

THE OECD WORK ON MEASURING WELL-BEING: THE EXPERIENCE SO FAR AND THE CHALLENGES AHEAD



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Outline

- Background
- Method
- Uses within the OECD, new developments
- Challenges (past, present and future)
- Pointers for Ecuador

A worldwide agenda on ‘beyond GDP’

- Stiglitz-Sen-Fitoussi report (2009)
- EU 2020 and Communication on “GDP and beyond”
- UN Resolution 65/309 (2012): “Happiness: towards a holistic approach to development”
- Rio+20 “The Future We Want” declaration, June 2012
- Wide range of national initiatives

Well-being at the OECD

- OECD pioneered the agenda on socio-economic indicators since 1970s
- It launched many initiatives on Beyond GDP since 2000
- OECD 50th anniversary: **Better policies for better lives**



→ **How to measure better lives?**

1. Building the statistical framework: choosing the life domains/dimensions

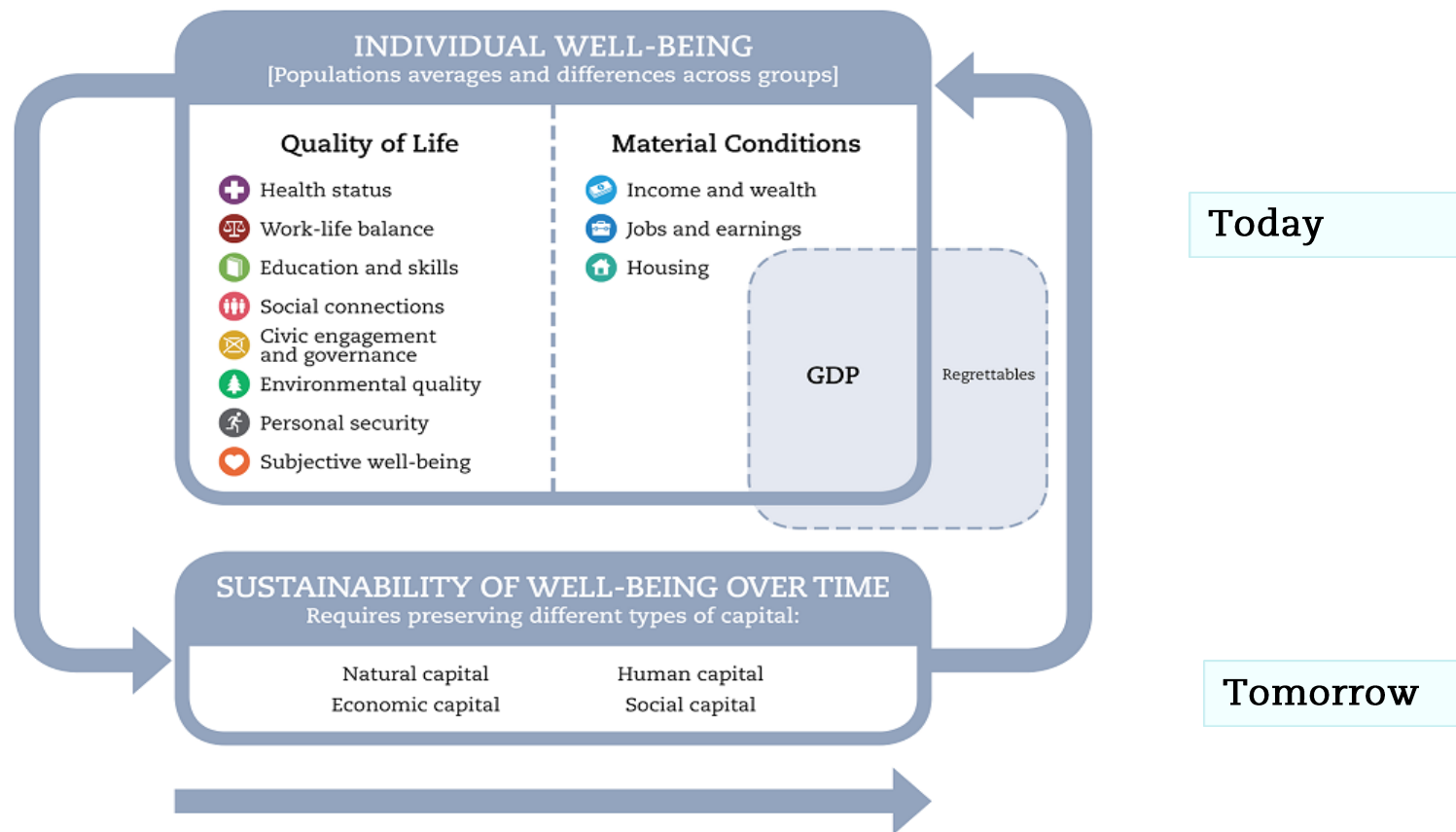
- Review of the literature (e.g. Alkire 2002, Stiglitz et al., 2009)
- Stocktaking of national practices
- Consultation with countries & other stake-holders

2. Populating the framework with indicators:

- Study of available indicators
- Selection of indicators through statistical criteria
- Consultation with NSIs

Measuring people's well-being and societal progress: OECD framework

Averages and distributions



Source: OECD, 2013

Indicator selection: guiding principles

Relevance

- face valid
- easily understood
- policy relevant



Data considerations

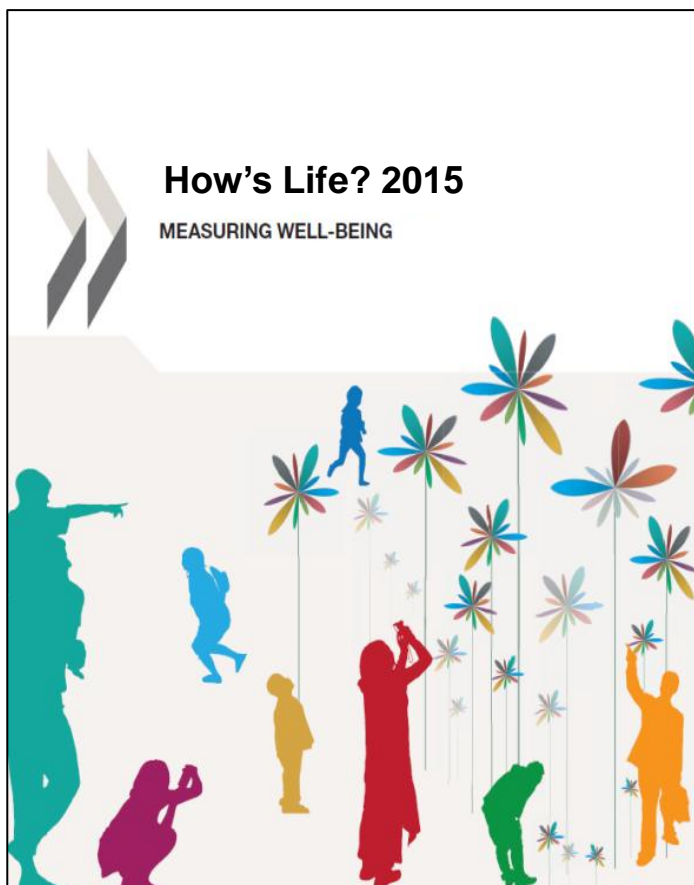
- official or established sources; non-official placeholders
- comparable/standardized definitions
- maximum country-coverage
- recurrent data collection
- can be disaggregated by population group

Measurement Approach

- Dashboard with 24 headline indicators and 33 secondary indicators
- Not a synthetic index as:
 - No comparable individual-level information from the same survey for all OECD countries
 - No first best for setting weights: various works experimenting objective and subjective weights
 - The OECD should not set weights normatively (in the Better Life Index users choose their weights)

Uses of well-being indicators in OECD tools

How's Life? 2015, forthcoming



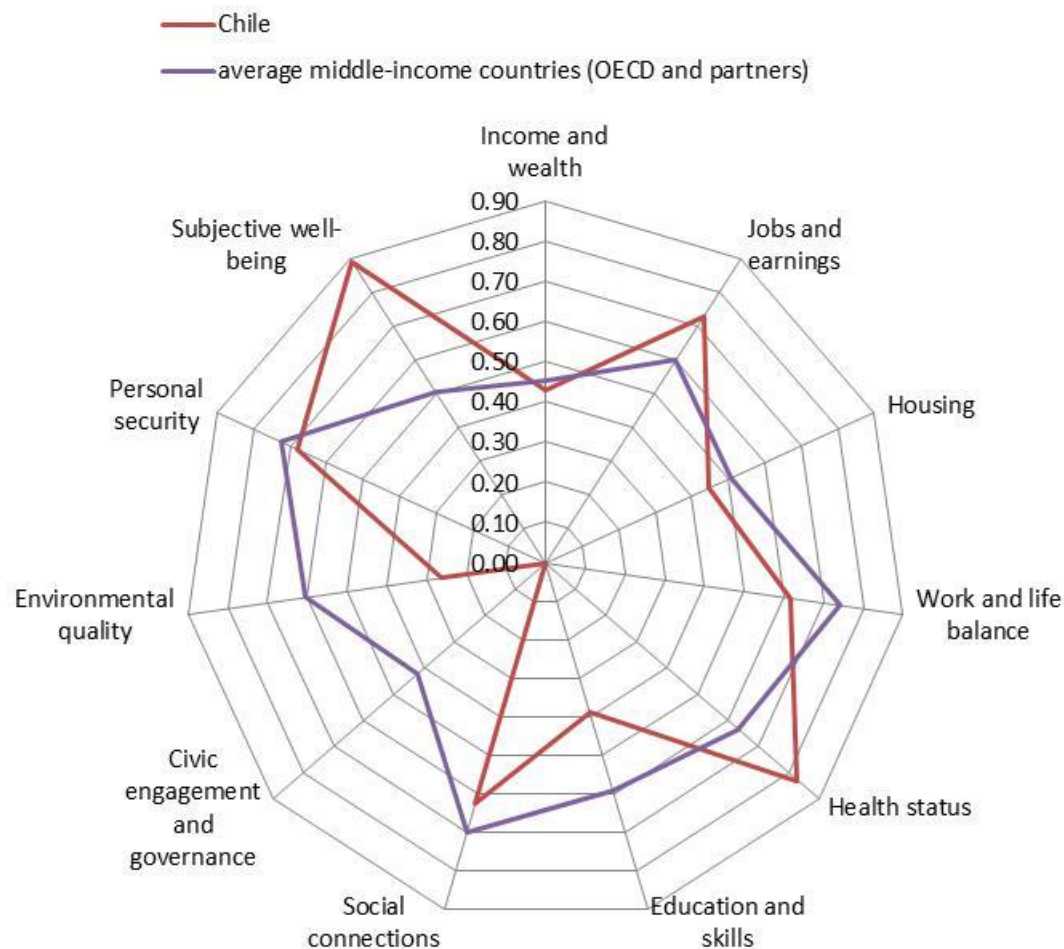
Core analysis

- Monitoring current well-being outcomes
- Monitoring resources for future well-being

Special focus

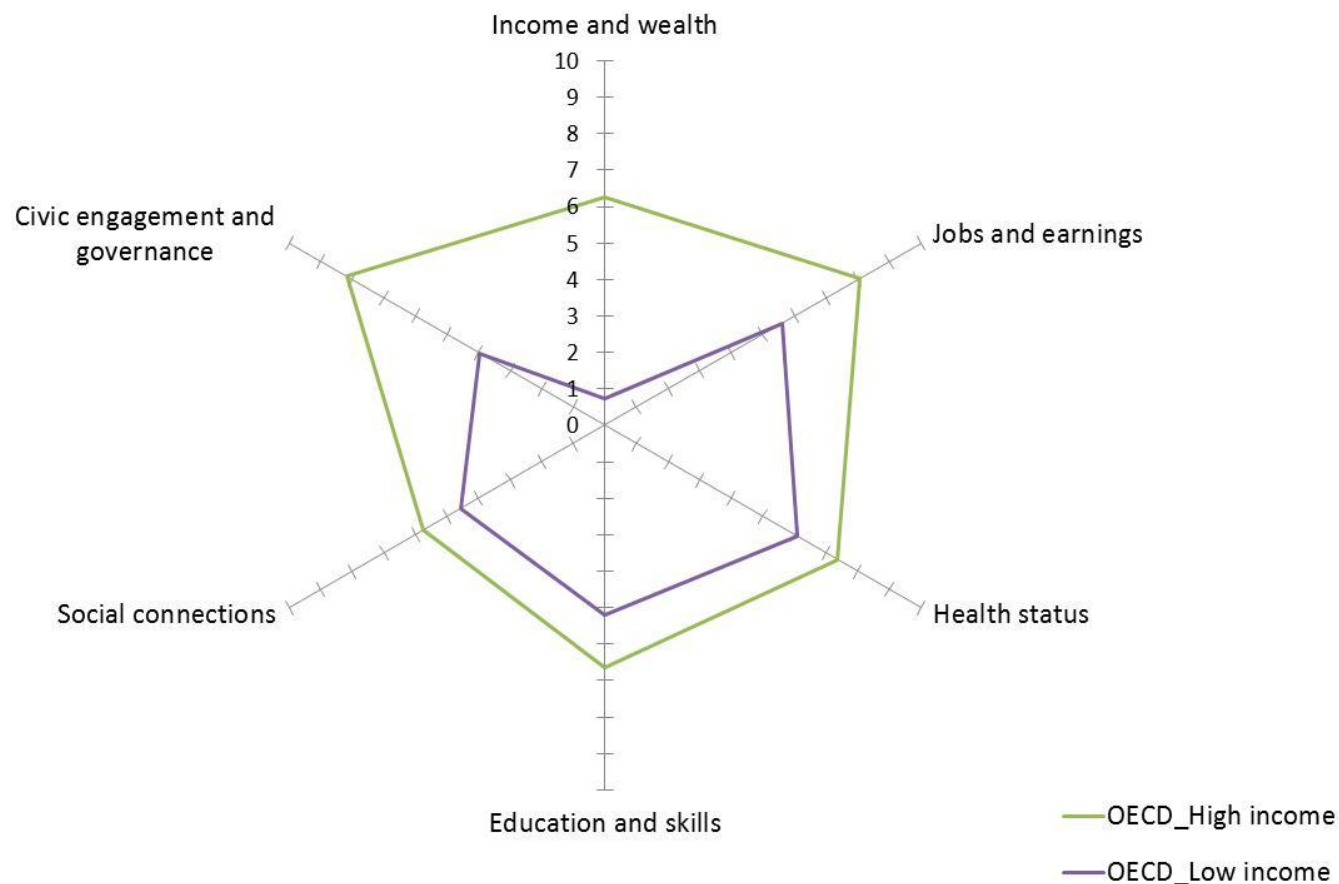
- Child well-being
- Volunteering and well-being
- Regional well-being

Examples of the well-being analysis (1)



Source: OECD Well-Being Indicators

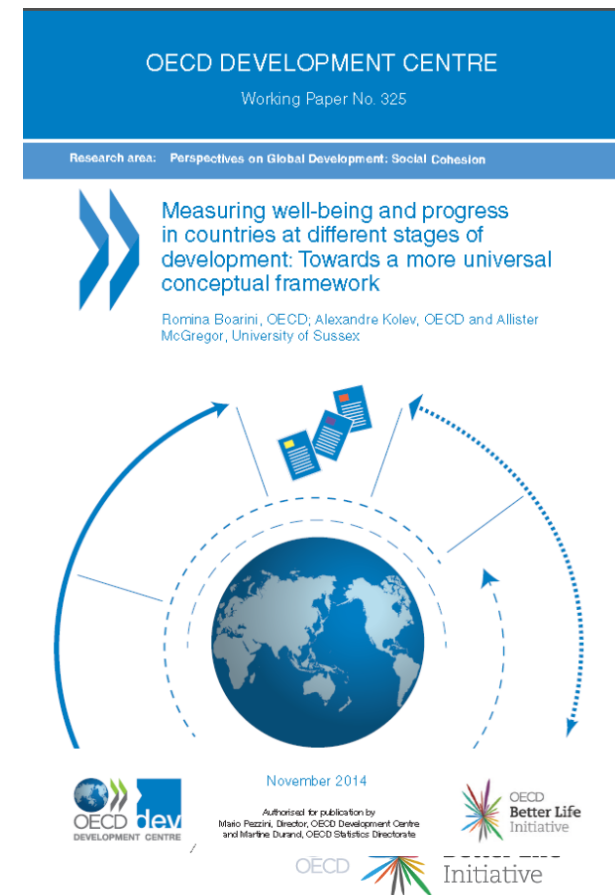
Examples of the well-being analysis (2)



Source: OECD Well-Being Indicators

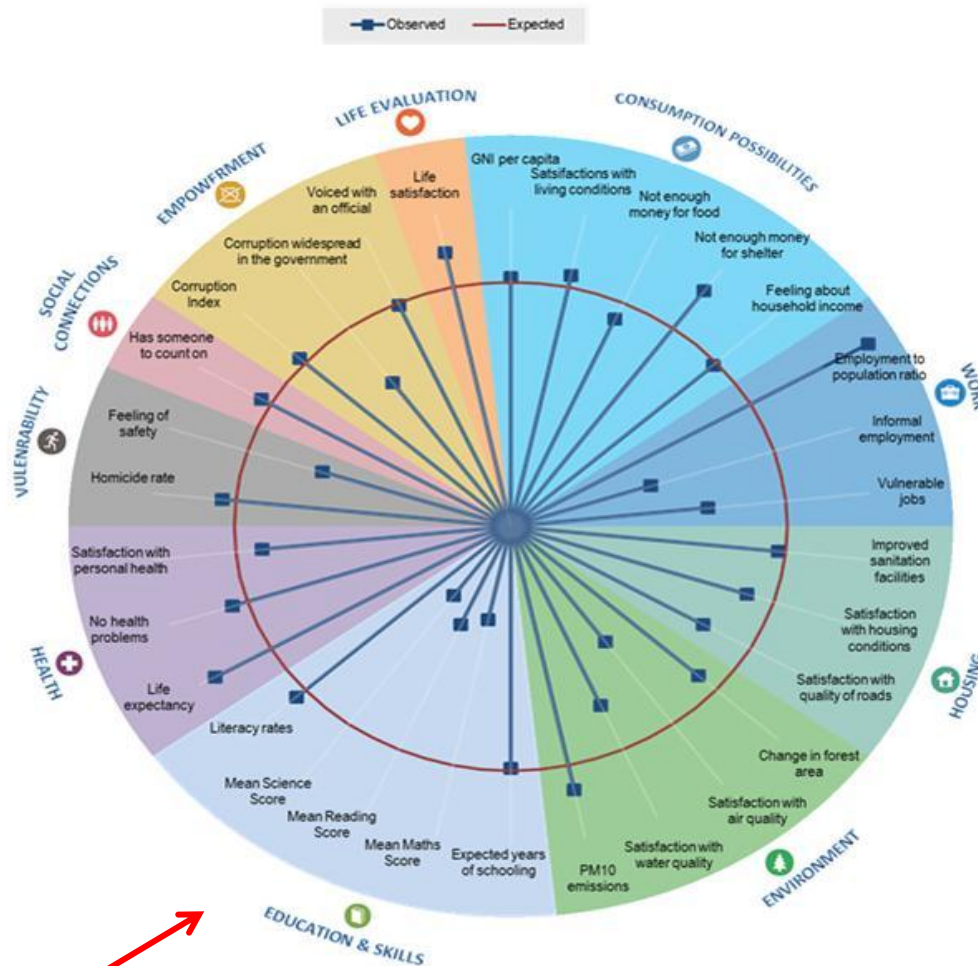
Recent developments: tailoring the OECD framework to countries at all stages of development

- Recent Working paper on “*how to measure well-being in countries at different stages of development*” (Boarini, Kolev and McGregor, 2014)
- Reviews selected well-being measurement initiatives around the world (e.g. Mexico, Philippine , Morocco) and studies on well-being in developing countries. It concludes that:
- The dimensions in the OECD framework are largely relevant for less developed countries
- This helps dismiss concerns that ‘well-being’ is only relevant to countries that have satisfied a broad range of material needs



Examples of applications of the adjusted framework to non-members: OECD Multidimensional Country Reviews (MDCR)

In Peru low education is a major barrier to development



Source: MDCR of Peru, 2015, forthcoming

Launching a new initiative on “How’s Life in Latin America?”

- Three main goals:
 - Collecting comparable evidence on well-being in LA, building on adjusted OECD framework and consultation with LAC countries
 - Focusing on specific issues to inform policy: OECD Latin American Outlook
 - Helping to identify common priorities for statistical work across the regions
- Process:
 - Demand-driven and flexible methodology: involving both high-level policy makers and national statistical offices)
 - Starting from LAC countries that are OECD members or accession, members of the Development Centre, and other countries in the region where well-being is central to their development strategy
 - It will be launched in October at the next OECD Forum on Statistics, Knowledge and Policy

Challenges (so far)

- **Conceptual:**
 - Possible to find a common language to define well-being (at least to choose life domains)
 - But devil lies in the details...
 - ...so it important to experiment various methods and test their robustness
- **Data:**
 - Lack of harmonisation (e.g. health)
 - Lack of timeliness (e.g. income)
 - Lack of detail (e.g. environment)
- **Buying in:**
 - Engagement with all sectors of the statistical community (e.g. NA)
 - Insufficient bridges with economic theory (e.g. Karacouglu, 2015)
 - Business case for policy uses
 - Reaching out to the public: e.g. the OECD Better Life Index

Engaging with citizen: Online interactive tool

OECD Better Life Index



Challenges ahead

- Advance the statistical agenda on well-being:
 - Lot of progress made in some areas (e.g. income, subjective well-being), some being made in others (e.g. wealth, job quality) or likely to happen (e.g. trust in others, trust in institutions, etc.)
- Encourage the use of well-being indicators in policy-making:
 - OECD Economic Reviews & Multidimensional Country Reviews
 - OECD Inclusive Growth
 - National experiences (New Zealand, France, Israel, UK and others)

Pointers for Ecuador

- Setting up a national process for building well-being indicators:
 - Engage with a wide range of experts, stake-holders and the wider public (e.g. consultation)
- Embed *Buen Vivir* into NSI strategic plan and ensure consistency with other international processes (e.g. SDGs) as well as durability over time
- Think beyond statistics (the “so what” question)

Coming up soon...



Transforming policy, changing lives
5th OECD World Forum
on Statistics, Knowledge and Policy
Guadalajara, Mexico | 13-15 October 2015

- The 5th OECD World Forum, “Transforming Policy, Changing Lives”, Guadalajara, 13-15 October 2015
- Main focus: showcasing examples of action and implementation
- Featuring a large range of well-being change-makers, from world-leaders to grassroots initiatives
- If you are interested in receiving an invitation to the Forum, please email wellbeing@oecd.org
- To find out more, visit www.oecd-5wf.mx

THANK YOU!

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