METRICS FOR WELL-BEING AND SUSTAINABLE DEVELOPMENT POLICY IN LATIN AMERICA AND THE CARIBBEAN:

AN EU-OECD-ECLAC PROJECT FOR 'DEVELOPMENT IN TRANSITION'

1st Regional Expert Group Meeting, 24 April 2019, Santiago, Chile

European Commission

UNITED NATIONS

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DES POLITIQUES MEILLEURES POUR UNE VIE MEILLEURE

The SDGs: an essential yet complex call to action

- **The SDGs embody a crucial paradigm shift - mainstreaming the idea of development as :**
  - Multidimensional (encompassing social, environmental and economic concerns)
  - Focused on equitable ('leaving no-one behind') and sustainable **well-being** as the ultimate aim
  - Concerning all countries in the world, regardless of income level
- **Statistics are central to the SDG agenda, but the measurement burden is high**
  - 17 goals, 169 targets and 232 (unique) indicators
  - Disaggregation of all indicators by gender, age, ethnicity, place of living, migrant status etc.
  - Only 40% of IAEG indicators are currently classified as Tier 1
- **We need to prioritise indicators that can inform policies considered of highest priority to achieve well-being and sustainable development**

Prioritising indicators for policy-use: global agenda, national implementation

"The SDG list is useful as a platform from which to choose and narrow down but choose we must at the national level"

- Ravi Kanbur, Ebrahim Patel and Joseph Stiglitz (in "For Good Measure")

- Each country/region needs to select the indicators that matter most for them, supplemented with additional indicators reflecting regional concerns

- The Statistical Coordination Group for the 2030 Agenda of the CEA has advanced the prioritisation process at the regional level, but even this adapted list may be too detailed for policy use

The OECD-EU-ECLAC project on Metrics for Policies for Well-being and Sustainable Development in LAC

- Part of the **EU Regional Facility for Development in Transition**

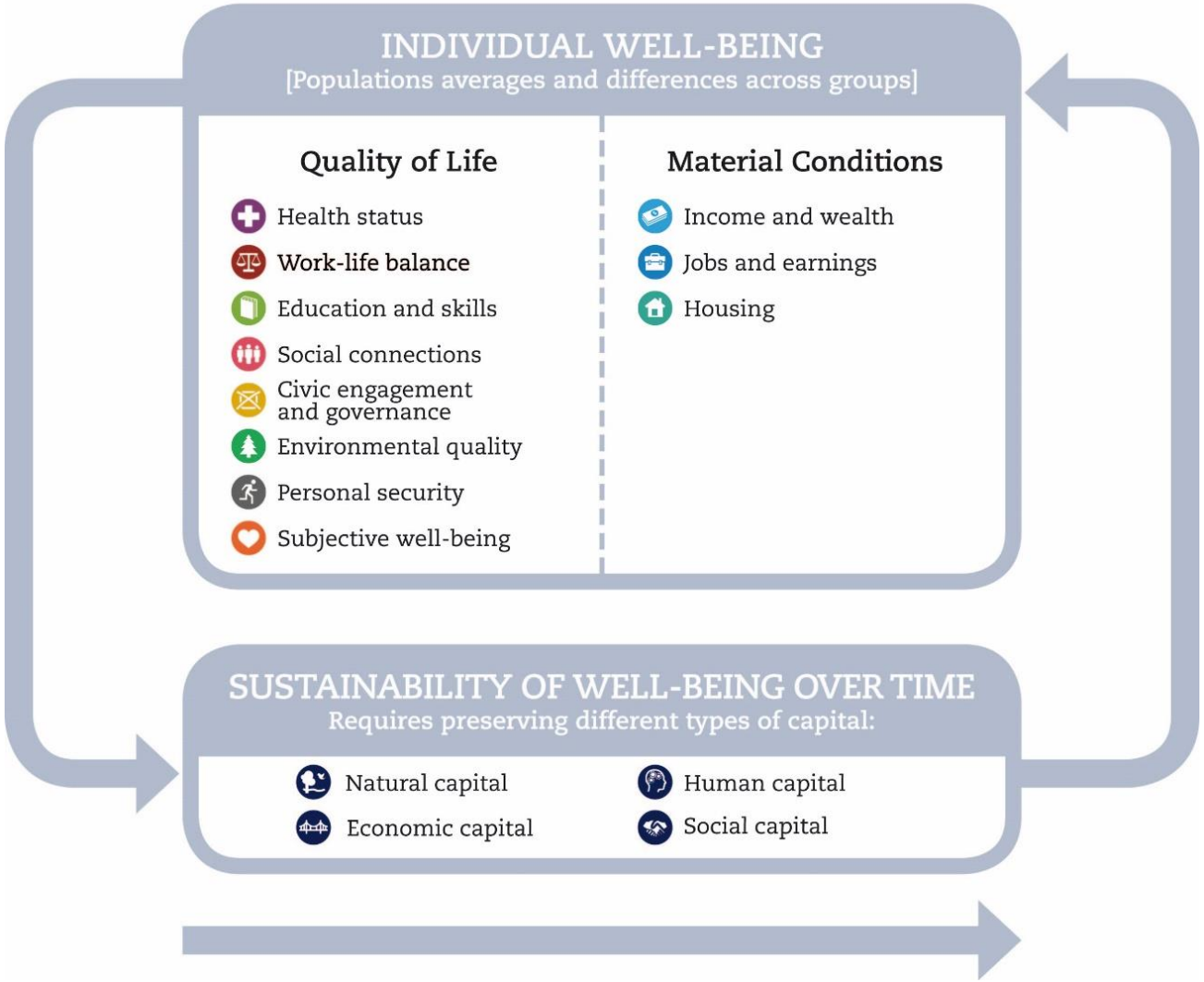
- **Over the next two years**, building on OECD tools and experience, and working with statisticians and policy actors from partner countries in the region, **the project will**:

  - **Identify the most policy-relevant indicators for informing decision-making and action** for improving people's well-being and achieving the SDGs

  - **Highlight data gaps and key areas for statistical development** in order to produce these indicators on a comparable basis for the region

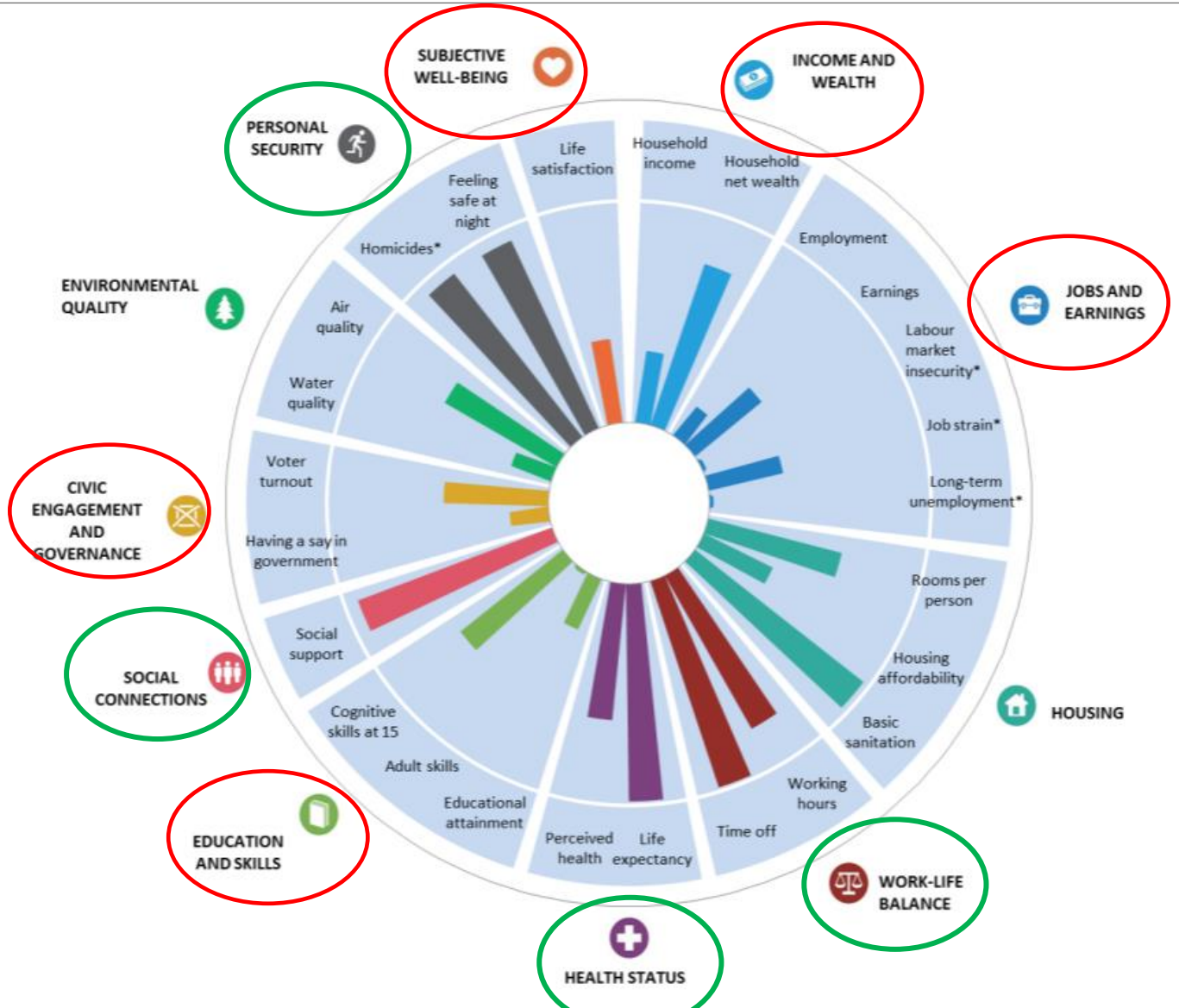
  - **Explore ways in which these indicators could be used in policy-making** in the region, drawing on experience in other OECD countries

The OECD How's Life? framework: a high-level tool to identify countries' relative strengths and weaknesses in well-being



- Focus on **people** (individuals and households), not just the economic system
- Focus on individual and societal **outcomes,** rather than inputs, outputs or governmental processes
- Reporting both averages and **inequalities**
- Capturing both **objective and subjective** aspects of life
- Concerned with well-being both **today and tomorrow**

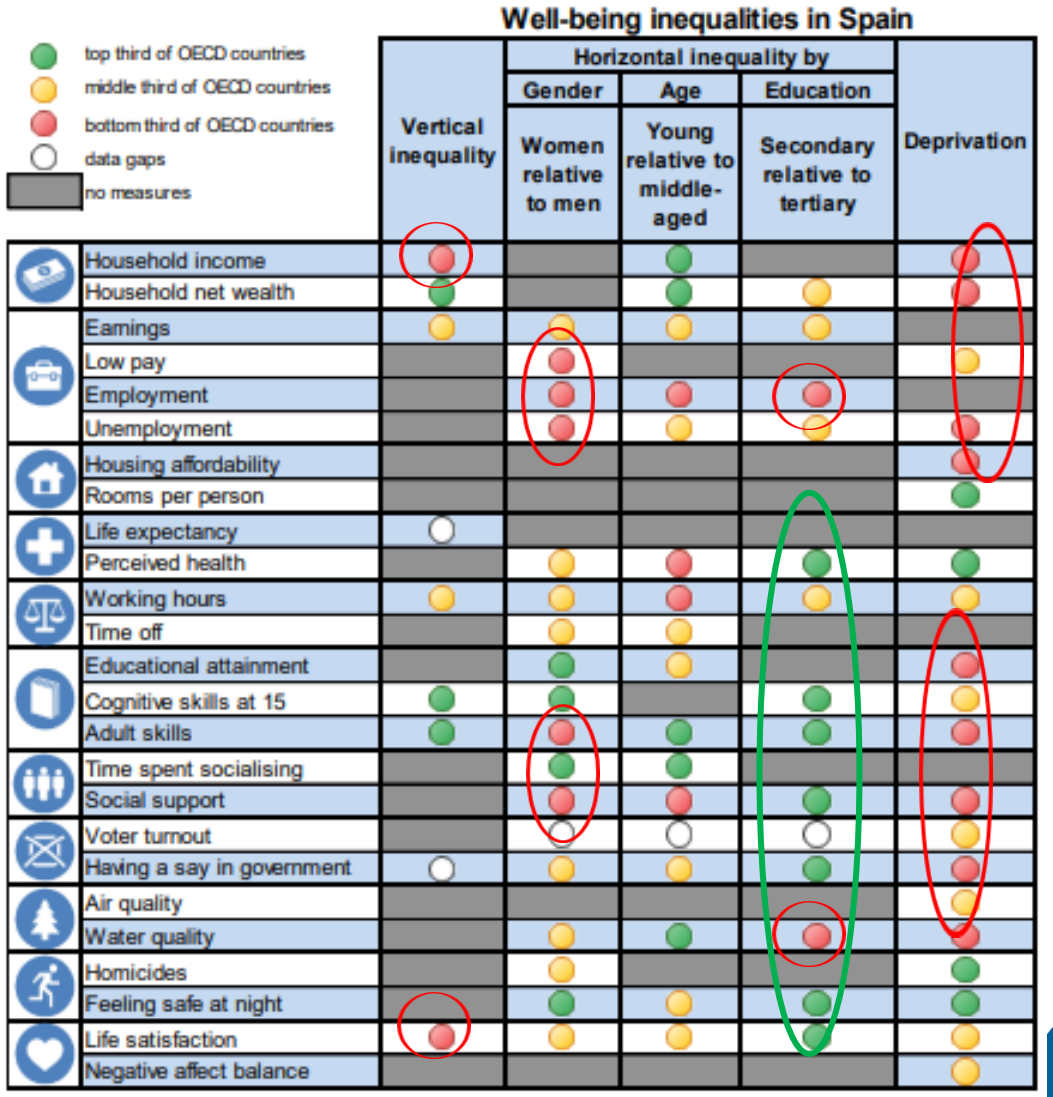
Highlighting relative strengths and weaknesses in current well-being: the example of Spain



Inequalities in current well-being in a comparative perspective

The OECD approach also assesses **inequalities** systematically across all indicators, allowing for:

- **Vertical inequalities** (dispersion of well-being outcomes across all individuals)
- **Horizontal inequalities** (e.g. differences in well-being outcomes by gender, age, education)
- **Deprivations** (the low end of the distribution)



Sustainability of well-being in a comparative perspective

The OECD approach also assesses **sustainability** of well-being by looking at resources that shape people's lives today, tomorrow and for generations to come, in terms of:

- **Stocks** (of economic, natural human, and social capital)
- **Flows** (investments, depletion, depreciation)
- **Risk factors** affecting each resource

Spain's resources and risks for future well-being: Illustrative indicators

Natural capital

Indicator	Tier	Change	
Greenhouse gas emissions from domestic production	1	↗	2005-2015
CO_2 emissions from domestic consumption	1	↗	2001-2011
Exposure to $PM_{2.5}$ air pollution	2	↗	2005-2013
Forest area	2	⇔	2005-2014
Renewable freshwater resources	3	..	Long-term annual avg
Freshwater abstractions	3	..	2014
Threatened birds	2	..	Latest available
Threatened mammals	2	..	Latest available
Threatened plants	2	..	Latest available

Human capital

Indicator	Tier	Change	
Young adult educational attainment	3	⇔	2014-2016
Educational expectancy	2	..	2014
Cognitive skills at age 15	2	..	2015
Adult skills	3	..	2011/2012
Long-term unemployment	3	↘	2005-2016
Life expectancy at birth	1	↗	2005-2015
Smoking prevalence	3	↗	2006-2014
Obesity prevalence	1	↘	2006-2014

Economic capital

Indicator	Tier	Change	
Gross fixed capital formation	1	↘	2005-2016
Financial net worth of total economy	3	↘	2005-2016
Investment in R&D	3	↗	2005-2014
Household debt	2	⇔	2005-2015
Household net wealth	1	↘	2008-2011
Financial net worth of government	3	↘	2005-2016
Banking sector leverage	2	⇔	2005-2016

No data available on produced fixed assets and intellectual property assets.

Social capital

Indicator	Tier	Change	
Trust in others	2	..	2013
Trust in the police	3	..	2013
Trust in the national government	3	↘	2005-2016
Voter turnout	2	↘	2008-2016
Government stakeholder engagement	3	..	2014
Volunteering through organisations	3	..	2011/2012

Another OECD tool: Benchmarking to identify OECD' countries strengths and weaknesses in terms of distance to SDG targets (1)

Spain's distance from achieving 103 SDG targets

- Designed in response to demands by OECD countries, to **help** them **identify priorities for action**
- **Setting target levels** to achieve by 2030
- **IAEG indicators** computed from UN/OECD databases, with OECD 'proxies' in case of data missing from UN database
- **132 indicators used** (i.e. 100 IAEG indicators currently missing)
- '**normalization**' to compare across goals & targets

Another OECD tool: Benchmarking to identify OECD' countries strengths and weaknesses in terms of distance to SDG targets (2)

Spain's strengths – Target achieved or close to achieved

2: Food

Undernourishment

3: Health

Maternal mortality
Infant mortality
Tubercolis deaths
Hepatatis B
Neglected tropical diseases

6: Water

Access to drinking water
Access to improved sanitation

7: Energy

Access to electricity

8: Economy

Access to financial services

11: Cities

Exposure to $PM_{2.5}$

16: Institutions

Deaths by assault

Spain's weaknesses – Target far from achieved

1: Eradicate poverty

10: Reduce inequality

Relative income poverty

4: Education

PISA performance
Impact of SES status

5: Gender equality

Gender gap in unpaid work

8: Economy

GDP per capita growth
Unemployment
NEET rate
Occupational injury

9: Infrastructure

R&D Expenditure

16: Institutions

Confidence in government

The OECD well-being framework and 2030 Agenda have much in common…

OECD well-being framework			Sustainable Development Goals
Current well-being		Income & wealth	SDG 1 (poverty); SDG 2 (food)
		Jobs and earnings	SDG 8 (decent work & economy)
		Housing	SDG 11 (cities)
		Health status	SDG 3 (health)
		Work-life balance	SDG 8 (decent work & economy)
		Education & skills	SDG 4 (education)
		Civic engagement & governance	SDG 16 (institutions)
		Environmental quality	SDG 6 (water); SDG 11 (cities)
		Personal security	SDG 16 (institutions)
Inequalities		**[captured throughout all dimensions]**	SDG 1 (poverty); SDG 5 (women); SDG 10 (inequality)
Resources for future well-being		Natural capital	SDG 13 (climate); SDG 14 (oceans); SDG 15 (biodiversity); SDG 12 (sustainable production)
		Economic capital	SDG 7 (energy); SDG 8 (work & economy); SDG 9 (infrastructure); SDG 12 (sustainable production)
		Human capital	SDG 3 (health); SDG 4 (education)
		Social capital	SDG 16 (institutions)

… while OECD approach provides a more parsimonious view

- **Example: High-level, SDG-compatible view** (e.g. health indicators)

OECD approach	IAEG - SDG indicators	
• Life expectancy at birth • Perceived health status	3.1.1	Maternal mortality ratio
	3.1.2	Proportion of births attended by skilled health personnel (%)
	3.2.1	Infant mortality rate
	3.2.2	Neonatal mortality rate
	3.3.1	Incidence of AIDS
	3.3.2	Death rate due to Tuberculosis
	3.3.4	Hepatitis B incidence
	3.3.5	Number of people requiring interventions against neglected tropical diseases
	3.4.1	Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (probability)
	3.4.2	Death from intentional self-harm
	3.5.2	Alcohol consumption per capita
	3.6.1	Death rate due to road traffic injuries
	3.7.2	Adolescent fertility rate
	3.8.1	Universal health coverage (UHC) service coverage index
	3.8.2	Proportion of population with large household expenditures on health (greater than 25%) as a share of total household expenditure or income (%)
	3.9.1	Age-standardized mortality rate attributed to ambient air pollution (deaths per 100,000 population)
	3.9.2	Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (deaths per 100,000 population)
	3.9.3	Mortality from accidental poisoning

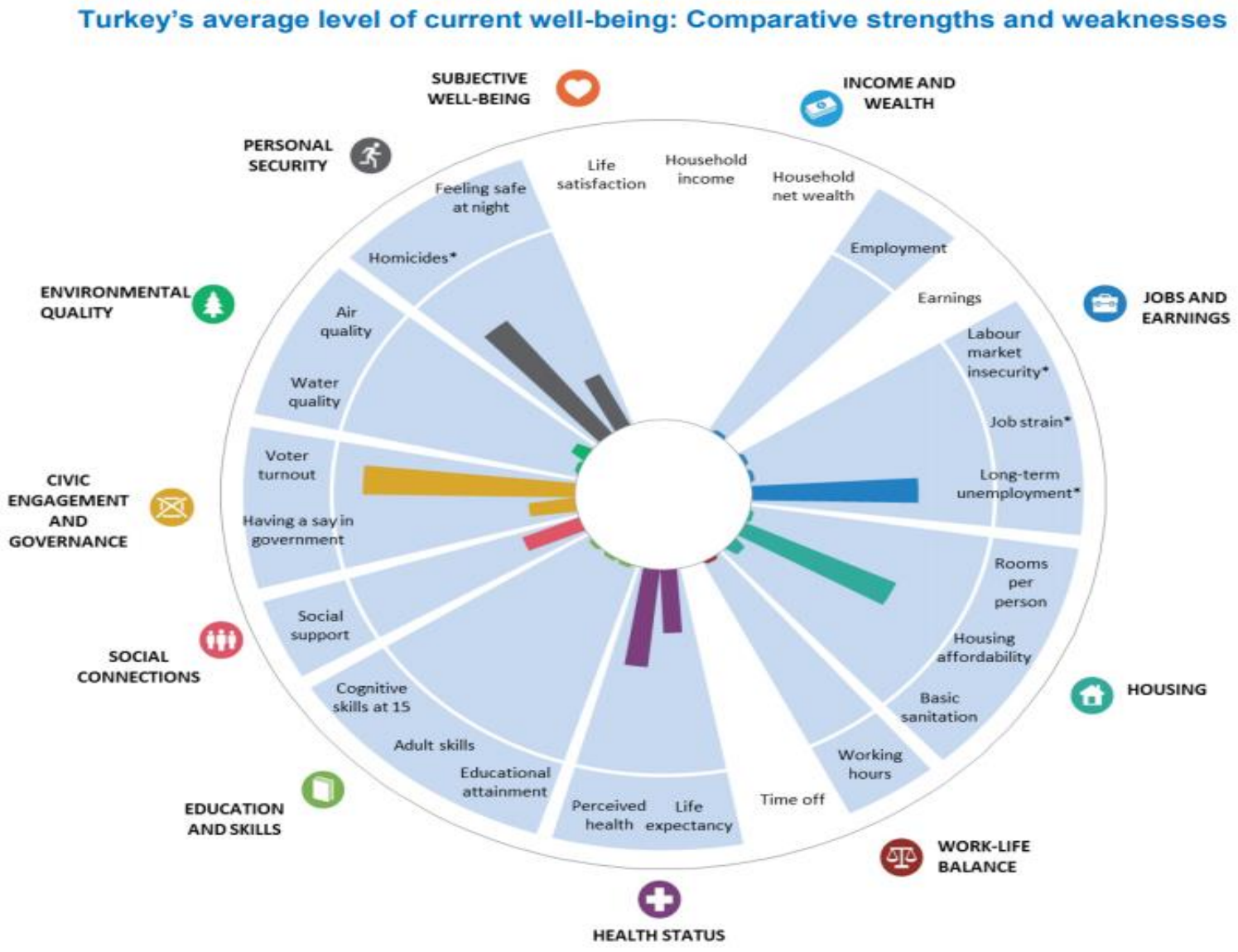
The value of adopting a well-being approach for policy purposes

- Provides a **high-level view** that is compatible with the SDGs

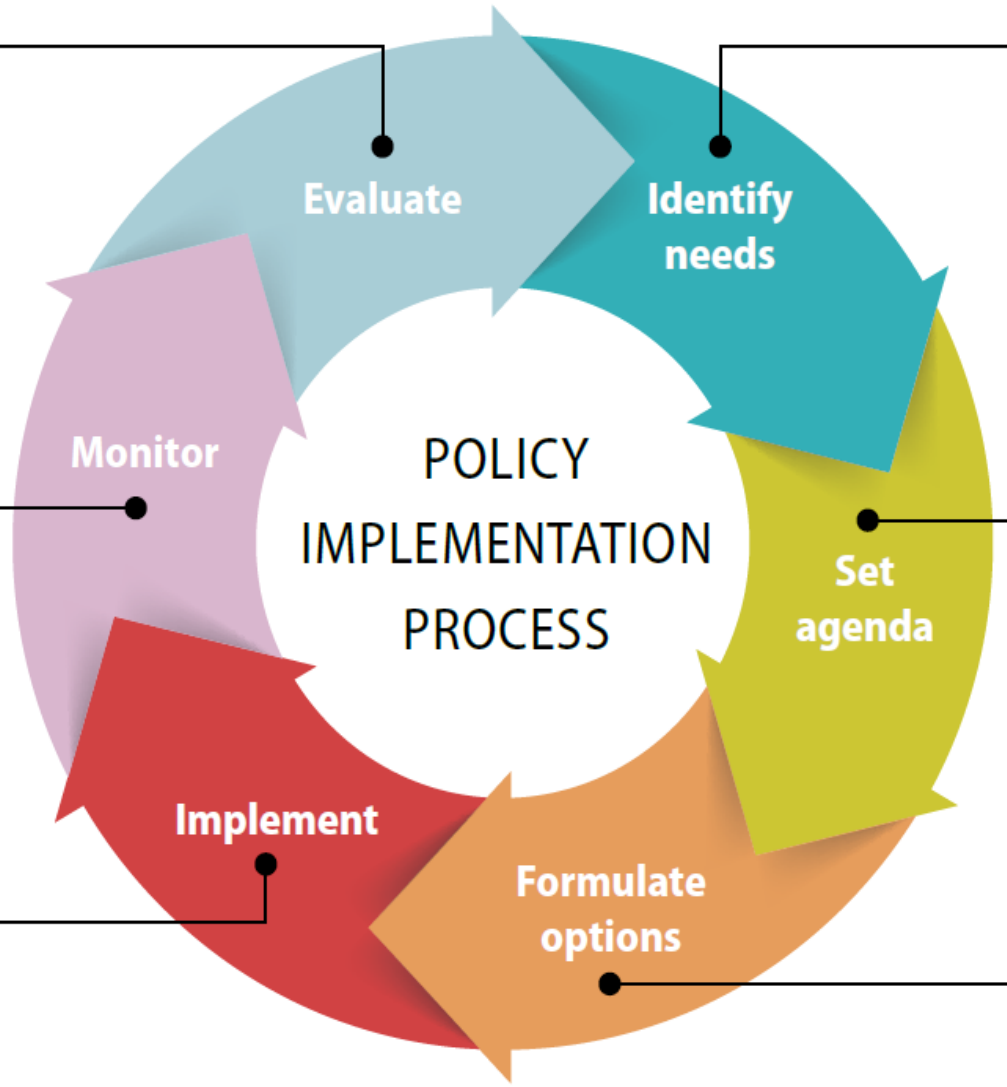
- Based on a **conceptual framework** rather than political commitments

- Identifies **strengths and weaknesses**, taking into account the whole framework, which allows for
  - A comparative perspective to assess the situation in relation to peers
  - Bring issues onto domestic policy makers' radar which are not routinely considered in policy analysis (e.g. subjective well-being)
  - Help to identify data gaps

Identifying data gaps



How to use well-being indicators in policy-making



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

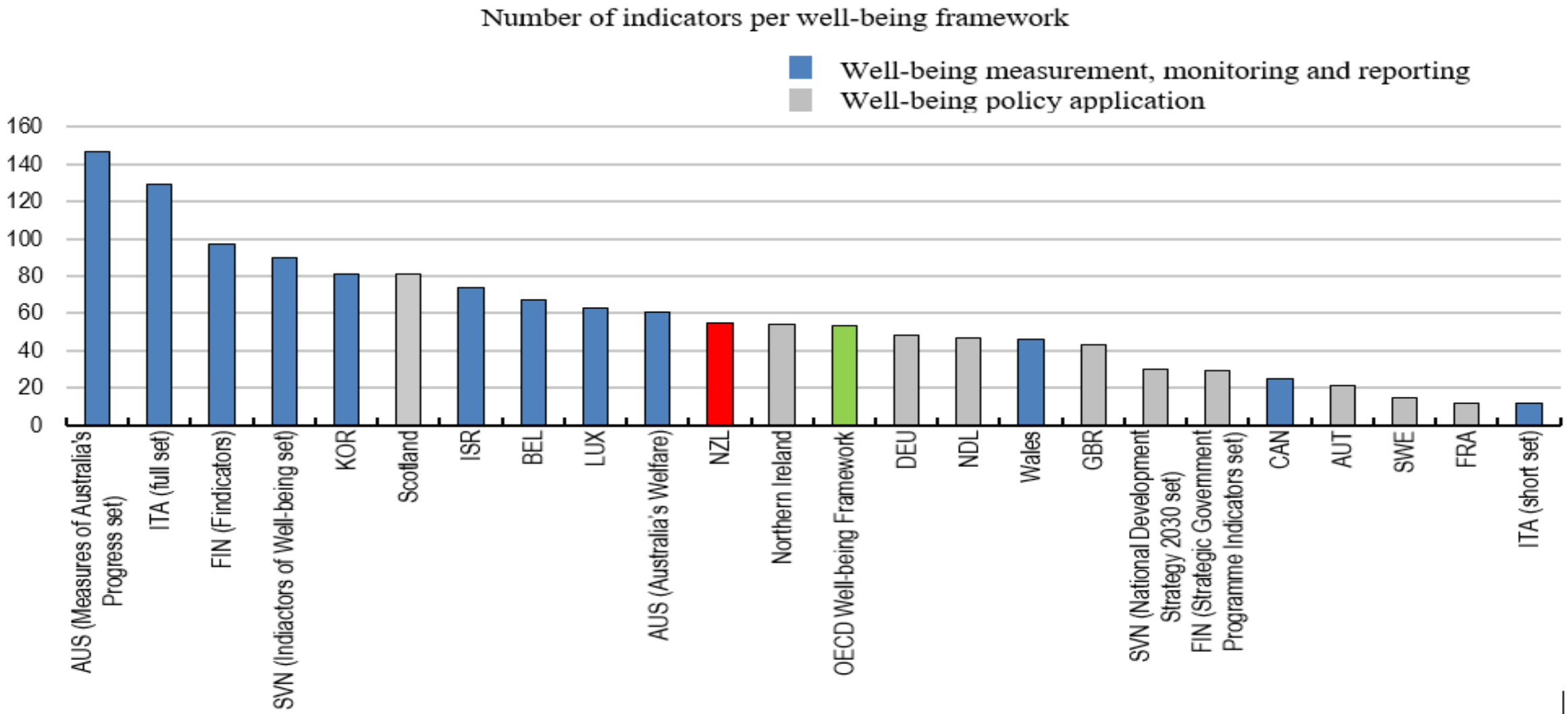
Supporting the effective monitoring of reforms' implementation and progress

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

How many indicators do OECD countries use for measuring well-being and for policy use?



Mechanisms for bringing well-being evidence into policy-making

- Integrating well-being into **budget** deliberations (NZ, FR, ITA)
- Ensuring continuity and accountability through **legislation (NZ, FR, ITA)**
- **Strategic alignment** through **national development strategies** and performance frameworks (SLO, FIN, Scotland)
- Creating **new institutional structures (UK, Wales)**
- Bringing well-being into the **policy analyst's tool-kit**
  → Civil service capacity-building (UK, NZ, SLO)

Next steps in the OECD/EU/ECLAC project

- **Ongoing research and consultation**
  - Country-level Pilot Studies (2019)
  - Regional Indicators selected (2019 – 2020)
  - Statistical Gaps and Capacity Building (2020)
- **Deliverables and milestones**
  - Regional Conference on "Policy Uses of Sustainable Development and Well-being Indicators" (October 23-24, Bogotá)
  - Workshops on statistical development needed (2020, at least 2)
  - Final Publication (June 2021)
  - Final Conference (June 2021)

Role of participating countries

- **Nominate contact point, or facilitate contact with relevant experts**

- **Provide comments to proposals and drafts on :**
  - Country-level pilot studies (for countries taking part in a pilot)
  - Regional Indicators
  - Final publication

- **Send representatives to attend events related to the project**
  - Statistical meetings to address gaps and capacity-building needs
  - Regional Conference on “Policy Uses of Sustainable Development and Well-being Indicators” (Bogotá, Colombia, October 2019)
  - Final Conference at the end of the project

- **Host statistical workshops or Final Conference**

THANK YOU!

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The How's Life? framework: trends over time

Change in Spain's average well-being over the past 10 years

Dimension	Description	Change
Income and wealth	In 2015, household net adjusted disposable income was 6% lower than in 2005, one of the largest falls in the OECD over the decade. Household net wealth recorded a cumulative decrease of 3% between 2008 and 2011 (in real terms).	↘ ↘
Jobs and earnings	The employment rate fell over the past 10 years, with a moderate improvement in 2014. Despite dropping from 2009 to 2014, real earnings have improved overall in the last decade, and are now 7% higher than in 2005. Labour market insecurity peaked in 2012, and despite falling slightly since then, remains 3 times higher than in 2007. Long-term unemployment has risen since 2007, peaking in 2013 at 13%. By contrast, the incidence of job strain has fallen from 49% in 2005 to 41% in 2015.	↘ ↗ ↘ ↘ ↗
Housing conditions	Spending on housing costs (as a proportion of household disposable income) has risen from 18.2% in 2005 to 21.8% in 2015 – one of the largest increases in the OECD. On the other hand, the share of people living in dwellings without basic sanitary facilities has remained stably low since 2005-10.	↘ ⇔
Work-life balance	The share of employees working 50 hours or more per week has fallen by 4 percentage points in the past decade, a steeper decline than the 0.9 point fall recorded for the OECD average.	↗
Health status	Despite a slight fall between 2014 and 2015, life expectancy has risen by nearly 3 years overall since 2005 – a larger improvement than the OECD average. The percentage of adults reporting to be in "good" or "very good" health has increased by 6 points since 2005, to a level just above the OECD average.	↗ ↗
Education and skills	The 10-year change in upper secondary educational attainment cannot be assessed, due to a recent break in the data. However, between 2014 and 2016, attainment rates in Spain increased by 1.7 percentage points.	↗
Social connections	The share of people having relatives or friends whom they can count on to help in case of need has been broadly unchanged since 2005-07, in contrast to the slight decline recorded for the OECD average.	⇔
Civic engagement	In line with the OECD average trend, voter turnout has fallen in Spain over the past decade. In the 2016 general elections, the share of votes cast among the population registered to vote was 70%, 5 points lower than in 2008 and 3 points lower than in 2015, but 1 point higher than in 2011.	↘
Environmental quality	Satisfaction with local water quality has remained relatively stable since 2005-2007, and is slightly below the OECD average. Despite increasing slightly from 2010 to 2011, annual exposure to $PM_{2.5}$ air pollution has fallen by 9% overall since 2005.	⇔ ↗
Personal security	The rate of deaths due to assault has gradually fallen over the last 10 years, while the share of people who report feeling safe when walking alone at night has improved from 65% to 83%.	↗ ↗
Subjective well-being	People's life satisfaction has fallen gradually during the last 10 years, from an average of 7.1 to 6.4 (measured on a 0-10 scale). This decline is three times as large as the OECD average decline.	↘