant indicators.
The Green Growth Knowledge Platform (GGKP) is a global network of organisations and experts established in 2012 by the Global Green Growth Institute, the OECD, the UNEP and the World Bank aiming at addressing knowledge gaps in green growth theory and practice. The platform includes a committee responsible for “Metrics and Indicators”, specifically focused on investigating existing green growth metrics and fostering data collection, methodological work and indicator development. In 2013, the GGKP published the report Moving towards a Common Approach on Green Growth indicators, providing a framework for green growth indicators.

In 2013, in order to measure progress towards a resource efficient Europe (one of the Europe 2020 flagship initiatives), the European Commission has produced an EU Resource Efficiency Scoreboard. It consists of a set of around 30 indicators including a lead indicator on resource productivity, a dashboard of indicators on materials, land, water and carbon and other thematic indicators. The data are available for the EU as a whole and each of the 28 EU Member States.

Finally, the UN Sustainable Development Goals (SDGs) and the European Commission Circular Economy Package are two major policies for societal change at global and European level. They both contribute to the green economy agenda (in particular Sustainable Development Goal (SDG) 8: Promote sustained, inclusive and sustainable economic growth and SDG 12: Ensuring sustainable consumption and production patterns). They are both expected to play a leading role, for example, in shaping European policy on jobs and growth for the coming years.

In order to measure progress towards a green economy, UN and EU initiatives need to identify and develop suitable indicators. The above existing initiatives can provide guidance and decision-makers can build on existing approaches and frameworks.

In brief

04 - 06.11.2015
International Conference on Gross National Happiness

The Fifth International Conference on Gross National Happiness (GNH), “From GNH Philosophy to Praxis and Policy”, has taken place from 4th to 6th November in Paro, Bhutan. Organised by the Centre for Bhutan Studies and GNH Research (CBS), the conference brings together researchers, policy makers and civil society to share knowledge on alternative approaches measuring development and wellbeing, with a focus on Gross National Happiness. Best practices and challenges for integrating GNH into policy and decision-making have also been discussed.

More information on the Gross National Happiness conference
See also here.

26 - 28.10.2015
Second meeting of the IAEG-SDGs

From August to September 2015, the Inter-Agency and Expert Group on Sustainable Development Goal Indicators (IAEG-SDGs) conducted an open consultation on a global indicator framework for the Sustainable Development Goals (SDGs). The comments received from various organisations, civil society, academia and the private sector were published on September 25th. The IAEG-SDGs has met on October 26-28th in Bangkok to review the list on the basis of these comments and further develop the global indicators framework.

For more information on the IAEG-SDGs meeting
Read the summary of comments on the list of indicators proposal.
25.09.2015
UN General Assembly adopts the Sustainable Development Goals

At the start of a three-day UN summit on sustainable development in New York, the UN General Assembly has formally adopted the Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development. The 17 goals and related 169 targets aim at combating poverty, inequality and climate change over the next 15 years. The new targets supersede the eight Millennium Development Goals (MDGs), which guided global policy between 2000 and 2015. While the MDGs were mainly targeted at ending extreme poverty in developing countries, the SDGs are universal and also demand high-income countries to undertake domestic reforms.

Find more information

01.09.2015
Eurostat’s monitoring report reveals mixed progress towards sustainable development in the EU

Published every two years, the Eurostat monitoring report evaluates progress towards the EU Sustainable Development Strategy (EU SDS). Based on more than 100 indicators grouped into 10 thematic areas, the report considers both long-term developments (since 2000) and trends over the last five years for the EU28. Substantial improvements have been achieved with respect to resource productivity, greenhouse gas emissions and the employment rate of older workers. However, trends in the areas of social inclusion, natural resources and global partnership are less favourable.

Read the News Release
Read the full monitoring report

Agenda

3rd International Conference - Growth in Transition 2016
Vienna, Austria, 22-24 February 2016
More information

First Global Forum on Green Economy Learning
Paris, France, 16-18 December 2015
More information

OECD Green Growth and Sustainable Development Forum
Paris, France, 14-15 December 2015
More information