



## Four Capitals: a framework for evaluating sustainable development

**New frameworks will facilitate evaluation of programmes funded through EU Structural Funds (SFs)<sup>1</sup>. SFs are used to fund programmes designed to help overcome economic and social inequality across Europe and evaluation of programmes funded through SFs is critical to ensure that the economic development they fund is sustainable and does not have an adverse impact on the environment.**

**Sustainable development maximises** human well-being in the present, without leading to a decline in the well-being of future generations by destroying or depleting environmental resources. Historically, economic development has sought to maximise wealth while attaching much less weight to other assets, such as human health, social networks, clean air and water and biological diversity. This has created a vicious circle in which, economic development has often occurred at the expense of the environment, leading to detrimental impacts on the well-being of society in the long-term.

The SDRTOOLS programme<sup>2</sup> is designing evaluation methods to assess sustainable development, using the Four Capitals Model as a starting point. This uses the concept of 'capital' as derived from economics and describes development that take place through the services and outputs provided by four types of capital:

- manufactured capital (infrastructure)
- natural capital (natural resources)
- human capital (health, well-being and productive potential of individuals)
- social capital (human well-being on a societal level).

Development is considered to be sustainable if these capital stocks or assets are maintained or increase over time. Changes in the four capitals are monitored using sustainable development indicators (SDIs). SDIs have been developed by several groups, including EUROSTAT<sup>3</sup>.

A new evaluation framework can be used to evaluate the impact of SF programmes by monitoring selected SDIs. The changes that result from an SF programme are reflected in the outputs, results and impacts of the four capitals. Additionally, as SF programmes are likely to have multiple economic, social and environmental impacts the framework also evaluates whether impacts are synergistic or in conflict with broader policy objectives.

The EU Sustainable Development Strategy (SDS)<sup>4</sup>, sets out to create sustainable communities that are able to manage and use resources efficiently. Application of this new evaluation framework will provide policymakers with an indication of the effectiveness of programmes funded to achieve this goal. This could indicate how SFs should be used to change patterns of development, production and consumption in order to reduce negative impacts on the four capitals.

1. For information on Strategic Funds, see: [http://ec.europa.eu/regional\\_policy/funds/prord/sf\\_en.htm](http://ec.europa.eu/regional_policy/funds/prord/sf_en.htm)
2. SRDTOOLS was funded from January 2005-December 2006, through the European Commission's Sixth Framework Programme, under the priority 'Research for Policy Support': <http://www.srdtools.info/index.htm>
3. For a range of SDI's that can be used to monitor sustainable development, see: [http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1998\\_66119021\\_1998\\_66292168&\\_dad=portal&\\_schema=PORTAL](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1998_66119021_1998_66292168&_dad=portal&_schema=PORTAL)
4. The EU Sustainable Development Strategy was initially adopted by the European Council in June 2001 in Gothenburg, and renewed in June 2006, see: <http://register.consilium.europa.eu/pdf/en/06/st10/st10117.en06.pdf>.

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**Contact:** [paul.ekins@kcl.ac.uk](mailto:paul.ekins@kcl.ac.uk)

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