



Statistics, Knowledge & Policy

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New Delhi, India 2012

HIGHLIGHTS AND CONCLUSIONS

4th OECD World Forum on Statistics, Knowledge and Policy
Measuring Well-Being for Development and Policy Making

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Angel Gurría, Secretary-General, OECD

The OECD has been promoting the measurement of well-being and progress since the 1st OECD World Forum was held in Palermo in 2004. At that time, statistics on well-being were in their infancy and economic growth was the main compass used to assess trends in living conditions. Since then, much progress has been made. The global crisis has accelerated the urgency to revisit our growth model, and explore ways to make it more inclusive and sustainable. The crisis also brought to light the need to look at both our analytical frameworks and our measurement tools, and at our understanding of them. Governments and citizens around the world are increasingly recognising that better indicators, going beyond traditional economic statistics, are needed to take into account the diverse aspects of well-being, quality of life, equity and sustainability. While GDP growth remains an important variable to measure economic dynamics and wealth in a society, it needs to be accompanied by other indicators to provide the full picture about progress of societies and about improving 'people's lives'.

“The OECD has promoted the measurement of well-being and progress with path-breaking analysis and data collection since the 1st OECD World Forum held in Palermo in 2004.”

In 2004, 2007 and 2009, the OECD organised World Fora in Palermo, Istanbul and Busan respectively, which represented important milestones in the international agenda for measuring well-being and societal progress. In 2009, the European Union's 'GDP and Beyond' communication was released, followed shortly by the Stiglitz-Sen-Fitoussi Report, which we supported with our analysis and advice. At the time, the OECD was already actively working on the development of a new generation of statistics informing about people's lives. In this respect, 2011 was a turning point as we launched the OECD *Better Life Initiative*, at OECD's 50th Anniversary, which presented for the first time a comprehensive set of internationally-comparable indicators on well-being.

Today, we are collaborating with many countries and organisations that have launched ambitious national and regional initiatives in this field.

The notions of well-being and progress are universal and relevant to everyone, everywhere, notwithstanding different cultures, contexts, and levels of economic and social development. As we move from Rio+20 towards the post-2015 development agenda, policies need to be based on a better compass than the one used in the past. But the drive towards better well-being and sustainability measures will be successful only if we show that they can lead to better policies. If we want to prevent another crisis, we need policies based on better indicators as well as on a better understanding of the challenges in front of us. This is all the more important at a time when we urgently need to re-launch growth and employment in many countries.

It has been a great privilege for us to organise the 4th OECD World Forum in New Delhi under the theme “Measuring Well-Being for Development and Policy Making”, building on preparatory regional events in Mexico, Japan, Morocco and Paris.

I am extremely grateful to the Government of India for hosting us and for providing valuable support for this important Forum. An old Indian proverb says “All the flowers of all the tomorrows are in the seeds of today”. That has been our achievement in New Delhi:

“planting the seeds of better statistics and better measurements so that we can enjoy better lives in all the tomorrows!”

Angel Gurría
OECD Secretary-General



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This report presents the main highlights of the dozens of speeches, presentations, discussions and interventions that were delivered at the 4th OECD World Forum held in New Delhi in October 2012. These highlights are based on the notes taken by the OECD staff who attended the Forum, as well as on the material made available by speakers (in the form of text and presentations). Emphasis has been given to identifying the key messages delivered by participants. The text presented here has not been submitted for validation by participants, and the OECD Secretariat remains responsible for the accuracy of this reporting. This report also includes the statement issued on the final day of the Forum. It also includes the 'general conclusions' of the Forum, as presented by Martine Durand, OECD Chief Statistician, in the final session of the Forum, and as amended in the light of the comments and feedback provided by participants in the weeks after the Forum.

4TH OECD FORUM CONCLUSIONS

Provisional conclusions of the 4th OECD Forum were presented by Martine Durand, Chief Statistician and Director of Statistics at the OECD, during the last session of the Forum. These provisional conclusions were then posted on the Forum website for comments by participants over a period of several weeks. The text below elaborates on the points presented by Martine Durand in New Delhi, and integrates the main comments provided by participants during the following weeks.

Measurement of well-being has come a long way since the 1st OECD World Forum on Statistics, Knowledge and Policy held in Palermo, Italy, in 2004. The Istanbul Declaration, endorsed by several international organisations at the 2nd OECD World Forum in Turkey, in 2007, gave impetus to discussions, leading to the establishment of a broad-based initiative for measuring progress. The 3rd OECD World Forum in Busan, Korea, spelled out the OECD commitment to respond to a strong political demand for developing metrics that go beyond economic production to better reflect people's well-being.

These events have helped raise the visibility of the notions of well-being, progress and sustainability in policy discussions at the domestic and international levels, and helped in anchoring the measurement agenda associated to these notions in the work programme of the national and international statistical agencies. Further progress remains necessary, however, to advance the statistical agenda. Even more important today is putting well-being information to use in decision making, in particular in the perspective of the ongoing discussions on the future of development policies.

Achievements

Much has happened in the field of well-being over the past few years. At the OECD, in 2011, the OECD Secretary-General launched the OECD *Better Life Initiative*, combining data and research from across the Organisation and beyond to provide the first collection of internationally comparable well-being indicators tailored to the needs and concerns of developed countries. This initiative, based on a framework drawing from the Stiglitz-Sen-Fitoussi report, has served as a basis to develop a common language for the many well-being initiatives undertaken around the world, proposing a core set of universal well-being dimensions that could

be adapted, through the inclusion of more specific items and indicators, to the priorities of different countries and regions of the world.

“We are witnessing a convergence in our understanding of well-being with a common core set of well-being dimensions, and national priorities reflected in more specific domains and measures.”

MARTINE DURAND

Chief Statistician and Director of Statistics, OECD

A series of OECD regional well-being conferences in Latin America, Asia-Pacific and Africa, jointly organised with the OECD Development Centre, have taken place over 2011-12. The outcomes of these conferences have informed the agenda of the 4th OECD World Forum by identifying regional priorities and concerns, they have helped to develop a shared sense of common purpose and direction towards a core set of well-being dimensions where improved metrics are both important and feasible. These conferences also helped build strong ties with UN and other regional agencies working on these issues. Finally, these regional initiatives have fed the web-platform Wikiprogress, which has established itself as a critical reference source of information for initiatives in this field.

“We are experiencing a strong momentum: there is a large number of local, national, regional and international well-being and progress initiatives across all levels of society.”

MARTINE DURAND

Chief Statistician and Director of Statistics, OECD

This work has acted at a catalyst for many countries to bring well-being to the forefront of their policies. Individual countries around the world have launched national well-being programmes and established consultative roundtables and parliamentary commissions, with a view to developing better well-being, progress and sustainability metrics — and to place them at the heart of decision-making. While these initiatives have involved countries in all regions of the world, participants to the 4th OECD World Forum had the opportunity to hear about some of the most important experiences in this field, from Australia to Bhutan, Canada, China, France, Germany, Italy, Japan, Korea, Mexico, Morocco and the United Kingdom.

These initiatives are also prominent at international level. The statistical office of the European Union has followed up the political signals provided by the EU Communication “GDP and Beyond” and the “EU2020 Agenda” with a comprehensive set of recommendations to be implemented in its current and future work programme. The UN Development Programme, building on over 20 years of experience in preparing its “Human Development Report”, has been stressing the importance and power of more appropriate measures of progress to advance towards an equitable and sustainable future for all. More recently, a Bhutan-led UN Resolution has called for greater importance to be paid to happiness and well-being when implementing measures to spur social and economic development, while the Rio+20 outcome document calls upon the UN Statistical Commission to launch a programme of work to develop measures of progress complementing GDP.

Statistical work

The 4th OECD Forum has allowed taking stock of some key initiatives where significant progress on the statistical front has been, or is being, achieved. These include:

- In the field of material conditions, OECD work to develop guidelines for the measurement of household wealth, to integrate inequalities in the household national accounts, countries’ surveys assessing the economic conditions of specific minorities.
- In the field of quality of life, OECD guidelines on measuring subjective well-being, classifications to be used in time-use surveys and recommendations to develop common metrics for non-fatal health outcomes by various UN City Groups.
- In the field of sustainability, the new UN standard for a System of Economic and Environmental Accounting (SEEA) and the indicator set proposed by the UNECE/OECD/Eurostat Taskforce.

Notwithstanding this progress, a significant statistical agenda on well-being, progress and sustainability still lies ahead. This agenda has both a short-term and a medium-term horizon, and in both cases it is important to maintain momentum. In the short term, it is important to make better use of the data that already exists, so as to bring information on the many facets of people’s life to the attention of decision makers and citizens. This requires improving the comparability of existing data while drawing on non-official sources for those domains where quality official statistics are currently lacking. In the medium term, there is a need to develop statistical guidelines and standards for those concepts that are currently lacking good quality indicators.

The measurement challenges in front of us have different dimensions. Some are conceptual, relating to broad concepts such as ‘governance’, whose individual components, and the links between them, need to be spelled out more fully. Some are more practical measurement challenges, which apply even when the underlying concepts are clear. Five areas in particular have emerged from discussions at the OECD regional conferences and at the 4th OECD Forum as being both key to people’s well-being in all regions of the world, and as lacking a sound conceptual and statistical foundation.

- First, improved indicators of *governance* and *civic engagement*. They are essential for democracies but also difficult to measure. Governance and civic engagement encompass issues such as corruption, the rule of law, access to justice and other public services, trust in institutions and active participation in democratic processes. But it also includes measures of the internal processes used by public institutions — i.e. whether these are transparent and open to public scrutiny — and whether the institutions themselves are responsive to people’s demands and expectations.
- Second, improved measures of *social connections*. These are important for many aspects of people’s life, both intrinsically (the most pleasurable activities are conducted with others) and instrumentally (they are a source of material and emotional support in case of need, and an enabler of collective action). While measures of social connections have been collected by some statistical offices, they capture different aspects and are based on different questions and reporting instruments.
- Third, improved measures of *quality of jobs*. Measures in this field need to go beyond the conventional counting on how many people have a paid job, to include aspects such as informality, underemployment, contractual relations, exposure to stress and hazards, work autonomy and control, access to benefits (wages and non-wage benefits, as well as training opportunities) and social protection and representation at the work place.
- Fourth, improved measures of *personal security*. These include survey measures of the most common types of violence and victimisation, police support, less conventional crimes, and more difficult-to-measure types of violence such as that against women and children, armed conflicts, and inter-ethnic violence.
- Fifth, improved measures of *health status*. Registers of vital statistics are often underdeveloped in many developing countries and, even where they exist (such as in all OECD countries), death records cannot

be easily linked to other data sources to highlight how mortality differs across people with various characteristics, such as education or income. Other dimensions of health status are less well covered statistically, and they have gained in significance recently. These include physical morbidity, disability, and mental health.

Beyond these specific domains where further specific statistical work is needed, a number of more general and cross-cutting challenges clearly deserve attention. These require recognising the importance of:

- Indicators based on self-reports by respondents, as complements to more traditional measures for objective outcomes.
- Assessing the dispersion of all well-being outcomes, alongside their average levels, especially at the lower end of the distribution and for specific groups such as indigenous populations, women, and other vulnerable groups.
- Undertaking analysis of the joint distribution of different well-being achievements at the level of each person and household.
- Considering different levels of analysis, both across space (i.e. global, national, regional, local, city, naturally designated areas such as river basins) and across population groups (based on people's gender, ethnicity, minority status, phase of the life-course).
- Establishing better metrics for assessing sustainability, i.e. measures of the well-being outcomes of future generations and of the trans-boundary impacts of domestic behaviours and policy decisions.
- Increasing the timeliness with which we report to the public on most of our well-being metrics.

In all these areas, progress will benefit from greater international co-operation. But the importance of furthering statistical work in these areas is not confined to the international and regional level. It is essential that national statistical offices and other producers of statistics co-operate with international organisations and collect and publish more timely and comparable well-being metrics, regularly reporting on resulting outcomes at national and local levels, and across different population groups.

In the light of the wide differences in statistical capacity across countries, meeting these challenges will require building capacity, technical assistance and regional co-operation. Also, with such a large array of work to achieve, and with national statistical budgets under pressure, it is vital to make use of all available data, including non-

official data, making investments to improve their quality where this is required.

In all these areas, work has to start with agreeing on concepts and definitions and then continuing with practical guidelines for obtaining relevant data in a cost-effective way. The OECD is committed to pursuing this measurement agenda in collaboration with other international organisations, UN regional agencies, regional development banks and other statistical actors to develop better and more comparable metrics of well-being and progress.

Policy work

Probably most important of all is the need to use better well-being metrics to inform policies. In this respect, as noted by some of the most eminent speakers at this Forum, much of the work is still in front of us, and more collaborative research will be needed to make this happen. An international research agenda on the use of new measures well-being is crucial for moving from measurement to informing decision making: for creating awareness and knowledge; for impacting on the behaviours of citizens, civil society, the business community (through new business models), journalists and media, policy makers and official statisticians themselves.

“No cottage industry has developed to explain differences in performances in measuring other outcomes [than GDP].”

JOSEPH E. STIGLITZ

Columbia University, United States

“We need to think more deeply about causal mechanisms, for example through structural models linking outcomes with life course events and experiences.”

RICHARD LAYARD

London School of Economics, United Kingdom

Using new metrics in the policy process will require recognising and measuring the multiple interrelations of different well-being dimensions, assessing the possible trade-offs between different goals, and leveraging synergies across policy areas. This cross-cutting and multi-dimensional perspective is often lost in policy making, as government actions are traditionally organised in ‘silos’, focusing on sectoral or departmental objectives. Mechanisms exist for bringing different aspects of policy making together, and for assessing the effects of

each specific types of policy against several well-being dimensions. There are also some good practices already underway and some examples of how well-being is being recognised as a suitable framework for policies, both at the local and national level, and by countries at different levels of economic development. We should build on these approaches in order to establish mechanisms for policy-formulation and implementation that take multi-dimensional interactions into account. The OECD encourages individual countries to review their policy-setting. Local communities, NGOs and businesses all have a role to play in this process so as to achieve well-being for all.

Developing better well-being metrics is not an end in itself, but a way of engaging different actors in a reflection on the type of society that we want to create, and to change policies and behaviours to move in that direction. The final objective should be to transform the notions of well-being and progress from implicit, unexamined aspirations of citizens and societies to an explicit, systematic goal for policies in all fields. This requires moving away from single proxies such as GDP towards indicator sets that reflect in a more comprehensive way what really matters to people.

One important message from the 4th OECD Forum is that the notions of well-being and progress are relevant to all people around the world. This has implications for how we think about 'development', and for the type of framework that could replace the Millennium Development Goals in 2015. The distinction between emerging, developing and developed countries is, to a large extent, a thing of the past. A more holistic approach to development should recognise all the aspects that make life decent and worth living. In many countries, economic growth coupled with reduction of extreme poverty remains the number one priority, but other basic needs such as good health, education, security, clean water and quality air are also important, as is the common responsibility of countries around the world to deliver critical public goods. The OECD is ready to contribute to discussions on the post-2015 development. Such a framework should be relevant to a broader constituency of countries, be based on a holistic approach to development that combines poverty, well-being and sustainable development goals, allowing flexibility in goal setting, greater country ownership, and recognition of country realities. Placing people's lives — their needs, their ambitions and their feelings — at the centre of development policy should be the fundamental goal.

What next?

The 4th OECD World Forum has started to look at this broader agenda, one that reaches well beyond

statisticians, and the OECD is committed to pursuing it further in the years ahead. But the 4th OECD Forum has also shown that there is a clear need for regular stocktaking and continued consultation: for periodic assessment of measurement and research to establish where we stand and where progress is needed; for sharing policy experiences to establish what works; for reaching out to all actors in society (citizens, civil society, businesses, organised labour, academics across several disciplines, policy makers) to achieve legitimacy and accountability, and to maximise the quality of information; for using well-being measures in cost-benefit analysis and programme evaluation. To pursue such regular stocktaking, a 5th OECD World Forum will be held in 2015, hosted by the Government of Mexico.

The OECD wishes to thank the Government of India for hosting the 4th OECD World Forum, and to express its gratitude to the Governments of Mexico, Japan and Morocco, and to the e-Frame Project Coordinators for organising and hosting the regional conferences that shaped the 4th OECD World Forum.

FINAL FORUM STATEMENT



Angel Gurría, Secretary-General, OECD and Shri Srikant Kumar Jena, Honourable Union Minister of State for Statistics and Programme Implementation and Chemicals and Fertilizers, Government of India

The 4th OECD World Forum on Statistics, Knowledge and Policy, met in New Delhi from 16th October, 2012 to 19th October, 2012 and held in depth discussions on measuring well-being and the progress of societies.

The world is now five years into the global economic and financial crisis. At a time when governments are struggling to address short-term macro-economic challenges and are designing strategies to restore long-term growth prospects, citizens worldwide are calling for an economy that guarantees a better life for themselves and a better future for their children.

People in developed and developing countries alike aspire to a society that allows them to thrive and prosper, a society that is more inclusive and that secures, rather than undermines, opportunities for future generations to live a good life. People are concerned about their living conditions and reducing poverty still remains an imperative in many countries. But beyond material conditions, people are also concerned about the quality of their life: their jobs and working conditions, their health and skills, the time they devote to their families and friends, their ties with other people in their community, their capacity to act as informed citizens, the quality and security of the environment where they live. They are concerned about the sustainability of natural resources, and have expectations for better governance and more responsive institutions.

This requires a new vision that places the imperative of fostering economic growth within the broader context of societal progress. The notions of well-being and progress thereof are universal and relevant to everyone, everywhere, notwithstanding different cultures, contexts, and levels of economic and social development. Well-being is about meeting people's needs, and enhancing their abilities to pursue their own goals, to thrive and feel satisfied.

For more than ten years the OECD has been at the forefront of a movement to rethink the way policy-makers and societies at large should define and measure individual and social well-being. More recently, it has developed a conceptual framework that distinguishes between current well-being and its sustainability. According to this framework, based on the Stiglitz-Sen-Fitoussi report, current well-being encompasses material conditions and quality of life and includes eleven dimensions that are universal (income and wealth; jobs and earnings; housing; health; work-life balance; education and skills; social connections; civic engagement and governance; environmental quality; personal security and subjective well-being), while sustainability is assessed in terms of the preservation of economic, human, social and environmental assets.

As the world moves from Rio+20 towards the post-2015 development agenda, the 4th OECD World Forum on Statistics, Knowledge and Policy held in New-Delhi on 16-19 October 2012 has allowed us to further discuss what makes for a good life independently of where we live, and how all of us — policy-makers, businesses, citizens alike — can work together to ensure that we do not focus our actions solely on the bottom line of higher economic production but also consider the quality of that growth, and how to contribute to equity and sustainability throughout society. To achieve these goals it is vital that the relevant things are measured and that the link between measurement and policy is strengthened in order to design and implement the right policies. The drive towards better well-being measures will not be successful unless we show that these measures can lead to better policies.

The Forum

Thanks the Governments of Mexico, Japan and Morocco, and the European eFrame coordinators for hosting the conferences held in preparation for this Forum, and the many institutions that have contributed to the organisation of these regional events.

Recognises the urgent need to measure what matters the most to people and to use this information to make more informed policy decisions, to develop appropriate implementation mechanisms and to better monitor outcomes. This agenda is equally important for developed, emerging and developing countries. It should result in the regular use of progress indicators for monitoring developments and policies in different regions of the world. A strengthened link between statistics, knowledge and policy requires engagement from civil society, the business community, statisticians, academics, and politicians.

Welcomes the initiatives taken since the 3rd OECD World Forum, held in Busan, Korea, in 2009. This includes the launch of the OECD *Better Life Initiative* and the many regional, national and local actions undertaken to develop better metrics of well-being and progress. It also includes the call by the Rio+20 outcome document to develop measures complementing GDP, and that by UN Resolution 65/309 to place the notions of happiness and well-being at the heart of development policies

Acknowledges that a number of barriers still exist which are slowing the momentum of this agenda, including the still limited experience in using measures of what matters to people in policy design and implementation, gaps in official data sources, and limitations on the budgets of some national statistical offices.

The OECD is committed to promote better well-being measures. Working in collaboration with other international organisations, UN regional agencies, regional development banks and national statistical agencies, the OECD will pursue together this measurement agenda for development and policy making. In doing so, the OECD will contribute to informing the UN-led discussions on the post-2015 development agenda with suggestions for a holistic approach to development that is relevant to a broad constituency of countries and that allows flexibility in goal setting and greater country ownership.

The OECD will continue to lead the international work on developing better well-being metrics, including in the areas of subjective well-being, governance, inequality and sustainability. It will actively pursue its engagement with civil society through its Wikiprogress platform and *Better Life Index*. It will work with governments, in the context of the OECD Development Strategy, on how to apply a multi-dimensional approach to well-being to inform policies across departments and at different geographical levels (international, national and local). Particular attention will be paid to how to leverage synergies and deal with trade-offs. Taking into account individual countries' needs, capacities and aspirations, this work will promote the use of well-being indicators to design policy targets and actions and to monitor their implementation.

India has accumulated vast and valuable experience in the development of statistical system and knowledge which can be shared with others in the development of better measures of well-being and progress. India welcomes the initiative to develop methodologies and indicators to measure and promote social development. It is interested in the notion of 'progress' in the context of highly heterogeneous societies; it will focus on the development of statistical measures of progress which are consistent with the societal objectives and can be used in analytically meaningful ways.

The 5th OECD World Forum will be held in Mexico in 2015, aligning with the post-2015 development agenda.

The Forum thanks the Ministry of Statistics & Programme Implementation, Government of India, for making excellent arrangements for holding the 4th OECD World Forum and extending warm hospitality to all the delegates, guests and participants.

INAUGURAL SESSION



SHRI SRIKANT KUMAR JENA
Honourable Union Minister
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Programme
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Government of India



ANGEL GURRÍA
Secretary-General,
OECD



MONTEK SINGH AHLUWALIA
Deputy Chairman, Planning
Commission,
Government of India



T. C. A. ANANT
Chief Statistician India
and Secretary,
Ministry of Statistics and
Programme Implementation,
Government of India

In opening the session, T.C.A. Anant, made the point that the notion that governments have a role to play in improving well-being is not new. When India gained its independence over 60 years ago, the constitution mandated the state to improve the lot of its people. Over the years, our understanding of what this entails has grown more sophisticated. Whereas early development theory posited that economic growth was a necessary prerequisite for improving well-being, several experiences (from Kerala to Sri Lanka) showed that it is possible to achieve improvements in a number of dimensions such as literacy, infant mortality, health, and gender equity despite low GDP and economic growth. The challenge facing developing countries is to increase both economic growth and well-being. Anant argued that while the Millennium Development Goals, which provide a common set of targets, were a tremendous achievement, they also created a problem for statisticians, who needed to develop measures to inform policy-makers across a broad range of objectives. OECD's work on measuring well-being and progress addresses this need, and the Forum is an opportunity to hold a dialogue on complex issues with policy makers, civil society, academics and statisticians. Anant concluded by expressing his belief that such interaction will lead to a richer understanding, and better solutions to our measurement and policy problems.

“[There is] a clear call for an economy that combines growth with equity and social justice, and for a political system that makes decisions benefitting all citizens.”

SHRI SRIKANT KUMAR JENA

Honourable Union Minister of State for Statistics and
Programme Implementation and Chemical and Fertilizers,
Government of India

Minister Shri Srikant Kumar Jena welcomed Forum's participants coming from over 100 countries and with backgrounds in many different disciplines. He said that there is an emerging consensus to combine economic growth with equity and social justice, and for a political system that makes decisions which benefit all citizens. However, in order to do this, the challenges facing countries need to be measured effectively. Considerable progress has been made in terms of conceptualising and developing well-being frameworks, and the need to go beyond traditional economic measures is toady well-recognised. Jena highlighted a number of key issues for attention, including subjective well-being, sustainable growth, environmental security, vulnerability, trust in institutions, governance, time use, leisure, poverty and inequality. Jena noted that India is at the forefront of well-being measurement, with an increased emphasis on

evidence-based policy making. He said that being able to breakdown populations by lifestyle, culture, attitudes as well as socio-economic status would provide a better picture of the efficacy of public policy across a range of domains. Jena concluded by stressing the need to improve comparability of official statistics in the field of well-being and economic progress. While this is a complex task, it would be made easier by drawing on the experience of countries represented at the Forum.

“We want to transform our notion of well-being from an implicit to an explicit goal that can be assessed across the whole spectrum of government policies, business strategies and individuals’ decisions.”

ANGEL GURRÍA
Secretary-General, OECD

Angel Gurría said that the issue of well-being is so important for the OECD that the 50th anniversary celebrations of the Organisation (in 2011) were framed around the theme of “better policies for better lives”. The resolve to put people’s lives at the heart of OECD work has been heightened by the crisis, which was an important ‘wake-up call’ for all, and whose effects are still profoundly felt five years after the crisis started. Angel Gurría spoke on unemployment, which affects 50 million people in OECD countries, 12 million of them young people, raising the prospects of a ‘lost generation’. He also stressed the challenges posed by increasing inequality and decreasing trust in institutions. This loss of confidence is all the more damaging as policy makers are faced with a range of complex issues such as public debt, financial instability, climate change, development aid, trade, corruption and the eradication of tax havens. Gurría said that the OECD is committed to discover new ways of thinking through its “New Approaches to Economic Challenges (NAEC)” initiative, as well as through its work on well-being carried out as part of the *Better Life Initiative*, which includes the flagship publication *How’s Life?* as well as the interactive web tool *Your Better Life Index*. He noted that today countries around the world are recognising this need for change, with Australia, the United Kingdom, Italy, Austria, Germany, Morocco, Mexico and Japan all undertaking work in this area. This agenda is about more than measurement, Gurría emphasised: the critical challenge is for each society to decide on what it values the most. Statisticians alone cannot answer this question, which requires engaging with people from across society – civil society, the business community, organised labour, researchers, and ordinary citizens – to reach a consensus on the goals that, collectively, we should strive to achieve. What is needed is to translate this consensus into policy practice. As well-being is multi-dimensional, a

whole-of-government approach is required, with a better understanding of the interactions, synergies and trade-offs among different policies and well-being dimensions, to draw the appropriate implications and provide sound policy advice. Regional conferences running up to the 4th OECD World Forum, in Latin America, the Asia Pacific, and Africa have shown that the notions of well-being and progress are universal, and relevant to emerging, developing and developed countries, said Gurría. He added that the post-2015 framework to replace the MDGs should be based on a holistic approach to development with well-being at its core. Gurría concluded by declaring that developing better statistics is not an end in itself, but a means to enhance policies that improve people’s well-being and foster the progress of societies. These goals should determine what we measure, how measures can be transformed into knowledge, and how this knowledge can inform policy design and decision-making. He summarised OECD’s policy advice as “go structural, go social, go institutional and go green”, and argued that combining these four elements will provide the foundations required to restore confidence and promote long-term, sustainable and inclusive growth. Transforming our notion of well-being from an implicit to an explicit goal that can be assessed across the whole spectrum of government policies, business strategies and individuals’ decisions is essential if we want to be successful in placing the notions of well-being and progress at the core of policy-making.

“Much more thinking, experience and reflection is needed to move from a multi-dimensional assessment of [well-being] to a practical way of addressing it.”

MONTEK SINGH AHLUWALIA
Deputy Chairman, Planning Commission,
Government of India

Montek Singh Ahluwalia, while emphasising the importance of well-being measurement, also argued that after having identified the right concepts and the right measures, more work needs to be done to understand the best way to achieve the desired objectives. This is especially the case when our objectives are multidimensional, as improvements in one area may mean losing out in another. Singh noted that while economists recognise the need to take more than GDP into account, GDP growth remains a key objective for developing countries such as India. However, GDP growth does not take into account the negative externalities from production such as environmental damage. He proposed a measure of green GDP as a possible way forward. He also noted that inequality is an issue of increasing concern in many countries and that better measures of how the gains of economic growth are distributed are

needed. This is a challenging area as different inequality measures can give divergent views of the situation. There may also be gaps between perceptions of inequality and the true situation. However, from a policy perspective, the most important point is that the development process must have a social legitimacy, which means addressing inequalities of income and opportunity (such as access to education) among individuals, and between different regions in a country. Singh noted the important role that civil society plays in alerting policy makers to issues which they may not have previously been aware of, and for giving feedback on the efficacy of policy changes. He focused on the issue of unemployment in India, saying that measures of unemployment make a lot of sense in countries where the formal sector is widespread, but that in India this only represents 20% of total employment. The rest of the workforce is self-employed or working in the informal sector, where economic shocks do not create unemployment so much as alter the income you derive from your work. He gave the example of shop owners or farmers, who continue to work as usual during a crisis, but whose income may have disappeared. He concluded that a measure of unemployment will have different meaning in different countries. In the final part of his address, Singh highlighted the need for more timely and frequent data collection. A case in point is provided by poverty measures in India where, even though the general perception is that poverty is being reduced at a faster rate than in the past, it is extremely difficult to obtain up-to-date data to confirm this. The latest figures suggest that poverty was reduced in 2004-2012 at a rate (around 2% per year) twice as high as that between 1993 and 2004 (0.76%) but more work is needed to confirm this picture. He emphasised that more information pertaining to human development and well-being needs to be available on an annual and ongoing basis. He concluded by saying that much more work, thinking, experience and reflection will be needed to move from having a multi-dimensional assessment of the problems to finding practical ways of addressing them. Through debate and interaction, there is a good chance that the answers will be found in due course.



L-R: T. C. A. Anant, Ministry of Statistics and Programme Implementation, India; Angel Gurria, OECD; Shri Srikanth Kumar Jena, Ministry of Statistics and Programme Implementation and Chemicals and Fertilizers, India; Montek Singh Ahluwalia, Planning Commission, India

SETTING THE SCENE

Liberman stressed that successive governments in Costa Rica have embraced a holistic view of ‘development’ reaching beyond its economic aspects, and making use of well-being and quality of life indicators in their planning documents. Since the debt crisis in the 1980s, Costa Rica has promoted policies that have reduced poverty by half and created one of the most open economies in Latin America. The country’s economic transformations have occurred with little social disruptions, in a society that is inclusive and pluralistic, and where people’s well-being is the overarching goal of policies. Costa Rica has abolished the death penalty and the army, achieved one of the highest life expectancy in the region a high school enrolment for 6 year old kids, and is the second least discriminating country against women according to the OECD Social Institution and Gender Index. Progress has been equally important on the environment. One quarter of the territory is now protected, and deforestation has been reversed. Costa Rican governments have been early adopters of environmental taxes, and they have succeeded in establishing an environmental-friendly tourism industry. While these policies have led to an accumulation of environmental capital, Liberman emphasised that no development strategy will succeed in achieving sustainability if it is not combined with investment in human capital, to promote the accumulation of skills to be used in the production process as well as people’s capacity to enjoy a full and rewarding life. Liberman concluded by stressing that better measures are tools to make policy makers accountable.

“Youth should not only be trained to learn, but educated to live.”

LUIS LIBERMAN

Vice-President, Costa Rica

Šemeta noted that the 4th OECD World Forum is not an isolated event but part of a broader set of initiatives to promote measures ‘beyond GDP’. He reminded participants of the important initiatives put in place by the statistical office of the European Union in the field of measuring quality of life, subjective well-being, inequalities and extending national accounts. He argued that statistics have played a crucial role in shaping the EU response to the ongoing economic crisis, a response that has emphasised the importance of investing in people and strengthening social cohesion in the context of the EU 2020 Strategy. This strategy includes five targets for achieving smart, inclusive and sustainable growth, as well as indicators for monitoring results. Šemeta concluded by recalling the Rio+20 mandate on developing metrics

'beyond GDP', stating that the European Union stands ready to deliver on this commitment at all geographical levels.

“How good are targets if you don't have supporting data?”

ALGIRDAS ŠEMETA

European Commissioner responsible for Taxation and Customs Union, Audit and Anti-Fraud, EU Commissioner for European Statistics, European Commission



L-R: Luis Liberman, Vice-President, Costa Rica; R. Radhakrishna, National Statistical Commission, India; Algirdas Šemeta, European Commission

David Halpern, of the United Kingdom Cabinet Office's Behavioural Insights Team, presented, via video, his views and those of Prime Minister David Cameron on well-being. In 2011, Prime Minister Cameron personally spearheaded the start of a programme to measure national well-being in Britain to measure, for the first time, not just how the economy is growing but how lives are improving, not just standard of living but quality of life. In his launch speech, Cameron set out three key goals for the UK initiative: first, getting the measurement right; second, changing the policy-making process to think more about well-being; third, and most importantly, to change some aspects of policy, i.e. to do things differently.

“We will measure progress not just by how our economy is growing but by how our lives are improving, not just by our standard of living but by our quality of life.”

DAVID CAMERON

Prime Minister, United Kingdom

The UK would continue to measure GDP as it had always done, but it was time to admit that, taken on its own, GDP is an incomplete way of measuring a country's progress. It shows that the economy is growing but not how that growth is created. When a country is hit by an earthquake, GDP can increase because of spending on reconstruction. When a city is torn apart by crime

and disorder, GDP can increase because of spending on security. When someone falls seriously ill, GDP can increase because of the cost of buying the drugs and paying for care.

These examples show that life cannot be measured on a balance sheet and that the whole spectrum of human happiness cannot be captured in one snapshot statistic. GDP figures do not give the full story of economic growth, but they provide a useful indicator of the direction of travel. Likewise, new measures will not give the full story of national well-being, but they will give a general picture on whether life is improving or otherwise.

Halpern outlined the Office for National Statistics (ONS) well-being measurement programme, which had been subject to a comprehensive public consultation exercise. The large scale nature of the ONS survey, whose results were released in the summer of 2012, will enable analysis across local areas and professions, highlighting differences which will raise all sorts of questions about why people in one geographic area or occupation are much happier than in others. The survey will be a very powerful tool not just for government, but also for citizens who could now, for themselves, begin to understand what drives well-being and to weigh up, not just differing salaries, but differing job satisfaction levels between professions.

Halpern introduced a recent discussion paper by the UK Treasury that looks at the current ability of data and methods to inform policy. The approach taken in the paper could lead to important changes to the Green Book — the UK policy-making handbook — which could begin to incorporate notions of well-being into its fabric. This raises some interesting questions about existing practices, potentially opening the door to using subjective well-being as a alternative utility measure. The UK is also aiming to integrate well-being measures into policy evaluations, where future cost/benefit analyses could include complementary well-being components.

Halpern welcomed the international well-being work being undertaken by the OECD, the United Nations and others. At a fundamental level, different countries should use comparable measures. The UK Government is encouraged by the numerous well-being initiatives being undertaken around the world, and is fully convinced of the importance for all governments to make explicit their notions of what progress of a society really means. The discussion that is being held today reaffirms the fact that progress of a country is about more than just economic growth. This should lead to a national debate about how, together, we can build a better life, bring about a reappraisal of what really matters. In time, it will also lead to government policy that is more focused, not just on the bottom line, but on all those things that make life worthwhile.

FROM BUSAN TO NEW DELHI



MARTINE DURAND (Chair)
Chief Statistician and Director
of Statistics,
OECD



KI JONG WOO
Commissioner,
Statistics Korea,
Korea



EDUARDO SOJO
President,
Instituto Nacional de
Estadística y Geografía,
Mexico



NAOTO YAMAUCHI
Osaka University,
Japan



AHMED LAHLIMI ALAMI
High Commissioner of Planning,
Morocco



ENRICO GIOVANNINI
President,
National Institute for Statistics,
Italy

Martine Durand opened the session stressing the OECD commitment to the well-being agenda, a commitment pursued through the OECD *Better Life Initiative* launched at the margin of the OECD 50th Anniversary and whose multidimensional framework has informed measurement initiatives around the world. Martine Durand noted the significant progress on the measurement front that had been achieved since the 3rd OECD World Forum in Busan, which has reflected both national and international initiatives (e.g. the EU/INSEE Sponsorship Group, the UN resolution on happiness and well-being, the UNDP Istanbul declaration, the references to “measurement beyond GDP” in the Rio+20 outcome document, the regional conferences that the OECD and its partners organised in the run up to the 4th OECD Forum). Martine Durand identified four main goals of the Forum: to feed the debate on what matters the most to people around the world; to improve the understanding of key measurement challenges; to transform well-being from an implicit goal to an explicit multi-dimensional approach to policies; and to contribute to ongoing discussions on the post-2015 agenda and sustainable development goals. To move forward towards these goals, the Forum has brought together the perspectives of a range of stakeholders coming from different countries and combining expertise from many different disciplines.

Ki Jong Woo paid tribute to the OECD leadership since the 3rd OECD Forum in Busan. He noted the growing UN interest in this agenda, as witnessed by the release of the *World Happiness Report* and by the UN General Assembly resolution calling for a more holistic approach to development. He reminded participants of the initiatives taken by Korea in this field, which include the development of a framework for quality of life indicators in 2011, and the plans to collect a range of indicators based on this framework (including subjective well-being data) in 2012. Woo emphasised how the focus of the OECD Fora had shifted from measurement methods in Busan to the framework for such measures, the policy-use of indicators, the conditions of the most disadvantaged groups and of the whole community. He underscored the importance of better understanding the causal relations between the different well-being dimensions and of improving the methodology of the OECD *Your Better Life Index*, and of shifting the paradigm for policies to one where well-being and progress, rather than GDP growth alone, are the focus.

Eduardo Sojo noted that the interest paid by the Latin-American statistical community in the well-being agenda increased significantly since the mid-2000s. Such shift was highlighted by the success of the Latin American conference, which was held in Mexico City in May 2011 with participation of 650 delegates from 23 countries. The conclusions of the conference (<http://mfps.inegi.org.mx/en/Default.aspx>) highlight five main points: first,

the fact that measuring well-being requires considering both objective and subjective aspects beyond GDP; second, the special importance of a range of aspects (such as health, education, working conditions, housing, economic conditions, interpersonal relations, leisure time, social protection, effective citizenship, rule of law, ethnic and gender inequalities) for the countries in the region; third, the special importance of subjective well-being; fourth, the pervasive importance of inequalities in the distribution of income but also of wealth, education, health, etc; and, finally, the importance of agreeing on a limited set of indicators, based on harmonised concepts, standards and definitions. As part of the follow-up to the Conference, the Mexican statistical office has taken steps to bring the discussion on well-being to the Statistical Conference of the Americas, organised seminars and research, started collecting subjective well-being data, and dedicated a section of the INEGI website to gather the available evidence of well-being.

Naoto Yamamuchi traced back Japan's engagement in the well-being agenda to the *New Growth Strategy* prepared by the Japanese government in 2009. To promote this agenda, the Japanese government hosted in Tokyo, in the winter of 2011, the Asia-Pacific conference, organised in preparation of the 4th OECD Forum, which gathered 180 participants from 32 countries. The conference's conclusions (www.esri.go.jp/conference2011/common/pdf/martinedurandconclu.pdf) highlighted the special importance for the countries in the Asia-Pacific region of focusing on demographics, gender issues, governance and natural disasters. Measurement initiatives launched by Japan in this field have included a first experimental survey on quality of life and subjective well-being, whose results highlighted significant differences across regions. Naoto Yamamuchi mentioned the March 2011 earthquake and tsunami as critical factors that shaped people's well-being throughout the country, stressed the importance of making well-being a central element of the post-2015 framework, and noted Japan's commitment to promote a well-being both domestically and in the region.

Ahmed Lahlimi Alami referred to the Africa Conference held in Rabat, Morocco, in the spring of 2012, and to its main conclusions (www.oecd.org/site/devprogress/50342274.pdf), which highlighted the special importance of poverty and inequality, youth unemployment, infrastructure, family solidarity, gender, governance, independence and capacity of statistical offices for countries in the African region. He also noted the initiatives taken by Morocco since the conference was held, which include the creation of a regional Wikiprogress, and the launch of a new and innovative well-being survey. Ahmed Lahlimi Alami argued that the notion of well-being is especially relevant for Africa where, despite the high GDP growth achieved in recent years, gaps in terms of human development and social progress remain important. He noted that

the crisis has made policy-makers more receptive of the notion of well-being, and stressed the tradition in the region to assess well-being through metrics (such as the composite Human Development Index and the indicator set associated with the Millennium Development Goals) that go 'beyond GDP', while arguing that countries with the capacity to go beyond these measures should show leadership.

Enrico Giovannini referred to the (EU sponsored) e-Frame project, in whose context the European conference organised in preparation of the 4th OECD Forum was held in Paris in July 2012. The conference's conclusions (www.oecd.org/site/progresseurope/e-frame%20report_VF_CF2.pdf) underscored the importance of the initiatives undertaken by the European Statistical System (to develop new metrics and improve their timeliness) and by many European countries. Giovannini stressed the importance of involving citizens in discussion on what matters the most for their life, the opportunities that exists to reach out to the business community, and the importance of shifting from measurement to policy use. Among the priority areas identified by the European conference for further progress are those of measuring sustainability, subjective well-being, wealth distribution, and well-being measures at the sub-national level. He stressed the importance of providing policy makers with ideas and tools on how best to use new measures in their policies (mentioning the experiences in New Zealand, Australia, Quebec, Bhutan and to the EU Sustainability Assessment as relevant examples). To that end, Giovannini stressed the importance of reaching out to policy-advisors, the role that Europe can play in influencing the post-2015 agenda and its sustainable development goals. Finally, he noted the importance for national statistical offices to reach out and work with universities, researchers, providers of non-official statistics and ordinary citizens.



L-R: Enrico Giovannini, National Institute for Statistics, Italy; Eduardo Sojo, Instituto Nacional de Estadística y Geografía, Mexico; Martine Durand, OECD; Ki Jong Woo, Statistics Korea; Naoto Yamauchi, Osaka University, Japan; Ahmed Lahlimi Alami, High Commissioner of Planning, Morocco

THEME 1 — OVERVIEW

ADDRESS: MATERIAL CONDITIONS



Angus Deaton, Princeton University, United States

Material conditions capture the consumption possibilities of people, i.e. their economic well-being. Measures of people's material conditions hence include monetary measures of their incomes, assets and consumption expenditures but also non-monetary measures of material conditions and deprivations, of their jobs and working conditions, of the housing and neighbourhood where they live. In all these fields, better measures of people's material conditions, in terms of both the average levels in a society and of the distribution of outcomes across people with different characteristics, would allow highlighting the complementary roles that different stakeholders can play in improving both people's material conditions and the design of existing policies.

Angus Deaton, in introducing this session, focused on three broad sets of issues. The first related to international comparisons of national accounts aggregates based on measures of purchasing power parities (PPPs). PPPs estimates are developed by the International Comparison Programme (ICP), which collects millions of prices of individual goods and services around the world. The ICP is one of the largest international projects currently existing, with collections run in 1993, 1995, 2005 and 2011 (whose final estimates will be available by the end of 2013). Between rounds, PPPs estimates are extrapolated using information from consumer price indices in various countries. However, when the 2005 PPPs were released and the results were compared with the estimates based on consumer price indexes, a very surprising pattern emerged from the data: PPPs were revised upward by a significant amount in poorer countries, and not at all in richer countries. The implication of this revision in

PPPs was that the GDP of poorer countries shrunk by about 40% relative to previous estimates, and that world inequality increased enormously. While we do not know whether the same pattern will occur when the 2011 PPPs results will be released, Deaton identified this as “one of the major holes” in statistical information on material conditions. To address this problem, he stressed the importance of putting in place control systems on data quality at the international level similar to those that are in place in each country.

The second issue raised by Deaton, closely related to the previous one, concerned the quality of national accounts data. Deaton's message was that GDP accounts, imperfect as they are, remain pillars on which much else depends. These pillars should, however, be improved in several respects. Deaton argued that not all countries adhere strictly to international standards in this field, and noted that much remains to be done to refocus national accounts towards well-being. This should start by focusing more on gross (and net) national product, which is a better welfare concept than gross domestic product. An equally important step would be to look more closely at how aggregates are distributed across households. This ‘drilling down’ agenda, however, is difficult to implement as a common problem, shared by many countries around the world (developed and developing) is the large difference in the growth rates of mean income and consumption as measured by the national accounts and as measured by household surveys. Such inconsistency is bringing pressure on national statistical offices in countries such as India, to explain why, despite the country's rapid GDP growth, gains in the income of the poor remain subdued. In this context, Deaton suggested that we should rethink some of the imputations done in the context of the national account system, noting that the completeness of the accounts that imputations try to achieve may come at the price of lower comprehensibility of the information for ordinary people.

“GDP accounts, imperfect as they are, are pillars on which much else depends.”

ANGUS DEATON

Princeton University, United States

The third point made by Angus Deaton was on the link between material well-being and happiness. He drew on evidence collected around the world by the Gallup World Poll (GWP, a survey run in around 160 countries around the world since 2006) to highlight the limits of some of the claims sometimes put forward by happiness researchers on the absence of relations between measures of happiness and measures of material well-being, both across countries and over time. In this respect, Deaton made three main

points. The first is that there is no such thing as a single happiness measure. Measures of emotional well-being are different for different emotions, and they are very different from measures of overall life-evaluations, an example of which is the Cantril ladder used in the GWP; a country like Denmark can at the same time do very well in terms of an average measure of life evaluation, while doing badly in terms of experiencing happiness on the previous day. The second point made by Deaton was that, contrary to the claim sometimes made that income does not matter for subjective well-being beyond a given level, average measures of life evaluations are closely linked to average measures of GDP per capita across countries: re-plotting the life evaluation measure on a log-scale would show that the relation between percentage changes in life-evaluations and income levels is linear. While the match between the two variables is far from perfect, with some countries displaying higher life evaluations than implied by their per capita GDP and viceversa, Deaton argued that there is no radical contradiction between the two. The third point made by Deaton was that there is evidence that people have great difficulty in answering questions on the different aspects of subjective well-being in a coherent way, that life evaluation questions can lead to different answers depending on how the question is asked, and that the current state on knowledge does not allow to know whether these problems could be fixed by a more appropriate survey design. While all these elements and research findings are a testament of the agenda on subjective well-being, they also highlight the huge amount of work that researchers and statisticians will have to address in the years ahead.

“There is no such thing as a single happiness measure.”

ANGUS DEATON

Princeton University, United States

Y. V Reddy distilled some key messages from Deaton's presentation. First, national accounts have not stopped to be important. Second, we need to do them better than before, and to attend to that goal. Third, we need to deepen our understanding of inequality. Fourth, despite the impressive progress achieved, we have to improve the work on international comparisons and purchasing powers. Fifth, we need to recognise material conditions as being only one element of well-being, but a very important one.

Further work needs to be pursued and there are corrections to be made to what we have already accomplished.

“We need to recognise material conditions as being only one element of well-being, but a very important one.”

Y. V. REDDY

Former Governor, Reserve Bank of India



Y. V Reddy, Former Governor of the Reserve Bank of India

WORKSHOP 1A: REDUCING INEQUALITIES AND POVERTY



ABHIJIT SEN (Chair)
Planning Commission,
India



DUNCAN GREEN
Senior Strategic Advisor,
Oxfam,
United Kingdom



JOHN MARTIN
Director,
Directorate for Employment,
Labour and Social Affairs,
OECD



SABINA ALKIRE
Oxford Poverty and Human
Development Initiative,
United Kingdom



ANTONIN DOSSOU
Prime Minister's Office,
Benin



MARTIN HIRSCH
President,
Agence du service civique,
Former High Commissioner on
Poverty,
France

People around the world care about how economic resources are distributed, concerns which have been heightened in the aftermath of the financial crisis and by recent geopolitical changes (e.g. the Arab spring). Practices differ, however, when it comes to translating these concerns into specific measures, with differences in terms of the metric used (household disposable income, consumption, or physical measures of people's material deprivation), whether the focus is on the low-end of the distribution or on overall inequalities, and whether the threshold used to assess low consumption possibilities is either absolute (and common across countries) or relative (and specific to the conditions of each country). Recently, multidimensional poverty measures have been developed that communicate a lot of information succinctly. Such measures focus on households that are deprived in several indicators at the same time, for example malnutrition, child mortality, lack of education, and lack of access to basic services such as water, sanitation, and electricity.

While these differences in measurement approaches sometimes reflect genuine differences in political perspectives and societal priorities, they also translate into artificial barriers in the global policy discourse on these issues. These different measurement perspectives are also reflected in the ongoing discussion about the most appropriate form for the targets to be set in the context of what will succeed the Millennium Development Goals. While existing MDG targets were set in terms of an absolute income threshold, common to all countries, shifts in the geography of this measure of poverty (from less developed to emerging countries) and other considerations are raising questions about the most suitable targets to set in the future e.g. whether they should be relevant to countries at different development levels, whether they should include measure(s) on relative income poverty, multidimensional poverty, what threshold to use, etc..

This workshop focused on what is known on the distribution of economic resources across individuals and population groups, on the experience of different countries in pushing these issues to the forefront of the policy discourse, and on how measures of multidimensional poverty can support communication as well as the design and implementation of more effective and better targeted policies.

Participants to the panel, which was chaired by Abhijit Singh, provided different perspectives on poverty and inequality, looking at both the measurement and the policy side of it.



L-R: Antonin Dossou, Prime Minister's Office, Benin; John Martin, OECD; Abhijit Sen, Planning Commission, India; Sabina Alkire, Oxford Poverty and Human Development Initiative, United Kingdom; Duncan Green, Oxfam, United Kingdom; Martin Hirsch, Agence du service civique, France

John Martin described some of the key highlights of the 2011 OECD report “Divided We Stand”. He highlighted the large differences in income inequality and poverty among OECD countries but also the generalised increase that has taken place since the 1980s. This increase affected both high- and low-inequality countries, persisted during both recession and boom periods, was driven by gains among top earners and by a squeeze of the middle class, and occurred despite employment growth. Evidence on the drivers of higher inequality highlights the importance of globalisation, institutions and regulatory reforms, technological change, changes in work conditions and working hours, changes in household structures, and less redistributive tax and benefit systems. John Martin argued that governments can limit the increase in income inequality through well designed transfers (both cash and in kind), by providing access to high-quality public services, by reviewing tax provisions on top-income earners, by facilitating the creation of more and better jobs, by encouraging access to employment for under-represented groups, and by promoting the up-skilling of the workforce.

Martin Hirsch drew on his experience as former High Commissioner on Poverty and Exclusion to highlight some of the lessons that can be drawn from the experience of France. The French government adopted in 2007 an official goal to reduce income poverty (based on a relative income threshold) by one third by 2012. The target was missed because of the lack of an explicit poverty reduction strategy and because of the false assumption that poverty reduction would automatically follow from higher economic growth. Most of the income-poor in France are people of working age, around half of them unemployed and the other half working but with inadequate earnings to support their families. A negative income tax was introduced by the government to reduce the number of working poor, but its effect was dwarfed by the crisis and additional measures failed to come through. Hirsch underlined the importance of these

‘French lessons’ for the implementation of the European poverty targets set by the EU2020 Strategy, and stressed the importance of social protection floors for reducing poverty in poor countries.

Antonin Dossou described how the steps taken to improve the measurement of poverty over the past 25 years have informed Benin’s policies in this field. The survey for the “Integrated Modular Investigation on Household Life Conditions” – undertaken in 2006, 2008 and 2009 – highlighted differences in the size and evolution of different measures of poverty, with a decline in non-monetary poverty from 2002 to 2009 associated with a rise in both subjective and income based poverty. A combined measure of multidimensional poverty increased significantly since 2007, affecting both urban and rural areas. Key factors contributing to lower poverty and inequality in Benin have been economic growth, redistribution, and reduced household size. Improved education, basic infrastructures and enhanced access to credit and employment also lowered poverty persistence.

“If power is the underlying force of inequalities you need to redistribute power.”

DUNCAN GREEN

Senior Strategic Advisor, Oxfam, United Kingdom

Duncan Green started from the different dimensions that are usually considered to measure poverty (outcomes, opportunities, well-being) to highlight the importance of “power” as the fundamental factor underlying all these dimensions. Power is a strong lever of change: according to Duncan Green, reducing inequalities requires only redistributing resources but also redistribution of power. Building on a distinction between different dimensions of power (described in terms of its visibility and the space in which it is exercised) he distinguished among the concepts of ‘power within’ (i.e. self-confidence), ‘power with’ (i.e. collective power), ‘power to’ (i.e. capacity to decide actions and carry them out) and ‘power over’ (i.e. the power of the strong over the weak). He illustrated the importance of the different power relations in the case of violence against women, stressing the importance of both active citizens and effective states to redistribute power. Power is complex, and developing suitable metrics will be important to make power relations more visible.

Sabina Alkire stressed the importance of multi-dimensional poverty measures such as the Multi-dimensional Poverty Index (MPI) computed by the UNDP for over 100 countries as a useful complement to uni-dimensional (income based) measures. Multidimensional measures bring information on the joint distribution of deprivations, and

can inform policies on the most effective solutions to poverty. While multi-dimensional poverty measures are sometimes presented as problematic for the loss of detail, their arbitrary weights, and the difficulty in contextualising them, Alkire stressed that the MPI methodology responds to these problems. She emphasised the good properties of the MPI in terms of dealing with ordinal data, being decomposable by region, social groups and dimensions, and providing incentives to policy makers to reduce both poverty headcounts and poverty intensity. She illustrated these properties of the MPI with evidence on the different paths that various African countries had followed to reduce poverty, and through an application of the MPI approach to India.

“There is only a weak correlation between income and other dimensions of well-being.”

SABINA ALKIRE

Oxford Poverty and Human Development Initiative,
United Kingdom

WORKSHOP 1B: THE ROLE OF ASSETS AND THEIR DISTRIBUTION



IRO GODWIN (Chair)
Nigerian Bureau of Statistics,
Nigeria



BINDI KINDERMANN
Australian Bureau of Statistics,
Australia



JAMES DAVIES
University of Western Ontario,
Canada



C. CHANDRAMOULI
Registrar General and Census
Commissioner,
India



BINA AGARWAL
University of Delhi,
India



ANDREW SHARPE
Centre for the Study of Living
Standards,
Canada

People's consumption possibilities are shaped by the amount of their wealth, considering both their assets and their financial commitments. Information on the levels and distribution of household wealth also play a critical role in the design of different types of social protection programmes. In several countries, welfare programmes explicitly consider households' assets holdings among the conditions for access to means-tested programmes. Other countries have experimented in recent years with forms of 'asset based' welfare, aimed at encouraging personal savings early in life, while other countries yet have considered asset and inheritance taxes as ways of financing the soaring costs of long-term care for the frail elderly. Consideration of household assets brings to the fore issues of financial literacy and consumer protection against abusive practices.

The information on household wealth that is currently available remains limited at both the macro and, to an even larger extent, micro level. However, a number of initiatives to expand available information and to increase their comparability are currently underway. This workshop focused on the type of analytical and policy issues that could be addressed through better data on the distribution of household wealth (e.g. in terms of better targeting of existing programmes); and on some of the ongoing initiatives that aim to improve the information that is currently available in this field, and to increase their comparability. It discussed how to improve micro data on the distribution of household wealth, stressing the importance of both ex ante harmonisation of statistics (through guidelines to data producers) and ex post harmonisation, based on reclassification of existing data (through a common nomenclature and the integrated use of macro and micro statistics).

Panellists in this session stressed two main points: first, that information on household wealth and its distribution is already available across countries and is being used in ingenious ways; second, that steps are needed to increase the comparability of country-data through greater ex ante harmonisation of data collection.

With respect to the first point, Chandramouli presented results based on the 2011 Indian Census combined with other sources that allowed to develop indicators of asset ownership of the Indian population living in rural and in urban areas, and which could be combined into a single index of household wealth at the individual level. At the international level, Jim Davies presented evidence on the global distribution of household wealth based on data compiled and disseminated annually through the Credit Suisse Global Wealth Report. This information pertains to both total amounts and their distribution (scaled up



L-R: Bina Agarwal, University of Delhi, India; Andrew Sharpe, Centre for the Study of Living Standards, Canada; Iro Godwin, Nigerian Bureau of Statistics, Nigeria; James Davies, University of Western Ontario, Canada; Bindi Kindermann, Australian Bureau of Statistics, Australia; C. Chandramouli, Registrar General and Census Commissioner, India

to match the totals) of real assets, financial assets and liabilities, based on a variety of sources and methods: household balance sheets and wealth surveys, integrated with information from Forbes 'rich list', for countries accounting for the largest share of global wealth; regression methods and imputation techniques for other countries. These data highlight significant differences in countries' ranking based on either GDP per capita or net worth per adult; higher ratios of household wealth to GDP (and of financial to non-financial assets) in countries with higher GDP per capita; and a much more unequal distribution of household wealth compared to that of household income in all countries.

Jim Davies also argued that wealth inequalities cannot be analysed in the same way as income inequality. Nordic European countries provide a good illustration of this conclusion, as they combine low inequality in the distribution of income and high inequality in the distribution of wealth. The latter factor, however, mainly reflects the exclusion from the micro sources on wealth of public pensions, which is the prevalent form of wealth for most households in these countries.

Andrew Sharpe described two approaches that integrate information of assets into a more comprehensive assessment of economic well-being. The first is the Index of Economic Well-being developed by Osberg and Sharp for several countries; this index is based on four components, one of them measuring different 'wealth stocks' per capita (produced capital, R&D, natural resources net of the social costs of environmental degradation, net foreign assets, human capital). The second is the Levy Institute Index of Economic Well-being, an index computed at the household level which counts as 'income from wealth' the annuity-value from non-housing wealth and the imputed rents from owner-occupied housing. While both indicators highlight patterns that allow better understanding differences in economic-well-being across countries (e.g. Canada and the United

States) and groups (e.g. elderly and non-elderly), Sharpe stressed the importance of improving data collections and cross-country comparability.

In this perspective, one relevant initiative was described by Bindi Kindermann, who referred to the work undertaken by an Expert Group created by the OECD to develop guidelines on micro-statistics on household wealth. This initiative is taking place in a context characterised by an increasing number of statistical initiatives in this field (e.g. the Euro-area Household Finance and Consumption Survey, whose first results will be released in 2013) and by the lack of international standards to underpin these developments. The OECD Expert Group aim to develop agreed concepts, definitions and classifications (aligned as far as possible with those of the System of National Accounts), and to provide guidance on measurement, quality assurance and dissemination. These Guidelines will be published in the first-half of 2013. After having been tested by statistical offices, they could be considered for adoption as an international standard.

“An OECD expert group is developing guidelines to improve the comparability of micro-statistics on household wealth.”

BINDI KINDERMANN

Australian Bureau of Statistics, Australia

Beyond measurement and data-availability issues, work in this field also confronts conceptual challenges. Both Andrew Davies and Bindi Kindermann stressed the importance of considering micro wealth-statistics alongside those for other types of household economic resources. While household income and wealth are positively correlated at the micro level, the correlation is far from perfect: close to half of Australian people falling in the lowest quintile of the income distribution have assets exceeding the average for all Australians. Looking at the joint distribution of household economic resources was recommended by the Stiglitz-Sen-Fitoussi Commission, a task that the OECD is also pursuing by developing a framework for measuring and analysing household income, consumption and wealth at the micro level.

Other challenges are conceptual. Bina Agarwal stressed two aspects of wealth distribution that are important for developing countries. The first relates to the type of assets considered; she noted the importance of immovable assets such as land, and of public assets (e.g. forests and other common poll resources), access to which provides subsistence and other in-kind benefits (especially for the rural poor) and which, when privatised, can increase inequalities. The second relates to the importance of looking at gender inequalities, a task that requires

looking at distribution within the household. This will require adapting household surveys, analysis of which is typically based on the assumption that all members share household resources equally or that focus on the gender of the household head. Measuring gender inequalities will also require looking beyond legal rights to de facto conditions.

“Assets are very different from each other – movable and immovable, public and private; they all affect well-being, often in interconnected ways.”

BINA AGARWAL

University of Delhi, India

The discussion that followed focused on some of the reasons why information on household wealth is critical for economic well-being (with emphasis given to assessing sustainability and how opportunities are distributed) and on some of the main obstacles to comparative use of existing data (e.g. difference in asset-coverage, oversampling of very wealthy households).

WORKSHOP 1C: BUSINESS, JOBS AND WELL-BEING



T. S. PAPOLA (Chair)
Institute for Studies in
Industrial Development,
India



DUNCAN CAMPBELL
International Labour
Organization



JOHN EVANS
Trade Union Advisory
Committee to the OECD



GEORGES BLANC
Fundação Dom Cabral,
Brazil



MICHAEL A. PIRSON
Fordham
University and Humanistic
Management Network,
United States



MARIO PEZZINI
Development Centre,
OECD

Work (or lack thereof) is probably the single most important driver of people's well-being. Availability of quality jobs and the earnings they pay shape people's economic conditions and enable them to build self-esteem, get recognition from others, and fulfil personal ambitions and aspirations. How technology is used in the workplace, how managers exercise their supervisory functions, how work is organised to reconcile the competing goals of flexibility and security all have a critical influence on well-being at work. There is also increasing evidence that management approaches and organisational structures that focus solely on shareholders' interests while neglecting other stakeholders (employees, customers, suppliers) tend to produce businesses that contribute less to overall societal progress and where success cannot be sustained. Public policies, firm strategies and business organisations are needed that fully integrate the environmental and social externalities to firms' domestic and foreign operations. This configuration of factors also implies new challenges for statisticians, who need to develop better metrics of well-being at work encompassing both objective aspects of jobs quality (e.g. the distribution of earnings and non-wage benefits, contractual relations) and subjective ones (e.g. job satisfaction, stress at work, job insecurity, workers' perceptions of being treated in a fair way); and for companies, which need to develop new firm-level indicators beyond traditional financial measures to reflect broader long-term societal goals.

T. S. Papola opened the session by stressing that to improve well-being, we do not just need more jobs, but more and better jobs. However, in order to create decent work, we need to have a better understanding of the key dimensions of the quality of work and their measurement.

The session had two key themes. The first related to the concept and measurement of decent work. The second concerned how firms should incorporate well-being considerations into their businesses strategies.

Duncan Campbell noted that the ILO concept of 'decent work' encompasses both material and non-material aspects, based on the understanding that work is a source of personal dignity, family stability, peace in the community, democracy and economic growth. Stable employment is central to individual well-being. Low paid work is not associated with low subjective well-being, but unemployment and insecure employment are. Unemployment may have 10 times the impact on subjective well-being as inflation.

“We do not just need more jobs, but more and better jobs.”

T. S. PAPOLA

Institute for Studies in Industrial Development, India

Campbell presented evidence suggesting that GDP per capita may explain only about half of the variance in life satisfaction between countries, with non-material variables related to decent work explaining the other half. The latter variables include income inequality, the unemployment rate, indicators of gender inequality and collective bargaining coverage, all equally weighted. Income inequality, in particular is an important driver of differences in life satisfaction. Campbell presented evidence from “The Spirit Level” by Richard Wilkinson and Kate Pickett (2009) to show how income inequality is correlated with a range of social and health problems. Campbell concluded by stressing the importance of non-material variables to assess well-being, noting that, while there is literature on the non-material determinants of well-being at the individual level, much more research is needed in this area.

“Unemployment may have ten times the impact on subjective well-being as inflation.”

DUNCAN CAMPBELL

Director for Policy Planning in Employment,
International Labour Organization

John Evans began by highlighting a paradox: while the statistical evidence highlights the importance of factors other than GDP for well-being, the policy response to the crisis has been moving in the opposite direction. John Evans suggested two possible solutions to this situation: the first is the ‘decent work’ agenda, although noting that the more adjectives you put in front of work, the less work there is; the second is getting the notion of quality of employment into the discussion of finance ministers, although in practice it has been extremely difficult to get G20 ministers to give ‘work’ a central role. Labour issues should be seen not just as a domestic issue but as an international one. Evans argued that a lot of the issues around good work go back to the relationship between workers and their managers. Mechanisms are needed to ensure that good relationships between them are maintained. It is also important that comparable reporting of quality of work be anchored in real life circumstances, as done by the ILO approach. The priority is to bridge the gap between measurement and the policy

discourse: if not, public disbelief will increase and trust in government decline.

Mario Pezzini focused on the meaning and measurement of decent work from the perspective of developing countries. He emphasised the importance of getting beyond aggregate indicators to look at the specifics. In the case of the unemployment rate, for example, we cannot consider the overall situation of work and workers in Africa without paying special attention to the issue of youth employment. Mario Pezzini also highlighted the issue of the informal economy, arguing that in countries like Brazil, where 60% of non-agricultural labour is informal, ‘informal’ is the norm and better measures are needed.

“It is in a business’ long term, enlightened self-interest to be socially responsible.”

GEORGES BLANC

Fundação Dom Cabral, Brazil

Georges Blanc spoke about the ‘four pillars’ of corporate social responsibility (CSR): profit, planet, people and ethics. He listed a number of arguments in support of CSR, namely that it is in a business’ long-term self-interest to be socially responsible; that it will reduce the need for government regulation if businesses operate by self-disciplined standards; that business – with its reservoir of management talents, functional expertise and capital – may be best placed to solve social problems; that ‘pro-acting’ is better than reacting – i.e. that anticipating, planning and initiating is more practical and less costly than reacting to socio-environmental problems once they have exploded. Finally, he noted the strong public support for CSR. Conversely, those who argue against corporate social responsibility say that externalities should be handled by the government; that businesses are not equipped to handle socio-economic challenges; that CSR



L-R: Michael A. Pirson, Fordham, University and Humanistic Management Network, United States; Georges Blanc, Fundação Dom Cabral, Brazil; John Evans, Trade Union Advisory Committee to the OECD; T. S. Papola, Institute for Studies in Industrial Development, India; Duncan Campbell, International Labour Organization; Mario Pezzini, OECD

dilutes businesses' primary purpose of generating profit; that the business sector already has too much power; and that CSR may lowered the international competitiveness of businesses. In the end, the discussion boils down to whether or not CSR is profitable for businesses or not. And the answer is partly about the time frame used for assessing business returns. Researchers have shown that social and ecological investments may increase the profitability of firms in the long-term through increasing customer satisfaction, employee fulfilment, local community support, public approval and government support. When a company opts into the Global Reporting Initiative or uses KLD indexes of corporate social responsibility this has an immediate positive impact on their share value. Those countries that have been deleted from these indices have lost significantly in terms of share value.

Michael Pirson asked: "why should happiness matter to business?" He argued that the power and influence of the business sector means that it has a large impact on well-being. However, businesses confront a legitimacy crisis, which means that firms need to rethink how they operate. A more humanistic reinterpretation of economics and business is needed that brings a more ethical perspective.

"A more humanistic reinterpretation of economics and business is needed that brings a more ethical perspective."

MICHAEL A. PIRSON

Fordham University and Humanistic Management Network,
United States

WORKSHOP 1D: IMPROVING HOUSING AND URBAN INFRASTRUCTURE



STEFAN FLÜCKIGER
Swiss Ambassador to the OECD



JOSÉ VIEGAS
Secretary-General,
International Transport Forum



CESAR BOUILLON
Lead Research Economist,
Research Department,
Inter-American Development
Bank



LESLIE TANG
Deputy Commissioner for
Census and Statistics of
the Hong Kong Special
Administrative Region,
China



EDUARDO LOPEZ MORENO
Director of Research and
Capacity Development,
UN-HABITAT



JOAQUIM OLIVEIRA MARTINS
Public Governance and
Territorial Development
Directorate,
OECD

Concentration of the world population in urban centres will accelerate rapidly in the future, a process that will have deep repercussions for people's material conditions, for how they interact with each other, and for the environment. This process is also set to confront policy makers with a range of difficult challenges, in terms of provision of housing, urban amenities, transport and other types of infrastructure. But housing is not a challenge only for developing and emerging countries, where urbanisation is set to be more intense. It is also a pressing issue in many industrialised countries. For most households, housing is the largest item in their net worth, and housing expenditures weigh heavily on their budget. Further, housing markets played a critical role in the unfolding of the recent financial crisis, which left many homeowners delinquent on their payments and facing foreclosures. As a result, many millions of households are set to lose their house, and many more will confront problems of housing affordability and quality. In all these areas, the state of statistical information is limited, a situation that has led to many calls (e.g. the plea by the Stiglitz Commission in 2009 to develop a set of 'decent housing' indicators to support international comparisons) and initiatives (e.g. the steps taken by the OECD to improve the monitoring of housing prices and the compile balance-sheet information on land and dwellings) to improve statistical information in this field.

This workshop discussed the measurement, accessibility and policies to improve housing and urban infrastructure. When looking at this topic through a well-being lens, one of the key issues is that the economic, social and environmental dimensions must be combined. In other terms, as argued by Joaquim Oliveira Martins, a whole of government approach is required, and specialists and policy makers must move out of their silos in order to tackle these complex challenges.

For example, the concept of 'city' must be properly defined. Many times, administrative boundaries are not sufficient to understand the challenges and address issues such as the provision of public services. In the case of CO₂ emissions and urban density, sprawled models of urban development will likely have higher CO₂ emissions and lower access to public services than in the case of more dense areas. Research has shown that CO₂ emissions could be cut by 70% by doubling the density of cities. This could potentially be as important as moving from coal to other forms of cleaner energy (a reduction of only 40-50%). Compact or "smart" cities can provide positive spillovers in the economic, social and environmental dimensions. However, Joaquim Oliveira Martins noted that



L-R: Cesar Bouillon, Inter-American Development Bank; Leslie Tang, Census and Statistics of the Hong Kong Special Administrative Region, China; Stefan Flückiger, Swiss Ambassador to the OECD; José Viegas, International Transport Forum; Joaquim Oliveira Martins, OECD; Eduardo Lopez Moreno, UN-HABITAT

these complementarities across policies and measures do not happen easily and must be constructed.

In the case of housing, more in-depth exploration of housing data is now required. Eduardo Lopez Moreno described shelter deprivations as encompassing five domains: i) access to improved sanitation; ii) access to improved water; iii) access to durable structures; iv) access to sufficient space; and v) security of tenure. To get another layer of information, UN Habitat went one level further to ask the question "who is living with 3 or 4 of these deficiencies?" This information is very useful for policy interventions, as it allowed identifying not only 'who' suffers from shelter deprivation, but also where these problems were more common.

"All dimensions, social, environmental and economic, need to be linked. If they aren't, we will never reach well-being."

JOAQUIM OLIVEIRA MARTINS

Public Governance and Territorial Development, OECD

Cesar Bouillon argued that a focus on housing is part of the DNA of how a city grows. Markets should provide houses that are affordable, decent, connected, well located, safe and environmentally friendly. However, at the core of a good housing market is the issue of 'affordability'. Latin America is still experiencing high levels of housing deficits, as many of these houses are not connected to urban amenities, or they can be too dense or not dense enough. Leslie Tang also mentioned that quality, affordability and home ownership were key dimensions for measuring housing in that area.

Informality is also a key issue in that half of the region's houses have been built informally, as housing has become expensive due to regulation in land markets and building costs. More rigorous, consistent and comparable data

are needed on house prices (for both formal and informal housing); barriers in accessing mortgage credit (especially for informal workers); access to urban amenities, green areas and transportation systems; land development and building regulations; housing location, along with indicators of the impact of urban density on energy use and clean water and air.

“More levels of information allow us to make the right policies.”

EDUARDO LOPEZ MORENO

Director of Research and Capacity Development,
UN-HABITAT

Much like housing, the link between well-being and transport is via proximity and safety, and it requires examining the distribution rather than the average. José Viegas discussed some of the key issues surrounding well-being and access to services via transport. He noted that road safety is a major issue in India, where 135,000 people were killed in 2010.

Leslie Tang discussed the dimensions used in Hong Kong to measure transport. These include accessibility, efficiency, reliability, affordability, safety and comfortableness. He stressed that both subjective and objective measures are needed to get a clearer picture for policy interventions. However, Tang noted that it is very difficult to quantify these subjective measures as there are different preferences and levels of well-being in the same situation.

“Transport is important not only for individual quality of life but also for social inclusion and economic development.”

JOSÉ VIEGAS

Secretary-General, International Transport Forum

Accessibility and proximity to transport are necessary for assessing well-being. It was noted that data scarcity is not necessarily a hindrance, as approaches can be adjusted to the data that are available. Key indicators in this area are traffic safety as well as exposure to noise and pollution, travel time (differentiated by mode) to reach jobs, schools and healthcare facilities, and indicators for private and public transport.

KEYNOTE ADDRESS: JOSEPH E. STIGLITZ



Joseph E. Stiglitz, Columbia University, United States

Joseph E. Stiglitz focused on the developments, challenges and progress in the measurement of well-being that were accomplished in the three years since the publication of the Report of the *Commission on the Measurement of Economic Performance and Social Progress*, which he chaired alongside Amartya Sen and Jean-Paul Fitoussi.

Stiglitz began by some of the most recent “success stories” in well-being measurement, such as Bhutan, Canada and Scotland. Bhutan’s concept of Gross National Happiness (GNH) has been widely influential. In Canada, use of a broader set of indicators to gauge societal performance led to a markedly different picture of how well the country was doing: while GDP had increased by 31% between 1994 and 2008, the Canadian Index of Well-Being (a multi-dimensional measure) improved by only 11%, with declines in some measures such as the environment. Scotland’s Roundtable on Measuring Economic Performance and Social Progress, led by the Carnegie UK Trust, used the Stiglitz-Sen-Fitoussi report as a template for its own report “More than GDP: Measuring what Matters”, making the point that “GDP measures the busy-ness of our economy – but is a growing economy busy doing the right things? Making our economy do more will not necessarily make it do the things we want”. Stiglitz argued that the existence of a broad national performance framework, such as that presented in the Scottish report, is important in itself, to recognise that there are many societal goals that either lie outside the reach of a market economy or that are not properly incorporated in GDP.

“Making our economy do more will not necessarily make it do what we want.”

JOSEPH E. STIGLITZ

Columbia University, United States

Citing the Report of the Scottish Roundtable on Measuring Economic Performance and Social Progress

Stiglitz focused on one key area where GDP provides a particularly deficient picture: inequality. As detailed in his recent book “The Price of Inequality”, inequality has many dimensions: the increasing share of income going to the top, the hollowing out of the middle class, the lowering of household income for the smaller fraction of the population that lies within a given range of the median, and the increasing frequency and intensity of poverty. This suggests an interesting research agenda, to describe the distribution of income using relatively few parameters. While several measures are used to describe income distribution, they all have limitations and fail to reflect societal attitudes towards inequality. In many ways, more important than income inequality *per se*, is the increasing inequality of opportunity that is occurring in many countries. Measuring inequality in opportunities is difficult but can be done, for example by looking at the correlation between a child’s income or socio-economic status and that of his parents. When assessed based on these measures, the opportunities of a child in the United States are more dependent on the income and education of his parents than in any of the other advanced countries for which there are data. And there are other dimensions of inequality, such as health status or environmental quality (e.g. exposure to pollution and toxic waste) where the poor suffer disproportionately more, which also need to be better understood.

How can we build metrics that could guide policy-making towards better performance? Stiglitz argued that GDP as a measure of success is inherently flawed. If the societal value associated with publicly provided goods is systematically and significantly underestimated, then GDP will understate the contribution of public spending to economic performance and societal progress. If government spending is directed at reducing inequality or improving the environment then GDP, which takes little or no account of either, will not reflect the resulting improvement in societal performance. Because of a biased measure of the output of the financial sector, econometric studies will overestimate the role of the financial sector in true economic performance.

Stiglitz expressed disappointment that a more robust “cottage industry” of research has not emerged to explain better measures of well-being, which would be important to better understand inter-linkages among the sub-

components of performance. Stiglitz argued that time is ripe for the economic profession to start using alternative metrics in its analytic and policy work, and that the OECD could act as focal point for this work, reporting back on its results at the next OECD World Forum in three year’s time. Measures such as those developed by the OECD in recent years are a first step to develop causal analysis which is critical for influencing the policy agenda.

Stiglitz argued that, in a myriad of contexts, ‘means’ have been confused with ‘ends’, and that we have confused an improvement in our metrics with genuine success. Because some things can be more easily measured than others, we focus of those that can, ignoring those that cannot. We do so at our peril as, in the end, the pursuit of a flawed measure of success may lead to a failure in achieving what we really strive for. For example, in the case of education, we tend to focus on basic skills, which are easier to measure, than on creativity and cognitive abilities, where good metrics are missing: but by centering attention on what we can measure, we divert attention from what really matters.

Stiglitz warned about the pitfalls of standard welfare analysis with its individualistic perspective, which ignores the fact that preferences are often endogenous and socially determined. He gave the example of the United States and Europe. John Stuart Mill predicted 150 years ago that, as societies became able to meet their basic needs more easily, they would devote more efforts to human improvement. Similarly, John Maynard Keynes, 75 years ago wondered whether people, as they became richer, would choose to work and consume more, or work less and have more leisure time. The United States seem to have chosen the path of higher consumption with less leisure, while Europe seems to have opted for more leisure and more moderate increase in consumption. While there is nothing intrinsically different between either the people or the environment that would have led to these differing patterns of behaviours, these differences are to a great degree socially determined. What is clear, Stiglitz noted, is that the path chosen by the United States is not environmentally sustainable; the planet would simply not survive if the rest of the world followed the same course. He also stressed the importance of other aspects of our environment, such as the sense of community, our trust in institutions and our respect for others, aspects that are sometimes referred to as social capital. The value of trust and of the sense of belonging to a community is not only instrumental but has also “existential value”, as they increase our freedom of choice and social justice.

Stiglitz concluded by noting that the discussions on improved metrics are still not capturing what went wrong before the crisis. The GDP growth record before the crisis was distorted by deceptive misreporting in the financial sector and by an artificial bubble in real estate prices. Had

the focus been on other measures of success, such as what was happening to median income, we may have seen that things were actually going rather badly. Further, GDP growth was supported by debt and was unsustainable, a fact that was concealed by gross accounting. While the failures of the economy were clear, other changes in the US society were equally disturbing: bank CEOs openly stating that “no-one should trust banks”; speculators taxed at lower rates than workers; and legal frameworks such as the “partial indentured servitude” implying that derivatives and credit default swaps would take priority in the event of bankruptcy while making student loans virtually non-dischargeable. These and other elements of social and economic legislation were (in Stiglitz’s view) a reflection of, and a contribution to, the US divided society and economy. These aspects cannot necessarily be captured through extended metrics, just as measures cannot give a sense of the excitement that can come from living in a dynamic society where all individuals have the capabilities to live up to their potential, where there’s a sense of community and purpose.

Stiglitz closed by saying that even if our metrics do not, or perhaps never will, fully capture these important dimensions of performance, we should not lose sight of them. Metrics are supposed to help our quest to create a better world but they will never be a substitute for public dialogue and thinking about what makes for a good society.

“Our metrics will never be a substitute for public dialogue and thinking about what constitutes a good society.”

JOSEPH E. STIGLITZ

Columbia University, United States

ROUNDTABLE 1: MEASURING WELL-BEING INITIATIVES IN INDIVIDUAL COUNTRIES



JIL MATHESON (Chair)
Chair of OECD Committee
on Statistics and National
Statistician,
United Kingdom



JIANTANG MA
Commissioner,
National Bureau of Statistics,
China



ENRICO GIOVANNINI
President,
National Institute for Statistics,
Italy



ROMULO VIROLA
Former Chief Statistician,
Philippines



KARMA TSHITEEM
Gross National Happiness
Commission Secretary,
Bhutan



PETER HARPER
Deputy Australian Statistician,
Australia



GERARDO LEYVA
Deputy Director of Research,
Instituto Nacional de
Estadística y Geografía,
Mexico

Following the release of the seminal report by the Stiglitz-Sen-Fitoussi Commission in 2009, several important initiatives have been launched in different countries to improve existing metrics of well-being and progress. These initiatives range from nation-wide consultations (such as the one launched by Prime Minister David Cameron in the United Kingdom), to parliamentary commissions (such as the ones established in Germany and Finland), to expert round tables tasked with proposing indicator sets based on existing statistics (such as in Japan, Italy and Spain) and to initiatives to develop new statistics (such as new surveys launched in Morocco, Japan, Mexico and Europe, and the methodological activities undertaken by the OECD and the European Statistical System).

Jil Matheson briefly outlined the main features of the UK well-being initiative. In early discussions with politicians and their advisers, three operational conditions for the national initiative had been set: first, that it would take time to develop the right conceptual frameworks and measures; second, that national developments had to take place in an international environment; and third, that the success of the initiative would depend on how the indicators were used, not how clever they were. Matheson introduced the speakers, asking them to provide examples of how the measurement initiatives undertaken in different countries were developing conceptual frameworks and indicators, how well the indicators were being used, and how they had addressed the challenge of measuring not just what matters to politicians but what matters to citizens.

“We need to measure, not just what matters to politicians and policy makers but what matters to citizens.”

JIL MATHESON

Chair of OECD Committee on Statistics and National Statistician, United Kingdom

Karma Tshiteem introduced Bhutan's experience of pursuing happiness as a development objective. Gross National Happiness (GNH) seeks to achieve a harmonious balance between the material and non-material needs of Bhutan's society, consistent with the sustainable use of the natural environment. GNH simple premise is that happiness is ultimately what every individual wants from their life, so it must be the purpose of government to create the conditions needed to achieve that goal. He argued that, based on this philosophy for over 40 years, Bhutan's culture and tradition are today flourishing within one of the best natural environments in the world.

In 2006, three initiatives were undertaken to ensure the continued use of GNH to influence policy. First, the GNH Commission was created with a mandate to guide Bhutan's development. Second, more precise indicators and tools were implemented. Third, a biennial survey was introduced to facilitate the formation of a GNH index across nine domains and 126 variables. Among these nine domains, Karma Tshiteem singled out psychological well-being (including spirituality), cultural diversity and resilience (as factors shaping people's identity), community vitality (meaningful interactions are source of joy) and time use (how you align the use of time to what you value is critical for happiness). He identified among the most significant findings from the most recent GNH survey the strong correlation between meditation and psychological well-being, an observation that led to the introduction of meditation as an extra activity in all Bhutan's schools in 2010. Bhutan is using 23 variables to screen policy proposals and resource allocations. These actions aim to influence societal behaviours and choices, leading to higher national well-being.

“Happiness is, ultimately, what every individual wants from life.”

KARMA TSHITEEM

GNH Commission Secretary, Bhutan

Romulo Virola noted that the Philippines were among the early movers in the well-being agenda, as their happiness index was developed three months after the OECD Istanbul Declaration in 2007. Pilot surveys were conducted on the military and low income groups, generating interest from a wide range of stakeholders. Well-being is now firmly entrenched in the Philippines National Strategy for the Development of Statistics (NSDS). Additionally, the Philippine Statistics Office has conducted subjective quality of life surveys since 1991; undertaken work to quantify women's contribution to GDP; and formulated a good governance index. Whilst sources of happiness vary across groups, evidence for the Philippines suggests that family, health and religion are the most important sources, while culture, community work, sport, leisure and politics are less important. In moving forward the well-being agenda, Virola argued that international measures of well-being should not be flawed by differences in national aspirations, and identified three conditions for success: first, the generation of statistics on well-being by national statistical systems; second, the frequent use of these statistics by decision makers; and third, greater investments in statistics.

“Many poor countries are happy, and many rich countries have high suicide rates.”

ROMULO VIROLA

Former Chief Statistician, Philippines

Jiantang Ma, while noting that NBS China has not undertaken any formal measurements of societal well-being at the national level, referred to two initiatives undertaken in Guangdong, the largest province in China in terms of population and GDP: first, the formulation and release in 2011 of the Guangdong well-being index, comprising ten first-level indicators; second, the use of this approach as a pilot for possible expansion at the country level. Ma argued that having only GDP may not be enough to be happy, but that if we do not have enough GDP we cannot be happy. He emphasised the need to go beyond GDP, urging statisticians and economists to help maximise the benefits of both GDP and well-being measurements. Happiness is a matter of philosophy and perception, and statisticians and economists should be aware of the significance challenges that this poses.

“If we have only GDP we may not be happy enough, but if we do not have enough GDP we cannot be happy.”

JIANTANG MA

Commissioner, National Bureau of Statistics, China

Roy J. Romanow, Chair of the Canadian Index of Well-Being Advisory Board, introduced Canada's well-being initiatives via video.

The second annual release of the Canadian Index of Well-Being (CIW) took place in October 2012. This was the latest milestone in a long journey. Around a decade ago, when Canadians first started talking about measuring and reporting on social progress, there was a realisation that it begged the fundamental question “progress towards what?”. At that stage, a firm commitment was made to ensure that, whatever the answer, it would be rooted in Canadian experience and grounded in Canadian values of fairness, diversity, equity, inclusion, health, safety, economic security, democracy and sustainability. Canada's well-being work is led by civil society and supported by a community of distinguished Canadian and international researchers, practitioners, policy experts, community groups and well-being advocates – in consultation with government. Crucially, it was conceived and implemented entirely by citizens and citizen-based organisations. Following comprehensive country-wide consultation, where Canadians were asked to speak candidly about what mattered to their quality of

life, researchers designed the CIW framework. The CIW includes 64 indicators, grouped into eight domains. These indicators are also combined into a composite index that provides a snapshot of how Canadian quality of life is changing, for better or for worse. The CIW is now housed at the University of Waterloo and based on two strands of work: collaborative research, and communication and public engagement, both of which are fundamental to transformative change. The main finding from the first CIW, released in October 2011, was that, Canada's GDP had increased by 31% between 1994 and 2008, while the CIW went up by less than one third of that amount. In other words, much of the productivity gain did not translate into improvements in the day-to-day quality of life of ordinary Canadians. Romanow argued that, for the first time, Canada had an evidence-based, integrated picture on which to base policies that better reflected its needs and values.



“Canadians are empowered to advocate for change, and to hold government accountable for the decisions they make.”

ROY J. ROMANOW

Chair, Canadian Index of Well-Being Advisory Board, Canada

Peter Harper stressed the importance of consultation for the ongoing revision of Measures of Australia's Progress (MAP). The MAP dashboard, introduced in 2011, covered 17 elements across three domains: society (health, education-training, work, crime, family-community-social cohesion and democracy-governance-citizenship), economy (national income, national wealth, household economic well-being, housing and productivity) and environment (biodiversity, land, inland waters, oceans-estuaries, atmosphere and waste). He argued that the Australian well-being framework aimed, above all, to reflect the views of the Australian people. The model for the production of progress measures was based on the notion that, in order to know if we are progressing, we need to know the aspirations of the Australian people, which could then be mapped to indicators describing their most important features. The resulting matrix would allow for examining the relationships and trade-offs between aspirations and progress. As part of the consultation process, the Australian Bureau of Statistics (ABS) closely monitors initiatives and engages with national statistical offices and international organisations

to inform future work. Nationally, valuable collaboration took place with experts, Federal and State governments, community groups and through public conversations. Findings from the consultation have revealed a new set of aspirations for national progress and exposed some gaps in the current picture of social progress, especially in the built environment and intangible aspects that enrich people's lives. They have also established the key roles of sustainability, resilience and equity. "Governance" has emerged as a new domain of progress in its own right – and relationships/tensions have emerged between it and the other three domains of society, economy and environment.

“The ABS now knows what is important to Australians and why these things matter for national progress.”

PETER HARPER

Deputy Australian Statistician, Australian Bureau of Statistics

Enrico Giovannini introduced the Italian initiative for measuring equitable and sustainable well-being (BES, based on its Italian acronym), a collaboration between the Italian National Economic and Labour Council (CNEL) and the Italian National Statistical Office (Istat). The BES initiative delivered a dashboard of indicators providing a shared view of the progress of Italian society. The dashboard is being built on a deliberative process based on three components: first, a Steering Committee with 33 stakeholders (entrepreneurs, unions, NGO networks, women, consumers, environmental organisations), to identify domains and agree on a final list of indicators; second, a Scientific Commission of 80 experts from academic and research institutions, to identify the best indicators from each domain; third, public consultations through a national survey, blog and regional meetings. Next steps in the BES initiative will include: further discussion on the dashboard of indicators at local level; a first report on well-being in Italy: analysis of well-being and equity; definition of composite indicators for each domain or sub-domain; and definition of a set of indicators in order to assess sustainability. Giovannini argued that the BES initiative will have applications for policy making: the BES report will be presented to Parliament and could be discussed in specific parliamentary commissions; technical notes might evaluate the impact of new legislation using the BES domains; and a suite of statistical and econometric models could be developed incorporating BES indicators to support ex-ante evaluation of policies. BES indicators will also be used in statistical projects developed for students.

“The progress of a society comes from an increase in equitable and sustainable well-being.”

ENRICO GIOVANNINI

President, National Institute for Statistics, Italy

Gerardo Leyva described the three main steps taken by the national statistical office of Mexico (INEGI) to develop better well-being statistics. The first has been to promote discussions on the subject through seminars and conferences organised with other partners. The second has been to integrate existing well-being statistics in a specific subsection of the INEGI website, and developing new measures where these were lacking: this has taken the form of including new questions on subjective well-being in a range of existing surveys (household income and expenditure survey, time use survey, consumer confidence and public perception survey). The third has been to promote the use of the new set of well-being indicators.

Mohamed Taamouti, Director of the Moroccan Statistics Office, spoke from the floor about measurement initiatives in Morocco. In 2012, Morocco carried out its first well-being survey based on an interactive approach: first, the population was asked what mattered to them (with results showing that the most important dimensions are housing, income, employment, health, education, cultural and spiritual life, and leisure); second, for each of these dimensions, more detailed questions were asked to determine the precise meaning of the initial responses (with questions about satisfaction for each domain and life satisfaction in general also included); third, through repeated surveys, people's satisfaction in each domain will be observed to assess the impact of policy changes.

Claire Plateau, from the French Statistics Office (INSEE) spoke from the floor about well-being measurement initiatives in France. Since the publication of the Stiglitz-Sen-Fitoussi Report, INSEE had introduced quality of life variables in existing surveys and had implemented a specific multi-modal survey on quality of life. This survey enabled, for the first time, scrutiny of all objective and subjective quality of life dimensions recommended in the Report. Benefits of this initiative will include: an ability to calculate, at the individual level, correlations and cumulative welfare deficiencies; a better understanding of the links between objective drivers of quality of life (e.g. health, education, marital status, subjective well-being); and providing more information to policy makers, who can currently only rely on objective quality of life measures to inform their policy. Initial results from the survey show that weak social links, financial constraints and stress have the strongest relationship with perceived well-being,

closely followed by health problems, housing issues and insecurity. Results also show that income does not play directly on well-being, but through the consumer goods that people can buy. For employed people, survey results show that psycho-social risks lead to low perceived well-being.

Jil Matheson concluded the round table by drawing attention to the wide range of measurement initiatives undertaken by countries, their similarities but also their differences, and the implications this raises for cross-country comparability.



L-R: Gerardo Leyva, Instituto Nacional de Estadística y Geografía, Mexico; Romulo Virola, former Chief Statistician, Philippines; Karma Tshiteem, Gross National Happiness Commission Secretary, Bhutan; Peter Harper, Australian Bureau of Statistics; Jil Matheson, Office for National Statistics, United Kingdom; Jiantang Ma, National Bureau of Statistics, China; Enrico Giovannini, National Institute for Statistics, Italy

THEME 2 — OVERVIEW

ADDRESS: QUALITY OF LIFE



Richard Layard, London School of Economics, United Kingdom

Quality of life depends on both people's attributes and on the characteristics of the environment and society in which they live together as a community. Both of these aspects shape people's 'doings and beings', as well as their opportunities, freedoms and choices. Quality of life therefore takes us beyond the notion of people's economic resources and material conditions, requiring consideration of their health status, their education and skills, their social connections, the ease with which they can balance work and family life, the quality of the environment where they live, their personal security, the extent of their civic engagement and the features of the governance system, and their subjective experiences and evaluations of their life. Measuring quality of life requires looking at all of these elements at the same time and based on a variety of perspectives: objective and subjective; averages and disparities across population groups; national and sub-national levels. While lacking a common metric, outcome measures in each of these fields would allow addressing the potential trade-offs and synergies that are associated with different policies.

Shailaja Chandra, in introducing this session, focused on the inherent complexity and local dimension of the notion of quality of life.

Quality of life is a multi-dimensional concept that is understood differently within different contexts and by different actors (individuals, communities, societies, policy makers). She argued that the concept of quality of life goes beyond that of standard of living, by including indicators of the built environment, physical and mental health, education, leisure time, social belonging and

happiness. International comparisons are important to assess how a country fares relative to its peers, but people tend to compare themselves to their friends, their neighbours, or to people who are what they are aspiring to become within their communities, rather than to people from other countries or from different social contexts. In this respect, Chandra stressed the importance of conceptualising and measuring people's quality of life through a local lens.



“It is important to realise that quality of life is highly contextual.”

SHAILAJA CHANDRA
Former Chief Secretary,
Delhi, India

Richard Layard structured his keynote speech around five focal points. First, he stressed that subjective well-being means quality of life as people *themselves* experience and evaluate it. It is a democratic criterion – which means that we must ask people questions such as “how do you evaluate your life?” and “are you satisfied with your life?”. In this respect, Layard applauded the work that the OECD has been doing to develop measures on subjective well-being that could be used in an internationally comparable way.

In the eighteenth and nineteenth centuries, the thought that the best societies are those in which there is the most happiness and the least misery was a commonplace view, and it helped usher in more humane social order. At that time, however, not much was known about how to measure happiness, and there was no scientific evidence on what caused it, which brought – according to Layard – to the idea that GNP or GDP per head might be an adequate measure of the progress of our society. In the last 40 years, however, we have changed track and developed the ability to measure subjective well-being, and to understand of what causes it.

Second, Layard argued that it is time to measure subjective well-being in a way that can guide policy. The reason why subjective well-being should be the over-arching measure of how societies are doing is that it self-evidently matters to people, and it matters in a way that goes beyond the way in which any of the other goods matter. Objective measures, on the contrary, get their value, from how they contribute to the subjective quality of people's experience. According to Layard, taking subjective well-being as the guide of policy actions would facilitate the role of policy makers, as it would provide an over-arching criterion against which to assess different policy options whenever there are conflicts and trade-offs

between different aspects – e.g. between freedom and equality, or between different claims on the budget.

Third, Layard argued that feelings have sufficient objective reality to be taken seriously. Neuro-psychologists have discovered good correlations of self-reported happiness and electronic readings in the areas of the brain where happiness is experienced. Researchers have also found a good correlation between the happiness that an individual self-reports and the estimate made by a friend. Hence, despite some idiosyncratic ways in which people self-report happiness, there is an objective content in what people report about their subjective experiences.

The fourth point made by Richard Layard was that there are many causes of a person's quality of life. Some, mostly external – such as income, housing conditions or social relations – have been analysed thoroughly. Internal causes of well-being, on the contrary, have often being neglected. Among those, mental health plays an important role. In order to take into account the negative effects on subjective well-being of depression and mental disorders, Layard advocated for a new concept of deprivation, where a person is considered deprived not only if he or she lacks the financial means to enjoy life, but also if they lack the psychological means. If the goal of policy-makers were understood as improving a person's life satisfaction, then a full structural model would be needed which starts with the person as a child, traces his or her development and its causes, and shows how that child's development determines the adult outcomes, thus telling us the most effective stages of their life-cycle in which to intervene.

“I think it is now possible to move towards a new form of policy analysis where benefits are measured directly in units of well-being.”

RICHARD LAYARD
London School of Economics, United Kingdom

Finally, Richard Layard stressed the importance of moving from a dashboard approach to measuring well-being towards one that combines and aggregates quality of life indicators. In his view, if we fail to aggregate indicators of quality of life based on the evidence of how much each of them matters, we would risk to get stuck with GDP, just because policy makers need a simple criterion. However, Layard recognised that the choice of the weights to attribute to the different metrics of quality of life raises methodological issues. The criterion of ‘willingness to pay’, which has long been used to evaluate the feasibility and efficiency of different policy options, ignores income distribution (treating each dollar as equivalent) and cannot

handle many of the most important social influences on human happiness, such as social care and employment. This underscores the need to move to subjective well-being as the alternative aggregation of 'willingness to pay'. At the end of his speech, Layard underlined the contribution that the OECD could make to move towards policies aimed at well-being.

WORKSHOP 2A: IMPROVING HEALTH CONDITIONS



MARK PEARSON (Chair)
Directorate for Employment,
Labour and Social Affairs,
OECD



JENNIFER MADANS
National Centre for Health
Statistics,
United States



ANGUS DEATON
Princeton University,
United States



CLAUDIA STEIN
World Health Organization



A. K. SHIVA KUMAR
National Advisory Council,
India

People's health is probably the single most important factor shaping people's life, and indicators pertaining to it feature prominently in the policy-agenda at both the national and global level. There is also shared understanding that health status is more than absence of illness and disabilities, and that its determinants include both individual life-style factors and society-wide elements. Better metrics of health status should provide the basis for evidence-based policies, and for assessing the extent to which the large cross-country differences in health care spending translate into differences in health outcomes. Statistical challenges in this field remain daunting. While measures of the 'length' of life are well established, their quality remains an issue in many developing countries that are still lacking comprehensive death registers. Even in developed countries, death certificates are not usually linked to basic demographic records of each person, so as to allow measuring inequalities in length-of-life across people with different characteristics (e.g. ethnicity, education, or income). Gaps are even larger when considering measures of morbidity. There is currently no commonly collected set of measures that allows comparing and monitoring non-fatal health outcomes. While an international agreement seems to have now been reached on how to measure non-fatal health outcomes in principle, we are still far from consistent implementation of these measures. Perhaps the most significant gap is the measurement of mental health, for which internationally comparable information is simply not available, despite evidence that mental health accounts for a significant and rising proportion of total health costs. Beyond the issues related to data availability, there are also conceptual challenges on whether and how to combine information on different health conditions into a higher-level measure that could be used for monitoring outcomes and target setting.

Health status is a critical component of people's well-being: you have to be alive to have any well-being, and sickness hugely reduces it. If health status affects people's sense of well-being, the reverse is also true; people reporting better well-being are less likely to get cardio-vascular disease, they age more healthily, and they may even have higher pain thresholds than people with less well-being (Claudia Stein). Measures of population health come in many forms. Life expectancy is the most commonly used measure for comparative purposes but it is not always a good measure. For example, Angus Deaton stressed the importance of looking at women's fertility rates when interpreting changes in life expectancy. Consider the case of a developing country in which families have six children

on average, three of which die at birth and three die at 60, with an average life expectancy of 30. Now, suppose that health policies reduce child mortality by a third, so that two children die at birth and four live to the age of 60, which raises life expectancy to 40. But also suppose that, under an alternative scenario, parents change their behaviour so that they now have only four and a half children on average, of which one and a half die at birth and three live to 60. In this second case, life expectancy is also 40, but we still have still three people living to 60, as in the baseline scenario. This second case implies lower maternal distress at losing fewer children at birth than in the first case, but this aspect is not highlighted by life expectancy. As a proxy for well-being, life-expectancy obviously leaves something to be desired.

Beyond these interpretation issues, there are still huge problems in measuring life expectancy in some parts of the world. In the case of many African countries, measures of life expectancy are based on extrapolations of child mortality, adjusted for HIV/AIDS prevalence, rather than hard statistics. A further problem is that few countries measure life-expectancy by socio-economic status, thus failing to provide critical information on health inequalities.

“We are abusing life expectancy when using it as an overall measure of health status or of people's well-being.”

ANGUS DEATON

Princeton University, United States

Measurement challenges are even bigger for morbidity. Deaton argued that people's height is a good summary of health status at least up to the age of 50 (when people start getting shorter), reflecting the cumulative impact of a range of factors in childhood and adolescence. In recent decades, average height has been increasing faster in China and European countries than in the United States, with no correlation with growth in GDP per capita. Objective measures of pathologies and medical tests come in such a variety of forms that they are not suitable for comparative monitoring and benchmarking, while measures based on self-reports may be difficult to use, particularly in international comparisons, as they are potentially affected by cultural factors. According to Jennifer Madans, the best of all are measures of functioning, i.e. measuring the things that people can do. Measures of functioning have the advantage of making it clear that health status can be improved in many ways – by prevention and cure, but also by changing the environment where people live, so that people can do more even though they may be affected by a disease or disability. The UN city initiatives on measuring health status (also known as Budapest initiative) and disability



L-R: A. K. Shiva Kumar, National Advisory Council, India; Jennifer Madans, National Centre for Health Statistics, United States; Mark Pearson, OECD; Angus Deaton, Princeton University, United States; Claudia Stein, World Health Organization

(known as Washington group) have now merged and come to an agreement on a set of six questions to measure functioning, which should be the basis for international comparisons of morbidity. These questions have been recommended for use in the context of the 2020 population censuses, but implementation will have to be promoted and monitored if they are to become an international standard.

The WHO Euro Region is also trying to develop alliances with different stakeholders (including NGOs and international organisations) to get support for better measurement of the health-related aspects of people's well-being (based on a person's overall evaluation, psychological functioning and affective states), as a possible basis for measurement and target setting in the context of the European-level *Health 2020* policy.

Measuring mental health is also a major challenge: it represents a huge proportion of the burden of diseases and, if not measured well, the risk is that it will simply be neglected in policy assessments. One of the main priorities in this field is to measure common forms of mental distress, such as depression and anxiety.

“We have more measures of morbidity than we know what to do with them.”

JENNIFER MADANS

National Centre for Health Statistics, United States

The discussion highlighted other limits on existing health metrics. Measuring health outcomes for some population groups has, arguably, been largely neglected. In developing countries, for example, there has been a huge effort to measure maternal and child health but, in countries such as India, this may have come at the expense of measuring the health of adolescents and the elderly (Kumar). There is also a risk that too much focus

on general health outcomes may miss out some of the benefits of health-care policies. This is because most measures of health status reflect the slow accumulation of different effects over time, while policy-making often requires more immediate and responsive indicators, such as measures of patients' experiences. Kumar also stressed the importance of distinguishing between 'constitutive benefits' of health ("if I am healthier, I feel better") and 'consequential benefits' ("if I am healthier, I can get a job"), a distinction which, in his view, militates against attempts to create a single measure of the benefits of improved health conditions.

WORKSHOP 2B: INVESTING IN EDUCATION AND SKILLS



HAISHAN FU (Chair)
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GENOVEFA RUŽIĆ
Deputy Director-General,
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ANAND SUDARSHAN
Manipal Global Education
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BARBARA ISCHINGER
Director,
Directorate for Education,
OECD

Investing in people's education and skills is important not only for furthering economic growth and taking advantage of new technologies, but also for its effects on the well-being of people and of the broader community. To better understand the returns to investments in education, and to target policies appropriately, policy-makers need good information about educational outcomes, their drivers, and their distribution across society. Measures of people's education have typically focused on participation in primary, secondary and tertiary education (with measures of this type featuring among the Millennium Development Goals), and on the economic benefits associated with education (in the form of higher wages and employment opportunities upon reaching adult life). These traditional approaches have been complemented in recent years with measures of skills and learning outcomes, such as direct assessments of students' competencies (e.g. the OECD's PISA). In many countries, these measures have changed the discussion on educational policies, providing a benchmark for assessing the quality of education within- and across-countries, and highlighting the importance of a range of personal, family and school-characteristics impacting on these outcomes. The usefulness of such measures has led to questions about how to extend this type of assessment to a more diverse range of countries (i.e. developing), outcomes (i.e. non-cognitive skills, people's subjective well-being), and population groups (i.e. adults). With respect to measuring the returns to learning, evidence on the broader non-monetary benefits of education (e.g. on people health status, or on the extent of their civic engagement) is also becoming more widely available. Both types of evidence are changing how economists and statisticians think about 'education', underscoring the need to consider those expenditures that contribute to build-up a country's stock of human capital as a form of 'investment' rather than 'consumption', and of developing tools (such as satellite accounts for the educational sector) supporting this re-orientation.

Haishan Fu opened the panel highlighting the importance of education in the current economic reality and in political discourse of many countries of the world. She referred to the Indian Act on Children Rights to Education enacted two years ago and to the focus on investing in education of the last US presidential campaign.

“Education allows people to dream the world they would like to live in.”

HAISHAN FU

Director, Statistics Division, UN Economic and Social Commission for Asia and the Pacific
(quoting the UN Secretary-General)

Barbara Ischinger stressed that the business case for investing in education is strong: she argued that the economic returns to education are huge (both for the person and for the economy as a whole) but also that non-pecuniary benefits (in terms of higher life satisfaction, lower criminality, more political engagement) are significant. On this background, many OECD and emerging countries have improved their educational outcomes in the past decade or so. Brazil, in particular, presents an impressive case of how low performing countries can use both national and international benchmarking to focus their efforts and establish tools to improve its education systems. She explained that the OECD is currently enhancing the PISA measurement framework to adapt it to the context and specific conditions of low and middle-income countries that expressed a strong interest in joining the PISA assessment.

David Khoudour-Castéras described “why investing in education and skills matters for social cohesion” in developing countries, focusing on its effects on social inclusion, social capital and social mobility. He argued that investments in education and skills can increase social inclusion, by increasing people’s access to better jobs and higher wages, by improving health conditions and reducing child mortality and fertility rates, by leading to a less hazardous working environment and a healthier life-style, and, finally, by empowering women in terms of their ability to earn and make informed choices about nutrition and birth control. Investing in education also enhances a country social capital by increasing civic and political engagement, voter turnout, volunteering and donations, by making citizens more capable of assessing politicians’ behaviour, by increasing trust in others, lowering crime rates, boosting tolerance and reducing discrimination and racism. Lastly, investing in education favours social mobility by broadening people’s aspirations, reducing the importance of inherited factors (such as parents’ economic status, geography, ethnicity, language, religion, immigration status and gender). David Khoudour-Castéras identified the main measurement challenge in this field as that of shifting from quantity to quality of education, and from the skills acquired in schools to the skills used in the labour market. This is particularly important in developing countries, where data gaps on skills mismatch and skills acquired in the informal labour market are significant. He argued that, to improve the availability and comparability

of data in developing countries, it is necessary to collect quality data beyond the electoral horizon, to ensure that developing countries engage more systematically in international assessments such as PISA and PIAAC, and to strengthen peer learning and capacity building.

Genovefa Ružić recalled the four strategic objectives of the European Education and Training 2020 Strategic Framework. She highlighted that statistics on education and training will play a pivotal role in the implementation of this framework as they support the preparatory phase of the strategy, its progress reporting as well as the communication to the general public and policy makers. She then described the current state of play of Slovenia in relation to key EU targets for education. On this background, she identified the main challenges that Slovenia faces in this area, which include focusing more on vocational education, as opposed to general education; increasing the number of graduates in sciences, mathematics and technology, especially for women; improving the efficiency and the quality of the educational system; and investing in lifelong learning.

Anand Sudarshan highlighted a range of challenges in the field of education and skills confronting India and felt that a “measurable and actionable framework” for making progress in education was the key to the transformational changes that government and society want to achieve. The progress made by India in education is striking; 20 million people are studying in higher education, second only to China. However, the challenge ahead is also remarkable, as India adds 15 million to its work force each year. Although India has witnessed impressive changes in terms of income and earning capacity, and of the kind of work that is available, a range of factors pull the country in different directions. He noted that current education policies were developed in the 1960s, when education was funded entirely by the government, while the private sector is today a significant player. Further, large regional differences in the quality of education, especially higher education, and in the availability of jobs have boosted geographical mobility. Finally, he argued that social change has lagged behind economic growth, so that India remains a country with much intolerance.

“We lack measurable and actionable framework for making progress in education.”

ANAND SUDARSHAN

Manipal Global Education Services Private Limited, India

WORKSHOP 2C: INCREASING PEOPLE'S SUBJECTIVE WELL-BEING



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Foro Consultivo Científico y
Tecnológico,
Mexico



YOSHI TAKAHASHI
Japan International
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Ministry of Women, Family
and Community Development,
Malaysia



CONAL SMITH
Statistics Directorate,
OECD

Quality of life has traditionally been measured through 'objective' indicators, i.e. indicators that, even when based on self-reports provided by survey respondents, pertain to aspects that could be observed by a third party (e.g. people's education, their health conditions). In recent years, however, a different type of measures has started to be increasingly used for analysis of quality of life: measures of subjective well-being. These measures focus on how people experience life and on the evaluations they make of life-as-a-whole or for specific domains (e.g. work, family relations, community ties). Originally limited to academic research and measured through small scale non-official surveys, these measures have recently started to be collected by an increasing number of statistical offices, a drive which has led to OECD efforts to provide guidance aimed to increase the comparability of existing data and to encourage more countries to undertake similar collections. Beyond these statistical initiatives, several authoritative voices have underscored the policy relevance of these measures, in terms of either moving onto the political agenda issues that had, until then, escaped the political attention (e.g. mental health, workers' satisfaction with their jobs) or providing a metric for assessing the relative importance of a range of market- and non-market factors shaping people's well-being which could be used in policy-evaluations. This workshop focused on people's reports about the quality of their lives and current states of their emotions. It looked at current developments in the measurement of subjective well-being in a number of countries and on initiatives at the regional and international level. Special attention was paid to what has been learned from recent initiatives to measure subjective well-being at a national level, and to identify the main questions that would need to be resolved in order for these measures to play a greater role in policy making. The workshop also focused on what has been learned, from the data and experiments already available, about what communities, organisations and governments can do to increase the quality of people's lives, as seen through their own eyes.

Glenn Everett opened the session by noting that, although the importance of subjective well-being (SWB) is by now well-recognised, measures of SWB will gain relevance for policy use only if we gain a better understanding of what we are trying to measure and why we are trying to measure it. He identified the following as key areas for discussion by the panel: determining the drivers of SWB; ascertaining whether there are good case studies on the usefulness of SWB data; and thinking about which types of measures would best support policy application.

“Subjective well-being is an end in itself as opposed to income, which is merely a means to that end.”

MARIANO ROJAS

Foro Consultivo Científico y Tecnológico, Mexico

Mariono Rojas stated that well-being is about the experience of wellness and its inherently subjective nature. For development strategies, this implies focusing on people-centred policy, and reconsidering the meaning of human capital, social capital, physical capital, and the idea of ‘leisure’ as idleness. For example, he argued that our understanding of different types of capital should take into account their intrinsic as well as instrumental value. In a well-being perspective, human capital is not just about productivity on the labour market, but also having the ability to live a satisfactory life; similarly, social capital is about the intrinsic value of human relations, and physical capital should encapsulate the ‘livability’ of people’s surrounding conditions.

Rojas argued that social programmes should aim for life satisfaction alongside poverty reduction, and argued in favour of incorporating the hidden well-being costs and benefits in policy decisions, taking into account all the dimensions of well-being.

Yoshi Takahashi, Project Manager for happiness studies in the Japanese International Cooperation Agency, described the development of the Japanese Happiness Index. He argued that happiness is not the same thing as life satisfaction, as it embodies culture, takes into account of events over the life course, as well as being very dependent on social relations. A range of surveys have been conducted in Japan recently. According to this research, income impacts differently on happiness compared to life satisfaction: happiness is more dependent on family and friends whereas life satisfaction is more determined by jobs and income. Takahashi showed how the distribution of happiness differ across countries, with three main patterns: normal, power law and ‘two peaks’ distributions. In the normal distribution, the shape of the curve is symmetrical, with responses peaking around the median value, as is the case for Bhutan and Bulgaria. In the power law distribution, individual records cluster around higher values, as in the case of the United Kingdom, the Netherlands, and Nordic countries. Finally, in twin peaks distributions, there are two levels of happiness around which responses cluster. One possible explanation for the twin peaks distribution is that there are different reference points for the different groups of the population. In Japan, the evidence suggests that there are two groups, one with a reference point of about 5, while the other has a reference point of about 10. Empirically the twin peak

seems to be entirely driven by the group who interpret 5 as the reference point. Takahashi concluded by arguing that happiness is more appropriate for policy making than life satisfaction because it is less economic and more social. He underlined the need to recognise life course differences when promoting SWB-based policies, and stressed the need for caution when making international comparisons due to cultural reference-point differences.

Anjali Doshi-Gandhi described the development of a family well-being index in Malaysia. The aim of this initiative was to monitor family well-being and to identify priorities for action. The conceptual model of family well-being comprises seven domains: (i) family relationships; (ii) family health; (iii) culture, religion and spirituality; (iv) family and community; (v) housing and environment; (vi) family safety; and, (vii) the family economy. Across these domains, family well-being has both objective and subjective elements. Objective elements include health, housing, safety and marriage; while subjective elements include family members’ satisfaction, family happiness, family relationships, family functioning, and resilience. The first data were collected at the end of 2011, and showed that younger people had the lowest levels of life satisfaction and that people over 60 had the highest levels. Overall, whereas income had relatively little impact on life satisfaction, spirituality and trust make very important contributions to family well-being. The average overall well-being score on the index was 7.8 and the policy is to increase that score to 9 in five years’ time.

Conal Smith described the ongoing OECD work to develop Guidelines on the Measurement of Subjective Well-being. The guidelines cover a range of different approaches to measuring subjective well-being, including: evaluations of life satisfaction; measures of positive and negative affect (the experience of joy, happiness, anxiety, sadness, etc.); eudaimonia (self-perceptions of autonomy, competence and purpose); satisfaction with specific life domains; and ‘experienced well-being’ (using time use diary data to link activities to affective states). The OECD Guidelines will be released in the first quarter of 2013, but continued methodological work is needed, particularly in the area of cultural response bias and eudaimonia.

Glenn Everett summed up the session, underlining the fact that while subjective well-being is undoubtedly important, its measurement is still in the development phase and that cultural differences need to be better understood.

WORKSHOP 2D: BUILDING EFFECTIVE AND RESPONSIVE INSTITUTIONS



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Ministry for Rural Development,
India

Accountable and responsive institutions are important factors contributing to well-being, with evidence showing that countries with more effective and transparent institutions, both government and non-government, perform better in a range of dimensions of human development and social cohesion. Indeed, the way of operating of the executive, legislative and judiciary branches of governments affect citizens' lives both directly and indirectly, both in the short-term and across generations. As recent global events have shown, 'governance deficits', or the inability of public institutions to respond effectively to major economic and environmental events, can be just as detrimental as those of a fiscal nature. The OECD has identified some of the common characteristics of effective and responsive institutions, working with countries to develop standards and best practices for improved integrity and anti-corruption, management and budgetary practices, regulatory frameworks, and streamlined and efficient public services, and it supports policy makers with evidence and data that allow making informed choices and implementing agreed policies. But embedding these principles in practice and concrete reforms is complicated: there is no 'one size fits all' approach that allows for the transfer of practices from one country to another, as different political and legal frameworks, cultures and histories create paths which are difficult to break. In such context, changes are typically piecemeal, and they seem to do little in terms of reversing a deep-seated sense of distrust and disenchantment among citizens. This workshop focused on how to develop metrics to measure the performance of different types of institutions and of its effects on people's quality of life.

Rolf Alter, who chaired this session, asked panellists to focus on two specific questions: first, what is the linkage between building effective and responsible institutions and well-being?; and second, who are the actors charged to build these institutions?

“Asking citizens what makes them happy is groundbreaking change.”

JAMES R. SILKENAT
World Justice Project, United States

The first question led to a variety of answers from the panel and from the floor. Varad Pande argued that the government plays an important role in fostering well-being by correcting market failures and by addressing inequalities. An example of a programme addressing a

market failure is India's Rural Sanitation Program. All of the medical evidence clearly shows that open defecation has a huge impact on well-being; however, market failures lead to a situation where rural people do not invest in toilets. A solution to this situation is to correct information asymmetries and provide subsidies for toilets.

James Silkenat argued that multitudes of voices need to be heard in order for changes in well-being to occur. Governance is an enabler in which communities of opportunity and equity can be achieved. The role of social media in the governance process was also cited as an enabler in shifting power positions, by allowing participation by those whose voice is traditionally excluded from the conversation.

A consultation done by the Planning Commission makes clear that citizens are very unhappy about the state of public institutions in India. This dissatisfaction with governance is central to understanding and improving people's well-being. Sue Taylor stated that the Australian Bureau of Statistics, after a public consultation, will change its well-being measurement framework (which is currently based on three dimensions, i.e. economic, social and environmental) to four, to include governance. She argued that Australians were less affected by the global financial crisis compared to people in other countries due to sound and effective regulation of institutions, including banking.

While causality is still being debated, there is a relationship between good governance, economic growth and well-being. François Roubaud cited the "Madagascar paradox" as an example of a country that experienced a steep spurt on GDP growth followed by an eruption of violence and riots. These were not driven by issues around income, but by flawed elections and the spread of corruption at the highest levels of government. This indicates that governance is not only linked to well-being, it is part of well-being.

"Governance is not only linked to well-being, it is part of well-being."

FRANÇOIS ROUBAUD

Research on social and economic development, France

The issue of how to measure these linkages featured prominently in the session. Rolf Alter noted that the measures of civic engagement that are included in *Your Better Life Index* developed by the OECD reflect primarily what we can measure relatively easily. This practical limitation that needs to be overcome. To that end, François Roubaud advocated the wide use of household surveys to get a clearer picture of what citizen preferences are. Results of these surveys, alongside the underlying data,

should be freely available to NGOs and others to hold governments to account. Several comments from the floor argued that subjective measures of well-being are as relevant as objective ones as well as being easier to collect. Further, it was mentioned that governance should be included in the post 2015 Millennium Development Goals as well as the Sustainable Development Goals frameworks.

"If you want to understand well-being, ask the citizens. They understand."

ARUN MAIRA

Planning Commission, India

The second question put forward by the chair ("who are the actors charged to build these institutions?") generated a variety of answers from the panel and from the floor.

When governance is defined as 'how a society organises itself', many actors are obviously involved; these include governments, civil society, citizens, multinationals, businesses and the media. All of them have a role to play in terms of promoting well-being.

The role of multinationals was highlighted in the discussion as particularly important, due to the complexity in the relationship between these companies and citizens. In this new context, the role of the government is also changing. The role of a free and fair media was also recognised for its importance in facilitating a balanced conversation between all stakeholders. In the case of Australia, for example, citizens identified the media as a high priority.

There was some discussion around the different roles that various actors can play in developing and developed countries. Some interventions noted that the actors shaping governance are the same in all countries, but that their balance of power is different. The strength of civil society organisations is an indicator of social participation by citizens. However, some of these organisations are driven by religious beliefs or by ideological orientations, which make an assessment of the role of civil society organisation in developing countries even more complex. Further, in some countries like Egypt and Russia, the civil society is often considered as a threat rather than an element of checks and balances. There was some discussion around the best way to integrate the voices from civil society into the planning processes of governments, depending on the level of government (local, regional, national, supra-national) and the instrument of intervention (such as regulations, public spending, taxes, etc.).

In concluding the workshop, Rolf Alter stressed that this work and debate will be continued at the OECD. He recommended that further exploration in this area should

look at the responsibilities of each of the actors shaping governance, and at how to harness a collaborative effort in this journey to well-being of citizens.



L-R: François Roubaud, Research on social and economic development, France; Sue Taylor, Australian Bureau of Statistics, Australia; Rolf Alter, OECD; James R. Silkenat, World Justice Project, United States; Arun Maira, Planning Commission, India; Varad Pande, Ministry for Rural Development, India

KEYNOTE ADDRESS: KARL FALKENBERG



Karl Falkenberg, Director General, DG Environment, European Commission

Karl Falkenberg gave the perspective of the “demand” side of the measurement debate, speaking as a data user and policy maker, rather than a statistician. He welcomed the opportunity for dialogue provided by the conference, and stressed that the quality of EU DG Environment’s policy work is directly dependent on the quality of the work of data providers: statistical offices, social and environmental agencies at the national and EU levels, researchers, and even space agencies that provide relevant data on land use, nature and bio-diversity. Falkenberg stressed the central role of the environment to quality of life. Environment policy makers are concerned with quality of life on all time-scales, from the short- to the long-term, looking at issues ranging from noise reduction and clean air that directly impact on people’s current well-being to the very long term challenges of climate change, preserving natural resources, supporting prosperity and an inclusive green growth.

With a background as both economist and journalist, Falkenberg has experience both as a producer and user of indicators. Both sides have in common the desire for information that is fresh and at the right level of detail. Data with high granularity are needed for policy formulation and analysis. However, Falkenberg argued that, for communication purposes, one single headline is needed, which is why GDP has been so successful and has proved so resistant to being sidelined by other indicators. Falkenberg referred to the European Union “Beyond GDP” agenda as an attempt to develop alternative indicators.

As communication tools, indicators can be very powerful both in a positive and negative sense, and the strengths and limits of indicators have to be taken into account. A key lesson from the “Beyond GDP” initiative in Europe is that GDP has been, for far too long, misunderstood or overused as a measure of general societal progress. We

should bear this lesson in mind when developing new indicators, and always ask ourselves what do these new indicators tell us and what do they not.

Falkenberg then described the environmental and sustainability political framework for the EU, as embodied in the “Europe 2020” strategy, which include a strong environmental pillar alongside socio-economic objectives. Europe 2020 aims to achieve smart, sustainable and inclusive growth, with both short and long term prosperity of Europe as final goal. It focuses on growth stimulated by prosperity, innovation, resource efficiency, delivering quality of life and social cohesion. A similar vision was advocated at the Rio+20 Conference in June 2012, which stressed that inclusive and green growth is the most sustainable and promising way to eradicate poverty and increase quality of life for the vast majority of people on this planet. Falkenberg noted that poverty and the absence of well-being are related concerns. The Europe 2020 strategy has set a target of lifting 20 million Europeans out of poverty and social exclusion.

“GDP has been, for far too long, misunderstood or overused as a measure of general societal progress.”

KARL FALKENBERG

Director General, DG Environment, European Commission

Falkenberg argued that it is impossible to achieve a policy objective if we cannot show progress; and that we can show progress only if we can measure it with reliable and up-to-date data. With respect to the goal of lifting 20 million people out of poverty and social exclusion, the EU has created a 3-dimensional indicator comprising low income, material deprivation, and lack of paid work. He argued that while it was not easy to convince statisticians and specialists about these crude but meaningful measures, they are necessary for high-level policy-making. The next challenge, according to Falkenberg, is to measure the three pillars for sustainable policy (economic, social and environmental), and to bring them together.

Falkenberg mentioned the “Resource Efficient Europe” strategy, through which the EU is trying to bring economic activity in line with the limited resources of Europe and, in a wider sense, of the planet. The key challenge facing the world, he said, is to find ways of producing and consuming that will allow the expected 9 billion people on this planet to enjoy an average quality of life equivalent to that of Europe. Existing indicators and models show that we would probably need the natural resources of about 2.5 planet Earths if we were to go on doing business as usual. New ideas are required alongside appropriate measures, because if we continue to provide, through

GDP, the impression that we are delivering success stories, politicians are unlikely to change their approach. Falkenberg argued that such additional measures should complement GDP, which implies finding ways to attach a monetary value to the environment and the services that it provides. Statisticians have tended to resist to this idea, although there have been ad hoc attempts (such as the European Communities Report on the “Economics of Eco-Systems”). He argued that more work is needed to develop top-level summary indicators on the key dimensions of societal progress, in order to impact on newspaper headlines or television news, which is necessary to challenge, complete and supplement the dominance of GDP.

Measuring future well-being and sustainability is urgent. He argued that while the capital-based framework provides one approach, we should also think about risk assessment at the national level, encompassing health, education, financial and resource-related risks. The insurance sector may provide some guidance on how to summarise complex issues into simple figures. The Stern Report on climate change also provided an excellent example of valuing environmental damages and eco-system services. Beyond valuation of natural capitals, Falkenberg said that we need detailed “asset accounts” for national economies. While sustainability reporting is beginning to be standard in most large companies, we continue to run our economies without any means to account for our natural capital and our social wealth. If we had better data on these elements, we would be able to define sustainable policies much better.

Falkenberg, along with fellow Director-General (Eurostat), Walter Radermacher will present a first report detailing options for the future by the end of 2012. While they recognise that GDP is a relevant indicator, they both agree that a comprehensive overall indicator for the environment and human well-being is also needed, that can be set on par with GDP. By only looking at GDP, Falkenberg said, we are like drivers knowing how fast we are going but not where we are going, or how much fuel we have left, where the fuel could well be the environmental limitations of this planet. It is important to address squarely these issues.

Falkenberg concluded by underlining the need for a “u-turn” on government policy on sustainability: if we pursue the way in which we are acting now, it will not be possible to sustain a population of 9 billion people in 2050. This is the biggest challenge that every policy maker should confront today. We need to recalibrate our compass, by setting comprehensive social and environmental indicators side-by-side with GDP – and eventually, over time, be able to aggregate all three dimensions together to have one overall measure of the success of our policy achievements.

KEYNOTE ADDRESS: MARK LOWCOCK



Mark Lowcock, Permanent Secretary, Department for International Development, United Kingdom

Lowcock opened his address by expressing his genuine excitement at the growing movement of policy makers, researchers and activists who are committed to putting quality of life at the heart of policy making.

He then commented on the pace of human progress over the past century. While for most of human existence – roughly 150,000 years – everybody's experience was fully absorbed on obtaining enough food, heat and light simply to survive, the last five decades provide countless examples of extraordinary social change. For example, one hundred years ago, only Sweden had reduced infant mortality to 10%: today, 175 countries have reached that level. Over the past 50 years, global life expectancy has increased from 47 to 67 years. Two hundred years ago, a European on an average income would have worked about six hours to earn enough money to buy a tallow candle sufficient to light a home for an hour; today, an average European needs just half a second of work to purchase a similar good. Two hundred years ago, going from Boston to Chicago on a stagecoach took two weeks and cost a month's wages: today, it is a three hour flight costing less than two days wages. The 3G smart phones on sale for 50 GBP in Nairobi enable a Kenyan citizen to access more information than was available in any library in the world 20 years ago, and to do so throughout the full day and week. The world has changed so much as to be unrecognisable to the grandparents of today's 50-year olds.

Lowcock referred to the video address from the British Prime Minister, David Cameron, which was shown at the conference the previous day. In that video, Cameron argued that measuring well-being does not negate the importance of growth, jobs and having money in your pockets, but it recognises that our measures of

progress should move beyond GDP to include how our lives are improving in our families, our communities and our societies, looking across different dimensions and capturing the subjective well-being of different groups of people. Lowcock stated that the UK Department for International Development (DFID) has a keen interest in what this means for poor people. Only by understanding what it means to be poor and what matters to the poorest, can we design policies and programmes that make a difference to their lives.

“Abolishing absolute poverty is within grasp in our lifetime.”

MARK LOWCOCK
Permanent Secretary, Department for International Development, United Kingdom

Lowcock emphasised the interconnectedness between well-being and poverty reduction, and the need to bear this in mind for the post-2015 framework. He argued that the track record of the MDGs to-date has been for the most part impressive. The target for halving extreme poverty was reached five years before schedule thanks to the exceptional progress in Asia but also in Africa where, by 2008, for the first time since measurement began, most people were deemed to live above the extreme poverty line. The clean water target was also met five years before schedule. Access to basic education has improved dramatically. Infant mortality has plummeted. Globally, more girls go to school, women live longer, having fewer children and participating more in the labour force. Lowcock recognised that not all targets have been met, but argued that given the ambitiousness of the goals and the low expectations for success from many quarters, the progress achieved overall has been extraordinary. In a speech delivered in New York in September 2012, Prime Minister Cameron called for the abolition of extreme poverty within a generation, saying that these were not just aspirations but an achievable objective in our lifetime. Significant challenges remain however with 1.2 billion in extreme poverty, 2.5 billion lacking access to sanitation, a quarter of a million women dying in pregnancy and childbirth every year, and one in four of all children under 5 years old underweight. Further, OECD countries are facing the most difficult financial and economic outlook since the 1930s, and the international community has lost momentum in dealing with climate change and environmental threats – momentum which needs to be recovered.

The consultative process set out by the United Nations for the post-2015 framework should help to regain this momentum. Country-level consultations have been conducted in at least 50 countries, including civil society. The UN Secretary-General has established a high-level

panel co-chaired by David Cameron, the President of Indonesia and the President of Liberia that will report in the middle of 2013. The Secretary-General will then provide his own advice to the UN General Assembly which will feed the inter-governmental discussion on what the future framework should be. Lowcock argued that the UK Government does not yet have a fixed view on what the new goals should be, and will want to hear what other countries have to say and what poor people themselves are telling them that they need. This is especially important given that the MDGs were criticised as being too influenced by the global North. However, David Cameron has already advanced five ideas that would be important for the UN process. First, the objective of the new framework should be the ending of extreme poverty at the world level. Second, we should not forget the MDGs but continue to work to complete them, with the rich world delivering on its promises. Third, we need to look at the causes of poverty, not just the symptoms. Fourth, we need to consult the poorest people in the world and ask them what they think are the key priorities. Fifth, we have to be bold and ambitious: the post-2015 framework needs to be simple, one that can unite the world and that politicians and leaders should account for.

With respect to looking at the causes rather than symptoms, Lowcock stressed that there is a significant measurement challenge in assessing the *quality*, and not just the quantity, of development interventions. Further, when thinking about the enablers of development, the UK government has increasingly recognised the importance of creating “open economies” and “open societies”. Open economies includes the idea that citizens should be free to provide for their livelihoods, to access goods and services as well as infrastructure connecting them to markets, to trade their skills and capital, to pursue investment opportunities and contribute to a thriving private sector; that economic governance should be transparent, credible, and stable, with effective taxation and regulatory regimes; that safeguards should enable economic transactions, competition and trade of goods, capital and labour; that the costs of business are reduced and the risks of investing minimised through legal protection, contracts and the establishment of property rights. “Open societies” refers to societies where all people have the same rights and responsibilities, regardless of their gender and identity, where they are free to exercise choice, to express their voice, to challenge and to secure change in how they are re governed; where there is stability and absence of war, where people feel safe and they have access to justice. Open societies also include the idea that states have institutions delivering responsive public services, are accountable to the public, where corruption is tackled and resources are managed effectively, where the rule of law is respected, transparency is promoted and independent media are

fostered and protected. All of these aspects are crucial to ensuring well-being and quality of life. Lowcock argued that the UK Government does not underestimate the scale of the challenge in getting agreement on a new development framework which is fit both for today’s world and capable of galvanising the of energy and momentum that was achieved by the MDGs.

Lowcock concluded by reflecting on three of the questions facing the high-level panel. First, how to integrate the work of the high-level panel with that of the open-ended working group on Sustainable Development goals which was agreed at the Rio summit in June. He argued that the goal should be to achieve a single framework which addresses environmental, economic and social issues so as to lift the poorest out of poverty without damaging the natural environment. This does not imply holding development hostage to environmental concerns, but ensuring that vulnerability to environmental shocks does not act as a break on development. Second, how to ensure that the framework meets the particular development needs of fragile states. One clear lesson from the last decade is that the countries getting left behind in the pace of progress are those enmeshed in conflict or that suffer from chronically poor governance. Organisations like DFID devote an increasing share of their resources and efforts to those countries, and the post-2015 framework needs to reflect that reality. Third, the geography of poverty has evolved since the MDGs were agreed: 70% of the world’s poor now live in middle-income countries, implying that the new framework will need to promote change in these countries and learn the lessons from the development pathways that these countries have taken.

“We want to hear what other countries have to say and what poor people are telling us that they need.”

MARK LOWCOCK

Permanent Secretary, Department for International Development, United Kingdom

ROUNDTABLE 2: BEYOND 2015 – THE FUTURE OF DEVELOPMENT GOALS



NOELEEN HEYZER (Chair)
Under-Secretary-General of the United Nations and Executive Secretary of ESCAP



LYONPO YESHEY ZIMBA
Minister of Works and Human Settlement,
Bhutan



OTAVIANO CANUTO
Vice President Poverty and Economic Management Network,
World Bank



LEENA SRIVASTAVA
Executive Director,
The Energy and Resources Institute,
India



MOUBARACK LÔ
Minister Advisor to the President,
Senegal



SERGE TOMASI
Deputy Director,
Development Co-operation Directorate,
OECD



KHALID MALIK
Director of the Human Development Report Office,
UNDP

The deadline for meeting the 'Millennium Development Goals' (MDGs) is quickly approaching, and the conversation is now shifting to what should succeed the MDGs. The context of developing such an agenda has changed tremendously since the MDGs were established in 2000. This reflects a number of interrelated factors: a shift of the centre of economic power towards Asia and the new emerging economies; the emergence of new global challenges (such as climate change and the need for strengthening global financial stability) and a certain fatigue with global negotiations (such as Doha, Durban, etc.), which often lead to agreeing on global goals and standards that are not fully compatible with country priorities and available national data. While the current MDG framework has achieved great success in focusing the attention of the international community on a few quantified goals, a range of issues should be considered when looking beyond 2015. These include: i) whether or not the future goals should cover a broader constituency of countries, reaching to middle- and high-income countries; ii) the need for solid analysis, means of implementation and accountability; iii) the implications of using a more 'holistic approach to development', and what this implies for issues such as economic growth, poverty, inequality, sustainability, well-being, etc.; iv) the articulation between global and basic development goals; and v) the possibility of greater flexibility in the choice of indicators, based on country aspirations and statistical capacities.

All speakers agreed on two points: i) the value of the MDGs; and ii) the need for the post-2015 agenda to be both broader and more ambitious. These two points imply that the challenge is both to complete the unfinished MDG agenda and to deal with new challenges in the context of a more holistic development framework encompassing poverty, well-being, inequality and sustainability. To that end, global governance systems need to become better in delivering global public goods. On process, all speakers agreed that the post-2015 agenda will need to be country-driven; in particular, developing countries will need to play a more important role than in the past, while developed countries will need to deliver according to their commitments.

“Achieving the MDGs is a race against time and a big push is still needed.”

NOELEEN HEYZER

Under-Secretary-General of the United Nations and Executive Secretary of ESCAP

Noeleen Heyzer, who chaired the round table, emphasised that achieving the MDGs is a race against time, and that a big push is still needed. Discussions on the shape of the post-2015 framework should start by recognising that the landmark *Millennium Declaration* is much broader than the MDGs, and that the new framework will have to address the emerging and trans-boundary issues brought about by the crises, as well as the persistent problems through more effective and co-ordinated approaches. Social movements around the world also underscore the importance for the new framework to address issues of social justice, inequalities and human rights; to create agency among people, so that they could live in freedom from want and fear; to combine well-being and sustainability into a more holistic approach; and to accommodate the specificities of different countries.

Moubarack Lô argued that a different method is needed to measure progress towards goals. This is important for regions such as Africa where, with the exception of school enrolment, no MDG target will be achieved by 2015. The approach described by Lô, and developed in co-operation with UNECA, was based on scores encompassing all the dimensions of Senegal's "quality of life" tree. Overall, the proposed approach will include different indicators at international, regional, and national levels. Finally, Lô suggested that all these indicators could be combined into one single development index.

Lyonpo Yeshey Zimba sent a strong message to the audience: the extraordinary progress that has been achieved in the past in terms of improving living conditions on earth is today putting at risk the very existence of life on planet earth. To avoid such risk will require a more holistic understanding of what development is about, as recognised by the recent UN resolution sponsored by Bhutan and unanimously accepted by the UN General Assembly. Following a UN meeting in April 2012, Bhutan is establishing an international working group to elaborate such new development paradigm. The new paradigm will be focused on well-being and happiness, and on the conditions (in terms of measurement and policies) needed to achieve them. While the specific recommendations of this Expert Group will be presented in 2013 and 2014 to the UN General Assembly, so as to inform the post-2015 process, Minister Zimba stressed the importance of maintaining momentum to achieve the MDGs, and for developed nations to increase support to poorer countries to achieve their goals. He also noted the importance of including inequality and sustainability in the post-2015 framework, with sustainable development goals relevant for the entire global community; of moving towards a green economy through a simplified system of carbon credits, the certification of green products, and the use of tax and regulatory tools against those products that violate environmental standards.

“The global community needs to set aside short-term individual interests in favour of common and longer term ones.”

LYONPO YESHEY ZIMBA

Minister of Works and Human Settlement, Bhutan

Leena Srivastava highlighted the changed context in which the discussion of development is taking place, and stressed that while the MDGs remain important and should continue to be pursued, a more comprehensive set of actions for sustainable development (in terms of food, water, energy, bio-fuels) should be taken on board. This would imply widening the post-2015 framework from “access to services” to “management of resources”. In her view, the main limit of the MDGs has been to deal with symptoms rather than with the disease. Reservations against fully integrating Sustainable Development Goals into the post-2015 framework should be overcome by recognising countries’ differentiated responsibilities and starting points. She also advocated a right-based approach for access to natural resources, markets and decent jobs. Setting long-term goals for policies in all these fields will help to bring about the transformation that is needed.

“Around 35% of countries still lack data to measure poverty and malnutrition, and between 5% and 15% to measure water, sanitation, mortality and gender outcomes.”

OTAVIANO CANUTO

Vice-President Poverty Reduction and Economic Management Network, World Bank

Otaviano Canuto stated that contributing to the post-2015 framework is a top priority at the World Bank, which stands ready to contribute to the UN process. He identified four priorities. First is the importance for the development community to keep the focus on attaining the MDGs: while much has been achieved, especially in terms of reducing extreme poverty, much more remains to be accomplished in fragile states and in such areas as gender equality. Second is the need to design the post-2015 framework in the light of the lessons learned from implementing the MDGs: while the new goals will need to be truly universal, they must also maintain their focus on gender equity and poverty eradication, recognising that higher inequalities are eroding, and possibly reversing, the poverty pay-off of GDP growth, and that new metrics (such as those based on the concept of “weakly relative poverty”) may be required to reflect a broader understanding of poverty. Third is the importance of strengthening statistical

capacities through partnerships such as PARIS 21 and through the implementation of the “Busan Action Plan on Statistics”. Finally, is the importance of fostering synergies among development objectives, by integrating in the post-2015 framework goals for environmental and social sustainability (following the mandate from the Rio+20 summit); this will require moving beyond GDP through a comprehensive accounting of nations’ wealth.

Khalid Malik stressed that the world we are living in is very different from that of 2000. The world is today characterised by the rise of the global South, by changes in power relations brought about by globalisation, by recognition of a growing diversity of development paths but also by global governance institutions inherited from a different era. While the MDGs have been an extraordinary achievement, they should recognise new challenges in terms of planetary boundaries, demographic shifts, employment and equity. He noted that the MDGs were designed with little consultation, while consultations on the post-2015 framework are taking place today in more than 100 countries. Important questions to be answered by this consultation process are whether the post-2015 framework should have a ‘development’ or a more ‘universal’ approach; what conceptual framework (going beyond poverty) should underpin the new goals; and whether it should include a smaller or a broader set of indicators. Malik also argued in favour of focusing on human development (through investment in education, health and social protection), of addressing equity and employment challenges, and of universal goals focusing on outcomes to be achieved through solutions that are context-specific and nationally-owned.

“We should aspire to universal goals, while recognising that policy responses should be context specific and country-owned.”

KHALID MALIK

Director of the Human Development Report Office, UNDP

Serge Tomasi underscored the role played by the OECD Development Assistance Committee in designing the MDGs through its 1996 report “Shaping the 21st Century”. Today, the OECD stands ready to support a country-driven process on the design of the post-2015 framework taking place within the UN system. The OECD has drawn three lessons from the MDG framework. First, while achievements have been many, they have also been very heterogeneous; this suggests the importance of a two-layer-approach to goal setting, comprising a few global goals and national goals tailored to specific context and priorities. Second, the need to bring together the different international processes about the “what” (MDGs, sustainability agenda, least developed countries)

and the “how” (financing for development, development co-operation effectiveness) into a comprehensive agenda and process, building on the foundation provided by the Busan Global Partnership for Development Co-operation. Third, the importance of paying greater attention to the data available in each country, to assessing progress in national conditions rather than cross-country comparability, and to build on the Busan Action Plan and the PARIS21 initiative to improve statistical capacities. Looking into the future, the three main challenges that he identified were: first, that of integrating the Sustainable Development Goals and reconciling economic growth and environmental sustainability in the framework of “green growth”; second, that of moving beyond extreme poverty to address gender and social inequalities and opportunities; third, that of going beyond GDP recognising the broader concepts of well-being and quality of life, as done in the OECD’s *How is Life?* approach and in the several international initiatives in this field.

Comments from the audience stressed the importance of inequality and of considering technology transfers in the context of the post-2015 framework. The chair concluded the session by noting the importance to sustain economic growth through new drivers (e.g. by reducing inequality), to confront the new forms of regionalism that may results from the ascendancy of the South, and to consider the new opportunities (e.g. in terms of technical support and finance) that this process may provide to less-developed countries.



L-R: Serge Tomasi, OECD; Otaviano Canuto, World Bank; Moubarack Lô, Senegal; Noeleen Heyzer, ESCAP; Lyonpo Yeshey Zimba, Bhutan; Leena Srivastava, The Energy and Resources Institute, India; Khalid Malik, UNDP

KEYNOTE ADDRESS: ALISON EVANS



Alison Evans, Director, Overseas Development Institute, United Kingdom

Alison Evans stressed the unprecedented progress and improvements in quality of life that have taken place across the developing world over the last two decades. Progress has not been restricted to increases in income, but extend to dramatic improvement in access to basic services, such as education and health care.

Evans noted that the work of the Overseas Development Institute (ODI) focuses on trying to understand the 'how', the 'why' and the 'what' of the recent progress achieved by the developing world. Measuring progress is clearly important but it is equally essential to characterise its pace, shape and speed, as well as to identify differences in development paths, not only across countries but also within them. In this respect, the post-2015 agenda offers new opportunities and challenges for better understanding the development process.

Alison Evans argued that there is no 'one-size-fits-all' approach to the development process: the set of ingredients may be the same, but many recipes may be made out of them. The ability to understand those recipes requires a detailed work at the meso level.

Progress must be considered across a wide range of dimensions of human well-being – ranging from material and environmental conditions to political voice and social cohesion. While the inputs and the outputs that correlate with progress have been broadly identified by practitioners, we still lack a good understanding of the chemistry that brings them together, i.e. of the conditions and enabling factors that allow inputs to come together in ways that produce virtuous cycles of positive change.

Among the factors that determine the ability of a nation state to encourage a development process in the multiple dimensions of people well-being are the initial conditions of each country or region. Evans argued that the MDG

framework has not taken full account of the different initial conditions of various countries, which, as a by product, may have furthered a somewhat pessimistic view in many parts of the developing world. Initial conditions matter, she argued, but they do not have to be understood as 'destiny'. Policies and institutions promote and shape the development process.

Evans argued that the capacity for innovation and experimentation in policy is critical to bring about progress. However, drawing on innovation and experimentation should not be the preserve of governments alone: sharing an ability to innovate and experiment across domains and sectors is one of those bits of chemistry that can contribute towards virtuous cycles of change. In this respect, Alison Evans reported the examples of Bangladesh and Vietnam, where the partnership between government and non state actors to spot innovation and support experimentation has been especially successful. Evans also pointed to the importance of evidence-based scaling-up of policies and programmes. Policies are particularly effective when they build on smaller programmes that have been shown to work well at the local level, and when communities and citizens are engaged in their formulation.

Another determinant of the virtuous cycle of positive change is the ability to use evidence and research to inform policies, as a basis for creating more responsive institutions. Evidence suggests that consistency in policy approach pays off in terms of delivering progress. Consistency must be understood within a framework in which institutional change takes a very long time.

“Progress is non-linear and discontinuous. The last mile is often the hardest.”

ALISON EVANS

Director, Overseas Development Institute, United Kingdom

Evans also emphasised that development is neither a continuous process nor a constant forward movement; on the contrary, it may change its pace and direction and is subject to reversal. Many countries that are today within reach of achieving the MDGs are facing significant challenges to continue along this path. Some of the factors that impede progress have to do with the lack of policy consistency and the lack of reliance on good-quality evidence to support policies. As the development process is discontinuous, we need dynamic and non-linear systems of understanding as well as good-quality data to support them.

Alison Evans concluded by stressing the importance of developing a broad understanding of the drivers of progress, as well as a multi-dimensional appreciation of what improvements in well-being look like.

THEME 3 — OVERVIEW

ADDRESS: GENDER, LIFE COURSE AND MINORITY RIGHTS

The importance that people attach to various dimensions of their life differs according to their characteristics, with different population groups confronting different challenges and constraints. Gender differences are critical for well-being. In all countries, caring obligations with respect to children and the elderly fall disproportionately on women who, as a result, confront a 'double burden' when trying to reconcile family and professional responsibilities. Domestic violence and differences in power relations within the family will also put women at a disadvantage with respect to men. Similarly, various well-being dimensions will play out differently over the life course of an individual, with education, job quality, and material conditions being more important for young people, and health conditions and social relations being more salient for the elderly. Finally, low well-being achievements are often concentrated on people sharing some clearly identifiable characteristics, such as ethnicity or religion, which fuel discrimination. In all these areas, improving the information base is critical to design and implement more effective and targeted policies.

Martin Hirsch opened the session arguing that the civilisation of a society is measured by the place it gives to its most vulnerable members. Average indicators of a country performance do not say anything on the experience of these groups, whether they are poor, prisoners, elderly, disabled, and women.

Martin Hirsch drew on his experience (in France, as chairman of an NGO dealing with homeless people, then as a member of Government in charge of the fight against poverty and to favour the integration of youth, and currently as responsible for volunteering programmes aimed at helping young people to enter professional life; and internationally, as member of the Commission chaired by Michelle Bachelet and co-ordinated by WHO and ILO to explore the possibility of establishing a social protection floor at the world level) to share six ideas about gender, life-course and minority rights.

The first idea was about the importance of experimentation for evidence-based policy. Experimentation is needed in countries with developed welfare systems such as France to design incentives for benefit recipients to go back to work. And yet, surprisingly, experimentation to design good incentive programmes has been more common in

Africa, Asia, South and North America than in Europe. Experimental programmes are needed to design more efficient and less costly policies, and they would provide fertile ground for building links with the small scale initiatives of civil society, NGOs and the private sector. International organisations like the OECD should support the more widespread use of these experiments to reduce expenditures when they are not useful and to finance new policies.



“The degree of civilisation of a society can be measured by the place it gives to its most vulnerable members.”

MARTIN HIRSCH

President, Agence du service civique, France

The second idea was to focus on the huge consequences that population ageing will have on most countries, developed and developing. By 2050, most of world's elderly will live in low income countries. This phenomenon will impact on GDP growth, people's well-being, and how governments will take care of their elderly.

The third idea is that policies to help vulnerable groups face a difficult dilemma: if they are too general, they will not improve the situation of the most vulnerable, but if they are targeted to specific categories they may trigger adverse effects through threshold and disincentive effects. A social protection floor can avoid this dilemma if designed so as to encompass the whole population while granting special protection for the most vulnerable. The international Commission on Social Protection led Bachelet succeeded in convincing the G20 to integrate the notion of a social protection floor as a goal for the international community. Social protection is affordable even in low income countries if well designed, and can provide answers to pressing needs for childcare, healthcare, and poverty. Social protection can improve people's well-being if it is efficient, has good governance, and delivers value for money. Establishing such a floor does however require a consistent approach across international organisations, a consensus which is now being created.

The fourth idea is that access to health, education and public services has to be guaranteed to the most vulnerable. In this field, average data are not useful at all. In France, 80% of health expenditures are covered through the public health insurance but a part of the population incurs very high out-of-pocket expenditures,

which compromise their access to hospitals and out-patient care. A similar pattern is at work with respect to education. Average indicators of expenditure do not tell much about the capacity of public services to reach targets groups.

The fifth idea is that indicators of average prices hide that, in many countries, poor people pay much higher prices than the average population for basic services. In France, the overpricing for a range of basic services ranging from mobile phones to rents and insurance is at least 2 billion euros for the 8 million people living under the poverty line. While firms charge poor people for their bad consumption habits, we should consider how to shift the business models of firms so that they do not exclude the poor from their services.

The sixth idea is that gender is a central issue in many countries. Women are over represented among the most vulnerable groups, and are paid lower wages despite specific legislation. In France, women earn 15% per cent less than men with the same qualification and responsibility, despite the several pieces of legislation enacted over the past 30 years.

Michelle Bachelet, in her video address to the Conference, argued that the international community can claim significant progress on the development front: extreme poverty has been reduced by half five years ahead of schedule; the proportion of people lacking safe drinking water has been cut by half; gender parity has been achieved in primary school; and maternal mortality has been cut by 3% per year since 1990, saving the lives of more than 2 million women.

But, despite these successes, we still confront serious gaps in making progress towards gender equality both within and between countries. Women participate in the labour market on an unequal basis relative to men and, when they do participate, they are underemployed, engaged in vulnerable and other low paying jobs. Women earn only 75% of the wages of men for work of equal value. One cause for these labour market inequalities is women's disproportionate share of unpaid work at home. In all countries, women perform the bulk of housework, cooking, cleaning and childcare, work which is seldom recognised as contributing to well-being and almost never measured in national accounts. However, when it is measured, the results are startling. In 2009, Mexico valued unpaid work in households at nearly 200 billion USD – equivalent to the combined GDP of Ecuador, Dominican Republic, Guatemala, Uruguay and Costa Rica, with women's unpaid labour accounting for more than three quarters of the total. As recommended by the Stiglitz-Sen-Fitoussi Commission, we need to systematically produce measures of women's and men's unpaid work to give a more accurate picture of well-being.

We also need to do more to measure violence against women, its prevalence and its impacts. Well-being requires physical security and the right to live free of violence and discrimination. This violence is one of the most pervasive violations of human rights, and a clear goal to eradicate it should feature in any future development strategy. UN Women believes that gender equality and human rights should be central to the post-2015 development framework, with particular attention to the underlying economic, social, cultural and spatial causes of poverty.



“Today up to seven in ten women worldwide report having experienced physical and/or sexual violence at some point in their lives, with most of this violence from intimate partners.”

MICHELLE BACHELET
Executive Director, UN Women

Any new framework should also include strong accountability and monitoring frameworks with clear targets and indicators. In this respect, several measurement initiatives should be singled out. First, UN Women is working with partners within and outside the UN system to develop better tools to measure violence against women in all its forms (physical, sexual, psychological and economic): guidelines to measure violence against women will be presented to the UN Statistical Commission for adoption in February 2013, and all countries will then be encouraged to use them to systematically monitor policies to eradicate violence against women. Second, guidelines to produce time-use surveys have been recently developed under the guidance of the UN Statistical Division and are now being finalised. Third, the UN Inter-Agency and Expert Group on Gender Statistics, upon recommendations from the UN Statistical Commission, has produced a minimum set of 53 gender indicators that countries are urged to collect. Finally, UN Women and the UN Statistics Division, in partnership with the World Bank and the OECD, recently launched a new “Evidence and Data for Gender Equality” initiative.

Agencies and actors around the world are encouraged to make gender equality and women's empowerment a priority for the post-2015 development agenda, and to make sure that data are collected so that the well-being of all human beings is measured and reported.

WORKSHOP 3A: EMPOWERING WOMEN



NICK BRIDGE (Chair)
United Kingdom Ambassador to
the OECD



NAZNEEN KANJI
Quality of Life Assessment
Programme, Aga Khan
Development Network



MONIKA QUEISSER
Directorate for Employment,
Labour and Social Affairs
OECD



FATIMA AHMED
Zenab for Women in
Development,
Sudan



PATTI O'NEILL
Network on Gender Equality
of the OECD Development
Assistance Committee



YAMINI ATMA VILAS
Administrative Staff College of
India, Hyderabad
India

Reducing gender inequalities is imperative not only for reasons of fairness and equity but also out of economic necessity. Education, employment and entrepreneurship are key fields of action to overcome existing gender gaps. In developing countries, gender equality is not only critical for women's empowerment, but also for improving development outcomes such as child health and educational attainment. Women's access to resources is an issue around the globe, with women in many developing countries still denied access to land and credit. More women than men hold 'bad' jobs, typically in the informal sector, where they are exposed to discrimination, poor working conditions and low or no pay. All these factors have major implications for women's health, well-being, economic and physical security, and often also on the conditions of their children. Gender equality is also an issue in developed countries where, despite progress in terms of education, health and employment opportunities, women are often confined in lower paid occupations and poorly represented in management positions and elected assemblies. Measuring progress in empowering women is very difficult, due to lack of good data, and to the assumption – used in all analysis of household economic conditions – that both men and women share equally in household economic resources. Women represent half of the world population and yet, up until now, much of the work they do within the family has been excluded from conventional measures of economic resources. Moreover, the share of women in the older age cohorts is increasing rapidly. In old age, a whole lifetime of discrimination faced by women is aggravated by increased vulnerability resulting from financial insecurity, disability and widowhood.

Nick Bridge, laid out three broad objectives for the session to address: i) the issues which are causing barriers and obstacles for women; ii) the links to well being and its measurement; and iii) the policy implications.

Monika Queisser described some of the results of the OECD Gender Initiative, which explored gender equality in education, employment and entrepreneurship in OECD countries, in major emerging economies and in a number of developing countries. Some of the issues brought to light by these findings include large earning gaps, different career and education choices, and the importance of social norms in shaping them. The OECD found evidence of massive gender gaps when looking at the choices that women make for their careers. The share of women in humanities courses is much larger than the one found in sciences. A question that was put forward was whether this difference represents a form of undesirable inequality or otherwise.

The transition from school to employment was also identified as a major obstacle for women. More than 70% of men who study science find a job in the field. Conversely, women who study science tend to move into teaching in these fields, even when they have the potential to go into high earning jobs. There is also evidence of a “leaky pipeline” effect: women with good educational attainment enter the labour force in high numbers but then disappear when it comes to senior management positions. Women constitute 45% of the labour force but only 30% of senior managers in private sector. In the public sector, women make up 60% of total employment but only few women are found in senior management positions. The OECD recommends that governments should lead by example in this area by putting in place better family friendly policies.

Finally, the OECD Gender Initiative revealed that women entrepreneurs are a minority in all countries. Women-lead enterprises are smaller, have lower profits and rely less on bank loans. Women entrepreneurs tend to get their loans refused because they do not ask for enough or as much as men do. The OECD also researched the area of time-use and found there is not a single OECD country where men do more unpaid work than women. This gap in the distribution of household chores needs to be addressed.

“There is not a single OECD country where men do more unpaid work than women.”

MONIKA QUEISSER

Directorate for Employment, Labour and Social Affairs,
OECD

The importance of using mixed methods for measurement is important. Qualitative and quantitative measures are needed to get a well rounded picture of women conditions. Data should be disaggregated in urban and rural areas as well as between men and women. Further, both objective and subjective measures should be employed. Nazneen Kanjeen referred to evidence from new research suggesting that rural women have lower literacy levels than urban ones. In fact, current trends for rural women point to a backward slide in educational attainment in secondary school. This is mainly due to social norms like early marriage and other discriminatory social institutions. Girls’ aspirations remain high while change is slow. Evidence shows that while women actively seek to increase their economic power, they encounter barriers to success. A way forward in the policy realm would be to support women-led businesses.

“You can’t always count what counts.”

NAZNEEN KANJI

Quality of Life Assessment Programme, Aga Khan
Development Network

Yamini Atmavilas noted that two assumptions are often made in addressing the topic of women’s empowerment. The first is that empowerment of women is measurable whether in economic, political or social domains. The second is that policy making responds to evidence. However, empowerment is a process which is difficult to measure. Methods of measurement must be multidimensional and include time use surveys. In terms of thinking about ways forward, Atmavilas stressed the need to link women’s empowerment to the post-2015 discussions, climate concerns, sustainable development, economic models and employment.

“The Millennium Development Goals are all unfinished!”

FATIMA AHMED

Zenab for Women in Development, Sudan

Fatima Ahmed highlighted that 65% of the population in Sudan cannot read. The main issue for both women and men is that of quality of education. In other terms, it is not just a matter of how many girls go to class but also of the quality of the teachers. The main issues and barriers to empowerment include sexual harassment in schools, early marriage and a high maternal mortality. There are many women farmers in Sudan and they are discriminated against in terms of access to credit. Working with the farmers and recognising their contribution to the economy and society would be a good place to start.

Patti O’Neill identified the five key elements to promote women’s empowerment as: i) government commitment; ii) a strong champion; iii) data for monitoring and analysis; iv) a focus on solutions and implementation; and v) a strong NGO community that keeps the pressure for change. If these ingredients are all considered together, then women’s empowerment has a chance to progress. She also argued that gender equality should have its own goal in the post 2015 framework, and that gender specific indicators should be provided for all other goals, as women are half the population.

“Measuring quality of life, moving beyond GDP is what feminist economists have been seeking for the last 40 years!”

PATTI O’NEILL

Network on Gender Equality of the OECD Development
Assistance Committee

WORKSHOP 3B: NURTURING CHILDREN



FIONA STANLEY (Chair)
University of Western Australia,
Australia



ANDREA ROSSI
Regional Office for South Asia,
UNICEF



MARIA CRISTINA GOMES DA
CONCEIÇÃO
Latin-American Faculty of
Social Sciences,
Mexico



DINESH PAUL
National Institute of Public
Cooperation and Child
Development,
India



DAVID MCNAIR
Save the Children,
United Kingdom

Childhood is a critical phase in the development of each person, one where the experience of disadvantage has the potential to 'scar' people over the rest of their livelihood. Children who grow up in disadvantaged households are more likely to have difficulties in school, to struggle to find jobs, to be unemployed, sick and disable when adults. They are also more likely to be parents of poor children themselves, threatening an ongoing cycle of deprivation. Monitoring outcomes in all these dimensions require specific indicators. Child well-being indicators are today gaining recognition in policy circles. These indicators strive to go beyond measures of living standards such as child poverty, important as these measures are. However, there is still a lack of quality indicators that could be used to tell us how children fare. While there is broad agreement on how to protect children from neglect, the debate on what resources and behaviours best nurture child development remains unsettled. Restrictions in terms of access to micro data as well as lack of guidelines as to how best involve children in the measurement of their own well-being are among the key concerns in this field. Also lacking are statistical tools that would allow assessing the transmission of poor outcomes from parents to children, particularly in terms of education and earnings.

Fiona Stanley set the scene for the session by highlighting the reasons why child health and development are crucial for our future, as well as some of the key concerns with respect to children, such as the increase in mental health problems, suicide, obesity and malnutrition.

“If we get it right at the beginning, people will have a lifetime of health, happiness and social participation.”

FIONA STANLEY
University of Western Australia, Australia

Several examples of good initiatives to improve child well-being were presented at the workshop. Dinesh Paul presented the Indian context and a major Indian programme, the *Integrated Child Development Services* (ICDS) launched in 1975. ICDS aims to provide integrated services for the holistic development of children, and was characterised by Dinesh Paul as one of the world's largest outreach programme. ICDS aims to improve the nutritional and health status of children from birth to 6 years of age; to lay the foundation for proper psychological, physical and social development of the child; to reduce the incidence of mortality, morbidity, malnutrition and school dropout; to achieve effective co-ordination of policies amongst

the various departments involved in promoting child development; and to enhance the capacity of mothers to look after the health and nutritional needs of their child through proper education.

Fiona Stanley presented two Australian programmes that take a 'whole of government approach to improving child wellbeing'. The first, the *Early Development Index* (EDI), was developed in response to the need for joined up solutions both in Australia and internationally. The second, the *Developmental Pathways Project*, makes use of existing data to influence policies that aim at improving outcomes for children.

David McNair discussed the trends in income inequality and the risks that they pose to child well-being, arguing that reducing inequality could give our children a better future. He presented results from The Save the Children (STC) '*Young Lives Study*', conducted in 8 countries. The study shows that income inequalities strongly influence child survival rates; that receiving the right nutrition in the first year of life is a major determinant of children's future potential; that tackling malnutrition among children can lead to an increase in adult earning potential of as much as 20%; and, finally, that the health burden due to neglecting malnutrition can be as much as 3% of GDP.

Maria Cristina Gomes da Conceição highlighted several trends in child malnutrition and obesity. She argued that these trends raise serious concerns and challenges for child well-being. In 2011, more than 90% of undernourished children and 80% of overweight children lived in developing countries. She also stressed the importance of women's decisions on how to allocate food within families, and argued that empowering women in this field would enable them to end the cycle of deprivation for their children. Specifically, the 'Conditional Cash Transfers' programmes, implemented for more than 10 years in most of the countries in the Latin American region, have proved successful in reinforcing children nutrition, education and health status, in empowering women and in increasing their knowledge. Maria Cristina Gomes da Conceição also argued that the poor should participate in the growth process and share in its benefits in order to enhance their access to food that is adequate in terms of both quantity and quality. In this respect it is particularly important to ensure that the poor use their additional income (earned through increased labour participation) to improve the quantity and quality of their diets, and their access to health-care, water and sanitation services.

Andrea Rossi discussed the measurement, analysis and use of evidence on child well-being. Measurement of children well-being strengthens the analysis of the impacts of different policies and factors on children, allows addressing inequality and exclusion and increases the capacity to anticipate changes, rather than just reacting to them. He stressed the importance of

measuring children well-being within a multi-dimensional framework, such as the one underpinning the Convention on the Rights of the Child (CRC). CRC looks at several dimensions of child well-being, such as survival and development; education; protection from violence and abuse; participation and expression; leisure and play; the environment; and best interest. A multidimensional approach is needed to truly understand the dynamics and trends of child well-being. In the case of South Asia, for instance, it is especially important to consider multiple domains (such as wealth distribution, place of living, gender, caste and ethnicity, and mother's education) to really see differences in well-being outcomes, and start to understand inequality. Andrea Rossi also identified the main measurement challenges in the field of child well-being. He argued that most of the existing data are on the health status of children, while very little information exists on child protection. Also, most of the available data cover quantitative aspects of child well-being, rather than qualitative aspects (e.g. the quantity of health but not its quality). Finally, he argued the current level of geographical disaggregation is not sufficient, as most data on child well-being refer to the national level.

"There is nothing a government hates more than to be well-informed; for it makes the process of arriving at decisions much more complicated and difficult."

ANDREA ROSSI

Regional Office for South Asia, UNICEF
(quoting John Maynard Keynes)



L-R: Maria Cristina Gomes da Conceição, Latin-American Faculty of Social Sciences, Mexico; Fiona Stanley, University of Western Australia, Australia; Andrea Rossi, Regional Office for South Asia, UNICEF; David McNair, Save the Children, UK; Dinesh Paul, National Institute of Public Cooperation and Child Development, India

WORKSHOP 3C: CARING FOR THE ELDERLY



JOHN MARTIN (Chair)
Director,
Directorate for Employment,
Labour and Social Affairs,
OECD



NAOTO YAMAUCHI
Osaka University,
Japan



RAHIMAH IBRAHIM
University Putra,
Malaysia



GHAZY MUJAHID
York Centre for Asian Research,
Canada

A rapid process of population ageing is affecting today both developed and emerging countries, leading to a sharp rise in the population share of people aged 80 years and over. This factor, when combined with stable (or in some countries rising) rates of disability among older people, is leading to greater care needs for frail and disabled seniors.

Even when not affected by medical conditions, these elderly people often need assistance with respect to day-to-day activities, and face risks of social isolation. In all countries, people are expecting that the final years of life should have as much meaning, purpose and personal well-being as possible, and these expectations translate into new demands on governments and families. In most countries, long-term care policies are being developed in a piecemeal manner, responding to immediate political or financial problems, rather than being constructed in a sustainable, transparent manner. Even when specific programmes are in place, most of the care burden associated to old-age falls on families at a moment when family ties are weakening. In OECD countries, more than one in 10 adults provides care to frail people, with around two-thirds of informal carers aged over 50 years being women who permanently withdraw from the labour market due to their caring obligations. At the same time, due to the rise in the number of women taking up paid jobs, an increasing number of elderly are being burdened with caring for grandchildren. In HIV/AIDS affected countries, the elderly bear the brunt of caring for sick offspring and looking after orphaned grandchildren. The future of long-term care is more demand, more spending, and the need to attract more workers into the sector, perhaps in part via immigration of care workers. Facing up to this challenge requires a comprehensive vision of long-term care, supported by adequate evidence, and focused on both formal and informal arrangements and on their coordination.

Highlights from this session can be clustered under four main headings. First, the size and nature of the challenge. While we are well aware of the size of the challenge posed by population ageing in most OECD countries such as Japan, Ghazy Mujahid stressed the fact that the challenge is equally daunting in developing countries. By 2050, the share of people aged 60 and over in total is projected to be 30% in middle-income countries, 18% in low-income countries and 34% in China. Rahimah Ibrahim also provided evidence that the incidence of disability in old age is higher in Malaysia than in Australia, with the age profile being steeper. It follows that coping with population ageing may be more difficult in Malaysia and in other middle-income countries than it is in many OECD

countries, as the aging process may lead to a stronger increase in the incidence of disability.

“We are set to become old before we become rich!”

RAHIMAH IBRAHIM

University Putra, Malaysia

Second, the demand side of long-term care. Much of the evidence that is typically brought to bear when discussing long-term care in OECD countries is focused on the supply side, in particular on the implications for government policies and finances and for the supply of caring by formal and informal caregivers. As Ghazy Mujahid highlighted, the family is the main source of caring for the elderly but its role as the mainstay of caring services can no longer be taken for granted. One interesting feature of the workshop related to evidence on “the voice of the elderly”. Naoto Yamauchi presented evidence suggesting that: i) the U-shaped relation between subjective well-being and people’s age does not hold in Japan to the extent that it prevails in other OECD countries; ii) the elderly in Japan desire/expect less happiness as they age; iii) these patterns are related to gender and marital status (e.g. widowers record lower subjective well-being as they age, while the opposite occurs for widows). While listening to the “voices of the elderly” it is important to capture the demand side of long-term care policies, Rahimah Ibrahim also noted that the elderly often overestimate their physical conditions and independent status, for reasons of pride or because of an inability to appreciate their true situation. This underscores the importance of checking their views against third-party reporting by family or paid caregivers.

Third, the supply side of caring. One striking pattern highlighted in the workshop concerned the overwhelming importance of informal arrangements for responding to the care needs of the elderly. In Malaysia, close to 80% of the elderly live with their children. Measurement challenges are daunting when it comes to distinguishing between the number of people providing care, the hours of care-giving, the quality of the care provided, etc. The importance of informal care also brings to light a number of related challenges. One is the need to provide support for informal and family care-givers, who are disproportionately exposed to stress and low subjective well-being (the incidence of mental health problems is higher among caregivers than among their peers who are not involved in caring). A second challenge is volunteering, a significant share of which is supplied by elderly people themselves. However, while volunteering appears to increase the subjective well-being of the people concerned, we know very little on how best to mobilise these resources, e.g.

whether elderly people who volunteer caring services to others are people who started to do so when they were young or who became volunteers when they retired. A politically sensitive issue on the supply side of caring concerns possible shortages of caregivers, and the extent to which these shortages could be filled through immigration.

“Volunteering will represent a critical resource to respond to greater demands for long-term care in the future.”

NAOTO YAMAUCHI

Osaka University, Japan

One further point that was highlighted in the discussion was the importance of emotional support for the elderly. Access to people is as important as assistance in activities for daily living, and initiatives to support the creation of networks and social connections should be part of the policy response. Naoto Yamauchi stressed the importance of contacts with others for elderly people (the elderly fear most isolation from their family and friends), while Rahimah Ibrahim referred to a specific university programme in Malaysia (“learning for leisure”) to respond to this need for greater social connections.

Finally, the challenges of how best to measure well-being among the elderly. What indicators should be used? How to address sampling problems with regard to the over 80s? How to collect good subjective data on the conditions of elderly people, and how to corroborate them with third-party views and with measurement approaches that correct for cultural biases? These are all questions where further measurement work is urgently required.



L-R: John Martin, OECD; Rahimah Ibrahim, University Putra, Malaysia; Naoto Yamauchi, Osaka University, Japan

WORKSHOP 3D: RECOGNISING SOCIETAL GROUPS AND MINORITY RIGHTS



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SUSAN BRUTSCHY
Applied Survey Research,
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IOANNIS N. DIMITRAKOPOULOS
European Union Agency for
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LISA JACKSON PULVER
University of New South Wales,
Australia

In most countries, well-being achievements are typically low among minorities defined on the basis of their ethnicity, religion or other identifiable characteristics. Both the specific characteristics of these groups – indigenous populations in the so-called settlement countries, ethnic minorities (e.g. the Afro-African population in the United States, the Roma population in Europe), groups discriminated based on codes of caste segregation (e.g. the 'dalit' in India and other countries in South Asia) – and the form of their disadvantage – e.g. lower opportunities to access quality jobs and education, lower life-expectancy, higher risk of victimisation and imprisonment – vary across countries. Some of the same phenomena are at work throughout the world as a result of international migration, which leads to the formation of sizeable foreign-born populations with different ethnicity, language and religion. While all governments face huge challenges in securing the economic and social integration of these groups, effective policy responses are often hampered by traits of the value systems of these groups, as well as by lack of statistics – often resulting from statistical laws that limit or forbid the collection of data based on people's ethnicity, religion or other personal characteristics.

The Chair of the workshop, Syeda Hameed, agreed that development must be inclusive and empowering, and that measuring the well-being of the most disadvantaged communities – such as tribal women in the Orissa forest area in India – has a long road ahead.

“Policy must impact on the poorest and most marginal to be worthwhile.”

SYEDA HAMEED

Planning Commission, India

Ioannis N. Dimitrakopoulos described the efforts of the European Agency for Fundamental Rights to collect robust and comparable data on Roma populations and to assist European Union member states in monitoring their conditions. The aim of the project is “to make a tangible difference to Roma people's lives”. Dimitrakopoulos noted that rights are not the same as well-being. Around 6 million Roma live in Europe, descended from ancestors who first arrived from India around a thousand years ago. Many Roma are marginalised and it is only in the last 10 years that the EU has started to focus on Roma rights and social inclusion. Measures to deal with the issue took higher priority following France's deportation of Roma in 2010. Dimitrakopoulos explained that measurement of

the Roma is challenging because, in many EU states, they are not officially recognised. They therefore face a double hardship as they are at risk not only from a development/poverty perspective, but also in terms of human rights. For the project's survey, 15,000 Roma were interviewed as well as 7000 non-Roma living nearby. This was needed to understand whether any disadvantage identified among the Roma population were due to broader issues affecting each area, or to specific discriminatory practices affecting the Roma disproportionately. The survey showed that Roma are much younger than their neighbours, and that they experience higher birth and mortality rates. Up to 50% of the Roma households interviewed indicated that someone in the household went hungry each month. In Greece, over a third of Roma children aged 7 to 15 are not in school. On average, the ratio of people per room is twice as high among the Roma population compared to the county as a whole. Over half of Roma people report having been discriminated against in the last 6 months.

Lisa Jackson Pulver focused on the measurement of health well-being amongst the aboriginal population in Australia. Aboriginal persons in Australia are people of aboriginal descent who identifies themselves as such and is accepted as such by the community in which they live. There were between three-quarters of a million and 1.5 million people living in Australia before any Europeans arrived. The aboriginal population is now about 600,000; most of them are quite young, with life expectancy at birth ranging between 62 and 72 years. Most aboriginal people live in Blacktown, Sydney rather than in rural areas. Culture and society are very important to the individual well-being of aboriginal people. However, the aboriginal population is particularly vulnerable to undesirable life outcomes, such as imprisonment. Pulver emphasised that it is important not to focus on measuring only negative outcomes, as this gives no information on how positive outcomes can improve.

“It is important not to measure only negative outcomes for minority groups as this gives no information on how to achieve positive outcomes.”

LISA JACKSON PULVER

University of New South Wales, Australia

Susan Brutschy described how Applied Survey Research (ASR), based in the United States, is moving from data to practical and policy action. The measurement approach used by ASR assesses sustainable well-being across a number of domains, comprising education, economy, health, social environment, natural environment and public safety. It also takes into account a number of individual dimensions including intra-personal, social,

physical, intellectual, spiritual, material, emotional, mental and environmental. The ASR approach is to identify community disparities amongst different groups. Recent projects have focused on Latino residents in California and on native Americans in Arizona. They found that obesity is a key issue for native Americans, affecting up to 93% of adults. In order to ensure that these findings result in concrete actions, ASR implements a continual evaluation of their process from data collection to policy action, identifying best practices and replicating what works. Brutschy concluded by saying that for small communities and units of analysis, local policies work best.

“For small communities and units of analysis, local-level policies work best.”

SUSAN BRUTSCHY

Applied Survey Research, United States

Syeda Hameed noted that ‘minority groups’ are not necessarily small populations. In India there are over 100 million Muslims and 84 million tribal people who are considered minority groups. She stressed that the health conditions of these minority groups are of particular importance: in all indicators they are falling behind. She argued that one of the most important means of addressing this gap in health conditions is through local government, communities, and a bottom up approach.

The question session brought up a number of issues for discussion, including: the need to ‘mainstream’ the measurement of minority issues (if we measure such groups with marginal tools we risk leaving them at the margins); the importance of addressing cultural differences in well-being; the difficulty of dealing with situations where community attitudes (i.e. towards education or gender equity) do not coincide with policy goals; and the role of international comparisons.



L-R: Susan Brutschy, Applied Survey Research, USA; Syeda Hameed, Planning Commission, India; Lisa Jackson Pulver, University of New South Wales, Australia; Ioannis N. Dimitrakopoulos, European Union Agency for Fundamental Rights

KEYNOTE ADDRESS: CHANDRAN NAIR



Chandran Nair, Founder and CEO, Global Institute for Tomorrow, Hong Kong

Chandran Nair addressed some of the points raised by Minister Ramesh, looking at them from a more global perspective. Nair argued that the 21st century will be very different from anything else in the human history, due to four main reasons.

First, the world will be experiencing an exceptional population growth over the next 80 years. This will have implications for everyone in the world, and Asia will be at the centre of it. By the end of the century, Asia will be the most populous continent in the world.

Second, for the first time in human history, the climate system will change in a dramatic way. This will have large impacts not only on the distribution of people across space, but also on the way we eat and live.

Third, in the 21st century the world is set to hit a 'technology overreach', i.e. a limit in our ability to do anything to, improve quality of life, by accessing and exploiting natural resources. This is not necessarily bad but, according to Nair, our ability to deploy technology will have huge consequences on people's lives.

Fourth, is the crisis of the type of capitalism that is defined today through Western institutions, and that has been progressively transferred to the rest of the world, particularly in Asia.

“The 21st century will either be nobody's century or everybody's century.”

CHANDRAN NAIR

Founder and CEO, Global Institute for Tomorrow,
Hong Kong

As a consequence of the changes that we will be experiencing in the near future, Chandran Nair argued

that it would be unrealistic to think that Asian people could aspire to live like the middle class does today in the western world. Nair argued that economists in Asia, who are trained in Western countries, should rethink what it means to generate prosperity and how we define growth and basic rights.

Nair identified three principles that should inform policies in the Asian continent. The first is that, if resources are limited, we should make economic activity subservient to maintaining the vitality of these resources. The second principle is that collective welfare should take precedence over individual rights. The third is that we should re-price resources, to reflect their importance for collective well-being.

Chandran Nair concluded by saying that If we are not ready to rethink the current economic ideology that more consumption is always good, that consumption driven by under-pricing resources is the only way to make profits, that externalising costs is a rational way of achieving prosperity, and that the state is the enemy of free enterprise, then the 21st century 'will be catastrophic'.

“Resources must be at the centre of policy making.”

CHANDRAN NAIR

Founder and CEO, Global Institute for Tomorrow,
Hong Kong

ROUNDTABLE 3: THE ROLE OF SOCIAL RESEARCH, ELECTED ASSEMBLIES AND CIVIL SOCIETY



ANTHONY GOOCH (Chair)
Director,
Public Affairs and
Communications Directorate
OECD



SERGE ALLEGREZZA
Vice President,
Conseil économique et social,
Luxembourg



MIKE SALVARIS
National Committee on
the Australian National
Development Index,
Australia



AMITABH BEHAR
National Convenor,
Wada Na Todo Abhiyan,
India



DENISE LIEVESLEY
Chair,
European Statistics Advisory
Committee



CHARLES SEAFORD
Head, Centre for Well-being,
New Economics Foundation,
United Kingdom



ZAHID HAI
Director of Strategy,
Sodexo,
India

Concepts such as 'well-being', 'progress' and 'sustainability' are explicitly normative, i.e. they require collective decisions on the type of goals that different countries and communities should pursue. While the statistical community has a critical role when it comes to 'how' to measure different concepts in valid and reliable ways, involving the larger community is critical to reach a shared vision on 'what' should be measured, and to build legitimacy around these goals. This implies that elected assemblies, community groups, socio-economic councils (gathering representatives of unions, employers organisations and other interest groups), as well as individual experts and researchers have critical roles to play in shaping the consensus on societal priorities and goals for action that could last beyond the electoral cycle.

What type of processes could be used to build a shared consensus of the critical priorities for action? Can we identify best practices based on the experiences of individual countries? What are the roles that elected assemblies, socio-economic councils, community groups and researchers can play in fostering the discussion on societal progress? How can we ensure that these voices are heard and taken into account in policy making?

“Data on well-being can have transformative results. High quality statistics and the ability for citizens to use them is central to empowerment.”

DENISE LIEVESLEY

Chair, European Statistics Advisory Committee,
United Kingdom

Mike Salvaris stated that we are in the midst of a global revolution. Citizens, scientists and policymakers must work together as coalitions to foster progress because the task is far too difficult for any actor working alone. He argued that how we measure progress will affect in a fundamental way the outcomes of millions of people. Time is ripe to act strategically, as the work on well-being has now reached a critical momentum. On the measurement side, there is a growing consensus that GDP is an inadequate measure of welfare, and that more holistic measures and qualitative dimensions are required. However, the task of fostering progress is a political issue, and we should consider the implications of new progress measures in order to get them used by policy makers. In terms of the roles of different actors, Salvaris argued that citizens should set the priorities, that statisticians should engage and work across disciplines, and that governments should support community debates,

providing room for experimentation, as well legislate to protect independent reporting. Building trust between the actors in this coalition is key.

Commenting from the business perspective, Zahid Hai presented the Sodexo Quality of Life Institute. He argued that people spend a fifth of their lives at work, and that everyone needs to collaborate to improve lives. He explained that a fundamental shift towards assessing benefit beyond commercial transactions is taking place in the business community. On this background, the Quality of Life Institute is pursuing three types of activities: i) *research*, to learn about definitions and measures of quality of life; ii) *act*, to use existing research to gain a better understanding on how to improve employees' well-being, in terms of both the quality of their working life and business productivity (stress management, etc); and iii) *measure*, to develop metrics beyond commercial transactions. Zahid Hai argued that businesses have critical role to play in well-being. However, leaders have more success in the move to action when there is collective acceptance on roles, definitions and measures. Therefore, he characterised the roles of different actors as follows: i) Development organisations should pursue research and develop consensus; ii) Governments should develop good policies; iii) Business should act responsibly; and iv) Civil society must hold everyone accountable.

“Ideas of change come from margins and not from the centre. Measurements close to the centre are not talking about change but rather about the existing paradigm.”

AMITABH BEHAR

Wada Na Todo Abhiyan, India

Amitabh Behar discussed the issues surrounding the politics of indicators. He argued that what we measure is not always reflected in policies, nor does it represent the stories of real lives. Often, the measures themselves do not reflect citizen priorities. The low quality of the data collected is one reason why this is the case. Markets are monitored every minute, while well-being data are not collected in a timely way. Collecting well-being data typically happens every five years. He also questioned whether what we measure truly reflects citizen aspirations. For example, he noted that Tunisia and Egypt were doing well by most measures of performance, and yet the Arab Spring happened. Civil society also needs to bring new issues to the centre of the policy debate. One area where this has been successful is that of gender equality. Amitabh Behar argued that ideas of change typically come from margins and not from the centre. Measurements that are developed close to the centre remain within the existing

paradigm. Behar also discussed how power is distributed. The focus should be on the most vulnerable. He argued that MDGs have been mostly based on aggregate data and that, when the data are disaggregated, they show huge inequalities. He recommended that people be active participants in measurement initiatives, and that the accountability loop be closed: if people do not benefit from government policy, they will lose interest.

Charles Seaford stated that national indicators catalyse change as part of a democratic cycle. Simply measuring something, by itself, does not change anything. He argued that the democratic cycle is composed of: i) public debate on priorities; ii) crystallisation of the debate into headline indicators; iii) creation of policy indicators to give an indication of what might happen in the future; iv) policy formulation and use of indicators to monitor performance; and v) holding politicians to account. Charles Seaford focused on the role of civil society in the crystallisation of a national debate into headline and policy indicators, and on some of the obstacles they face in that role. He stated that indicators are inherently political and not always reflecting priority objectives. For example, reducing inequality is not an agreed priority. Politicians may not want to be held to account on this matter, and indicators may seem as peripheral to them. Official bodies may find it hard to work with opposition parties. Seaford also mentioned that timeliness is a real problem for data collection and dissemination. Non-government organisations can often be quicker in terms of producing statistics and disseminating their own indicators, as the New Economic Foundation does with its Happy Planet Index. In terms of roles, Seaford argued that we all agree that well-being is something we want. But politics dictate which precise measures should be used. Official statistics offices should support a process of inclusion when creating indicators, as they do not have a monopoly on data production. They should also pay more attention to their audiences by making data more accessible. Finally, politicians need to pay more attention to this debate.

Serge Allegrezza presented the Luxembourg experience in measuring well-being, stressing the importance of compromise in this process. He stated that several countries have created institutions to connect organisations that have conflicting views. The Luxembourg government asked for a dashboard on indicators inspired by the Stiglitz-Sen-Fitoussi report. This proved to be a very difficult exercise which has not yet been completed. The issue is that stakeholders do not always agree on key issues. For example, in the case of poverty, employers often argue that some degree of inequality provide an incentive for people to work hard. However, trade unions may think that inequality shows that wages are too low or that redistribution is too weak. In these situations, it is often difficult to find a compromise. One solution he

put forward is to provide two sets of indicators. One set would be specifically focused on well-being, to please the unions; and the other set on competitiveness, to please employers. A third set could focus on sustainability. Allegrezza concluded by saying that the most important issue is what the dashboard will say, how sensitive it is to the issues of social cohesion and poverty, and how this dashboard can be used to make better policies.

Questions from the floor stressed that the public does not yet understand the concept of well-being, and that there is a real lack of political interest on the part of leaders. Solutions from the panel included making movies (accomplishing what “Inconvenient Truth” has achieved with respect to climate change) about well-being directed to a broad audience, and trying to reach leaders through intermediaries. The Chair closed the roundtable by emphasising the need to question for whom statistics are collected for, noting that national statistical offices do not have the monopoly on data, and that improving public participation in democratic processes is essential.



L-R: Zahid Hai, Sodexo, India; Denise Liewesley, European Statistics Advisory Committee; Mike Salvaris, National Committee on the Australian National Development Index, Australia; Anthony Gooch, OECD; Serge Allegrezza, Conseil économique et social, Luxembourg; Amitabh Behar, National Convenor, Wada Na Todo Abhiyan, India; Charles Seaford, New Economics Foundation, United Kingdom

KEYNOTE ADDRESS: JEFFREY SACHS



Jeffrey Sachs, Director of the Earth Institute, Columbia University, United States and Special Advisor to UN Secretary-General

The title of Jeffrey Sachs' keynote was “Age of the Anthropocene”. Anthropocene is the word coined by the scientific community to define the new geological epoch in which human activity is the main driver of Earth system change. The current scale of economic activity and of the human population are now so large that key Earth dynamics – the hydrologic cycle, the carbon cycle, the nitrogen cycle, the spatial distribution of bio-diversity – are all under the primary impact of humanity. Unfortunately, Sachs noted, humanity does not know what it is doing and is not acting rationally. There is therefore an urgent challenge for measurement and sustainable development policy to bring about change. Sustainable development combines human well-being with environmental sustainability, which brings the time dimension to the fore: we need to measure not only how well-off people are today, but also how well-off future generations will be due to human impacts. Sachs also stated sustainability is not a question of rich countries versus poor countries. The United States experienced its hottest 12 months in history between August 2011 to July 2012, combining a drought and a heat wave that led to the loss of about one-quarter of the maize, soy bean and wheat crops. He called for statisticians, analysts and economists to emphasise this point to policy makers, as climate change is largely being ignored in national debates, at least in the United States. The impact of extreme climate changes is profound and far-reaching. In Africa, lives were lost in large numbers during the 2012 drought (although he noted the lack of reliable statistics in this area), which also led to the collapse of the government in Mali earlier this year. He mentioned other anthropogenic drivers such as the run-off of nitrogen and phosphorus, as seen in the dead zone off the coast of Louisiana in the Gulf of Mexico, and which has now affected 130 major estuaries around the world.

Sachs argued that we have entered the “age of extremes”, characterised by a sharp increase in the occurrence of extreme events in our lifetimes, with serious implications for the global food supply and the economy. The concept of “planetary boundaries” aims to identify thresholds at which high probabilities of non-linear response take hold, and scientists have accumulated evidence of potential thresholds in areas as diverse as climate change, nitrogen cycle, water stress and bio-diversity loss.

“Earth has entered a new geological epoch in which human activity is the main driver of Earth system change.”

JEFFREY SACHS

Director of the Earth Institute, Columbia University,
United States and Special Advisor to UN Secretary-General

Sachs set out four sustainable development goals, consistent with current reality, where policy change is of particular importance. The first in decarbonising the energy system. Our fossil fuel world economy is emitting about 32 billion tons of CO₂ emissions because of fossil fuel burning, raising carbon concentrations beyond dangerous anthropogenic levels. He argued that addressing this challenge will entail using a portfolio of four energy sources (solar, wind, nuclear and carbon capture/sequestration) and that we will need to push hard to deploy all of them.

Second, he highlighted the issue of sustainable agriculture, as the world's food system is currently not sustainable by any standard. Around 850 million people are currently living in chronic calorie protein undernourishment, and at least another billion are living with micro-nutrient deficiencies. Despite this, current levels of food production are under unprecedented stress due to water stress, temperature stress, environmental loss, bio-diversity loss and general unsustainability in farm practices, with the agriculture sector being the single largest contributor to greenhouse gas emissions. Altogether, this amounts to a major crisis, which is not currently addressed.

Third, Sachs outlined the issue of urban planning. As much as 70% of the world population will live in urban areas by 2030. He stressed that our cities need to be resilient, adaptive, clean (in the sense of toxics, pollutants, particulates and water sources) and smarter in terms of energy, transport, and buildings. He called for a fundamental reorientation of urban planning, design, concepts, technologies in order to get there.

Fourth, is population stabilisation. He argued that this topic has social, religious and political connotations, which was dropped from the political agenda 20 years ago due to political correctness. In Sachs' view, this

was a big mistake because the world population is growing too fast, especially in the poorest places in the world. Sub-Saharan Africa, in 2010, had an estimated population of 856 million; by 2100, according to the UN's medium fertility scenario, Sub-Saharan Africa would reach 3.3 billion people, increasing from 7% of the world's population to about 33%. Sachs argued that this spells human and ecological disaster on a massive scale; the population issue has to be on the table, aiming for a rapid, voluntary, but promoted reduction of total fertility rates to sustainable levels within the next 20 years.

Sachs concluded his speech by addressing the question of targets and measurement. He said that we would need to cut by roughly one third carbon emissions per year to be in a safe operating range, meaning that the carbon intensity of GDP would need to be reduced by a factor of 10. For agriculture, he said that there are many things to do on land use, maintenance of terrestrial bio-diversity and protection of marine eco-systems which are under phenomenal stress. Green cities require air quality, water quality, waste management, greenhouse gas mitigation and climate resilience. In terms of metrics, we need both national and global measures, reported annually. He identified six important areas for reporting. First, levels and annual changes in greenhouse gas concentrations. Second, accounting for species at risk, building on both the International Union for the Conservation of Nature type of data and information on habitat destruction. Third, reporting on the acidity (pH) levels of oceans. Fourth, reporting on the rise in sea level. Fifth, reporting on extreme weather events through a standard annual report on droughts, floods and heat waves. Sixth, an annual report on the state of the estuaries, especially in the hypoxic zones.

THEME 4 — OVERVIEW

ADDRESS: SUSTAINABILITY



Walter Radermacher, Director General, Eurostat, European Commission

According to the definition proposed in the Brundtland report, sustainability should be understood as the requirement of meeting the needs of the present without compromising the ability of future generations to meet their own needs. As this definition is broad, more specific approaches to sustainability focus on the resources that are required to sustain the different dimensions of people's well-being, both over time and across different spaces. Resources come in many shapes and forms but are sometimes described as different types of 'capital' – economic, natural, human and social capital. While the amount of these types of capital that will be available in the future is shaped by a variety of factors, many of these elements are already happening today, implying that some of today's societal choices (e.g. to invest and preserve critical stocks of resources, rather than to let them deteriorate over time) are already shaping, possibly in irreversible ways, future well-being. This session addressed sustainability in its different forms, with a focus on four domains where unsustainable patterns may create the greatest risk to future well-being. For all the specific domains discussed, one key question addressed is how better measures of sustainability could inform better policy decisions.

Walter Radermacher introduced the session by making the point that we should be talking about “sustainable development” rather than “sustainability”.

Sustainability is concerned with the current constraints or, in the terms of the Brundtland Report, the forms of capital – natural, human, social and produced/financial – that we need to maintain. Sustainable development, conversely, is a truly dynamic concept. As Director-

General of Eurostat, Radermacher's primary concern is with metrics. He referred to the indicators proposed by Jeffrey Sachs on the previous day, which were mainly concerned with measuring levels and changes in various stocks and states, arguing that it is also important to look at driving forces and pressures. He noted that, in the early 90s, when people first started looking seriously at statistics on sustainable development, two approaches confronted each other: the accounting approach and the indicator set approach. The accounting approach aimed to build on the success of GDP, which he traced to three main reasons: i) being based on a coherent theoretical concept supported by a respected framework (System of National Accounts, SNA); ii) being produced by official statistics, and therefore being of high quality; and iii) being used across a range of policy areas. He argued that, any measures having the ambition to go ‘beyond GDP’ will need to meet these three criteria, although it is unlikely that any single number will be able to measure sustainable development. Radermacher stressed the importance of green accounting to measure the impact of economic activities on the environment. He also noted that many valuable indicator sets have been developed in different countries to measure sustainable development, and concluded by stressing the importance of a range of recent measurement developments: the UN adoption of a standardised System of Environmental Economic Accounts (SEEA), which is now being translated into a legal framework at the European level; the work of a joint OECD-UNECE-Eurostat Taskforce on Measuring Sustainable Development, which will give methodological advice combining the indicator set and accounting approach; the Europe 2020 strategy which aims for smart, cohesive and green growth; the post-MDG discussions' focus on sustainable development; and the “Prague Memorandum”, which commits the European Statistical System to measure the green economy and green growth.

Rajendra Kumar Pachauri echoed Radermacher's observation that we should talk about “sustainable development” rather than “sustainability”, and noted that discussions on this topic have a long history, stretching back to the first International Conference on the Human Environment in Stockholm 40 years ago, and to the World Commission on Environmental Development, which led to the Brundtland definition. Pachauri noted that while the Brundtland definition of sustainable development was neat and comprehensive, its focus on needs, which are partly subjective, implied that it was very difficult to measure. The *Human Development Report* was a big step forward in terms of going beyond GDP. What we really need today, Pachauri argued, is to look at sustainable development not only at the local level but also globally, as human actions and behaviours are depleting the global commons. He also noted that the concept of global commons, as suggested by Garrett Hardin (a biologist), underlined the fact that we

need to draw on other disciplines beyond economics to gain insights. Pachauri also highlighted equity as being of particular importance, as some communities are much more deeply affected by the impacts of climate change than others. In this regard, the report on extreme events and disasters of the Intergovernmental Panel on Climate Change (IPCC) has documented the several impacts of climate change, including more intense heatwaves and extreme precipitation. Even in places where the average level of rainfall has declined, a much larger proportion of precipitation takes place in the form of heavy falls, which has major implications for developing infrastructure to store excess water for periods of drought, and to protect human life and property. According to Pachauri, we need to identify actions which are mutually beneficial at both the local and global level. For example, reducing greenhouse gas emissions would increase energy security and lower pollution at local level, which would bring health benefits and lead to higher employment and agricultural yields. Agriculture lies at the heart of sustainable development, as food insecurity and malnutrition are pressing issue in many parts of the world. Another action with global and local benefits is to develop cleaner and renewable fuel sources. Today, 1.3 to 1.4 billion people lack access to electricity, and between 2 to 3 billion use biomass fuels, which are of inferior quality and whose use has negative environmental and health impacts. Pachauri noted that while policy changes will not bring overnight results, they will payoff over the long-term, if enacted with vision and ambition. He referred to an IPCC report describing 164 different scenarios on the use of renewable energy in climate change mitigation, arguing that, if the policy changes suggested by the report were put into place today over the next 2-3 decades we would see significant innovations and technological solutions to reduce greenhouse gas emissions. Appropriate delivery mechanisms and institutional measures would be needed to bring clean and modern sources of energy to those who need them most.

bring benefits to the very poorest. This implies that, when talking about inclusive growth, we need to bring about rapid and adequate improvement in these ecosystems. Finally, he argued that sustainable development has to be driven by innovation, noting that we can bring together modern technology and knowledge to meet the needs of the poorest. This is an area where there are enormous opportunities for co-operation among countries of the south, where not enough has been done in the past.



“We can bring together modern technology, science and knowledge to meet the needs of the very poorest.”

RAJENDRA KUMAR PACHAURI

Chairperson of the Intergovernmental Panel on Climate Change, Director General of the Energy and Resources Institute, India

Pachauri concluded by observing that we need to focus on the benefits of ecosystem services at the local level. Rivers, air quality, biodiversity are all essential ecosystems that

WORKSHOP 4A: ACHIEVING ENVIRONMENTAL SUSTAINABILITY



ALAN ATKISSON (Chair)
Sustainability Consultant,
United States



IGOR BASHMAKOV
Centre for Energy Efficiency,
Russian Federation



HARI PRIYA
Indian Institute of Technology,
India



YEONOK CHOI
Statistics Korea,
Korea



PETER HARPER
Australian Bureau of Statistics,
Australia

A healthy natural environment is critical for achieving sustainability. Achieving this goal necessitates careful management of natural resources (i.e. resources that are owned by economic agents and used in economic production) but also placing the carrying capacity of ecosystem and global assets (such as climate and oceans) at the centre of our preoccupations, so that these could provide society with goods and services of adequate quality in the long run. The OECD has identified a number of inter-linked objectives for enhancing cost-effective and operational environmental policies in the context of sustainable development: first, maintaining the integrity of ecosystems through the efficient management of their natural resources; second, de-coupling environmental pressures from economic growth; third, enhancing the contribution of the environment to people's quality of life; and, finally, dealing with global environmental interdependence, through governance and co-operation. In all these areas, improving statistical information and indicators are essential in order to ensure that the broader objectives of 'green growth' and environmental sustainability are met. This will require better information on the quantities of different stocks of natural capital, on the extent to which these stocks are approaching critical thresholds (whose crossing would have disastrous and irreversible consequences), better understanding the value of the services stemming from these stocks, and more research on methods that could be used to monetise these services.

The session addressed three dimensions of environmental sustainability: the importance of environmental quality, and how this affects people's well-being today; the use of natural resources, and how this shapes well-being over time; and new metrics of environmental accounting. The main messages from the session were that there are still huge challenges ahead in terms of achieving environmental sustainability, but that an encouraging signal comes from the significant progress made on environmental accounts. It is also remarkable that these standards are starting to inform policy strategies on a wide scale, as witnessed by the Green Growth Strategy of Korea.

Alan Atkisson set the stage of the discussion by referring to elements of his report "Life Beyond Growth", a major stocktaking of the various concepts and indicators developed over the past 40 years to go beyond GDP. The main conclusion of the report is that 'green growth' is emerging as a new paradigm in place of GDP growth and sustainable development. A broader concept is that of 'green economy' which encompasses ecological limits and human well-being on top of green growth. According

to AtKisson, even the concept of ‘green economy’ may be too limited, and should be integrated by considerations about happiness.

“A combination of green economy and gross national happiness is the right recipe for a sustainable world.”

ALAIN ATKISSON

Sustainability Consultant, United States

Igor Bashmakov discussed how global energy systems are threatening the sustainability of ecosystems and human kind. He argued that if current trends in the energy sector persist, the world will experience a considerable increase in average global temperature. The world’s transition towards clean energy is far too slow, and the window of opportunity to reduce global warming will be gone in just four decades from now. He argued that climate change threatens ecosystems irreversibly, and that GDP and welfare losses from climate change will accelerate as the world gets warmer. He also stressed that the costs of mitigation policies are smaller than the costs of inaction, and that the transition to clean energy required the joint action of governments, citizens and business. Looking back at recent environmental performance, he noted the paradox of energy consumption growing faster than GDP, and the decline in energy intensity slowing down over the past decade despite increased environmental awareness and strengthened mitigation policies.

“We bring too much of the present to the future, while we should bring visions of the future to the present.”

IGOR BASHMAKOV

Centre for Energy Efficiency, Russian Federation

Peter Harper talked about the System of Environmental-Economic Accounts (SEEA), a joint undertaking of an international taskforce which included the UN Statistical Division, Eurostat, the OECD, the IMF, the World Bank and several national statistical offices. In 2012, the United Nations elevated the Central Framework of the SEEA to the status of International Statistical Standards. SEEA proposes a systemic approach to account for the linkages between the environment, the economy and the socio-economic aspects of this relationship. The SEEA central framework incorporates four accounts: flow accounts; stock accounts; activity/purpose accounts; and accounts that adjust the SNA economic accounts to reflect the impact of economic activity on environment. Peter Harper stressed the importance of implementing and further

developing the SEEA in order to support decision-making and green growth policies.

Yeonok Choi focused on the Green Growth Measurement Frameworks developed in Korea and in the European Union. He discussed how the concepts of ‘green growth’, ‘green economy’ and ‘sustainable development’ relate to each other. He then presented Korea’s vision of Green Growth and its three strands of policies: mitigation of climate change and energy dependence; creation of new engines for economic growth; and improvement of quality of life. To support this threefold strategy, a measurement framework with 30 indicators has been developed. These indicators will help monitoring support towards green growth. Yeonok concluded his presentation by discussing some of the measurement challenges related to developing a framework for Green Growth, notably the difficulty to clearly distinguish between green and non-green products, technologies, jobs and production processes.

Haripriya Gundimeda presented some of the key results of a study to assess the sustainability of the different Indian states. The study focused on forests, other renewable types of natural capital, minerals and human capital, and examined whether the stock of wealth of different Indian states is declining, increasing or remaining constant. Her results suggests that in almost all Indian states, overall capital accumulation has been positive, even when excluding physical capital formation. However, environmental capital has declined in most of the states. This implies that the economy is doing quite well from a ‘weak sustainability’ perspective, but that this is occurring at the cost of depleting critical natural capital. Conventional economic statistics are hence giving an illusion of growth, when in fact valuable capital is being lost. Haripriya Gundimeda concluded arguing that urgent action is therefore needed to preserve natural capital through appropriate policies.

Disasters and conflicts are often sudden, calamitous events that bring great damage, loss or destruction. Whatever their source, i.e. natural or human-induced, such events cause loss of life and property, affecting the well-being of individuals and communities at large. Lowering people’s and communities’ vulnerability to disasters and conflicts requires taking action both to limit the probability of such events occurring, and to enhance people resilience after these events have materialised. The range of actions will typically depend on the nature of the events considered. In the case of natural and technology-induced disasters, actions include the integration of risk reduction into development and poverty reduction strategies; ex-ante public sector budgeting for disaster, to reduce uncertainty about the government’s response to losses; risk-based disaster insurance, to permit more rapid economic and social recovery and to signal to

individuals the hazards they face; and financial incentives, to encourage investment in cost-effective mitigation measures. In the context of climate change, sustainable adaptation will require firms, citizens, and policy-makers to internalise current and risks in various decisions, while being mindful of the associated uncertainties. In the context of conflicts, lowering their consequences for people's well-being will require enhancing both domestic institutions, with the authority and legitimacy to mediate between opposing interests so as to avoid conflicts, and the capacity of the international community to provide emergency relief.



L-R: Hari Priya, Indian Institute of Technology, India; Peter Harper, Australian Bureau of Statistics, Australia; Alan Atkisson, Sustainability Consultant, USA; Igor Bashmakov, Centre for Energy Efficiency, Russian Federation; Yeonok Choi, Statistics Korea, Korea

WORKSHOP 4B: LOWERING VULNERABILITY TO DISASTERS AND CONFLICTS



STEVE BRAZIER (Chair)
Department of the Prime
Minister and Cabinet,
New Zealand



AKIKO KAMESAKA
Aoyama Gakuin University,
Japan



JOHAN HAVENAAR
Utrecht University Hospital,
Netherlands



STEVE KILLELEA
Global Peace Index,
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ALLISTER MCGREGOR
University of Sussex,
United Kingdom

Disasters and conflicts are often sudden, calamitous events that bring great damage, loss or destruction. Whatever their source, i.e. natural or human-induced, such events cause loss of life and property, affecting the well-being of individuals and communities at large. Lowering people's and communities' vulnerability to disasters and conflicts requires taking action both to limit the probability of such events occurring, and to enhance people resilience after these events have materialised. The range of actions will typically depend on the nature of the events considered. In the case of natural and technology-induced disasters, actions include the integration of risk reduction into development and poverty reduction strategies; ex-ante public sector budgeting for disaster, to reduce uncertainty about the government's response to losses; risk-based disaster insurance, to permit more rapid economic and social recovery and to signal to individuals the hazards they face; and financial incentives, to encourage investment in cost-effective mitigation measures. In the context of climate change, sustainable adaptation will require firms, citizens, and policy-makers to internalise current and risks in various decisions, while being mindful of the associated uncertainties. In the context of conflicts, lowering their consequences for people's well-being will require enhancing both domestic institutions, with the authority and legitimacy to mediate between opposing interests so as to avoid conflicts, and the capacity of the international community to provide emergency relief.

Steve Brazier opened the session by outlining the key themes covered by the workshop, i.e. the implications of vulnerability to external threats such as wars and natural disasters for people's well-being; the data needed to make good policies in this field; the factors explaining why some societies are more resilient than others; and the roles that different actors can play in the endeavour to reduce vulnerability with respect to these external events.

“Vulnerability goes to the core of the human condition.”

STEVE BRAZIER

Department of the Prime Minister and Cabinet,
New Zealand

Akiko Kamesaka presented some results of research conducted after the great Japan earthquake, tsunami and nuclear disaster of March 2011. This research was conducted following reports by the media that no violence or looting had occurred after the earthquake,

a fact that was interpreted in most commentaries as indicating a distinctive trait of Japanese culture. To further investigate this explanation, a team of researchers conducted a survey on altruism and subjective well-being three months after the devastation, and found that in the areas most affected by the earthquake well-being had actually increased. Donations, which traditionally are not widespread in Japan, had also increased following March 2011, alongside with volunteering, patterns that may have lessened the impact of the disaster on people's reported well-being. However, Akiko Kamesaka also argued the limits in the available data to measure subjective well-being after a disaster. One issue is that the people who were most hit by the disaster were unavailable to answer survey questions; another issue is that, in the Japanese case, not much is known about the long term psychological effects of these shocks.

Part of this evidence was illustrated by other presenters. Based on evidence on the effects of the Chernobyl nuclear disaster in the contaminated areas, Johan Havenaar observed that the psychological effects of disasters include a higher occurrence of depression, anxiety and attention deficit-hyperactivity disorder (ADHD). He also noted the wide gap, in these areas, between health conditions as assessed by patients and by doctors. One reason for this gap is that people feel sicker when they are endangered in some way and therefore report more symptoms.

One issue raised by these assessments is whether looking at individual well-being risks missing part of the broader picture. Allister McGregor argued that people make their well-being and resilience through their relations to other people, whether directly or through the institutions of a society. A comment from floor mentioned that Malaysia is measuring well-being at the family level. An important part of the discussion on well-being and vulnerability is therefore on how to look at all levels of societies and how to understand the relationships between them.

“The focus should be on how we are to live well together. Systems of governance have to support that.”

ALLISTER MCGREGOR

University of Sussex, United Kingdom

The issue of measuring resilience was addressed by Steve Killelea, based on evidence from the Global Peace Index, which applies statistical methods to data on attitudes, institutions and structures that can either create or hinder peace. The countries that performed best based

on this index have low levels of poverty, good economic performance, good governance and well functioning institutions.

“Peace is a proxy for the optimal environment for human beings to flourish.”

STEVE KILLELEA,
Global Peace Index, Australia

Part of the debate from the floor focused on objective and subjective measures of well-being, with most participants arguing that measures of vulnerability and resilience should focus on people rather than on the economy. Better data are clearly needed in this area. Disasters can also be diverse (e.g. man-made or natural) and their effects on people's well-being can similarly vary (e.g. being physical but also psychological). Moreover, it is generally very difficult to ascertain whether some of the negative effects are due to the disaster or to other causes. Johan Havanaar cited the example of Chernobyl, where many reported deaths in the region are ascribed to cancers despite little scientific evidence proving that.

Beyond the measurement side, another theme of the workshop was how vulnerability can be reduced. Allister McGregor pointed out that policies can either help people to be more resilient to risks or actually hinder sustainability. In the case of Zambia, what looked like a resilient economic system had devastating effects for future generations. The policies that were implemented to cope with the economic crisis implied a massive divesting in youth and children, leading to pressures on social cohesion. So, in some circumstances, the capacity to cope with shocks is being reduced while the economy is doing well. In the case of Japan, Akiko Kamesaka argued that the elderly in the areas affected by the Fukushima disaster were being left behind in terms of policies. She recommended that specific programs be implemented to help the elderly to feel more integrated as isolation is a key cause of depression among the elderly.

Some of the recommendations for reducing vulnerability included bringing people into the policy process by focusing policies on people's well-being. It was also argued that the focus of policies to deal with disasters should not be the nation state, but local, through plans for distributions and evacuations alongside good information to the public and to medical teams on the ground.

WORKSHOP 4C: STRENGTHENING ECONOMIC SUSTAINABILITY



KIRIT S. PARIKH (Chair)
Chairman,
Integrated Research and Action
for Development,
India



JUZHONG ZHUANG
Deputy Chief Economist,
Economics and Research
Department,
Asian Development Bank



JEAN-PAUL FITOUSSI
Institut d'études politiques de
Paris,
France



KLAUS SCHMIDT-HEBBEL
Central Bank of Chile,
Chile

The crisis that is plaguing the world economy can be described as a 'sustainability crisis', i.e. the sudden collapse of the economic system as it crossed critical thresholds, whose lasting and prolonged consequences are then hard to reverse. While economists have traditionally assessed risks to economic sustainability by looking at trends in public debt and foreign indebtedness, the recent crisis has also highlighted the role of unsustainable debt accumulation by households and financial intermediaries, the role of off-budget financial instruments, the limits of asset prices in conveying all the relevant information and of 'aggregate' data on the financial position of different sectors. Assessing economic sustainability requires looking beyond macro-information to consider the concentration of financial imbalances at the level of individual agents and institutions, and close monitoring in the prices for different categories of assets, to assess whether they reflect fundamentals or 'bubbles' that are set to burst in the future. Finally, it requires assessing the institutional arrangements governing economic policies in various countries, and the flexibility or constraints they allow responding to economic crisis in an appropriate way. Strengthening economic sustainability is a primary objective of governments around the world, also on account of risks for political and social stability that economic crises imply. The recent crisis has strengthened the sentiment of citizens around the world that the globalisation and economic expansion of the past few decades have increased economic insecurity and that their benefits had been increasingly concentrated in the hands of a few. These sentiments are posing new challenges for policy makers as they make more difficult to implement adequate policies.

The session highlighted a wide range of views on how to interpret the notion of economic vulnerability.

Klaus Schmidt-Hebbel – while recognising the importance of a 'systemic' view of sustainability linking economic, social environmental and political factors – argued that an even narrower focus on economic sustainability and resilience would allow understanding the current crisis. Schmidt-Hebbel contrasted macro-economic developments in advanced economies and in emerging countries, arguing that massive macro-economic failures in the former (in terms of fiscal profligacy, financial policy and market failures) explained the severity of the crisis affecting them. Schmidt-Hebbel also underscored the importance of the growing connectedness between sovereign states, banks and insurance companies – before and after the crisis – for the transmission of shocks across countries, and identified the main policy

requirements for achieving both cyclical recovery and long-term economic growth. These requirements pertain, in Schmidt-Hebbel's view, to fiscal policies (counter- or at least a-cyclical policies, and strong fiscal institutions), monetary and exchange policies (inflation targeting and exchange rate flexibility), prudential and financial policies (strengthening regulation of banks and non-bank intermediaries, improving corporate governance, transparency and accountability, minimising the use of government guarantees to individuals and financial institutions), and structural policies (labour and product markets competition, globalisation, international co-ordination) as well as the synergies between policies in all these fields.

“Economic sustainability is about making growth strong and sustained to eradicate poverty and improve the well-being of every citizen.”

JUZHONG ZHUANG

Deputy Chief Economist, Economics and Research Department, Asian Development Bank

Juzhong Zhuang identified four basic requirements for economic sustainability: i) preventing crisis; ii) ensuring public investment in infrastructure and human capital; iii) developing a well-functioning market system supported by good governance and strong institutions; and iv) addressing market failures through appropriate policies. After having identified the common features shared by most economic crisis (asset price bubbles, credit booms, excessive debts, bad loans, systemic risks, poor regulation and supervision) and the distinguishing features of the current one (financial derivatives, excessive leverage of financial institutions, the role of households, growing financial integration), Juzhong Zhuang described the indicator system developed by the Asian Development Bank for early warning and for assessing the vulnerability of the financial sector in the region. He showed evidence suggesting that such an early warning system would have correctly anticipated both the 1982 and the 1997 crisis that hit Asian countries. In light of the lessons learned from these crises, Asian countries proved resilient to the recent crisis thanks to a combination of well-capitalised banks, low non-performing loans, limited exposure to foreign debt and sound fiscal positions. Asian countries face, however, significant challenges for strengthening economic sustainability when understood more broadly in terms of reducing poverty and inequality, improving productivity, developing the financial sector, reducing deficits in infrastructure, human capital and governance, and lowering their vulnerability to external shocks.

Jean Paul Fitoussi argued that the concept of sustainability requires taking a comprehensive view of the economic

and social system as a whole. Such a comprehensive view would be provided by a complete balance sheet including, on the liability side, both private and public debt and, on the asset side, both tangible (public and private, human and material) and intangible assets (democracy and social capital). In practice, such comprehensive balance sheet does not exist, a situation that leads policy makers and analysts to behave as the person who, looking for his lost wallet at night, only looks where the street light is. Fitoussi illustrated the limit of such a partial view of sustainability by referring to the macro-economic policies implemented in the Euro area in the aftermath of the crisis. With sustainability narrowed down to its public finance dimension, European governments have imposed austerity policies that are increasing unemployment and inequalities, reducing investment in human capital, and putting democracy at risk. Such policies neglect the fact that both Ireland and Spain recorded budgetary surpluses and low public debt before the crisis, and ignore the most important lesson that we should have drawn from the crisis, i.e. that markets can hugely misprice assets. In this situation, balance sheets based on inflated prices will give the wrong signal to policy makers, i.e. that wealth is created while, in reality, assets are being used in non-sustainable ways.

“European policy is based on a partial view of sustainability, which looks only at its financial side. Partial sustainability leads to total un-sustainability!”

JEAN-PAUL FITOUSSI

Institut d'études politiques de Paris, France

The lively discussion that followed focused on how to deal with banks that are 'too big to fail', on the link between economic sustainability and well-being, on the scope for and constraints to counter-cyclical fiscal policies, on the possibility of building up a complete balance sheet for a country as a whole, and on the challenges posed by globalisation and growing inter-connectedness to an assessment of economic sustainability based only on country-specific data.

WORKSHOP 4D: SOCIAL COHESION



SOLEDAD ARELLANO (Chair)
Vice-Minister of Social Development,
Ministry of Social Development,
Chile



KEN PREWITT
Columbia University,
United States



ALAN HIRSCH
Policy Co-ordination and
Advisory Services, Government
of South Africa



ELLEN WEBBINK
University of Rotterdam,
Netherlands



STEFANO BARTOLINI
University of Siena,
Italy



ROBERT MANCHIN
Managing Director,
Gallup World Poll,
Europe

Over the past ten years, many developing countries achieved strong growth rates and increased economic prosperity, laying the foundations of a better life for their citizens. And yet, in several of these fast growing countries, the experiences and quality of life of ordinary citizens seem to have lagged behind. Even in developed countries, whose growth record is much less satisfactory, there are strong sentiments of a disconnect between the concerns of ordinary citizens and those of political elites. From the Arab spring, to conflicts about wage increases in Asia, to disputes about access of quality education in Canada and the United States, to fears of a disruption in welfare programmes throughout Europe – all these episodes are evidence of a disconnect that threatens countries' social cohesion, weakening people's sense of belonging, inclusiveness and opportunities for social mobility. While the notion of 'social cohesion' is often used with different meaning, its constituent elements include concerns about social inclusion, social capital and social mobility. Some of these elements can be quantified, and some countries have taken steps to develop suitable metrics in this field, e.g. through specific surveys assessing different aspects of people's social connections and civic engagement. This session highlighted some the main dimensions of social cohesion in a national and international context, discussed measurement approaches and the feasibility of developing a statistical framework to guide measurement in this field.

Soledad Arellano opened the workshop by talking about the tensions between outcomes such as economic growth at the macro-level, and life satisfaction at the micro-level. Such a disconnect between individuals and society can weaken people's sense of belonging and inclusiveness, or in other words, social cohesion. Arellano noted that countries with higher levels of social cohesion provide a better institutional framework for achieving important policy goals such as economic growth. Social cohesion is therefore a goal in itself, as well as a means to achieve other goals. However, there is no unique definition of social cohesion, and Arellano welcomed the opportunity to highlight its main dimensions and to talk about statistical measurement issues during the session.

Ken Prewitt presented the work of a U.S. National Academy of the Sciences (NAS) project on the measurement of "Civic Health and Social Cohesion". He agreed that the lack of a clear definition is an obstacle to the measurement of social cohesion. To this end, the NAS project has three main goals: first, to gain some clarity about what exactly needs to be measured; second, to focus on measures that have a causal, or at least correlation link to other dimensions that matter such as crime or political engagement; third, to

identify the measures that have some potential for being addressed by policy. The first step has required to break down the concepts into measurable domains. These include: political engagement; non-political engagement; patterns of interaction and social support; confidence in institutions; and perceived fairness. The NAS project then considered whether the available measures pertain to individual or collective outcomes, or whether they are objective or subjective. The NAS project is currently about halfway though, and a number of issues have come up so far, including whether to use data from non-survey sources such as administrative data or digital data from sources such as Facebook. The question of whether different variables are independent or dependent is also challenging for social phenomena that are complex and difficult to untangle. The project will not propose a single, composite measure of Civic Health, but rather a set of measures with different properties and consequences.

“Countries with higher levels of social cohesion provide a better institutional framework for achieving policy goals.”

SOLEDA AARELLANO

Ministry of Social Development, Chile

Alan Hirsch's presentation focused on the measurement of social cohesion in South Africa. Based on many indicators, the country has made significant improvements in many areas of social policy over recent years: life expectancy is rising as the AIDS crisis is being better managed; female representation in parliament is good at 43%; social assistance rates are rising; poverty has declined from around 50% in 1993 to 40% now; and pre-school participation is rising rapidly. However, despite these advances, social cohesion in South Africa is low: unemployment is high, affecting around 50% of young people; inequality is very high; maternal death rates are high; sexual assaults remain widespread; race and class divisions are ever present; and the number of protests, including violent protests, is on the rise. Hirsch highlighted political fragmentation and problems with the political representation system as contributing factors.

Robert Manchin focused on the link between well-being and social cohesion in Europe, based on data from the Gallup World Poll. He noted that for most people in the European Union, life is not improving. As well-being measures are not static, it is possible to capture the impact of the crisis in the most severely affected countries such as Greece, Portugal, Spain and Italy. The share of the population who are classified by Gallup as 'thriving' fell across most of Europe between 2011 and 2012, especially in Cyprus and Greece. In general, people in the south of Europe are less happy than the north. Inequality in well-

being is also higher in the south than in the north, with an increase in well-being inequality between 2008 and 2012 for most European countries. Some of the countries with the highest well-being inequality have relatively low income inequality. Multi-level analysis combining individual level data with small area data suggests that being alone has a much bigger impact on subjective well-being than regional effects. The analysis also suggests that the local area does have an independent impact; that the well-being cost of unemployment and the aggregate unemployment rate interact with each other; that the increase in the unemployment rate had a large effect on subjective well-being. Manchin also noted that, in general, there is a very strong link between well-being and civic engagement. However, this relationship can differ from place to place (e.g. between the Wallon and Flemish regions of Belgium).

“There is a very strong link between civic engagement and well-being.”

ROBERT MANCHIN

Managing Director, Gallup World Poll, Europe

Stefano Bartolini focused on the relationship between social capital and subjective well-being. He argued that the large differences between countries in terms of both levels and changes of subjective well-being, are better explained by indicators of social capital such as associational involvement and trust, than by GDP. When looking at micro-data, people with high social capital tend to have higher well-being, and over time the same relationship can also be observed at the aggregate level. Research also suggests that, over a period of 15 years or more, GDP does not matter very much for changes in SWB; however, when looking at shorter periods, GDP does have a stronger impact. Conversely, the impact of changes in social capital is relatively weak in the short-term, but becomes more important over longer time

periods. The results are the same whether looking at happiness (positive affect) or at life satisfaction. Bartolini referred to India and China, countries that have shown the same trends in life satisfaction and GDP from 1990 to 2007; in both countries, average life satisfaction declined up to 2000 and then increased, whereas GDP increases rapidly over the entire period. In Bartolini's view, this reflects the decline in social capital associated with rapid economic growth and the impact of income comparisons.

Ellen Webbink described the Indices of Social Development (IndSocDev), a set of 6 indices referring to various aspects of social development based on 200 indicators drawn from 25 different data sources: i) civic activism; ii) clubs and associations; iii) inter-group cohesion; iv) inter-personal safety and trust; v) gender equality; and vi) inclusion of minorities. The indices have been used as the basis for a study on the relationship between development aid, civil society, and development outcomes commissioned by the Dutch Ministry of Foreign Affairs. The research found that, if development aid has an independent effect on poverty, it also has an impact through civil society; further, it showed that civil society has an effect on poverty through civic activism, and through intergroup cohesion on human rights.



L-R: Stefano Bartolini, University of Siena, Italy; Alan Hirsch, Government of South Africa; Ellen Webbink, University of Rotterdam, Netherlands; Soledad Arellano, Ministry of Social Development, Chile; Ken Prewitt, Columbia University, United States; Robert Manchin, Gallup World Poll, Europe

ROUNDTABLE 4: WELL-BEING – INTERNATIONAL, NATIONAL AND REGIONAL MODELS FOR POLICY MAKING



PRONAB SEN (Chair)
Principal Advisor, Planning Commission,
Government of India



GABRIELA RAMOS
Chief of Staff and Sherpa to the G20,
OECD



ANTONIN DOSSOU
Prime Minister's Office,
Benin



SOLEDAD ARELLANO
Vice-Minister of Social Development,
Chile



VUSI GUMEDE
Associate Professor, University of Johannesburg and former Chief Policy Analyst in the South African Presidency,
South Africa



JEAN-PAUL FITOUSSI
Institut d'études politique de Paris,
France

This session looked at how better well-being statistics could influence the policy process. While this is necessarily a complex process, due to the multi-dimensional nature of well-being, uses of these metrics in policy-making are of two types. First, better well-being measures can bring to the forefront of the political discussion issues which had, until then, escaped the attention of policy-makers, 'nudging' decision-makers to take actions to remedy the deficiencies highlighted by the new measures. Second, better well-being indicators can help improve the design of existing policies and programmes, moving them beyond the 'silo' approach that often characterises policy-making: such effects could result, for example, from measures that allow to identify the unintended effects of a given action and the synergies between different policies, to value the importance of a range of non-market factors, and to assess the effects of domestic policies on the well-being of other countries and communities. While concrete applications of a well-being framework to the policy process are relatively new, significant experiences are now starting to emerge at the international (e.g. the calls for a holistic framework in the context of post-2015 discussion), national (e.g. the experiences of the Treasuries in Australia, New Zealand and the United Kingdom) and regional/sub-national (e.g. the ongoing reform of the EU cohesion-policies) levels.

Pronab Sen opened the roundtable setting as goal of the discussion to gather the many points raised throughout the Forum on the policy uses of better well-being metrics.

Soledad Arellano began her intervention with a presentation on well-being and the policy-making process in Chile. A question on life satisfaction was recently included in an annual national household survey for Chile. While this measure provides a first picture of well-being in the country, an extensive research agenda is needed to move well-being measurement ahead, in particular multivariate analysis to identify causal paths. Arellano emphasised, however, the importance of taking a pragmatic approach: the policy-making process cannot wait until the research agenda is completed, and in the meantime, alternative ways of finding out what matters to people, and taking that into account in policy, need to be found. To face these challenges, the Ministry of Social Development was established in 2011 to promote an integral approach to social issues and to co-ordinate cross-cutting strategies. For example, a 'National Health Strategy' launched in 2011, which would in the past have been the sole responsibility of the Health Ministry, was managed by the new Ministry by bringing together 19 different public agencies to look at the issue, as health

outcomes are the result of a wide range of economic, social and environmental processes. Consultation with a range of stakeholders, including civil society, also played a powerful role, raising issues which would not otherwise have been identified. For example, the 'Positive Ageing Strategy' highlighted the role played by inadequate public transportation for the social isolation of the elderly, an aspect that policy-makers had previously neglected. Arellano argued that indicators are only important as far as they help to inform policies that lead to concrete improvements in people's lives.

Jean-Paul Fitoussi emphasised the need for governments to focus on well-being as their primary objective. He argued that the importance of this re-orientation is often missed by analysts who, from evidence of a weak correlation between democracy (using a 'fuzzy' composite measure) and economic growth (based on GDP), sometimes conclude that the establishment of democratic systems is only of secondary importance from the perspective of increasing GDP growth. On the contrary, Fitoussi argued that, from a well-being perspective, democracy matters in itself, whether or not it raises GDP; the Arab spring has shown that people are willing to lose their lives for political freedom. Fitoussi stressed that recognising well-being, rather than GDP, as ultimate objective would change our perspective on a range of policies. For example, the profound and long-term negative impact of the recession and unemployment at both the individual and society level (an impact which is not entirely offset by later recovery and exiting employment) implies that governments should focus more on stabilising employment (and other well-being outcomes) rather than maximising GDP growth: new approaches to economic policy are therefore needed.

Antonin Dossou focused on the specific measurement and policy issues facing African countries. He argued that, while there is a clear case for statisticians in all countries to look beyond GDP for new indicators, the issues that are most important in developed countries (such as subjective well-being) are not necessarily as relevant in Africa, where refining measures and policies to reduce poverty is the chief concern. Even in this case, however, asking people for their own perceptions of their poverty is important to get a full picture of the situation. Beyond the choice of measures, Dossou noted the pressing need for capacity development at both the statistical and policy level in Africa. Currently, data collection is restricted to large-scale and relatively infrequent surveys and national censuses. Finding ways to obtain more timely data on an ongoing basis is vital to get a better view of evolving conditions among the population. Dossou emphasised a need to better take into account the particular reality of African countries in global indicator initiatives.

Gabriela Ramos spoke on lessons that the OECD has drawn from the Organisation's *Better Life Initiative*. She

identified two main ways in which current policy practices need to change. First, by looking at a much broader range of indicators, including many that had not previously received a lot of attention such as civic engagement, social connections, personal security and subjective well-being. Second, by taking a truly multidimensional approach to policies, one that takes into account the impact of policies across the many dimensions of well-being and that tries to understand the interconnections between different areas. For example, by looking at how labour market policies impact not only the economy but also on health, subjective-well-being and work-life balance. Gabriela Ramos echoed the message of others throughout the conference that GDP can no longer be the sole input into policy decisions. She mentioned the important measurement initiatives undertaken in many countries, such as the nationwide consultation launched by UK Prime Minister David Cameron, parliamentary commissions in Finland and Germany, expert roundtables in Japan, Italy and Spain, and initiatives to develop new statistics in countries like Morocco and by the European Commission; and argued that these indicators are starting to influence policy discussions such as the Australian Treasury's framework. Ramos concluded by outlining some of the main issues for the agenda ahead: informing the post-2015 development agenda; undertaking country reviews of well-being; undertaking sub-national level analysis to improve public service delivery; encouraging a whole-of government approach to policy-making; pushing forward research and statistical development in new areas such as trust and social connections; and contributing to the sustainability agenda.

Vusi Gumede identified several areas for advancement in the well-being agenda. In terms of methodology and research, he argued that there is a clear need for more longitudinal data in order to better understand changes over time, and for more focused case-study research, to better understand the well-being of specific groups.



L-R: Soledad Arellano, Ministry of Social Development, Chile; Gabriela Ramos, OECD; Vusi Gumede, University of Johannesburg, South Africa; Pronab Sen, Planning Commission, India; Jean-Paul Fitoussi, Institut d'études politiques de Paris, France; Antonin Dossou, Prime Minister's Office, Benin

He said that improved technical capacity is needed within governments to enable policy-makers to better understand statistics and use them in policy correctly. He discussed the issue of target-setting in government, saying that targets are usually politically-motivated rather than evidence-based and are therefore often unrealistic and immeasurable. He agreed with the point that more cross-cutting and participatory approaches are needed in government. Finally, Gumedé noted that more clarity is needed when talking about well-being goals, for example by being explicit on whether the agenda is to reduce poverty, increase happiness or something else.

The debate that followed raised the importance of involving businesses in the well-being agenda, the role of corporate social responsibility, the need for institutional alongside statistical change, and how best to strike the balance between universal values and individual or country-based preferences.

KEYNOTE ADDRESS: SHRI JAIRAM RAMESH



Shri Jairam Ramesh, Honourable Union Minister of Rural Development, Drinking Water and Sanitation, Government of India

Shri Jairam Ramesh identified three principles underpinning the 12th Five Year Plan of India that is currently being finalised: *faster, sustainable* and *inclusive* growth. He argued that, as the negotiations on the plan proceeded, the sustainable pillar became more and more important, and that this, in itself, was an important success. He stressed that having a measure of sustainability embedded into the plan process, document and allocations was a huge step forward, a step that was made possible by the intellectual contribution of Partha Dasgupta, who headed the panel on green accounting.

Ramesh argued that there is in India an overwhelming consensus on the importance of achieving faster economic growth, and noted the important reforms introduced in India over the past 20 years to achieve that end. Some policies have been more successful than other, but the broad movement has been forward. The idea of inclusive growth also enjoys broad support, due to the heterogeneous nature of the Indian society and the special concerns about the living conditions of the bottom quintile of the population. More contentious has traditionally been the sustainability pillar.

Ramesh stressed that having a measure of sustainability both in national and sectoral accounts represents a major shift in our thinking on sustainability, as it helps accept the idea that sustainability is not a 'giant Western plot' to keep developing countries perennially poor, but rather an essential prerequisite for ensuring that economic growth goes hand in hand with the preservation of natural resources. While the imperative of achieving faster economic growth is not put into question, the challenge confronting advocates of sustainability is to demonstrate that sustainability can get built into the development process, and that it will not act as a drag to

faster economic growth. Ramesh welcomed the strong and growing consensus in India today on the importance of making the growth path far more sustainable.

“With better measures and better systems of monitoring and management, we can balance faster and sustainable growth.”

SHRI JAIRAM RAMESH

Minister of Rural Development, Drinking Water and Sanitation, India

Ramesh identified three important issues that should to be confronted if we want to win the intellectual debate on sustainability. The first is the link between sustainability and public health. Ramesh argued that, for much too long, particularly in India, environmentalists were not able to demonstrate the link between bad environmental conditions and worsening public health. Today that we have enough evidence on the strength of this link, in both urban and rural areas, we must make public health the focus of the sustainability agenda.

The second issue raised by Ramesh was the link between sustainability and livelihoods. Ramesh argued that we should talk about livelihoods, and not just lifestyles, and recognise that degradation of land is a major factor contributing to poverty. In many parts of India, people have experienced not just income- or education-poverty, but also ecological poverty, i.e. poverty arising out of the degradation of those natural resources that have traditionally sustained livelihood. The link between sustainability and livelihoods is especially important at the community level.

The third aspect that we should recognise and accept on a much larger scale is, according to Ramesh, the idea of building community institutions, and using them in a much more creative way as an alternative to the ‘heavy hand of the government or the iniquitous hand of the market’.

Ramesh concluded by arguing that we need to give a fresh look at what the state could and should do to promote sustainability. One view is that sustainability requires more regulations. But regulations need regulators, and one inevitable consequence of regulators is rent seeking. ‘We need to break out of this traditional regulation-regulator-rent seeking paradigm, and look at new ways to manage sustainability’, Ramesh said. As we strive to achieve sustainability, we will need to find a new role for the state.

Simon Upton concluded the session by referring to the OECD own experience to identify six headline indicators for green growth, noting that this proved to be a very delicate exercise.



SIMON UPTON

Director, Environment Directorate, OECD

“Let each country identify two or three sustainable development indicators, and then ask them to measure and report.”

Upton argued that such political sensitivities will be heightened in the UN process to identify sustainable development goals, as such goals will be applicable to all countries. He suggested that each country should be asked to identify a few sustainable development goals, and then to measure and regularly report on them.

VALEDICTORY ADDRESS: A. P. J. ABDUL KALAM



A. P. J. Abdul Kalam, former President, India

Abdul Kalam argued that the most important requirement for the world is balancing economic growth and quality of life for all, including the most underprivileged sections of societies, in a sustainable manner. This requires eradicating poverty and illiteracy, providing safe drinking water and clean energy, assuring an equitable distribution of resources, quality education, employment opportunities for youth, curing diseases, providing quality health-care and good living conditions. Meeting these challenges requires new models of business, technology and leadership.

Individual nations are working to find solutions to these problems. However, the challenges faced by nations are not only of their making. Neither will the solutions come from a single nation. An international dimension is at play, implying that it is the collective responsibility of the global community to seek solutions. When nations start working on the common enemies of illiteracy, poor health-care etc., their mutual trust is enhanced. Global challenges take different form depending on the dynamics of local factors.

“Individual nations are working to find solutions to global challenges which are not only of their making. Neither will the solutions come from a single nation.”

A. P. J. ABDUL KALAM

Former President of India

Today, the world is integrated through four types of connectivities: environment, people, economy and ideas. Global warming cannot be addressed by individual nations: it has a planetary dimension. These days, a single product may be made out of components sourced from

multiple continents and provide services to markets far from their place of origin. Economic turbulence originating in one part of the globe can also shake the whole planet. The world is concerned today about a recession that could affect development efforts world-wide. A volcanic eruption in Iceland brought more than 5,000 commercial flights to a halt, while the 2011 earthquake and tsunami in Japan changed our very idea of safety and security. Advances in transportation have made movement of people across nations and regions more feasible leading to a globalisation of expertise and talents, but also to a globalisation of human diseases, the most recent instance being different types of influenza which have rapidly spread across the globe.

When confronted to a nuclear accident in Japan, the international community started working on reinforcing nuclear safety. Similarly, ideas and innovations are no longer geographically or politically confined. An invention made somewhere takes no time to find its market thousands of miles away. The expansion of information and communication technology implies that problems of one part of the world can be solved by experts based elsewhere. Seamless flow of information and people also means that local or regional issues will gain global prominence, and that unaddressed problems, including poverty, can mutate rapidly into global terrorism. The flow of ideas has also led to the increasing importance paid to human rights and democracy world-wide.

Based on discussions in many educational institutions across the world and with many citizens in India and elsewhere, Kalam articulated his own “World Vision 2030” which aims at prosperity, happiness and peace for every citizen of the world, particularly the unreached and unheard sections of society. He articulated this vision in ten propositions about a world where: i) The divide between rural and urban, rich and poor, developed and developing has narrowed down; ii) There is an equitable distribution and adequate access to energy and quality water; iii) Core competencies of each nation are identified; iv) All students of all societies are imparted with education coupled with a value system; v) Affordable quality health-care is accessible to all; vi) Governance is responsive, transparent and free of corruption; vii) Crimes against women and children are absent and no one in society feels alienated; viii) Every nation is able to provide a clean environment to all its citizens; ix) countries are prosperous, healthy, secure, devoid of terrorism, peaceful and happy, developing along a sustainable growth path; and x) Creative leadership ensures mechanisms to resolve conflicts between nations and societies in a timely manner, keeping peace and prosperity of the world as a goal.

There are two possible ways of achieving this vision. The first starts by working for national prosperity and peace

within local boundaries, hoping that over a long run this would lead to prosperity and peace at the global level. However, experience across the world suggests that this solution has not yielded the desired results. The second solution starts from the perspective of making prosperity and peace the overall objective of the world, which would then percolate down to achieve regional and national prosperity and peace.

This second perspective can be applied to the challenge of reducing the rural and urban divide across the world. More than 3 billion people worldwide live today in rural regions. The empowerment of these people is critically important from inclusive development, sustained peace and shared prosperity of the world. The untapped talents of the rural population have great potential. Even the most developed nations in the world (e.g. the United States, Australia) experience a rural-urban divide.

Bridging the rural-urban divide is closely linked to the mission of overcoming poverty and inequity. About 70% of the world's extreme poor live in villages and rural areas. Searching for better education, health-care, living environments and higher income, the rural population migrates to urban areas with a hope to get better opportunities, a hope that is often met with despair. This contributes to urban poverty, stress and societal turbulence. The rural areas of the world often occupy a position where unharnessed resources are plentiful and potential exists in the form of youth and traditional skills. They have to be nurtured into enterprises leading to an environment of empowerment.

How can such a mission of empowering 3 billion be realised? It requires thinking out of the box, and considering approaches not previously considered. It requires a development system that brings sustainability and empowerment together, and that delivers them through rural entrepreneurs. This is the model of the Indian programme for the Provision of Urban Amenities in Rural Areas (PURA). When transposed at the world level, this sustainable development system may empower 3 billion people across the world, who live in the rural and less developed areas of different nations.

The need of the hour is for sustainable systems which act as "enablers" and bring inclusive growth and integrated development to the nations of the world. Creating such a sustainable development system is the mission of PURA, which combines physical, electronic and knowledge connections and economic connectivity.

The number of PURA in India is 7,000 covering 600,000 villages populated by 750 million people. At the world level, approximately 30,000 PURA would be needed to reach 3 billion rural people and to transform their environment into a vibrant and sustainable economic zone. PURAs in India were initiated by many institutions focusing on

education and healthcare, and the Government of India is now extending it on a national scale.

A unique, enterprise driven, welfare platform is "PURA Activated", whose essence is to encourage future generations of enterprises to think not just as economic providers but to pursue the integrated development of rural populations. Its vision is that a sustainable socio-business model as a vertically integrated network of multiple entrepreneurs who share synergies and economies of scale, leading to benefits of all stakeholders. The entrepreneurs of "PURA Activated" work in close co-operation with each other with help of the local PURA champions, who may be institutions or organisations of high repute. They will be partners with the government, local administration and village governance institutions. The enterprise network of PURA Activated evolves in collaboration with technical and managerial institutions across a wide array of dimensions. Similarly, enterprises from different parts of the world can be partners to PURA Activated by acting as equity investors, exploring and facilitating market linkages and providing technological platforms. Best practice and innovative solutions to production challenges will strengthen the socio-economic rural areas. In this way, enterprises, academic institutions and businesses can share their core competencies to harness the resources of untapped rural and sub-urban regions – leading to overall advances in social development. Such collaborative platforms could generate an additional market of 200 billion USD, to mutual benefit. The book "Target 3 Billion" measures economic development and prosperity through a radar system based on multiple parameters associated with human and community development.

Kalam concluded by noting that the mission of the OECD is to create measurable and implementable solutions to achieve development. It is a mission that resonates well with words written by Maharishi Patanjali's around 2,500 years ago:

“When you are inspired by some extraordinary project, all your thoughts break their bounds. Your mind transcends limitations, your consciousness expands in every direction, and you find yourself in a new, great and wonderful world. Dormant forces, faculties and talents come alive, and you discover yourself to be a greater person by far than you ever dreamt yourself to be.”

MAHARISHI PATANJALI

Around 2,500 years ago

