EMOS webinar Spring 2020

Measuring performance 'Beyond GDP'

Marco Mira d'Ercole
OECD Statistics and Data Directorate
Household Statistics and Progress Measurment

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OCDE
DES POLITIQUES MEILLEURES
POUR UNE VIE MEILLEURE

Plan of the webinar

Presentation in three parts

A. The OECD Experience

B. The HELG report: the statistical agenda ahead

C. From measuring to policy use

Part A.
The OECD Experience

The OECD and GDP

PARIS 14th December 1960

"*DETERMINED by consultation and co-operation to use more effectively their capacities and potentialities so as to promote the **highest** sustainable growth of their economies..*"

The "*temple of growth", "... what St Peter is for Catholics, OECD is for GDP*"

Both in terms of the development of the statistical methodology underpinning the SNA (Stone, Gilbert) and for the policy primacy attributed to "***growth for growth sake.. as supreme objective***"

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The OECD and 'Beyond GDP'

- **Conceptual discussion** ("*Problems of modern society*" in 70s), **measurement tradition** in social (1970s) and environmental indicators (1980s)

- Renewed emphasis in the **2000s** ,
following release of **SSF report** in 2009, with launch of **OECD Better Life Initiative** in 2011

  - ➢**Addressing limits of** GDP as an overall guide of progress on people's well-being; implies taking into account :
    - ✓**non-economic factors** that shape people's quality of life
    - ✓**distribution** of outcomes across population groups
    - ✓**sustainability**, including depletion of environmental resources

  - ➢**Producing additional and better measures** of well-being

  - ➢**Highlighting trade-offs and complementarities** among different policies across all aspects of people's well-being → **BETTER POLICIES FOR BETTER LIVES**

→ Key audience: **National statistical offices, policy-makers, wider public**

# OECD work on 'Beyond GDP'

Three strands

- Analysis and benchmarking

- Methodological work

- Communication and public engagement
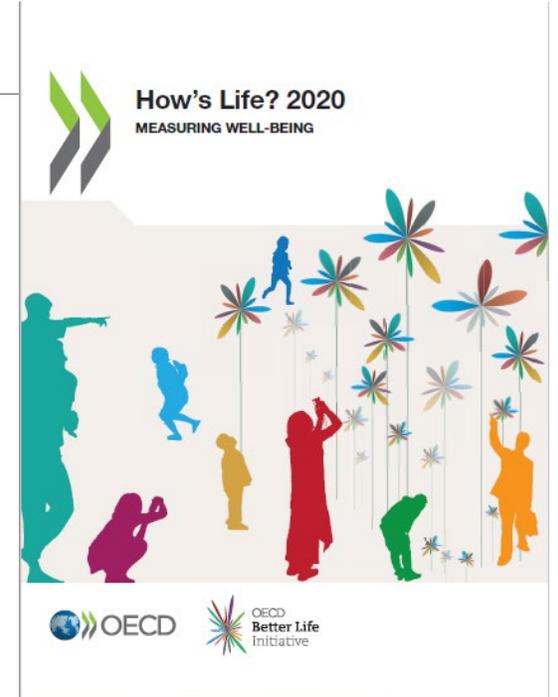
Analysis and benchmarking: the OECD well-being framework

CURRENT WELL-BEING

Key dimensions

- Income and Wealth
- Work and Job Quality
- Housing
- Health
- Knowledge and Skills
- Environment Quality
- Subjective Well-being
- Safety
- Work-life Balance
- Social Connections
- Civil Engagement

How we measure them

- Averages
- Inequalities between groups
- Inequalities between top and bottom performers
- Deprivations

RESOURCES FOR FUTURE WELL-BEING

Key dimensions

- Natural Capital
- Economic Capital
- Human Capital
- Social Capital

How we measure them

- Stocks
- Flows
- Risk factors
- Resilience

Focus on:

- **people** rather than the economic system

- **outcomes** rather than inputs and outputs

- both **averages** and **inequalities**

- both **objective** and **subjective** aspects

- well-being both **today** and **tomorrow**

… operationalised through a dashboard of indicators

	Single index	Dashboard of indicators
Conceptual	Subjective Well-Being, Green Accounting (MEW/GPI), Ecological Footprint	Stiglitz-Sen-Fitoussi, CES Recommendations, OECD *How's Life?*
Policy driven	UNDP's Human Development Index	UN Sustainable Development Goals

Indicators of:
- Current well-being, country-averages
- Current well-being, inequalities (vertical, horizontal, deprivations)
- Resources for the future (stocks, flows, risks, resilience)

Selected based on criteria of:
- Relevance (unambiguous interpretation, amenable to policy change, scope for disaggregation)
- Statistical quality (face validity, well-established instrument, comparable definition, broad country coverage, recurrent collection)

What do these well-being indicators tell us?
# Key messages from *How's Life? 2020*

➢In many ways life has improved since 2010

|		in 2018	OECD average change
💵	Household income	Households' average disposable income is around 28 000 USD	+ 6%
🏠	Overcrowding rate	One in eight households lives in overcrowded conditions	- 2.6 percentage points
💼	Employment rate	Almost 8 in 10 adults aged 25-64 are in paid employment	+ 4.8 percentage points
⚖️	Long working hours (in paid work)	7% of employees usually work 50+ hours per week	- 1.7 percentage points
➕	Life expectancy	The average newborn can expect to live 80.5 years	+ 14 months (1.5%)
🏃	Homicide rate	Deaths due to assault are 2.4 per 100 000 people	- 27%
❤️	Life satisfaction	On a scale from 0 (not at all satisfied) to 10 (completely satisfied), the average life satisfaction in OECD countries is 7.4	+ 2.8%

Key messages from *How's Life? 2020:*

> ..but well-being dimensions evolved differently across OECD countries

Legend: ■ Consistently improved ■ No clear trend ■ Consistently deteriorated ■ Insufficient time series

Y-axis: Number of OECD countries

Categories: Housing affordability, Gender wage gap, Lack of social support, Negative affect balance, Voter turnout, Income inequality, Household wealth, Student skills in science, Time off, Social interactions
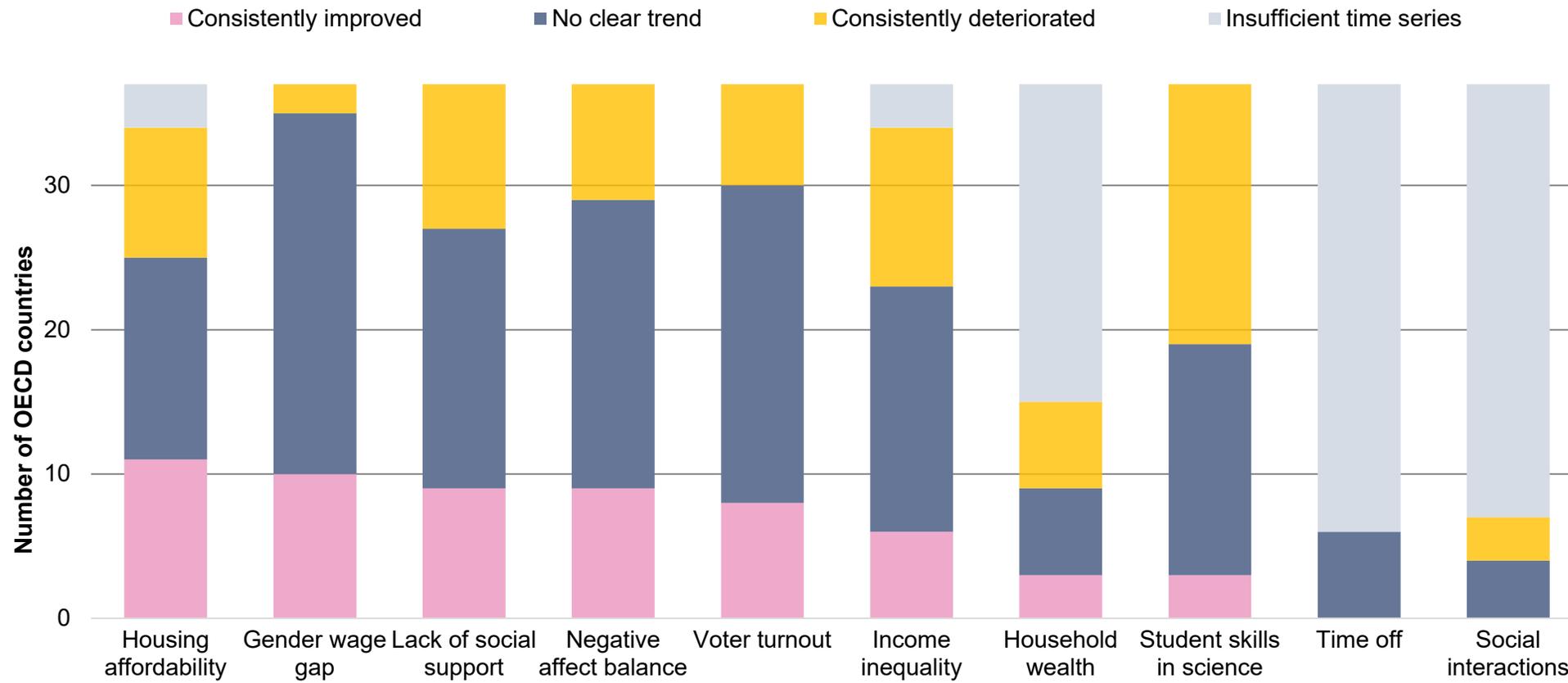
Key messages from *How's Life? 2020:*
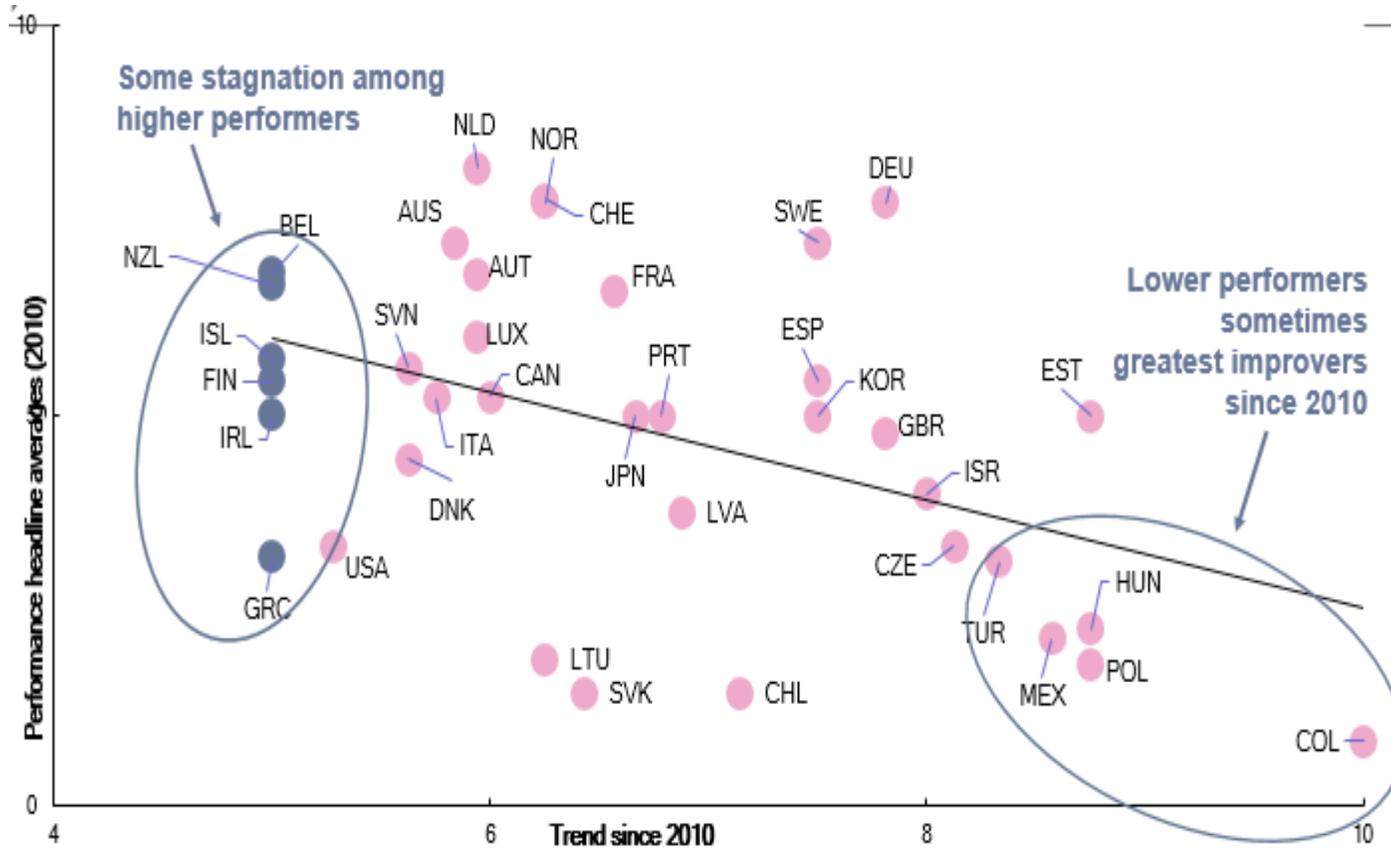
> .. with some levelling up since 2010 across countries

Key messages from *How's Life? 2020:*

Change in income inequality (S80/S20 ratio) between 2010-17
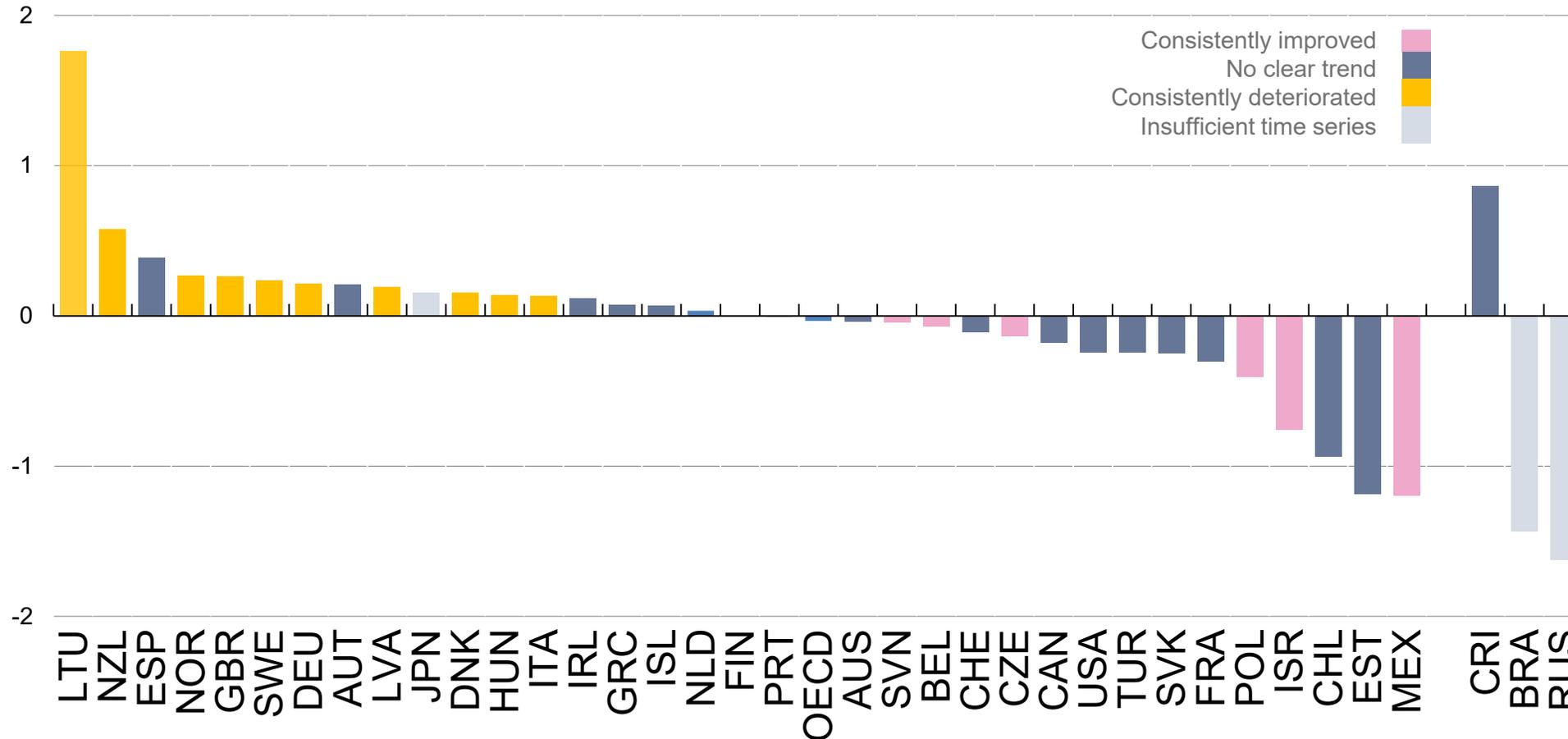
▶ .. but not always **within** countries

Key messages from *How's Life? 2020:*
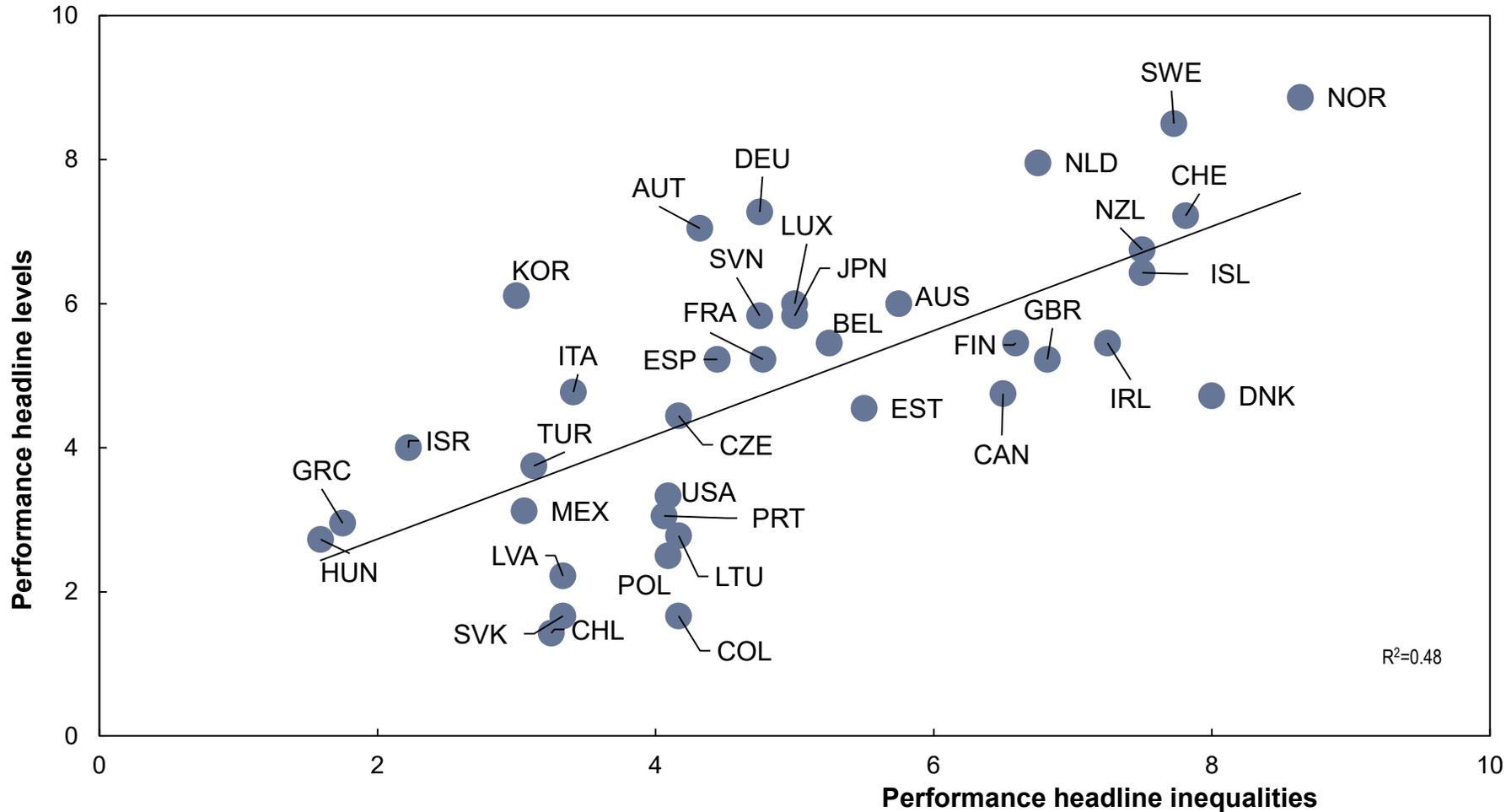
> ⮞ .. with more equal countries doing better in terms of well-being averages

Key messages from *How's Life? 2020:*

➢ **changes in natural/economic/social capital are putting our future at risk**

Global **greenhouse gas emissions** reached highest level ever in 2018. OECD countries are consuming more of Earth's materials, per capita, than in 2010. In almost half of OECD countries, more **species are at risk** of extinction. Renewables make up just 10.5% of the OECD energy mix.

Household debt in almost two-thirds of OECD countries exceeds annual household disposable income and has deepened in a third of member states since 2010. Large disparities persist across OECD countries on Economic Capital indicators, and have in some cases widened since 2010.

Trust in government has improved by 3 percentage points on average since 2010, but less than half of the population in OECD countries trust their institutions (43%). Only 1 in 3 people feel they have a say in what government does. **Women** hold just one-third of all seats in OECD **parliaments**.

Key messages from *How's Life? 2020:*

➤ .. with insecurity, disconnection, despair affecting large shares of the population

Insecurity

More than 1 in 3 people would fall into poverty if they had to forgo 3 months of their income.

Average household wealth has decreased by 4% since 2010.

Disconnection

In 7 countries people spend almost 30 minutes less per week interacting with friends and family.

1 in 11 people do not have relatives or friends they can count on for help in times of need.

Despair

1 in 8 people experience more negative than positive feelings in a typical day.

7% of the population in OECD countries report very low life satisfaction.

Key messages from *How's Life? 2020:*

> ➢ **.. with large gender differences**

OCED average gender ratios (distance from parity)

OECD (2020) *How's Life? 2020: Measuring Well-being*, OECD Publishing, Paris, https://doi.org/10.1787/23089679
www.oecd.org/howslife
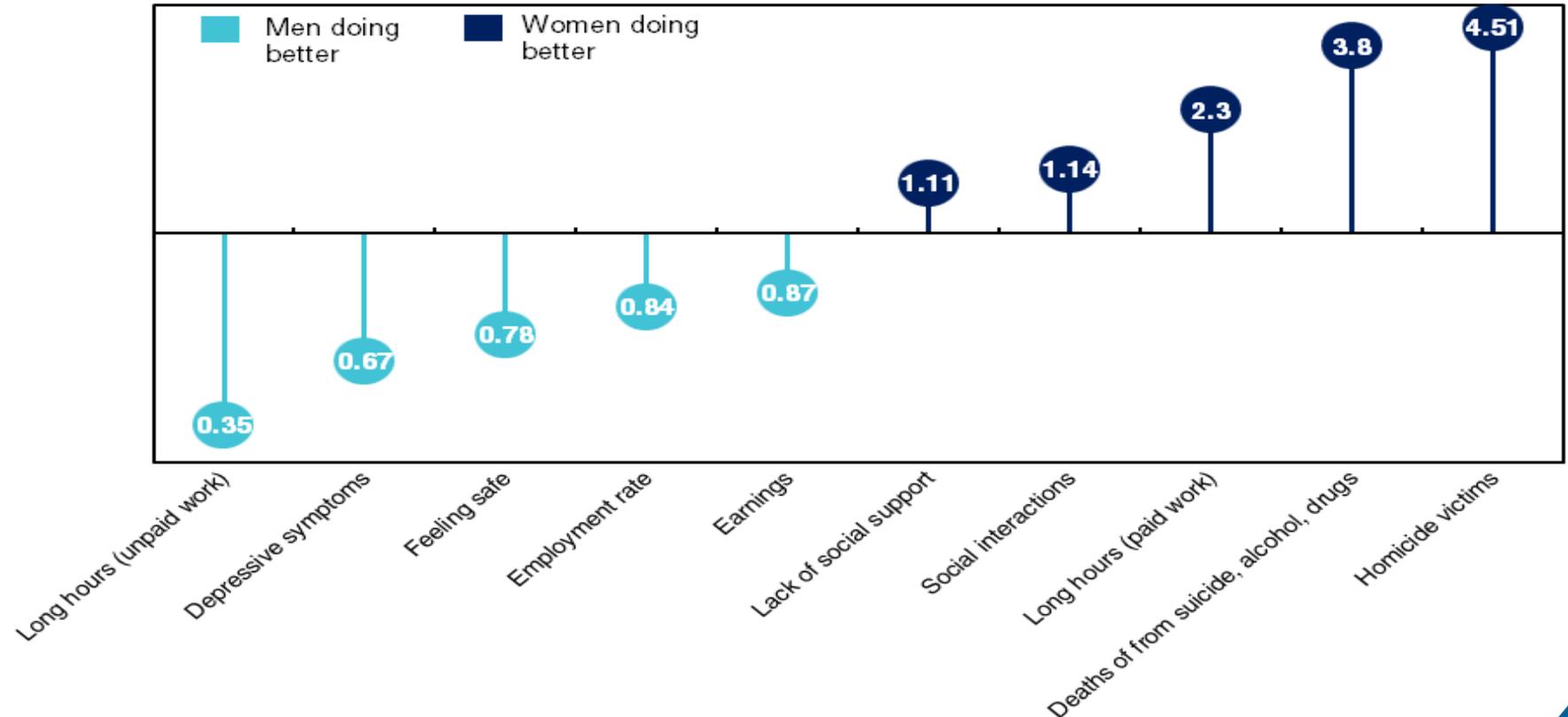
How's life in your country?

Country profiles
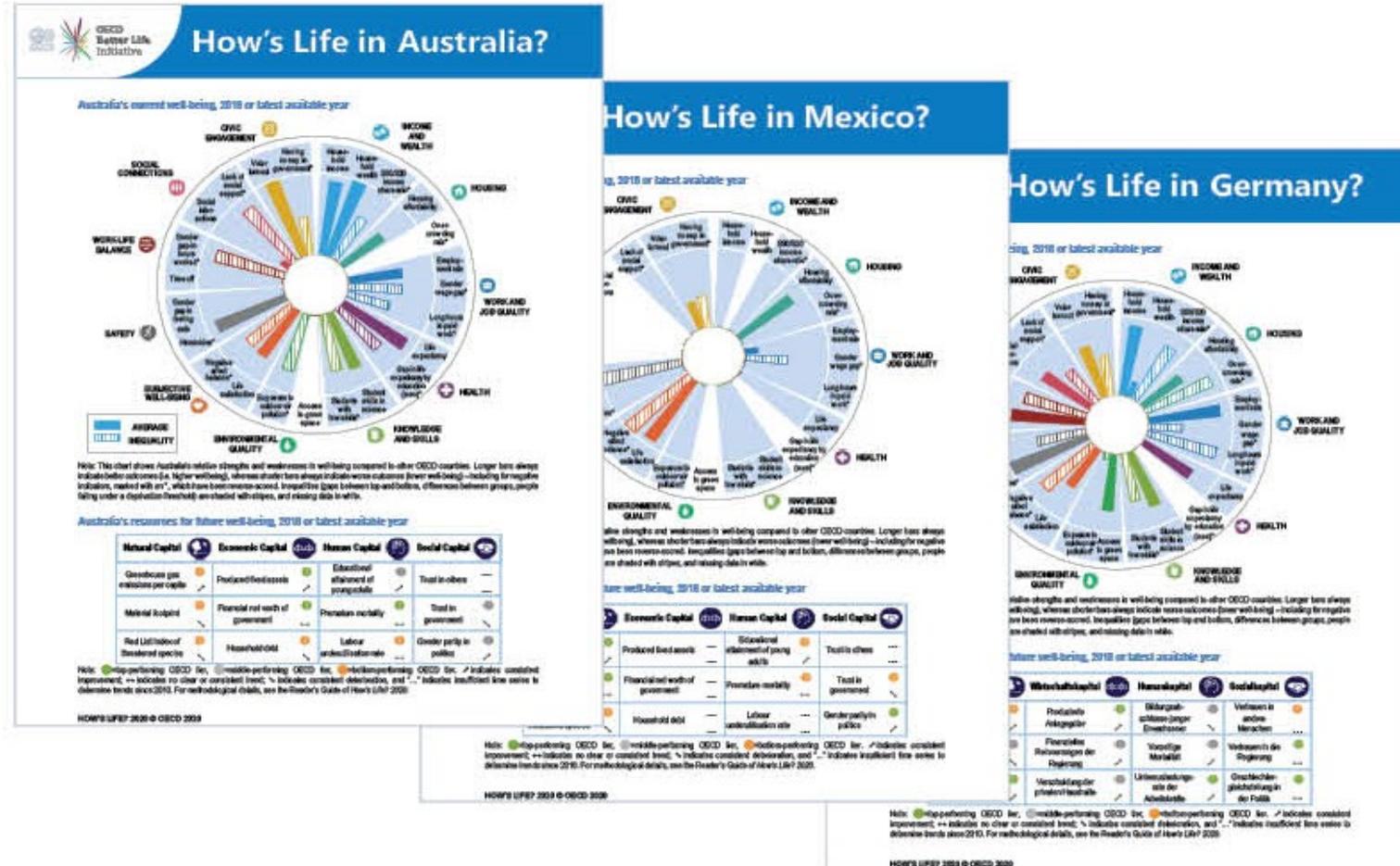
Country-wheels: how's life in Finland? (averages and inequalities)
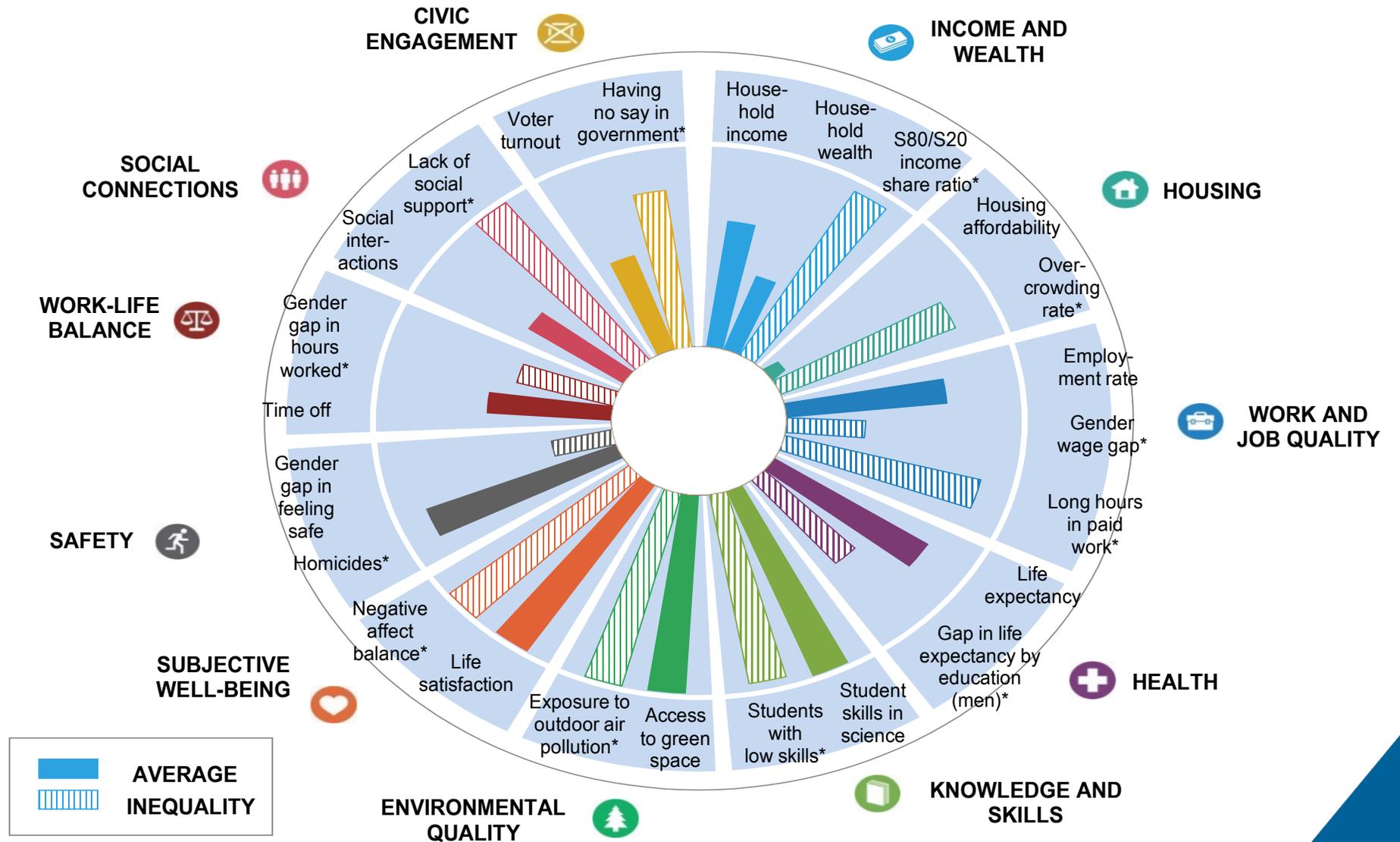
OECD (2020) *How's Life? 2020: Measuring Well-being*, OECD Publishing, Paris, https://doi.org/10.1787/23089679

www.oecd.org/howslife

AVERAGE

INEQUALITY

Has life improved since 2010?: Belgium

Housing affordability — No change
OECD 79,2 — BEL 79,7

Income inequality — Improved
OECD 5,4 — BEL 3,9

Negative affect balance — Worsened
BEL 14 — OECD 13

Time spent in social interactions — Worsened
BEL 6 — OECD 6

OECD (2020) How's Life? 2020: Measuring Well-being, March 2020
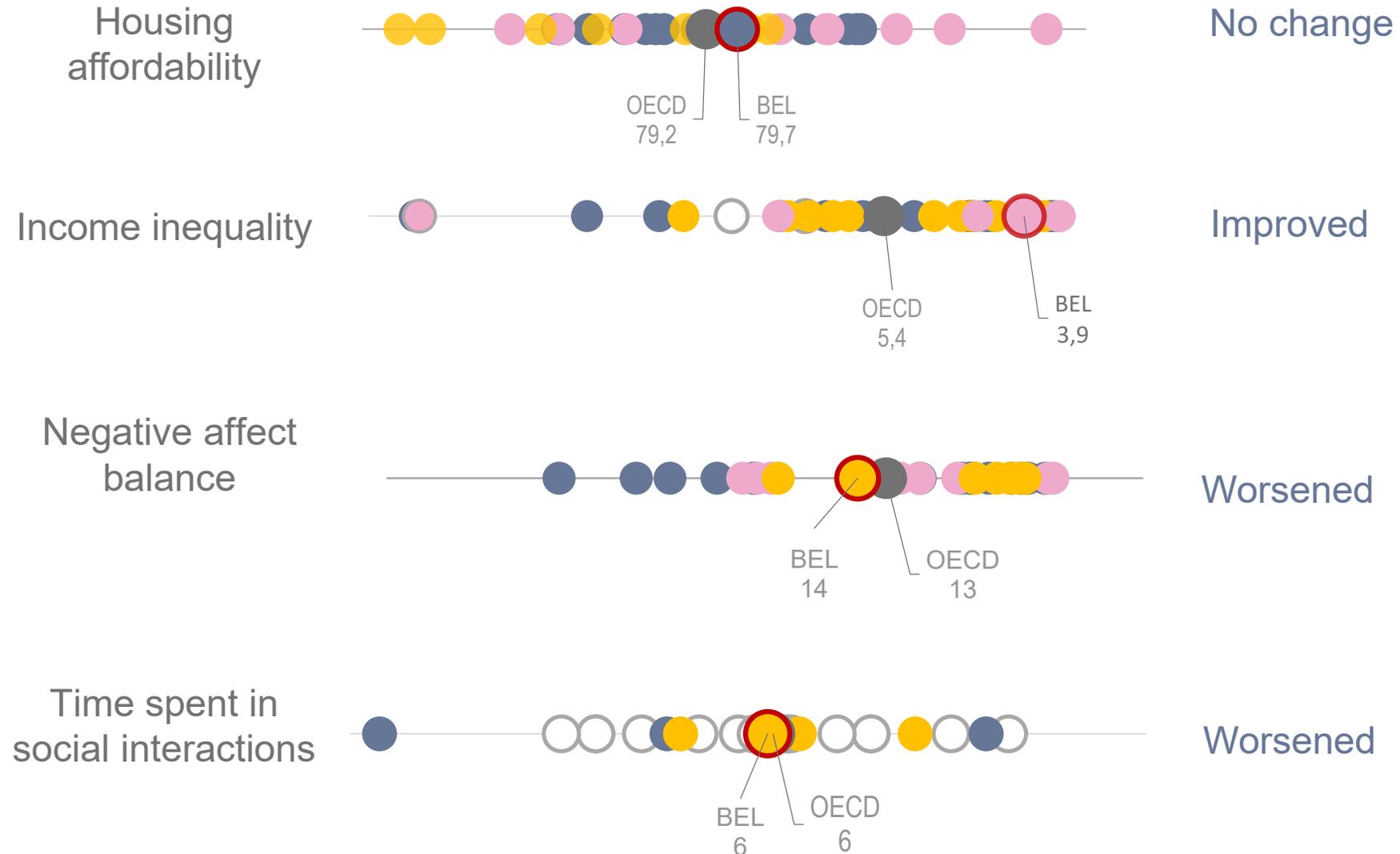
Is well-being on sustainable?
The United Kingdom

Natural Capital	Economic Capital	Human Capital	Social Capital
Greenhouse gas emissions per capita ① ↗	Produced fixed assets ③ ↗	Educational attainment of young adults ③ ↘	Trust in others ② ...
Material footprint ② ↔	Financial net worth of government ③ ↘	Premature mortality ② ↔	Trust in government ② ↔
Red List Index of threatened species ③ ↘	Household debt ③ ↔	Labour underutilisation rate ① ↗	Gender parity in politics ② ↗

Note: ①=top-performing OECD tier, ②=middle-performing OECD tier, ③=bottom-performing OECD tier. ↗ indicates consistent improvement; ↔ indicates no clear or consistent trend; ↘ indicates consistent deterioration, and "…" indicates insufficient time series to determine trends since 2010.

Engaging with the public:
the *OECD Better Life Index*

OECD Methodological work

All Guidelines have common structure

– Conceptual (what are we talking about)

– Empirical (what can we say based on current evidence)

– Methodological (what is the state of current statistics)

– Recommendations (what is needed)

➢ .. and goal: encourage NSOs to use these measures in their own data collections

Part B.
The HELG report:
the statistical agenda ahead

High Level Expert Group on Measuring Economic Performance and Social Progress (2013-2017)

- **Independent group**, hosted by OECD, established to pursue 'Beyond GDP' agenda undertaken since 2009 nationally and internationally

- **Two reports** released in November 2017 in Incheon (Korea) at 6th OECD World Forum on Statistics, Knowledge and Policy:
  - Chair's Summary *(Beyond GDP: Measuring What Counts for Economic and Social Performance)*
  - Collection of authored chapters by selected HLEG members *(For Good Measure: Advancing Research Beyond GDP)*
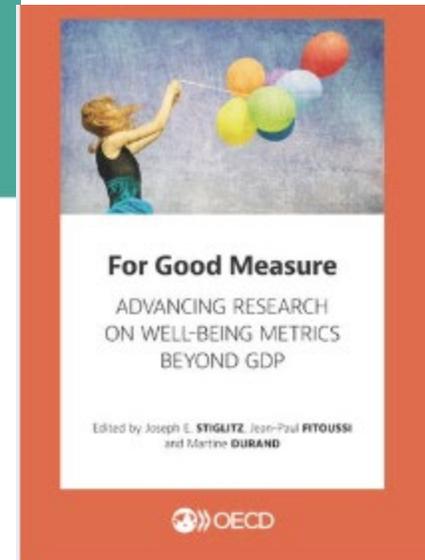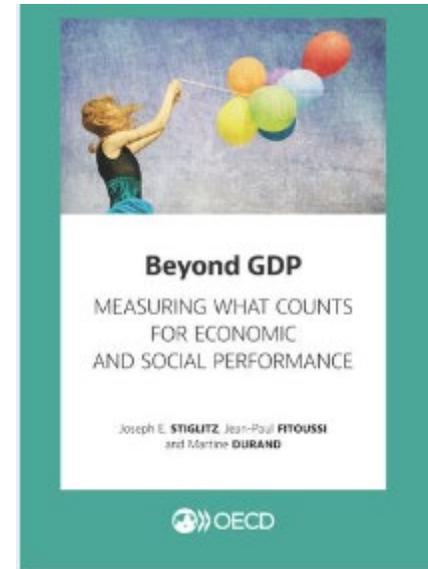
HLEG membership

Chairs

- Joseph E. Stiglitz, Columbia University
- Jean-Paul Fitoussi, Sciences-Po, Paris and Luiss University, Rome
- Martine Durand, OECD

Members

- Yann Algan, Sciences-Po, Paris
- François Bourguignon, Paris School of Economics
- Angus Deaton, Princeton University
- Enrico Giovannini, University of Rome Tor Vergata
- Jacob Hacker, Yale University
- Geoffrey Heal, Columbia University
- Ravi Kanbur, Cornell University
- Alan Krueger, Princeton University

- Nora Lustig, Tulane University
- Jil Matheson, Former UK National Statistician
- Thomas Piketty, Paris School of Economics
- Walter Radermacher, Former DG Eurostat
- Chiara Saraceno, Honorary fellow, Collegio Carlo Alberto, Turin
- Arthur Stone, University of Southern California
- Yang Yao, Peking University

Rapporteurs

- Marco Mira d'Ercole, OECD
- Elizabeth Beasley, CEPREMAP, Sciences-Po

Two key messages

➢ **Measures**: *"What you measure affects what you do. If you measure the wrong thing, you will do the wrong thing. If you don't measure something it becomes neglected, as if the problem did not exist"*

➢ **Policies:** *"Issues of measurement are not only technical, but go to the root of our democratic system; they will shape whether it can reconnect to the concerns of ordinary people"*

Three main themes

1. **Better measuring the effects of the crisis**

   → *could have led to different policy response*

2. **Deepen analysis of themes already in SSF** (e.g. vertical inequalities, sustainability, subjective well-being) **and begin enquiry into new ones** (e.g. vulnerability, resilience, inequality of opportunity, trust)

   → *recognising and addressing concerns that weigh heavily in people's daily life*

3. **Encourage use of new well-being metrics in policy decisions**

   → *moving beyond identifying "problems", to anchor well-being metrics in the design, implementation and evaluation of public policies (3rd lesson)*

1. Better measuring the effects of the crisis

➢ Need to pay greater attention to:

- the **permanent effects of the recession** : **"missing wealth"**

- **impacts** of the crisis **on more intangible aspects** of people's life (e.g. economic insecurity, subjective well-being, trust)

- **balance sheet** (liabilities **&** assets) **for all sectors** (private liabilities may become public when banks default)

1. Permanent effects of the crisis: "Missing wealth"?

The "permanent" output-effects of the crisis exceed 1 year of GDP
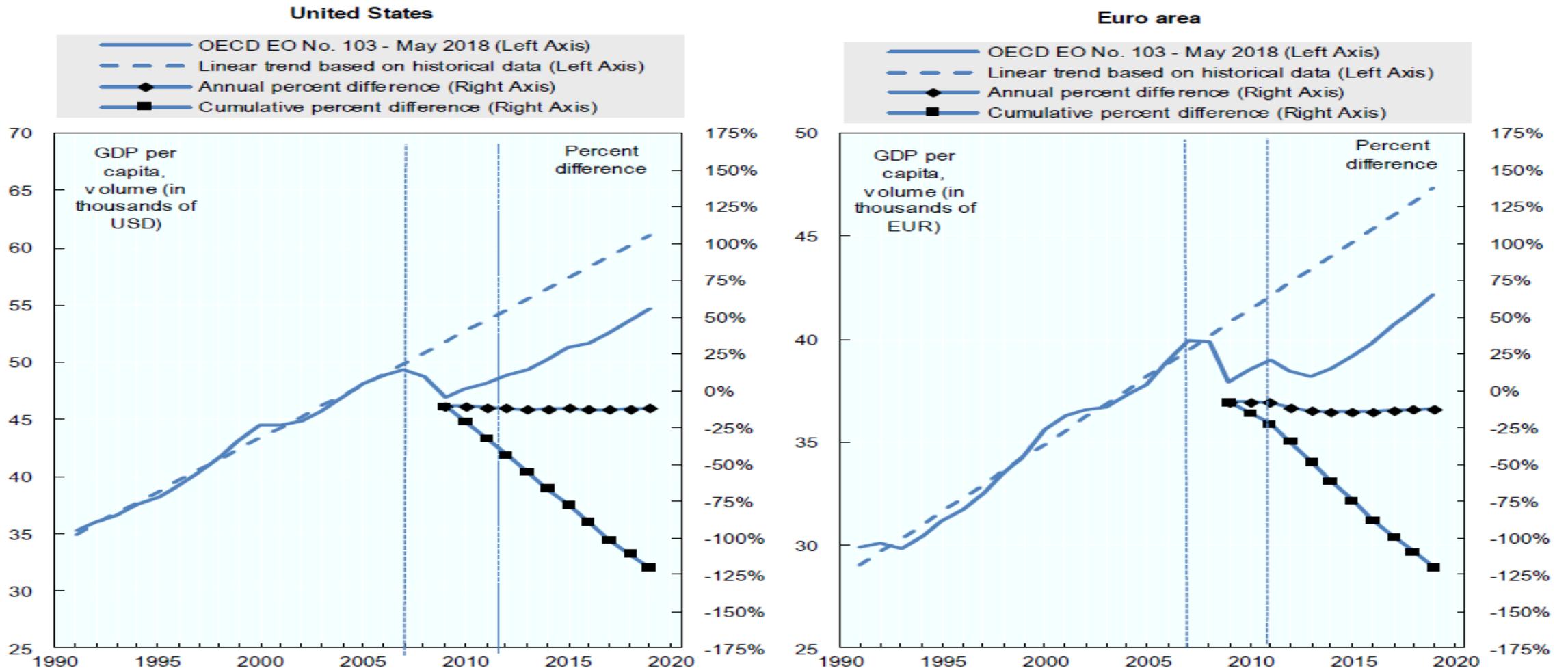
1. Gross public debt vs. net wealth of all institutional sectors
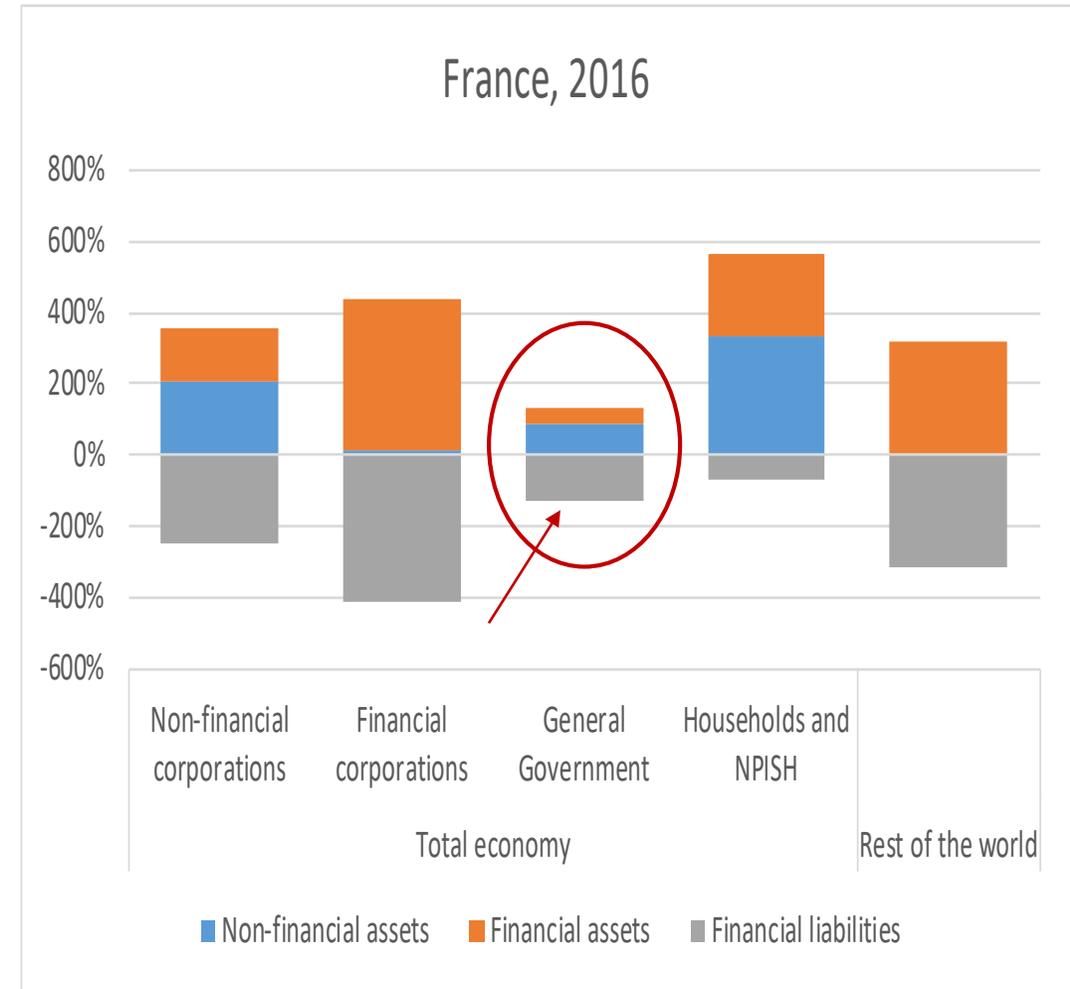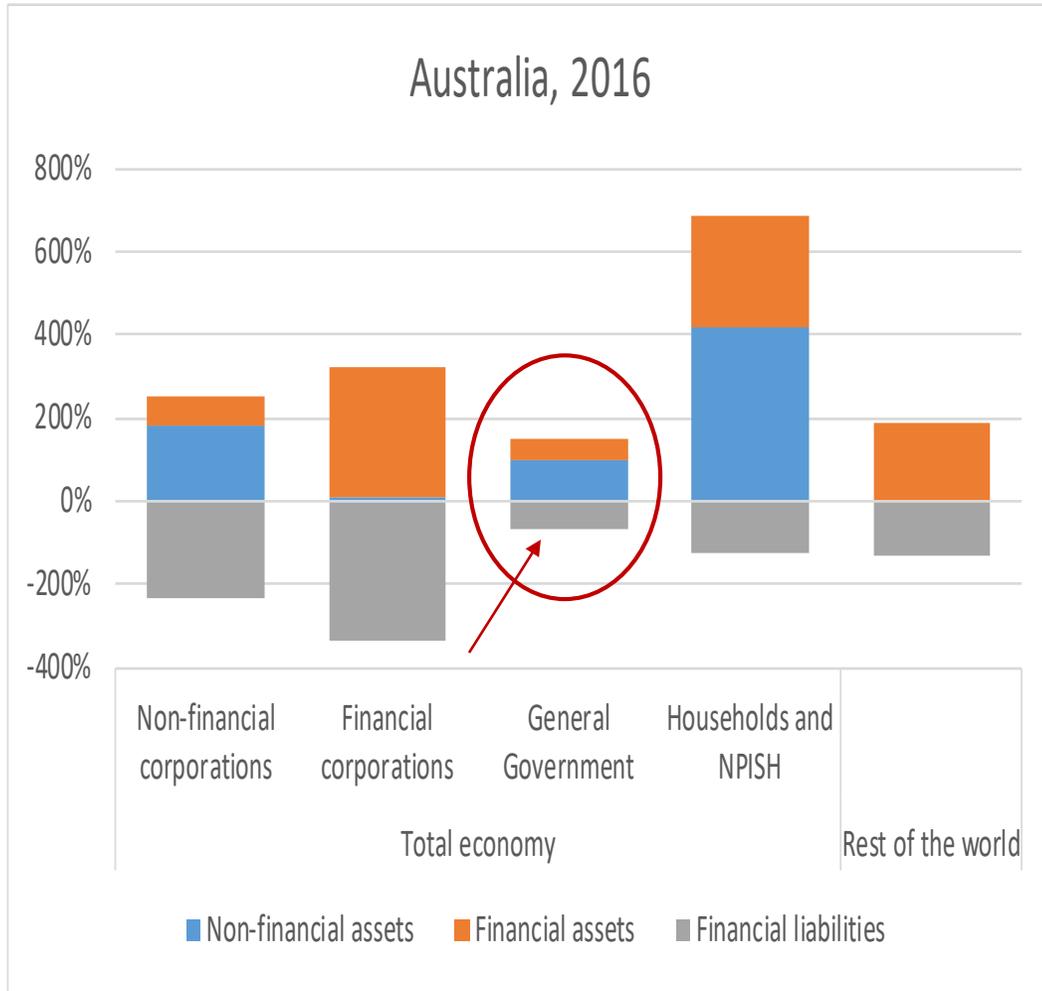
2. Deepen research and statistical efforts

A. Improving existing measures

– Vertical inequalities in economic resources

– Horizontal inequalities in quality of life

– Subjective well-being

– Sustainability

B. Developing metrics in new fields

–Economic insecurity

–Inequality of opportunity

–Trust

2A. Improving existing measures: vertical inequalities in economic resources (1)

- **What are they? Inequalities in earnings, income, consumption, wealth**
  - Within countries and at the world level

- **Why are they important?**
  - Increases in GDP pc do not reflect what is being experienced by most citizen, especially when inequality is rising (as in recent years), leading to mistrust in data and governments
  - To know "who benefits form GDP growth?", measures of economic inequalties need to be integrated in macro-economic statistics

- **Where do we stand?**
  - Statistical standards exist for income inequalities but not for consumption and wealth; issues of timeliness, under-coverage, under-reporting at both ends of distribution
  - Much bigger issues of data quality in non-OECD countries.

2A. Improving existing measures: vertical inequalities in economic resources (2)

- **What should be done?**

  – Defining a more comprehensive income concept (incl. benefits in kind, consumption taxes, capital gains), with metrics produced as "experimental statistics"

  – Systematically assessing scope for underreporting and non-coverage of the rich, allowing NSOs to use (anonymised) tax records for linking to survey records

  – Using all data sources on wealth inequality (e.g. surveys, censuses, lists of large wealth-holders, administrative data on people's estate at death and on annual wealth taxes)

  – Addressing inconsistencies in international datasets used for research

- **General philosophy**

  – Different sources have different types of errors: by crossing different sources we can get a better understanding of reality

- **What they are?**
  - Inequalities in well-being outcomes (e.g. health, skills, political voice) between people sharing some common characteristics (e.g. age, education, place of living, country of birth)

- **Why do they matter?**
  - They shape people's identity, affect people's well-being, are a source of discrimination, political grievances & mass mobilisation

- **Where do we stand?**
  - Few comparative measures of the relevant outcomes
  - Differences in range of characteristics considered in national and international studies for different outcomes

- **What do we know based on existing evidence?**
  - Horizontal inequalities can be large

Life expectancy at age 25 and 65 by education
(lower secondary vs. tertiary education)

Legend: ■ Longevity gap at 25 years   ■ Longevity gap at 65 years

Countries (x-axis): ITA, TUR, GBR, NZL, MEX, ISR, SWE, AUT, AUS, FRA, NOR, DNK, USA, SVK*, FIN, SVN, BEL, CHL, LVA, POL, CZE, HUN

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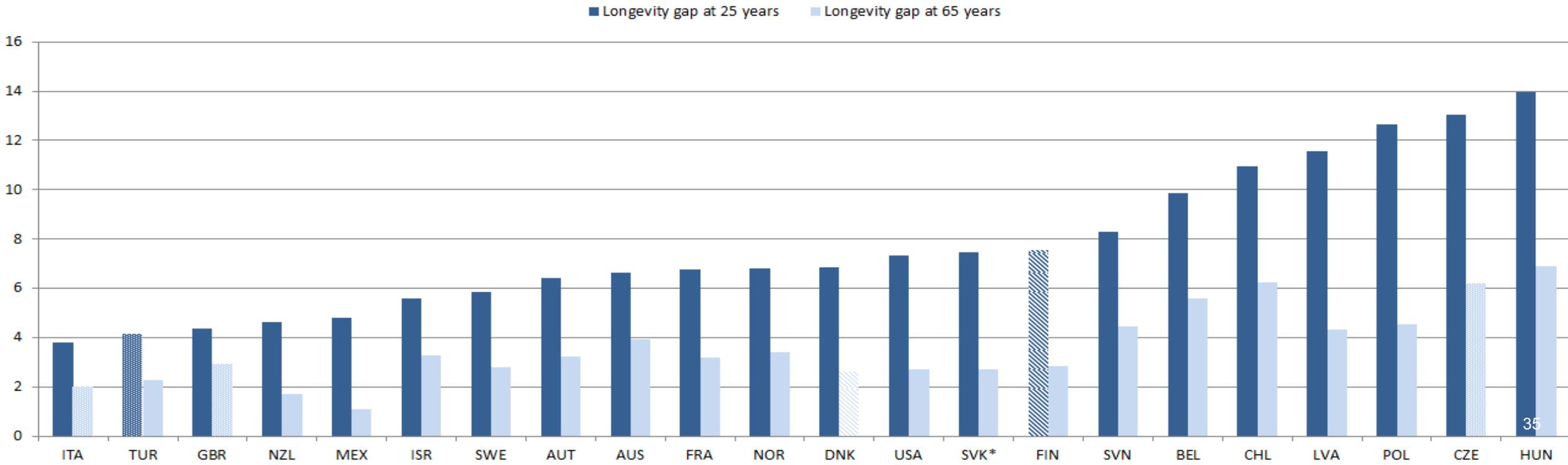
- **What should be done?**

  – Define common set of group categories (e.g. disability, gender, ethnicity, place of living) implemented throughout the statistical system, and assess broad range of inequalities (e.g. health, education, political voice) beyond economic ones

  – Move beyond assumption of full sharing of economic resources within households and develop measures of intra-household inequality by including specific survey questions or greater collection of data for all household members

  – In particular, develop measures of the "gender wealth gap" by including questions on ownership of key asset categories and marital regimes (and what these imply)

2A. Improving existing measures: subjective well-being (1)

- **What it is?**
  - Not a single construct but 3 different concepts: *evaluative measure* (life satisfaction), *experiential well-being* (feelings, states and emotions at a given moment), *eudemonia* (meaning & purpose, flourishing & thriving)

- **Why does it matter?**
  Subjective well-being measures convey information that is not provided by more objective data (although the reverse is also true)

Figure 1.2. **Trends in subjective well-being and GDP in Egypt: 2005-10**
Recent trends in percentage "thriving" and GDP per capita (PPP)
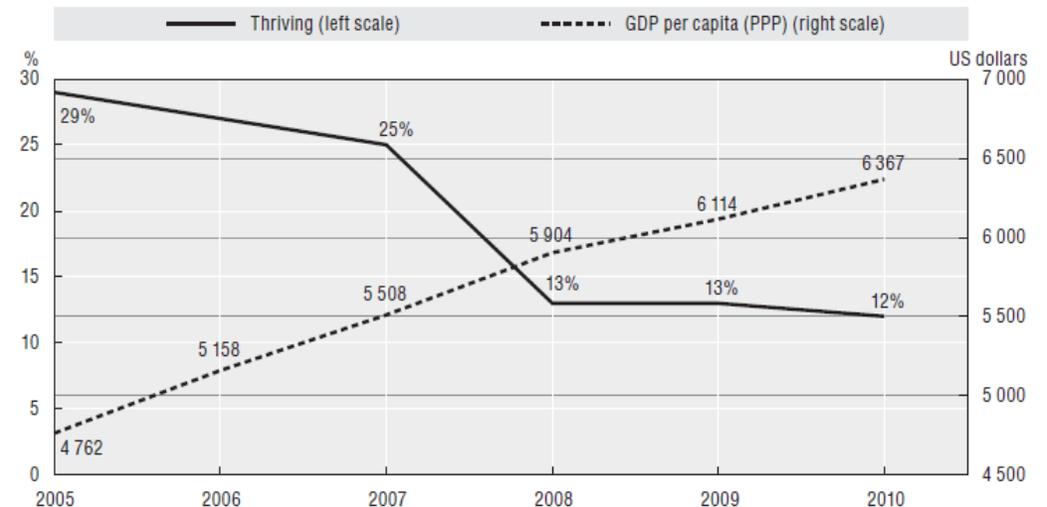
Source: Gallop World Poll

2. Improving existing measures: subjective well-being (2)

- **Where do we stand?**

  – Significant uptake by OECD NSOs, following 2013 release of *OECD Guidelines on Measuring SWB*

- **What do we know based on existing evidence?**

  – **New knowledge** on both **substantive issues** (e.g. relation between SWB and income/GDP, age-patterns, correlates & determinants) and **methodological ones** (memory & recall biases, information on how people behave based on how they value trade-offs between competing goals)

- **What should be done?**

  – Continue regular data collection based on standardised questions

  – Collect quality-data on joint distribution of SWB and other variables (income)

  – Look beyond life satisfaction (e.g. to experiential well-being) and examine their relationship

  – Resolve methodological issues (systemic inter-personal ≠ in response styles)

  – Develop models of how ≠ SWB measures help predict (and are affected by) other variables

  – Add SWB questions in randomised experiments of programs (US *Moving to Opportunity*)

2A. Improving existing measures: sustainability (1)

- ## What it is?
  - Ensuring that individual and societal well-being can last over time

- ## What does it require?
  - Preserving resources needed by future generations <u>and</u> assessing relationship and risk-factors as part of broader "systems" (looking beyond separate measures of stocks/flows of ≠ types of capital)

- ## Where do we stand?
  - **Economic capital**: increased NSOs investment in developing balance sheets for all sectors, with broader range of assets & liabilities, cross-border & cross-sectoral links, currency & maturity mismatches
  - **Natural capital**: *SEEA Central Framework* as statistical standard (2014), with ≠ across countries in priorities for implementation (assets account for land & sub-soil assets in many non-EU OECD countries, flow-accounts in EU). *SEEA <u>Experimental</u> Ecosystem Accounts* (2014)
  - **Human capital**: progress in measuring educational attainment and (some) cognitive skills (OECD PISA/PIAAC), monetised HC satellite accounts (limited to formal education) in some countries
  - **System accounts**: experimental, specific applications (e.g. different drivers affecting water quality/quantity)

2A. Improving existing measures: sustainability (2)

- ## What do we know based on existing evidence?

  – Improved understanding of relation between environmental assets and well-being outcomes, quantification of "**tipping points**" for many critical resources, assessment of how far we stand from them

- ## What should be done?

  – *Capital approach*

    - **Economic capital**: full & timely balance sheets for all institutional sectors; assets & liabilities; distinguish between changes in values & volumes, assets that add to production & those that don't (land); reconsider distinctions between C & I)

    - **Natural capital**: fully implement SEEA; improve their timeliness (nowcasting) and communication (e.g. on "carbon space" left before reaching tipping point); improve measures of land & ecosystems; recognise non-linearities (e.g. climate) and limits of market prices

    - **Human capital**: improve individual-level measures of (cognitive & non-cognitive) skills; develop HC satellite accounts (covering education & training); cost-based approach for monetisation, further research on income-based valuation

  – *System approach*

    - Need for standardised vocabulary

    - Dialogue & horizontal co-operation across disciplines on how to conceptualise & measure "system resilience"

    - Create an International Task Force to improve measurement of systems resilience, links & interactions, dynamic properties
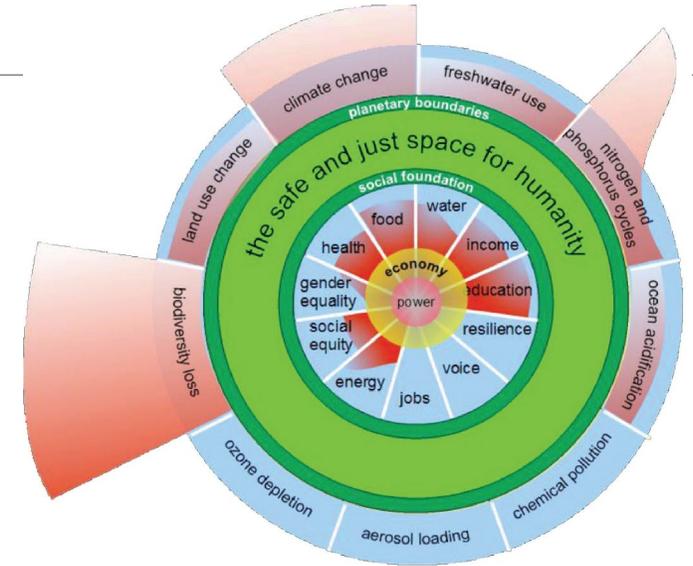
2B. Developing metrics in new fields : Economic insecurity (1)

- **What it is?**
  - *"Vulnerability to economic losses"* (with "economic" used as descriptor of the <u>consequences</u>, e.g. income losses, than <u>cause</u> (e.g. sickness, unemployment)

- **Why it matters?**
  - Many reforms have shifted risks from firms/governments towards households

- **Where do we stand in terms of measures?**
  - No measure (either objective of subjective) widely used and accepted
  - Some measures exist that are consistent with available theory and evidence, could be easily produced with existing data, and should be used in policy

Share of population income-poor and economically vulnerable (not income-poor but with liquid assets insufficient to cover 3 months of poverty level consumption)
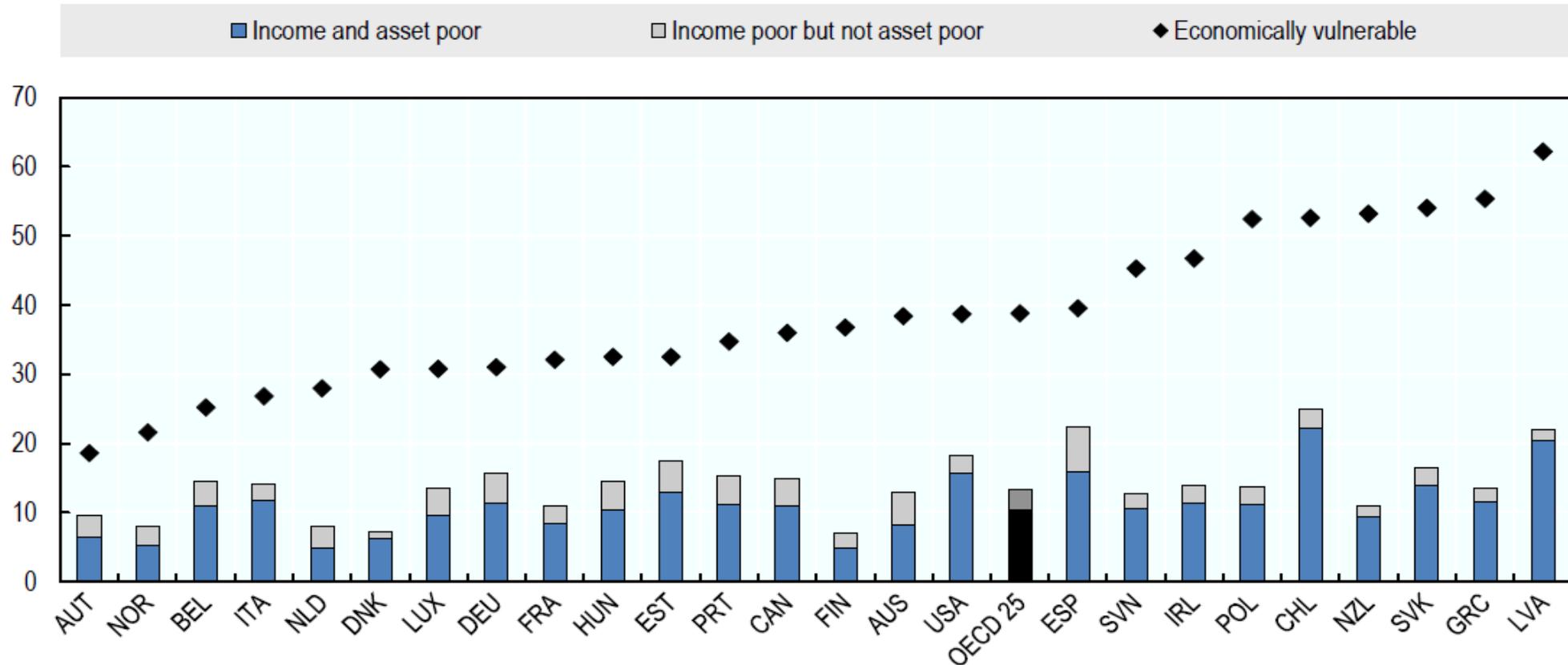
2B. Developing metrics in new fields : Economic insecurity (4)

- **What should be done?**

  – Encouraging multi-disciplinary research on concepts (salient risks, available buffers) and measures (identify causality and confounders)

  – Improving the evidence base (comparable panel data, linking panel and administrative data on benefit use, incorporate small set of 'security monitors' in opinion surveys, assess relation between objective and subjective measures)

  – Identifying small number of core metrics (e.g. income risks, available buffers, perceived insecurity, "named risks", e.g. unemployment, disability), not aggregated into a single index

2B. Developing metrics in new fields : Inequality of opportunity (1)

- **What is it?**
  - Circumstances involuntarily inherited or faced by people (i.e. ex ante inequality) that are shaping achievements later in life

- **Why it matters?**
  - They are one of the key drivers of outcome inequality
  - They are typically associated with discrimination and with factors standing in the way of full use of talents, hence also implying lower economic efficiency

- **Why it is difficult?**
  - Many "circumstances" cannot be observed
  - Other factors beyond "efforts" (e.g. preferences, luck) shape the relation between unequal circumstances and outcomes
  - We observe some opportunities (e.g. gender) but not others (parental upbringing), we don't observe "efforts"
  - The best we can do is observing mobility matrices (inequality of opportunities differs across different cells, i.e. starting positions matter)

- ## Where do we stand?

    - A range of partial measures limited to selected outcomes (e.g. earnings) & circumstances (e.g. parental background), typically available for a single point in time

    - Average correlations (as in figure below) don't adequately describe income dynamics

    - Existing measure still belong to research rather than statistical practice

Intergenerational earnings mobility
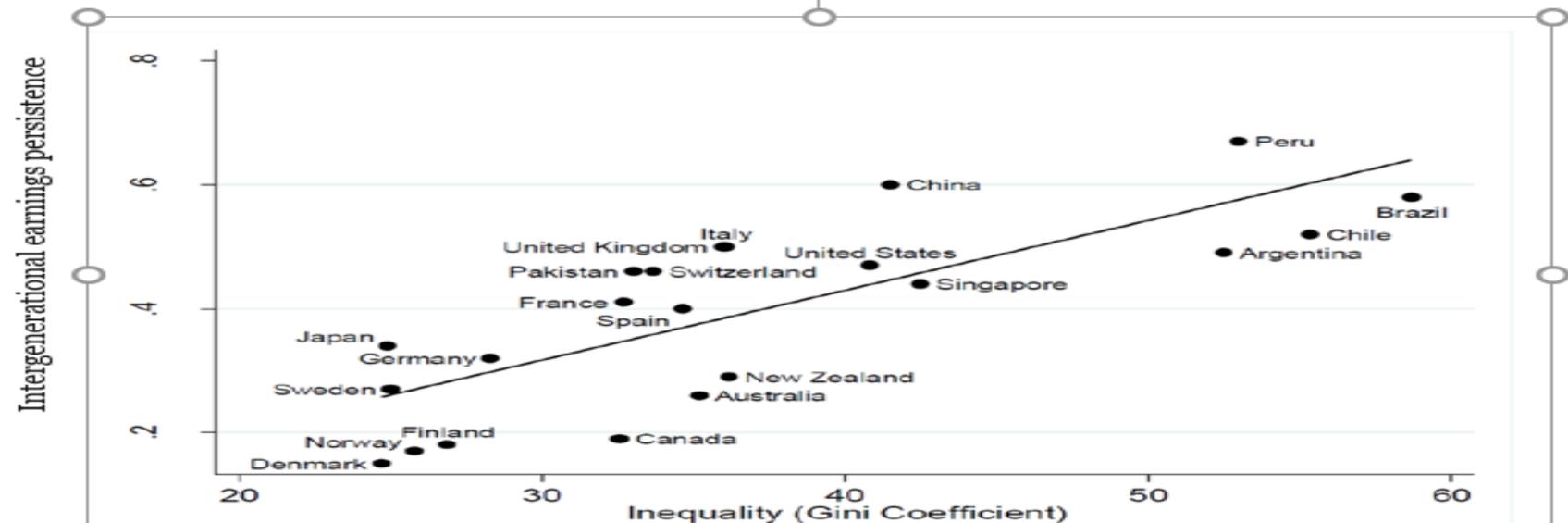
Source: HELG 2019 (from M. Corak)

- **What should be done?**

  – Data requirements …

    - Long-term panels allowing to observe circumstances in childhood & adolescence

    - Linkage of administrative data (e.g. parents & children), as in Nordic countries

    - Recall questions on past family circumstances in cross-sectional surveys, with information available at regular intervals based on the same format (analysis for ≠ birth cohorts)

    - Standard questions on bequests in wealth surveys

    - PISA-type instruments to measure cognitive & non-cognitive skills for pre-school children

  – … with priority on following statistics

    - Inequality in PISA test scores and share of the variance explained by family background

    - Inequality of economic outcomes (e.g. income) due to parental background, share in total inequality

    - Gender inequality in earnings, adjusted and unadjusted for differences in background characteristics (education, age, occupation, job experience..)

12 recommendations

Grouped under broader headings:

- **Improving measures of all types of inequalities** (economic, health, skills, opportunity, spatial, gender, within-families, world inequalities) and integrate them within macro-economic statistics (to answer question "who benefits from GDP growth?")

- **Assess sustainability through full set of balance sheets** (for all sectors of the economy, for all types of assets, including natural and human capital)

- **Develop new measures of people's economic insecurity** (both objective and subjective) and assess all policies for their effects on this insecurity

- **Develop measures of people's own evaluations and feelings** (subjective well-being, trust in public institutions and in others) combining surveys and experimental tools

- **Use administrative and big data for statistical purposes,** e.g. to have more timely and granular information

- **Use new well-being metrics to inform all stages of public policies** (when allocating budgetary resources, assessing ex ante various proposals, monitor implementation and effect, auditing programmes ex post)

Part C.
From measuring to policy use

Challenge: moving from parallel assessments
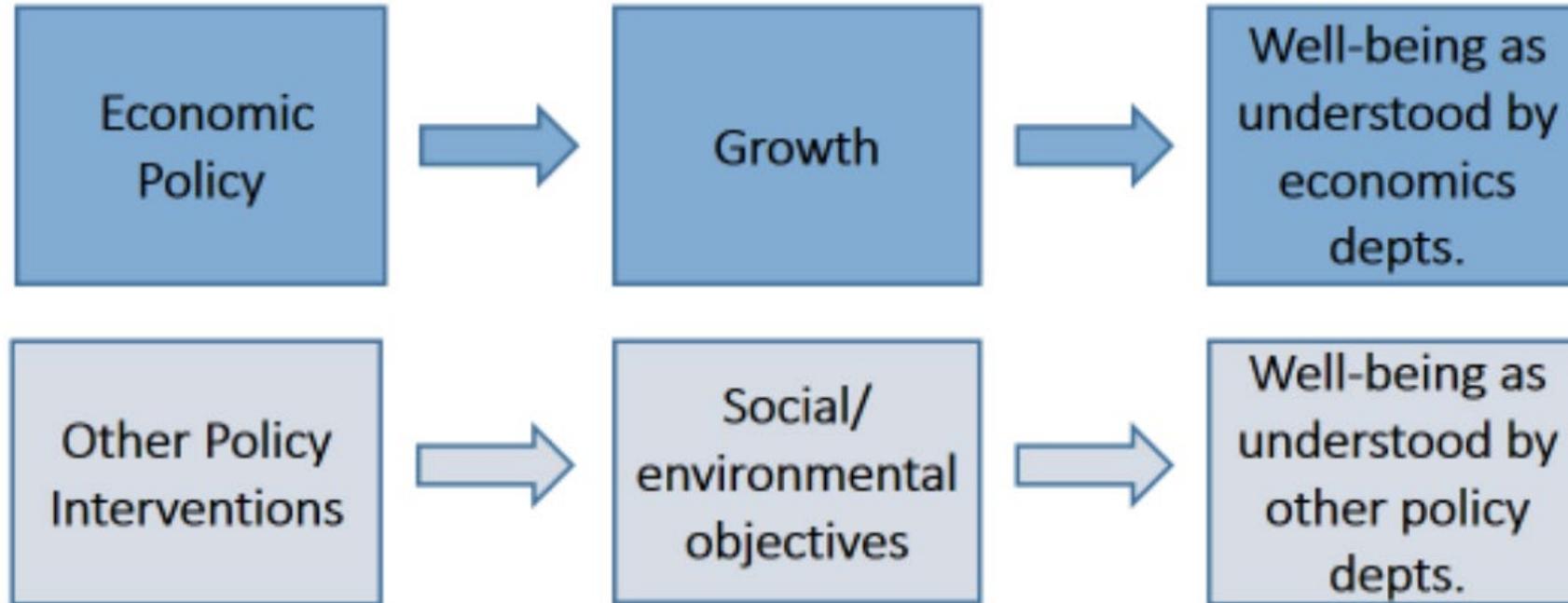
.. to an integrated assessments of policies
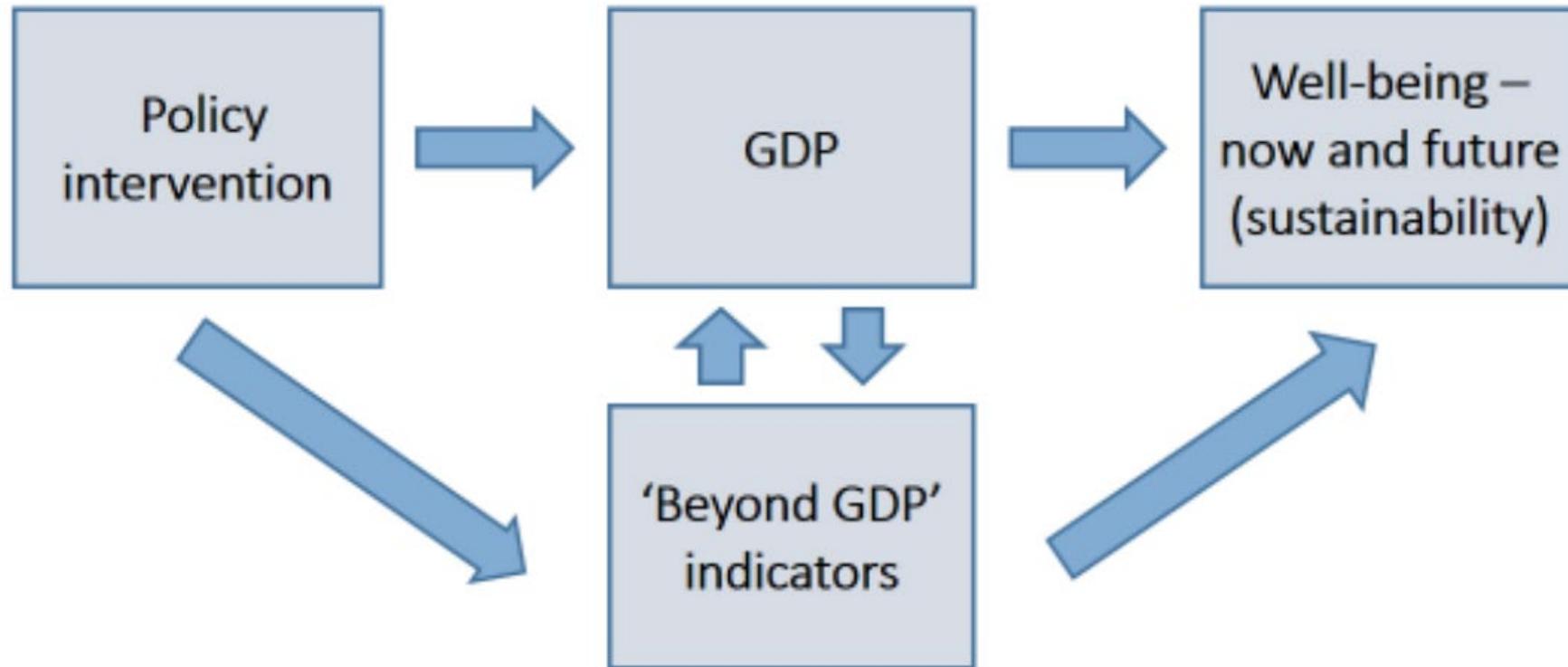
.. an to a different mode of service delivery (to some extent is already happening)

Shift in metrics and in modes of public delivery

	Welfare State	New Public Management	Emerging well-being approach
Aim	Material conditions	Material conditions	Multi-dimensional well-being
Measure	Inputs	Outputs	High-level outcomes
Structure	Silo based	Silo based	Whole-of-government
Management	Command & control	Managerial	Vertical integration
Service approach	Administrative	Managerial	Participative
Interventions	Universal/ Targeted	Targeted	Universal/Targeted & focus on Prevention

This requires understanding the nature of the policy process

Well-being metrics can inform all stages of the policy cycle...

Advising countries in assessing how effective reforms have been to achieve policy objectives.

Working across government to support reform prioritisation through a comprehensive action-oriented diagnosis

Supporting the effective monitoring of reforms' implementation and progress

Advice on setting up a roadmap to select policy objectives and engaging key stakeholders

Supporting governments to efficiently and effectively implement policies

Supporting the design of rigorous and strategic policy options and the optimal way forward

Evaluate

Identify needs

Monitor

POLICY IMPLEMENTATION PROCESS

Set agenda

Implement

Formulate options

...four key mechanisms being used by countries

How can 'Beyond GDP' measures inform policies?

Recent OECD work on policy applications of well-being metrics

Selected examples from:

- **15 countries** with extensive well-being measurement frameworks

- **10 countries** with specific mechanisms for embedding well-being metrics in **central government** policy

- **7** detailed **case studies**

Chapter 8
Countries' Experiences with Well-being and Happiness Metrics

Martine Durand
Director of Statistics and Chief Statistician of the OECD

OECD Statistics Directorate Assistance from

Carlotta Balestra
Carrie Exton
David Marguerit
Marco Mira d'Ercole
Joshua Monje-Jelfs
Katherine Scrivens
Michal Shinwell
Elena Tosetto

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This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area.

Chapter 8
Adopting a Well-Being Approach in Central Government: Policy Mechanisms and Practical Tools

Martine Durand, Chief Statistician and Carrie Exton, Head of Well-Being and Progress Unit

Organisation for Economic Cooperation and Development

Chapter prepared with the support of Marco Mira D'Ercole, Joshua Monje-Jelfs and Michal Shinwell (OECD). This chapter has also benefited from insights shared by an OECD expert group on the policy uses of well-being metrics, convened in Paris in June 2018, and featuring representatives from the national governments of Colombia, Finland, Germany, Italy, New Zealand, Scotland, Slovenia, Sweden, and the United Kingdom, as well as the European Commission, the Carnegie Trust, and OECD colleagues from the Economics Directorate, Environment Directorate, Public Governance Directorate, and Statistics and Data Directorate.

OECD

OECD Better Life Initiative

Putting Well-being Metrics into Policy Action

International Workshop
3-4 October 2019
OECD Conference Centre, Paris

# Convincing: why should governments care about people's well-being?

✔ Providing a more **complete picture** of progress

✔ Fostering **public debate** and engagement

✔ Supporting the **strategic alignment** of outcomes across government, **priority-setting and accountability**

✔ Promoting **appraisal & evaluation** of impact of policy on people's lives

✔ Offering a **new lens** for thinking and understanding issues

Many countries have engaged in developing dashboards of well-being indicators

.. Similar in structure but with other differences

Number of indicators per well-being framework

- Well-being measurement, monitoring and reporting
- Well-being policy application
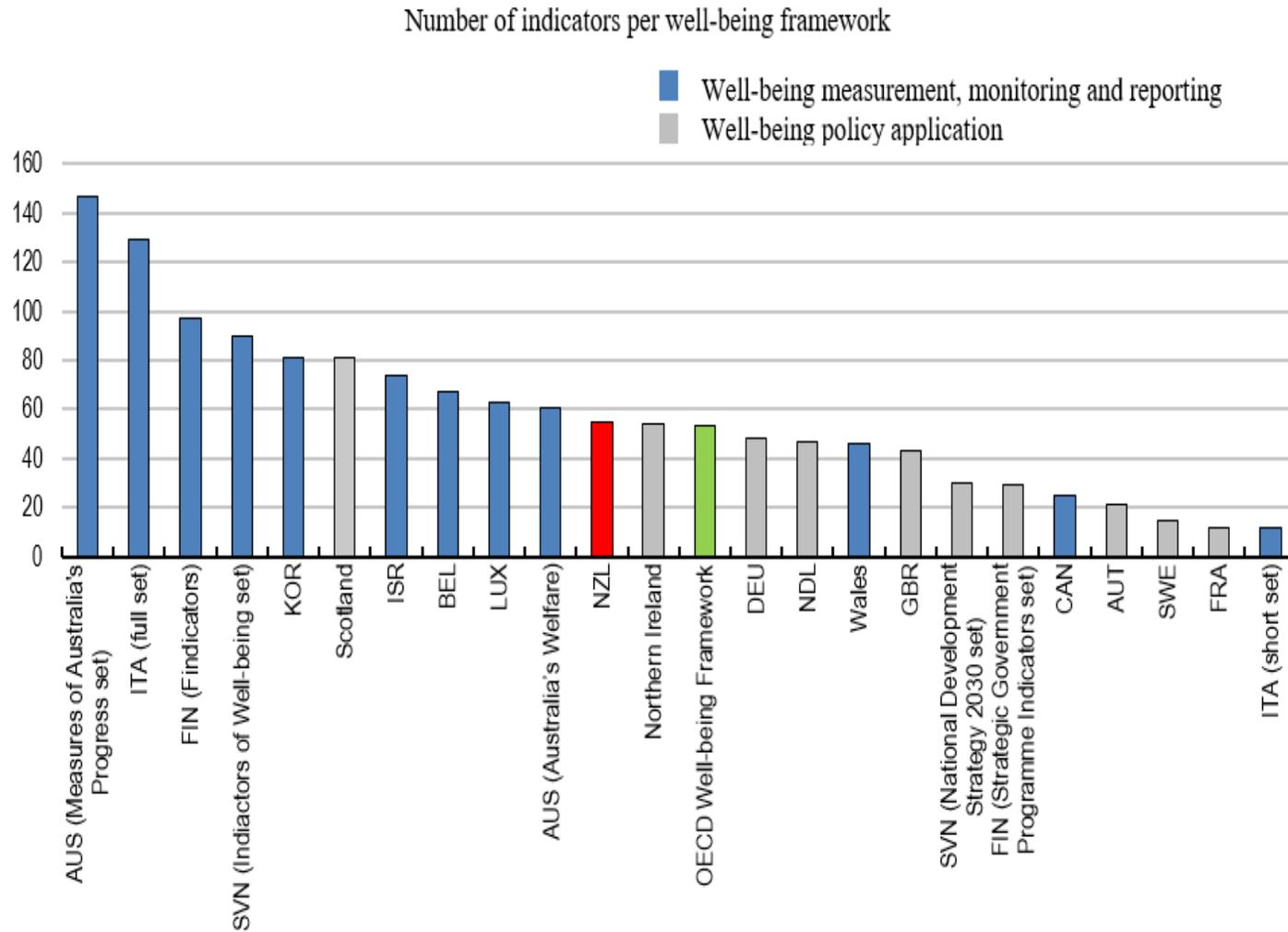
- A limited number of **headline indicators** provide high-level view for priorities

- Larger **diagnostic dashboards** allow a more detailed picture

Large scale public consultations have been a feature of many national approaches

Australia: Measures of Australia's Progress

Italy: Indicators of Equitable and Sustainable Well-being

United Kingdom: Measuring National Well-Being

Israel: indicators to monitor Well-being, Sustainability and Resilience

France: New Wealth Indicators

Germany: National dialogue Well-being in Germany – What Matters to Us

Range of (recent) experiences, based on four key mechanisms (1)

➤ 1. Budgeting

France: **New budget law** (2015) requires government to report on *New Wealth Indicators* and assess main reforms - 10 indicators selected; reports published 2015, 2016 and 2018

Italy: **Budget reform law** (2016) - 12 indicators selected for progress reporting and forecasting budget impacts

Sweden: **New Measures for Well-Being** presented annually alongside the Spring Budget Bill (2017) – 15 indicators selected for monitoring and to support assessment of govt reforms

New Zealand: **Well-Being Budget** (2019).

Well-being Budgets – the case of New Zealand

Cabinet agrees Wellbeing Budget priorities through an evidence-based and collaborative process which anchors Budget 2019

Ministers and agencies develop initiatives targeting intergenerational wellbeing outcomes and present expected wellbeing impacts

Assessment of initiatives includes consideration of their impacts for the LSF wellbeing domains and capitals

Cabinet agrees Budget package that best supports wellbeing outcomes, as advised by Cabinet Committees

Budget documents present the impact of Budget decisions for improving the wellbeing of New Zealanders

Impact analysis and evaluation of policies inform evidence-based priorities in future Budgets

1. Selecting priorities
2. Developing bids
3. Assessing them and making decisions
4. Evaluating results

OECD analysis of NZ approach in 2019 OECD Economic Survey (Ch1: *Well-being performance, measurement and policy innovations*)

OECD Economic Surveys
NEW ZEALAND

JUNE 2019   FOCUS: WELL-BEING

OECD

New Zealand Wellbeing Budget 2019: Guidance to Agencies

3.1 Wellbeing domains – People's experience of wellbeing over time

Identify and quantify how the initiative impacts on wellbeing domains

Please fill in Table 3.1 below. Impacts need to be grouped under the relevant domains, as provided in the key below. Use the relevant domains, ordering them from top to bottom according to which domain your initiative achieves the greatest impact in. This analysis must also capture any negative impacts.

The wellbeing domains are outlined here for you to use in your table:

Civic engagement and governance	Jobs and earnings
Cultural identity	Knowledge and skills
Environment	Safety
Health	Social connections
Housing	Subjective wellbeing
Income and consumption	Time-use
	Other

➢ 2. Performance frameworks

- Scotland: **National Performance Framework** (2018)

- Slovenia: The **Slovenian Development Strategy 2030**

- Ecuador: **National Plan for Buen Vivir** 2017-2021

- Finland: **Strategic Government Programme** Indicators

- United Nations: **Sustainable Development Goals**

Common goals
→Identifying outcomes, objectives, targets, indicators
→Joining up across government to deliver shared aims
→A management tool and feedback mechanism

Scotland's National Performance Framework (2018 edition)

Purpose
Values
Strategic goal (11)

➢ **3. New institutional structures**

- United Kingdom: **What Works Centre for Well-Being**; drawing together the evidence base for government, businesses and communities on what works to raise well-being.

- Wales: **Future Generations Commissioner –** independent, to ensure govt meets its duties under *Future Generations Act* 2015

- Ecuador: **State Secretariat for Good Living** (now disbanded)

- United Arab Emirates: **Minister for Happiness and Well-being** (PM's Office & Ministry of Cabinet Affairs and the Future)

➢ **4. Civil service capacity building**

- United Kingdom: **What Works Centre for Well-Being**;
- **Treasury's Green Book:** Appraisal and evaluation in central government; well-being Cost Benefit Analysis

- UAE: **Happiness Policy Manual:** a step-by-step guide, includes approaches based on both multi-criteria analysis and CBA

- New Zealand: Treasury's **Living Standards Framework** (practical tool for analysts, promoting a broader assessment of policy options); **Budget guidance** to all departments on implementing 2019 Wellbeing Budget

General features of these policy initiatives

- Most initiatives are new – difficult to assess their **outcomes** at the moment (can mostly only assess the **process**)

- Dashboards of indicators are **easily ignored** (even short ones)

- **Timing** matters (aligning the presentation of evidence with the critical decision windows)

- **Politics** matter (as do champions) >> legislation often features

- **Relation of current well-being outcomes and resources/risks for future** well-being not well articulated (many blend the two)

What's next?

- ➤ **In individual countries**
  - **Evaluate existing practice** (often still very new)
  - **Adapt existing tools**
    - Regulatory impact assessment
    - Cost-benefit analysis
    - Multi criteria analysis
  - **Apply to some concrete policy problems** in which a holistic well-being approach can have greatest payoffs (e.g. the future of work, climate change, globalisation)
- **Internationally**
  - **Mutual learning, best practice**

➤ *New OECD WISE Centre, Sept. 2020*

Thank you

marco.mira@oecd.org