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
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
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

Spain’s weaknesses – Target far from achieved

- **1: Eradicate poverty**
- **8: Economy**
  GDP per capita growth
  Unemployment
  NEET rate
  Occupational injury

- **10: Reduce inequality**
  Relative income poverty

- **4: Education**
  PISA performance
  Impact of SES status

- **5: Gender equality**
  Gender gap in unpaid work

- **9: Infrastructure**
  R&D Expenditure

- **16: Institutions**
  Confidence in government

- **11: Cities**
  Exposure to PM$_{2.5}$

- **16: Institutions**
  Deaths by assault
The OECD well-being framework and 2030 Agenda have much in common...

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

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

<table>
<thead>
<tr>
<th>OECD approach</th>
<th>IAEG - SDG indicators</th>
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<tbody>
<tr>
<td>- Life expectancy at birth</td>
<td>3.1.1 Maternal mortality ratio</td>
</tr>
<tr>
<td>- Perceived health status</td>
<td>3.1.2 Proportion of births attended by skilled health personnel (%)</td>
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<td></td>
<td>3.2.1 Infant mortality rate</td>
</tr>
<tr>
<td></td>
<td>3.2.2 Neonatal mortality rate</td>
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<td></td>
<td>3.3.1 Incidence of AIDS</td>
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<tr>
<td></td>
<td>3.3.2 Death rate due to Tuberculosis</td>
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<td></td>
<td>3.3.3 Death rate due to AIDS</td>
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<tr>
<td></td>
<td>3.3.4 Hepatitis B incidence</td>
</tr>
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<td></td>
<td>3.3.5 Number of people requiring interventions against neglected tropical diseases</td>
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<tr>
<td></td>
<td>3.4.1 Mortality rate attributed to cardiovascular disease, cancer, diabetes or chronic respiratory disease (probability)</td>
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<td></td>
<td>3.4.2 Death from intentional self-harm</td>
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<tr>
<td></td>
<td>3.5.1 Alcohol consumption per capita</td>
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<tr>
<td></td>
<td>3.5.2 Death rate due to road traffic injuries</td>
</tr>
<tr>
<td></td>
<td>3.6.1 Adolescent fertility rate</td>
</tr>
<tr>
<td></td>
<td>3.8.1 Universal health coverage (UHC) service coverage index</td>
</tr>
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<td></td>
<td>3.8.2 Proportion of population with large household expenditures on health (greater than 25%) as a share of total household expenditure or income (%)</td>
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<td></td>
<td>3.9.1 Age-standardized mortality rate attributed to ambient air pollution (deaths per 100,000 population)</td>
</tr>
<tr>
<td></td>
<td>3.9.2 Mortality rate attributed to unsafe water, unsafe sanitation and lack of hygiene (deaths per 100,000 population)</td>
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<tr>
<td></td>
<td>3.9.3 Mortality from accidental poisoning</td>
</tr>
</tbody>
</table>
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

Turkey’s average level of current well-being: Comparative strengths and weaknesses

- Subjective well-being: Life satisfaction, household income, household net worth
- Income and wealth: Employment, earnings, labour market insecurity, job strain, long-term unemployment
- Jobs and earnings: Rooms per person, basic sanitation, housing affordability
- Housing: Housing density, time off, education and skills: Cognitive skills at 15, adult skills, educational attainment
- Social connections: Social support, having a say in government, voter turnout
- Civic engagement and governance: Air quality, water quality, homicides
- Environmental quality
- Personal security
- Health status: Life expectancy, health expectancy, diagnosis
- Work-life balance: Average working hours

[Diagram showing various indicators of well-being and their connections]
How to use well-being indicators in policy-making

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

Supporting the effective monitoring of reforms’ implementation and progress.

Supporting governments to efficiently and effectively implement policies.

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

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

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

POLICY IMPLEMENTATION PROCESS

Evaluate

Identify needs

Set agenda

Formulate options

Implement

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

Number of indicators per well-being framework

- Blue: Well-being measurement, monitoring and reporting
- Grey: Well-being policy application
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

<table>
<thead>
<tr>
<th>Dimension</th>
<th>Description</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income and wealth</td>
<td>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).</td>
<td></td>
</tr>
<tr>
<td>Jobs and earnings</td>
<td>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.</td>
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<tr>
<td>Housing conditions</td>
<td>Spending on housing costs (as a proportion of household disposable income) has risen from 18.2% in 2005 to 21.8% in 2016 – 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.</td>
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</tr>
<tr>
<td>Work-life balance</td>
<td>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.</td>
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<tr>
<td>Health status</td>
<td>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.</td>
<td></td>
</tr>
</tbody>
</table>

- **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 78%, 5 points lower than in 2008 and 3 points lower than in 2011, 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 PM10 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 85% 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.