OECD WORK ON MEASURING WELL-BEING AND PROGRESS TOWARDS GREEN GROWTH
Measuring Well-Being

For nearly ten years, the OECD has been working to identify better ways to measure the progress of societies — moving beyond GDP and exploring the areas that matter most for people's lives. In May 2011, on the occasion of the Organisation's 50th Anniversary, held under the motto “better policies for better lives”, the OECD launched its Better Life Initiative, with the ambition to identify core dimensions of people's life, besides income levels, such as improving quality of life, reducing inequalities, and preserving our social and environmental capital. The ultimate goal of this initiative is to bring to the attention of citizens and policy makers a comprehensive set of indicators encompassing the different areas that matter for people's lives today and in the future.

The well-being framework developed in the OECD Better Life Initiative and published in the report entitled How's Life? features eleven dimensions of human well-being. These include not only people's income but also their wealth, 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 of the environment, their experiences of violence and victimisation, their feelings and life evaluations. Overall, twenty-two headline indicators (and thirty-three additional ones), covering 36 OECD and partner countries, have been selected based on the best available data, to provide detailed information on levels, trends and inequalities in these eleven dimensions.

The main features of the framework used by the OECD are that it:

- focuses on people, rather than on the economic system;
- concentrates on outcomes, rather than inputs and outputs;
- looks at the distribution of well-being among population groups, rather than only at country-averages; and
- considers both objective and subjective aspects of well-being.

Sustainability is also built into this framework, but from a cross-cutting perspective to assess how our imprint today on a range of assets will impact well-being in the future.

Through Your Better Life Index, an innovative interactive web tool, the OECD Better Life Initiative also promotes dialogue with citizens on what they consider to be the most important determinants of well-being. Your Better Life Index allows users to assign their own weight to indicators pertaining to the various life dimensions, to derive a combined measure of people's well-being across countries, as well as separately for women and men. More than 1 million persons from 184 countries and 32 territories have used the OECD tool since its launch in May 2011.

The success of Your Better Life Index and the feedback received from participants to a range of regional conferences organised in Latin-America, Asia-Pacific and Africa show that the OECD well-being framework is potentially relevant for all countries around the world.

On 16-19 October 2012, the OECD organised, jointly with the Government of India, the 4th OECD World Forum on Statistics, Knowledge and Policy under the theme “Measuring Well-Being for Development and Policy Making”. Building on the OECD Better Life Initiative, and on the results of regional events mentioned above, the main objectives of the Forum were to further the discussions on the different aspects that make for a good life, today and in the future, in different countries of the
world and to promote the development and use of new measures of well-being for more effective and accountable policy making. In this context, the Forum aimed to contribute to the discussions on Sustainable Development Goals and to the post-2015 development agenda.

The OECD is strongly committed to continue working with countries and other relevant organisations to advance the well-being agenda under the three pillars of the OECD Framework for Measuring Well-Being and Progress:

Material conditions include the commodities and resources available to individuals and households. To improve measurement in this area, the OECD is pursuing work in different directions such as: measuring the value of services produced by households for their own use; measuring income integrating information on disparities within National Accounts; providing guidance on how to measure the distribution of household wealth; and developing a framework to integrate information on household income, consumption expenditure and wealth at the micro-level.

Quality of life refers to the non-monetary aspects that shape people’s “doings and beings”. OECD work in this area is focusing on developing metrics to assess people’s vulnerabilities to a broad range of risks; improving the information base for assessing morbidity, mental-health conditions and health inequalities; assessing the uses of people’s self-reports on the quality of the environment; improving measures on the transparency and accountability of political process; and developing guidelines on the measurement of subjective well-being.

Sustainability can be assessed by looking at the set of key economic, environmental, social and human assets that are transmitted from current to future generations, and whether these assets will allow people to meet their own needs in the future. The OECD is working to develop metrics that better capture whether trends in environmental, human and social capital are sustainable.

Measuring Green Growth

The OECD’s work on green growth indicators is a key part of its broader agenda on measuring well-being and progress. It complements conventional GDP measures by assessing countries’ progress in “decoupling” pollution and resource consumption from economic growth, as well as the impact of economic activity on natural assets and human well-being. OECD work in this area also aims to develop “footprint” measures of how the consumption patterns of affluent countries are impacting (through the imports that they generate) on global public goods, such as the climate systems. For developing countries, these indicators can also be used to provide valuable feedback for international donors, financial institutions and corporate partners.

The OECD works closely with other relevant organisations to develop a common framework that can be easily used by all countries, taking into account their national circumstances and capacities. Given the complexity of the notion of “green growth” which cuts across economic, environmental and social dimensions, progress in “greening” the economic system cannot be captured by a single measure but rather requires a set of markers that identify necessary conditions for green growth. To this end, the OECD Green Growth Measurement Framework is a powerful tool for providing evidence to support the policy dialogue on whether:

■ economic growth is becoming greener;
■ there is risk of future shocks to growth linked to deterioration of natural resources;
■ people benefit from greener growth; and
■ greening the economy is opening new sources of growth.

The 2011 report Towards Green Growth: Monitoring Progress – OECD Indicators proposes a set of twenty-five indicators on the basis of existing work in international organisations, and in OECD and partner countries. The framework divides indicators into four inter-linked groups reflecting the main features of green growth.

Proposed green growth indicators groups and topics covered

1. The environmental and resource productivity of the economy
   - Carbon and energy productivity
   - Resource productivity: materials, nutrients, water
   - Multi-factor productivity

2. The natural asset base
   - Renewable stocks: water, forest, fish resources
   - Non-renewable stocks: mineral resources
   - Biodiversity and ecosystems

3. The environmental dimension of quality of life
   - Environmental health and risks
   - Environmental services and amenities

4. Economic opportunities and policy responses
   - Technology and innovation
   - Environmental goods and services
   - International financial flows
   - Prices and transfers
   - Skills and training
   - Regulations and management approaches

Socio-economic context and characteristics of growth
   - Economic growth and structure
   - Productivity and trade
   - Labour markets, education and income
   - Socio-demographic patterns
The OECD will continue working with countries to advance the green growth measurement agenda, fill some of the most important information gaps, and contribute to the implementation of the System of Environmental and Economic Accounting in areas relevant to green growth. The aim is to:

- fill gaps in environmental-economic data at the industry level;
- develop and improve the physical data for key stocks and flows of natural assets;
- further develop physical data to help improve material flow analyses;
- improve information on biodiversity;
- develop monetary values to reflect prices and quantities for (changes in) key stocks and flows of natural assets;
- produce information on how environmental concerns might trigger innovation in companies;
- develop indicators on environmental regulation to complement indicators on economic instruments; and
- improve measures on both the objective and the subjective dimensions of environmental quality of life.

The OECD is working together with UNEP, the World Bank and other organisations, including the UN Statistics Division, other UN agencies, EUROSTAT, and the European Environment Agency, to develop a common set of core indicators for the green economy.

### Towards headline indicators for green growth

As part of the next steps of its Green Growth Strategy, Ministers asked the OECD to define a small set of headline indicators that can support national economic policies by tracking central elements of green growth, while at the same time conveying a clear message to the public and policy makers.

In consultation with countries and in co-ordination with other international initiatives, notably the UNEP’s framework for Green Economy indicators, the following six indicators have been identified:

- CO₂ productivity (demand-based and production-based);
- non-energy material productivity by material group (demand-based and production-based);
- multifactor productivity adjusted for environmental services;
- index of natural resource stocks;
- change in land cover; and
- population exposure to fine particles (PM 2.5).

These six indicators will be augmented with an indicator reflecting economic opportunities and policy responses.

## Find out more

- [www.oecd.org/betterlifeinitiative](http://www.oecd.org/betterlifeinitiative)
- [www.oecd.org/measuringprogress](http://www.oecd.org/measuringprogress)

[Indicators database](http://www.oecd.org/greengrowth/indicators)

The OECD has recently launched an online database containing selected indicators for monitoring progress towards green growth to support policy making and inform the public at large. The indicators draw upon the OECD’s expertise with statistics, indicators and measures of progress.

[www.oecd.org/greengrowth/indicators](http://www.oecd.org/greengrowth/indicators)

Environment >> Green growth

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