
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)**

34th SESSION

1 - 3 November 2017

Room XVII, Palais des Nations, Geneva

Wednesday, 1 November 2017

Afternoon Session

**Agenda Item 3. Enhancing comparability of sustainability
reporting: Selection of core indicators for company reporting
on the contribution towards the attainment of the Sustainable
Development Goals**

Presented by

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Measuring achievements on SDG targets; measuring business impacts

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ISAR 34, Geneva

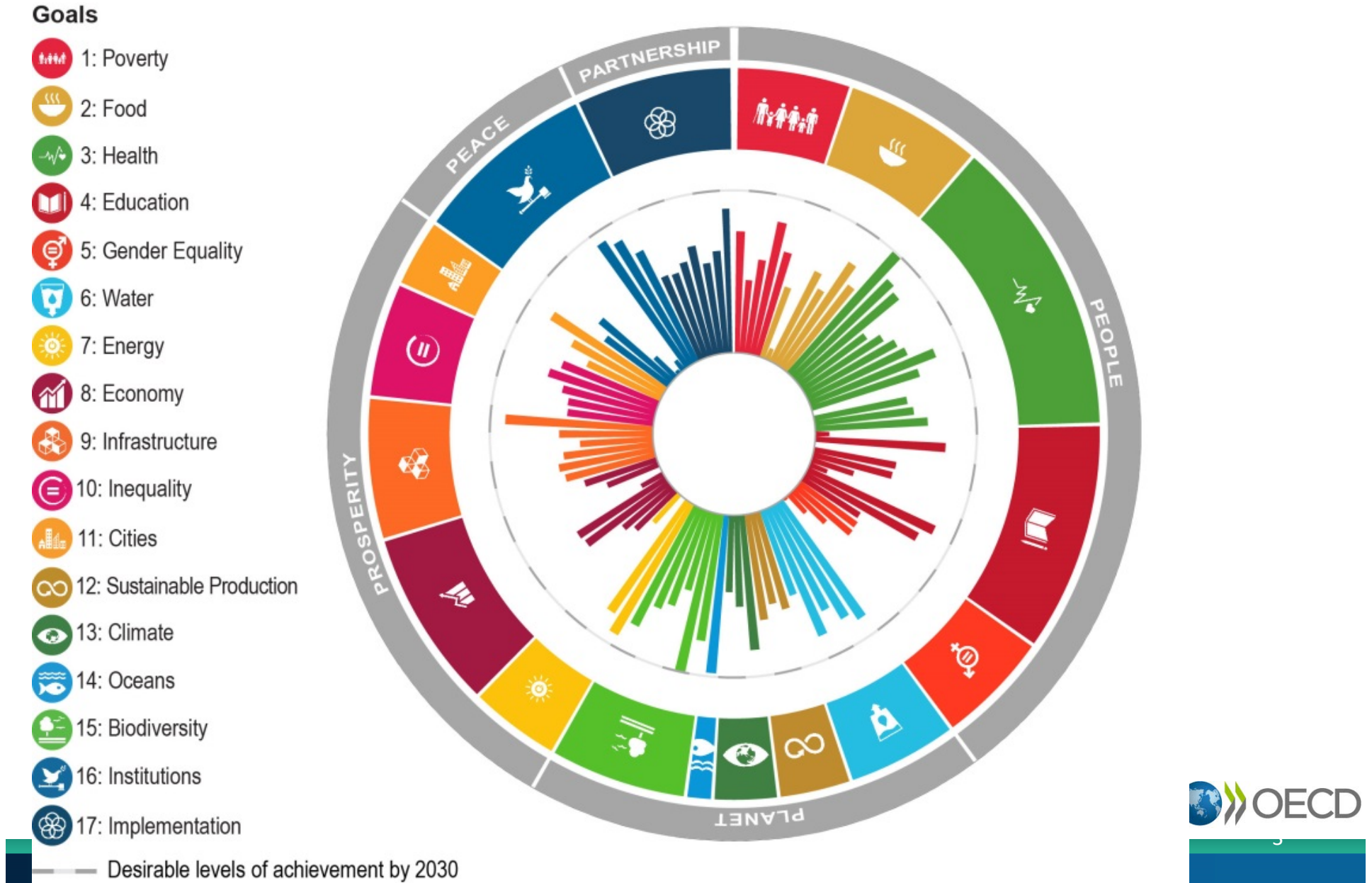
1 November 2017

ANALYTICAL TOOL: The OECD Study on Measuring Distance to SDG targets

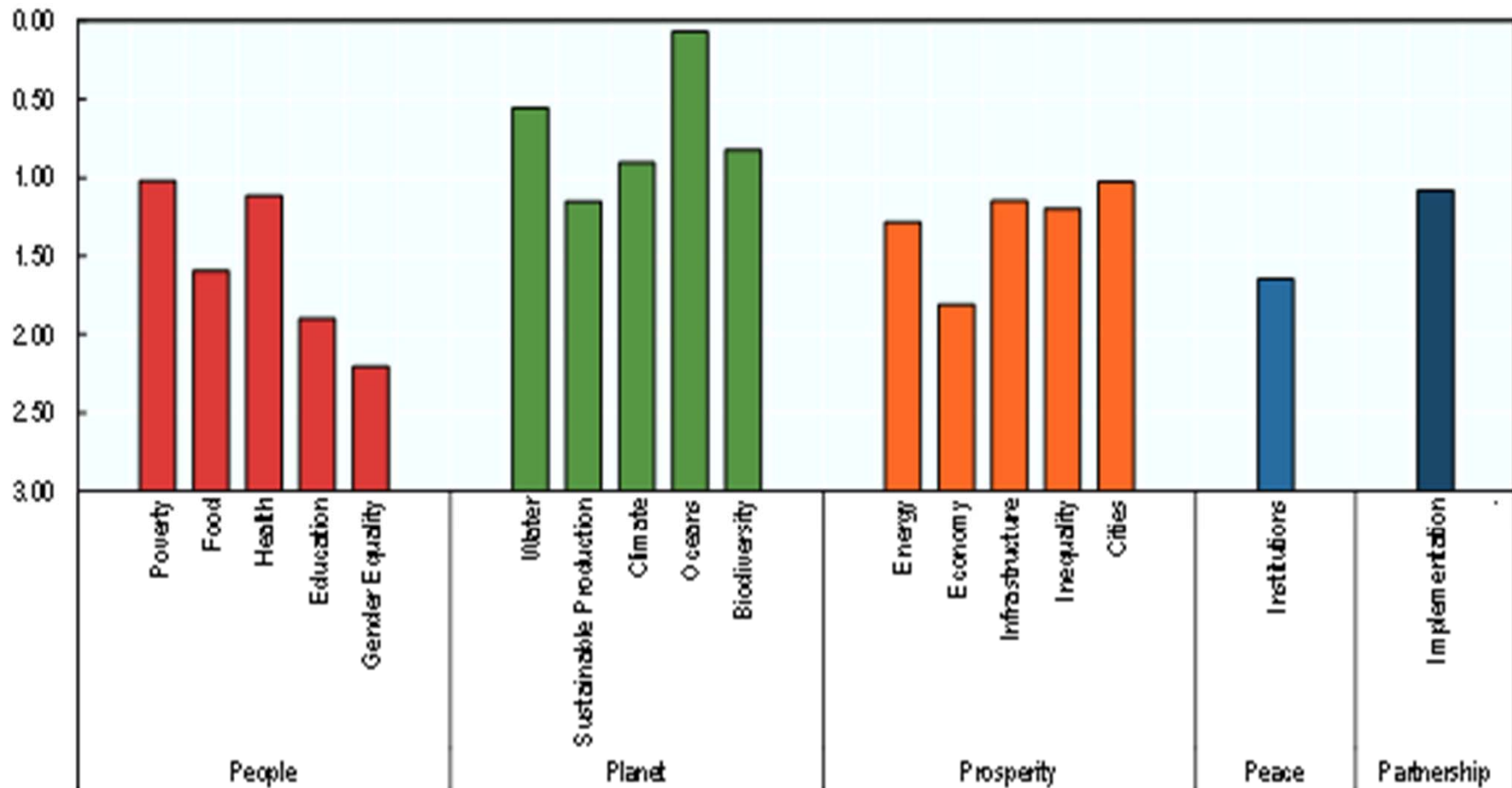
- ✓ Responds to demand by OECD countries designing SDG strategies
- ✓ First presented to Council in July 2016, then in margins of High Level Policy Forum in New York
- ✓ Tool to help identify priorities for action; points to spillovers/trans-boundary impacts
- ✓ Helps align OECD policy instruments with SDGs
- ✓ Participation is voluntary: **6** countries participated in pilot phase; **7** others have joined since



OECD average distance from SDG targets



OECD average distance by Goal



Note: This figure shows OECD's distance to travel towards each of the 17 Goals of the 2030 Agenda. Bars show OECD's performance. The y-axis indicates the distance from reaching the target in standardised units. 0 indicates that the level for 2030 has already been attained, and the axis starts at 3 as most OECD countries have already attained this level. Distances to target are aggregated at the goal level (all targets weighted equally).

Selecting targets and indicators

- **Indicators based on UN list:**

- ✓ OECD data for indicators in UN global framework (65)
- ✓ OECD proxies for UN indicators where UN does not yet have data (14)
- ✓ UN data where no OECD sources exist (37)
- ✓ Additional relevant OECD indicators (15)

➔ **128 indicators covering 98 targets**

- **Three sources of 2030 target levels:**

- ✓ Directly from 2030 Agenda, e.g. ODA/GNI target of 0.7% (40%)
- ✓ Agreed in international agreements or norms, e.g. PM 2.5 pollution less than 10 micrograms/m³ (33%)
- ✓ Best OECD performance now (10th percentile), e.g. ~ 56% waste recycling rate (27%)

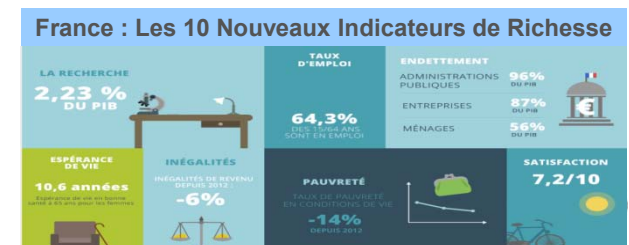
➔ **Metric measures distances to targets**

Measuring well-being for public policies

- **Wide recognition of the need to go beyond GDP as the main yardstick of societal progress**
- **The OECD Better Life Initiative is based on a set of internationally comparable indicators on a range of well-being dimensions**
- **The UN 2030 SDGs Agenda:**
→ 17 goals; 169 targets; 230 indicators



- **A number of national and local governments are using well-being indicators and/or SDGs to inform their policies (e.g. UK, New Zealand, France, Germany, Slovenia, Mexico, Ecuador, Netherlands, etc.)**



Comparing SDGs and Well-being as a measurement framework

SDGs



- Political statement
- Setting targets, varying levels of ambition
- No-one left behind (deprivation approach)
- Global agenda
- Global statistical coverage (intended)

Well-being



- Conceptual framework
- Focus on individuals and households
- Outcomes
- Objective and some subjective indicators
- Inequalities
- Current well-being and resources for future

the rationale

Businesses have a significant impact on people's lives

Businesses have a central role in creating Inclusive Growth ...

... and can benefit from growth that is inclusive.

But how do we know how big this impact is?

How can the OECD help in measuring it ?

Business' contribution to well-being

- **Business has a strong influence on well-being and inclusive growth through:**

providing **goods and services** valued by people

creating **jobs** and generating **incomes**

shaping the **working conditions** of employees, their **work-life balance**, their **health** and ultimately their **sense of personal well-being**

providing **learning** and **lifelong training opportunities**

influencing the life of **communities** and creating opportunities for **social connections**

shaping the built and natural **environment** where they operate

- **The business sector has a main role in the capitals that drive well-being over time: economic, human, natural and social capital**



BUT HOW DO WE KNOW HOW LARGE BUSINESS CONTRIBUTION IS?

Measuring business impact is also important for business itself

- **Measuring business' contributions to well-being is important for business on four accounts:**
 - To demonstrate the **Responsible Conduct of business** and its impact on society (i.e. **the firm as a 'good citizen'**)
 - **Strategic perspective: forward-looking handling of risks and opportunities**
 - To build **reputation** and **sustainable relationships** with stakeholders
 - **Managerial perspective: "we cannot manage what we cannot measure well"**

The question is how to measure ?

- There already exist **many social impact measurement initiatives**
- But these are fragmented; there is neither a commonly agreed definition of social impact measurement nor a shared understanding of the notion; and there are issues about the quality of metrics used
- So, How can the OECD help?

What is the OECD doing?

- **Currently conducting a stocking of existing approaches to measuring business' well-being impacts**
 - **Preliminary results show a number of issues:**
 - **Weak conceptualisation and theorisation of frameworks**
 - **Low internal and external validation of indicators**
 - **Lack of independence and transparency regarding choice of indicators**
 - **Lack of comparability; varying reach and scope**
 - **Mostly input and process indicators/ not outcome indicators**
 - **Lack of causal identification**
 - ...

What is the OECD doing?

- **Exploring the co-construction of measurement standards with business**
 - **Creation of an Advisory Group (OECD, business, academia)**
 - **From individualised contributions to collective action**
 - **Promoting convergence of frameworks and indicators used by governments and the business sector**
- **Launched call for papers jointly with HEC Business School to expand the knowledge and research:**
 - **Good examples of existing frameworks**
 - **Common indicators**
 - **Using national official statistics to assess business impacts**
 - **Effects of measurement on business performance, and consumer and investor behaviour**
 - **Mapping with the SDGs**
- **Special session and selected papers to be presented at special session of 6th OECD World Forum on Knowledge, Statistics and Policy (Korea, 11/2018)**

Thank you

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