

- **Peter Pluschke, Deputy Mayor, Nuremberg**
'Everybody appreciates our sustainability report as this is at last a tool that reveals the whole scope of municipal action'
'In comparisons between cities one can find a lot of non-sense. On the other hand, international comparisons create some pressure to improve'



- **Dutch example: Amsterdam**
produced two stand-alone sustainability reports (2005, 2008) and then worked on the integration of sustainability indicators into its general reporting cycle. In 2015, it decided to limit the sustainability discussion in its Annual Report to municipal competencies and to restart distinct sustainability reports to address the 'larger picture'

Showing the way with sustainability reports:

Smart municipal communication and action



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Like a lighthouse

A lighthouse helps sailors navigate while it also serves as a showplace attracting the attention of locals and visitors. In a similar way, a sustainability report can show decision-makers the way forward and the electorate, investors and other stakeholders what a local government has achieved.

Sustainability and local governments

Sustainability, 'smart' and 'green cities' are high on international and local agendas. The global aim is 'development that meets the needs of the present without compromising the ability of future generations to meet their own needs'. With decentralization and growing urbanization, there is universal recognition of the pivotal role of local governments.

Recognising the importance of the local level, the United Nations' Sustainable Development Goals contain the specific goal (SDG #11) to 'make cities and human settlements inclusive, safe, resilient and sustainable'.

Local governments are essential for sustainability as they have a direct responsibility in several policy areas (energy, waste, land-use, transport, etc.), economic power through their own procurement, and an important role in liaising with citizens, other government levels and businesses. This requires effective management and communication tools.

Sustainability reporting

To manage for sustainability, information is one indispensable ingredient. Indicators need to be monitored to support decision-making, help to assess the impact of policies and actions, and to communicate to diverse audiences.

However, the existence of data does not guarantee shared understanding. Technological change produces ever more *open data*, available on web-based *sustainability dashboards in real time*. This has great potential yet may induce the perception of 'data smog'. People also demand summaries and effective accountability mechanisms.

- What about longer-term trends, are we moving into the right direction?
- How do we link indicators to action?
- How can a local government improve its accountability and 'green profile'?
- How can one make coherent and productive use at the local level of international frameworks such as the SDGs?

This is where sustainability reporting can help local governments. A sustainability report is an official publication that addresses in plain language and through the explanation of relevant indicators the following three questions:

Questions	Content	Time-frame
Analysis 1) <i>How are we doing?</i>	<ul style="list-style-type: none"> • Key environmental, social and economic developments in a locality • Analysis of sustainability threats, opportunities, policies and conflicting aims 	<ul style="list-style-type: none"> • Recent data (in long time series) on relevant indicators
Action 2) <i>What have we done?</i>	<ul style="list-style-type: none"> • Local government actions and investments • Impact of major decisions on sustainability 	<ul style="list-style-type: none"> • Reporting period
Outlook 3) <i>What are we going to do?</i>	<ul style="list-style-type: none"> • Agenda, planned actions • Issues under control (e.g. CO² of municipal buildings) and/or city at large (CO² emissions of entire jurisdiction) 	<ul style="list-style-type: none"> • Near future / long-term targets



Benefits and Costs

Sustainability reporting is a worldwide trend. Many local governments have voluntarily started to make use of this tool; in various countries, there are calls to make it mandatory.

As just one tool, a single sustainability report cannot fulfil all functions at once, and its effects cannot be generalised easily. Evaluations have shown the following benefits and costs among local governments in various countries.

Benefits

- Learning among key stakeholders
- Improved information systems
- Evidence-informed decision-making
- Agenda-setting
- Legitimacy and 'green' profile

Costs

- Data collection and management
- Consultation, facilitation
- Layout, printing, dissemination

Our Service Offer

VNG International published a study entitled ***Sustainability Reporting: What's in it for Local Governments? Lessons from practical examples***

that is available for download at www.bit.ly/VNGInternationalpublications

In response to the demand for guidance, VNG International is offering advisory services about sustainability reporting. VNG helps local governments identify their particular management, communication and accountability needs and to fine-tune their sustainability reports to complement other types of existing reports.

The following section presents a sample of practical experiences.

Werner Liechtenhan, Office of Urban Development, City of Zurich
 'Sustainability reporting has that function of stimulating a fundamental discussion: What are the right indicators, how do we use them? In our municipal administration, that process was very important'



*Ciarán Cuffe,
Councillor, City of
Dublin*

'This is very useful for senior officials in local government and for elected representatives and it's obviously also useful for NGOs'



*Simone Pflaum,
Head of Sustainability
Management,
City of Freiburg*

'We have excellent sectoral reports which provide detailed information. Our sustainability report covers the meta level instead and identifies trade-offs. For example, it is one of our goals to promote public transport and cycling but this also requires using space. This interdependency is visualised in our report'

Tailored to local needs and opportunities

Sustainability reporting is most widespread among commercial companies where reporting standards (notably from the *Global Reporting Initiative*) have gained acceptance. For the public sector, attempts to introduce standardised solutions (indicators, reporting frameworks, frequencies, etc.) have generally not succeeded. Here, reporting is also catching on but takes on different forms. In times of 'open data', local government sustainability reports are less about 'disclosure' (a term used by companies) but more about information use, agenda-setting, and civic empowerment. Some local governments write yearly reports, following the footsteps of many companies. However, producing high content reports at short intervals is generally not efficient.

**> VNG International advice (1):
Produce comprehensive reports at longer intervals (e.g. every three years)**

There are calls to integrate all types of separate reports into annual reports that include both financial and sustainability information. This makes sense for companies, yet in the public sector, a single type of report is not viable. What matters is coherence. It makes good sense for local governments to work with performance indicators (included in annual reports and tied to budgets) for sustainability issues that relate to their mandates. However, sustainable developments require concerted action, and local governments also have the unique role to bring various actors together.

**> VNG International advice (2):
Write sustainability reports on the 'big picture' of trends, trade-offs, choices, and governance challenges while integrating a limited set of indicators into the general planning and budgeting cycle**

Policy frameworks such as the *Sustainable Development Goals* and guidelines produced by the International Standardisation Organisation (e.g., ISO 37120) contain hundreds of indicators. It is vital that (inter)national statistical systems improve to provide localised, recent and accurate information on as many of these indicators as possible. However, not all issues are relevant for all local governments.

**> VNG International advice (3):
Reviewing (inter-)national frameworks as reference (SDG, ISO, GRI, etc.), select 20-40 indicators with local relevance and available data.**

Local governments in some countries face a shortage of sustainability data, yet in many there is a perception of 'information overkill'. Moreover, some indicators that are most useful for experts cannot be understood by laypeople without certain technical knowledge. Therefore, in every report a local government needs to strike a balance between the completeness and complexity of information on one hand and its communicability on the other.

**> VNG International advice (4):
Bearing various audiences in mind, write reports with executive summaries and present underlying technical information in annexes and accompanying websites**



*Marijn Bosman
Member of Amsterdam
City Council*

'If sustainability reporting is separate, we will discuss it separately in the municipal council. When we review the annual report, somebody might have a question about sustainability but the discussion will primarily be about finances. In this context, a separate report gets more attention'

The writing of a sustainability report requires leadership to create impact as a learning and management tool within a local government. Further, for a report to positively influence the sustainability agenda of a city or municipality, it needs to reach the attention of various target groups including the media. In this context, it is essential that the right local government departments and other stakeholders are involved in the production process, and that a report is launched at an auspicious time with an effective dissemination strategy.

**> VNG International advice (5):
Combine the reporting process with an organisational development perspective and choose appropriate moments for maximum impact**

Sustainability reporting can be effective when it is context-sensitive. Factors to take into account when defining local reporting strategies include:

- The political and legal system (e.g. municipal competencies, mayoral terms, rules regarding performance indicators in the general budgeting / reporting cycle)
- Concurrent, sector-specific reports (e.g. compulsory environmental reports, social reports, etc.)
- The availability of information from official sources (e.g. national Statistics Offices)
- Sustainability concerns and information needs of the public as well as local government staff and councillors

VNG International

VNG International is the international cooperation agency of the Association of Netherlands Municipalities. It has worldwide experience in supporting municipal reform and innovation projects and a specific track record in decentralization, fiscal management, social accountability and benchmarking projects.

More information?

Sustainability reporting has the potential to produce tangible benefits in a manageable period of time. Moreover, it can present be an entry point for leveraging additional tools, actions and governance for sustainability.

For more information, please get in touch with VNG International's experts through vng-international@vng.nl

VNG International is lead of the VNG International Group with organisations based in The Netherlands, the Czech Republic, South Africa and Tunisia, and project offices in several other countries. The Group's mission is to strengthen democratic local government worldwide. Each of the four organisations is closely related to the respective national local government association. As a whole, the Group can draw on a wide range of experience in developing countries and countries in transition, a large international network of experts, and offer tailor-made capacity building support.



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