

May 2016

How's Life in Iceland?



Additional information, including the data used in this country note, can be found at:
www.oecd.org/statistics/Better-Life-Initiative-2016-country-notes-data.xlsx

The **OECD Better Life Initiative**, launched in 2011, focuses on the aspects of life that matter to people and that shape the quality of their lives. The Initiative comprises a set of regularly updated well-being indicators and an in-depth analysis of specific topics, published in the *How's Life?* report. It also includes an interactive web application, the *Better Life Index*, and a number of methodological and research projects to improve the information base towards a better understanding of well-being trends and their drivers.

The OECD Better Life Initiative:

- Helps to inform policy making to improve quality of life.
- Connects policies to people's lives.
- Generates support for needed policy measures.
- Improves civic engagement by encouraging the public to create their own *Better Life Index* and share their preferences about what matters most for well-being.
- Empowers the public by improving their understanding of policy-making.

This brochure presents **selected findings for Iceland from the OECD Better Life Index 2016** (page 3), the *How's Life?* report (pages 4-6) and shows what **Icelandic users of the Better Life Index** are telling us about their **well-being priorities** (page 7). A supporting Excel file with the data underlying the graphs shown in this note and further information is available here: www.oecd.org/statistics/Better-Life-Initiative-2016-country-notes-data.xlsx.

HOW'S LIFE?



How's Life?, published every two years, provides a comprehensive picture of well-being in OECD countries and other major economies by bringing together an internationally comparable set of well-being indicators that the OECD considers as essential to a good life. It looks at people's material conditions and quality of life across the population in eleven dimensions including: income and wealth; jobs and earnings; housing; health status; work-life balance; education and skills; social connections; civic engagement and governance; environmental quality; personal security; and subjective well-being.

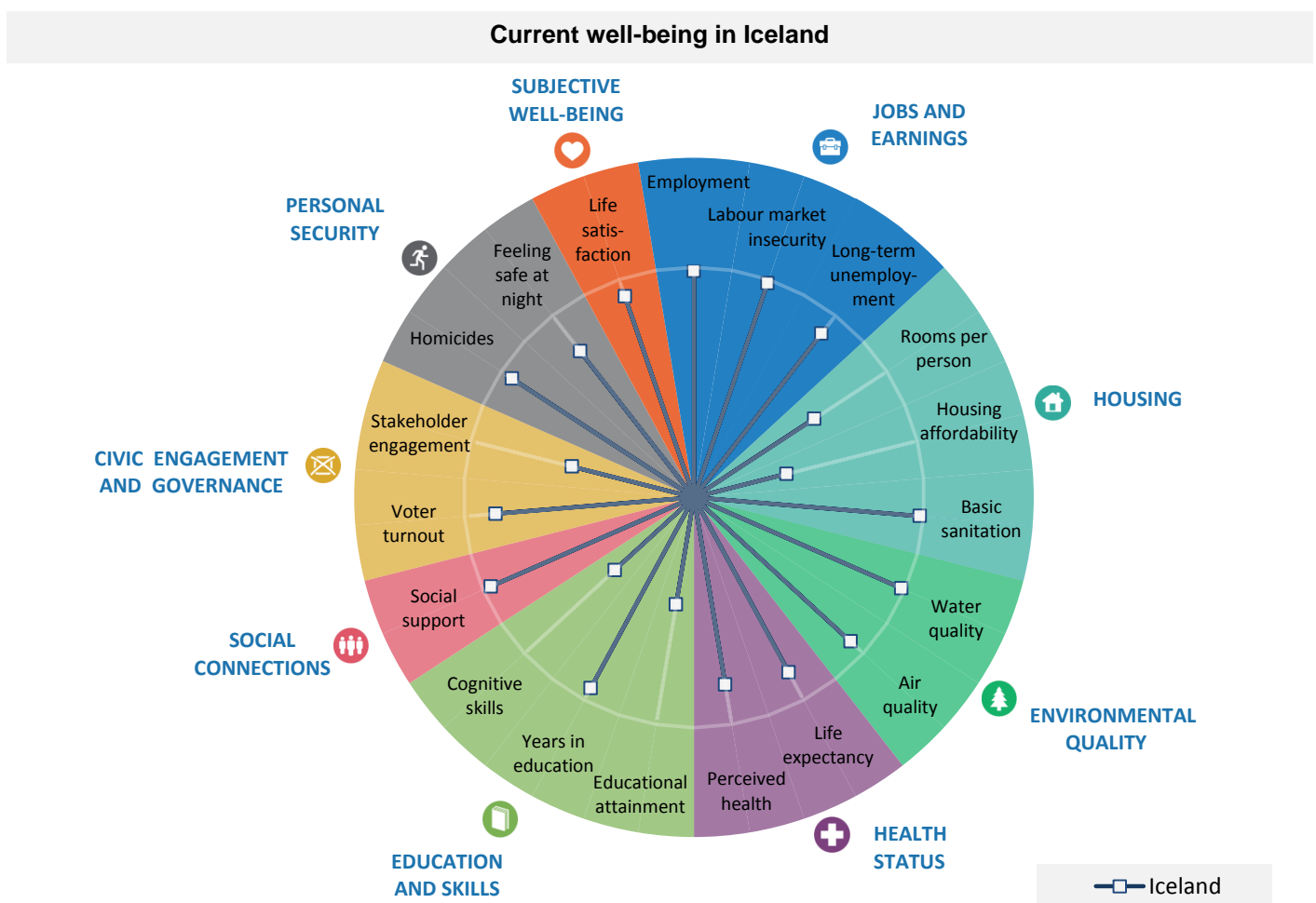
The *How's Life? 2015* report includes for the first time a set of indicators to measure the stocks of resources that help to support **well-being over time**. The report also contains three special chapters focusing on **child well-being**, **volunteering** and **regional well-being**.



HOW'S LIFE IN ICELAND IN 2016?

In general, Iceland performs well across the different well-being indicators. 82.2% of the Icelandic population aged 15-64 is in **employment**, the largest share in the OECD, and **labour market insecurity** is the lowest in the OECD. 97.5% of people in Iceland are satisfied with their local **water quality**, and **air quality** (measured as average concentration of PM2.5 in the air) is among the best the OECD. Regarding **social network support**, 95.7% of people in Iceland report having friends or relatives that they can count on in times of trouble compared to the OECD average of 88%. The rate of **homicides** is among the lowest in the OECD area. Iceland also has among the highest levels of **life satisfaction** in the OECD.

In terms of housing conditions, Iceland performs very well with regard to access to **basic sanitation**. However, the average household in Iceland has slightly fewer **rooms per person** than the OECD average and spends a higher proportion of its disposable income on housing costs (24.1%, compared to the OECD average of 20.8%), making **housing affordability** in Iceland one of the lowest in the OECD. The level of **educational attainment** lies below the OECD average: 73.3% of the adult working-age population have completed at least an upper secondary education, compared to 76.4% in the OECD on average.



This chart shows areas of well-being strengths and weaknesses in Iceland, based on a ranking of all OECD countries. Longer lines show areas of relative strength, while shorter lines show areas of relative weakness. For more details, see www.oecd.org/statistics/Better-Life-Initiative-2016-country-notes-data.xlsx.

Source: OECD calculation based on the OECD Better Life Index 2016 database, <http://stats.oecd.org/Index.aspx?DataSetCode=BLI>.

Resources for future well-being in Iceland

Beyond measuring well-being today, *How's Life? 2015* looks at some of the resources (or “capital stocks”) that will shape people’s well-being in the future. These include aspects of **natural capital**, **human capital**, **social capital** and **economic capital**.

For example, **trust in other people** is an important component of **social capital**. In Iceland, the level of trust in others is one of the highest among European OECD countries: on a scale from 0 (“you do not trust any other person”) to 10 (“most people can be trusted”), the average score given by people in Iceland is 7, while the European OECD average stands at 5.8.

HOW'S LIFE FOR CHILDREN IN ICELAND?

Giving children a good start in life is important both for well-being today, and in the future.

Most Icelandic children enjoy **good material and environmental well-being conditions**. However, 11.6% of Icelandic children live in workless households (households with no employed adult). This share lies above the OECD average of 9.5%.

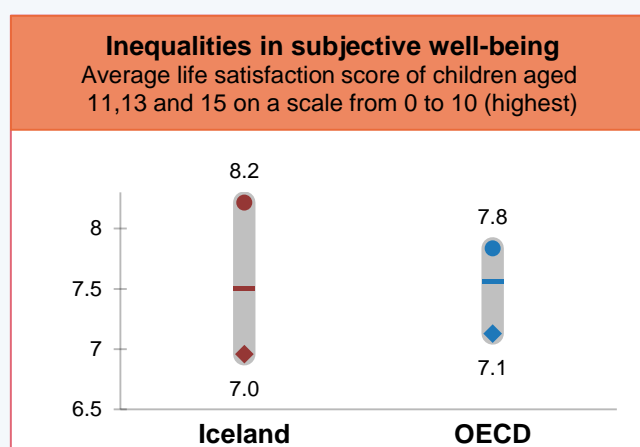
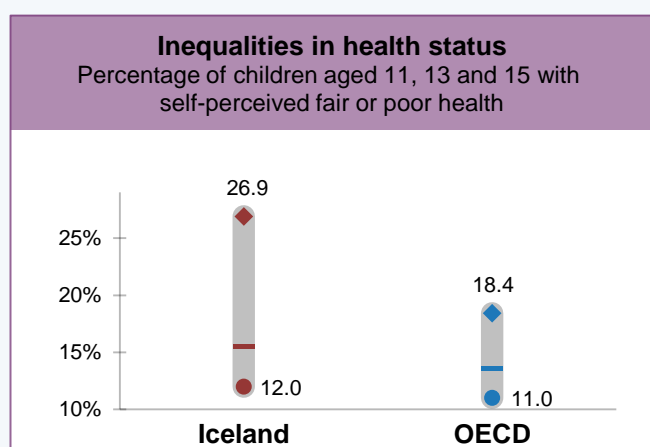
Child **health outcomes** are mixed: the rate of infant mortality is the lowest in the OECD, but 15.5% of Icelandic children report their health as fair or poor compared to the OECD average of 13.6%.

The **reading skills** of Icelandic students lie below the OECD average level. However, Icelandic children enjoy a very good **social and family environment**: 80.4% of Icelandic students agree that most of their classmates are kind and helpful compared to the OECD average of only 68.2%. Furthermore, 91% of students report that they like school, the highest share in the OECD. The **life satisfaction** of Icelandic children is among the highest in the OECD.

Child well-being in Iceland		
Ranking of Iceland compared to other OECD countries		
● top third ● middle third ● bottom third		
Income and Wealth	Disposable income of households with children	●
	Child income poverty	●
Jobs and Earnings	Children in workless households	●
	Children with a long-term unemployed parent	●
Housing conditions	Average rooms per child	●
Environmental quality	Children in homes with poor environmental conditions	●
Health status	Infant mortality	●
	Low birth weight	●
	Self-reported health status	●
	Obesity	●
	Adolescent suicide rate	●
	Teenage birth rate	●
Education and Skills	Reading skills among 15 year olds (PISA)	●
	Educational deprivation	●
Social and family environment	Children who find it easy to talk to their parents	●
	Students reporting having kind classmates	●
	Students feeling a lot of pressure from schoolwork	●
	Students liking school	●
	Sense of belonging in school at 15 years old (PISA)	●
Personal security	Child homicide rate	●
	Bullying	●
Subjective well-being	Life satisfaction	●

Inequalities in child well-being

Across all OECD countries there are **large inequalities in child well-being**. Children from wealthier households enjoy both better material living conditions, and a higher **quality of life**, on average. In Iceland, children from lower socio-economic backgrounds are far more likely to rate their health as fair or poor, compared to children from higher socio-economic backgrounds. There are also large differences in life satisfaction.



● High socio-economic status ◆ Low socio-economic status — National average

* For more information (including definitions), see www.oecd.org/statistics/Better-Life-Initiative-2016-country-notes-data.xlsx.

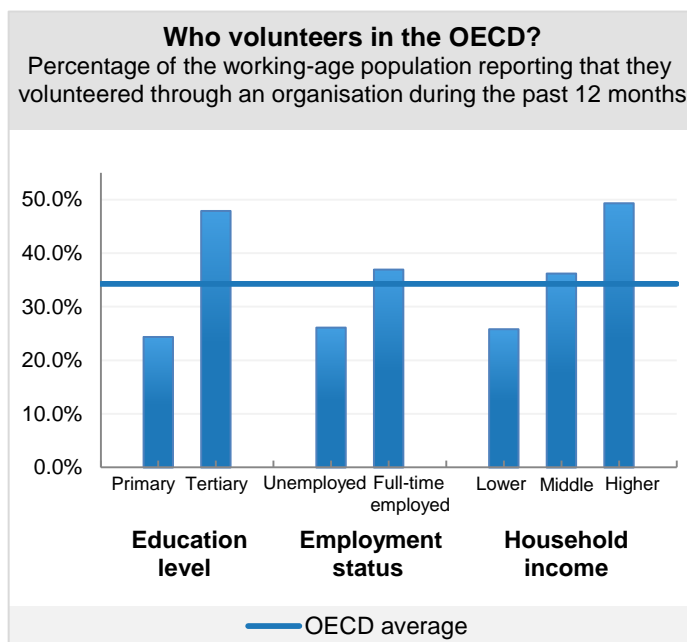
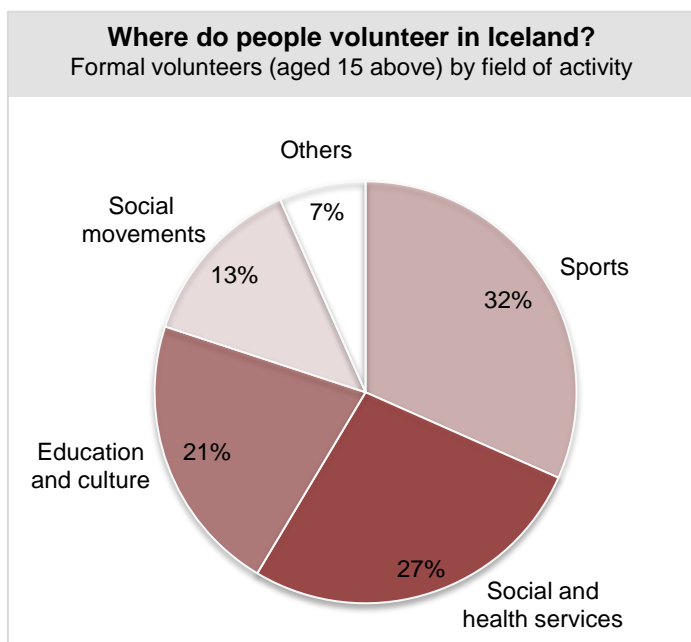
THE VALUE OF GIVING: VOLUNTEERING AND WELL-BEING

Volunteering makes an important “hidden contribution” to well-being, producing goods and services that are not captured by conventional economic statistics. When you add up the value of the time people spend on volunteering in OECD countries, it amounts to roughly 2% of GDP per year.

Volunteering in Iceland and the OECD

In Iceland the **main sector of organisation-based volunteering activity** (termed “**formal volunteering**”) is sports, followed by social and health services. While 31.6% of Icelandic volunteers are active in the sports sector, this share is only 21.5% in the OECD on average. Compared to the average OECD volunteer, volunteers in Iceland are also more likely to participate in social movements, but less likely to work voluntarily in the education and culture sector.

Who volunteers in the OECD? Across the OECD area, people with a university degree are more likely to participate in formal volunteering than those with lower levels of education. Similarly, people who are in employment are more likely to volunteer than those who are unemployed. Participation in formal volunteering also increases with people’s level of household income.

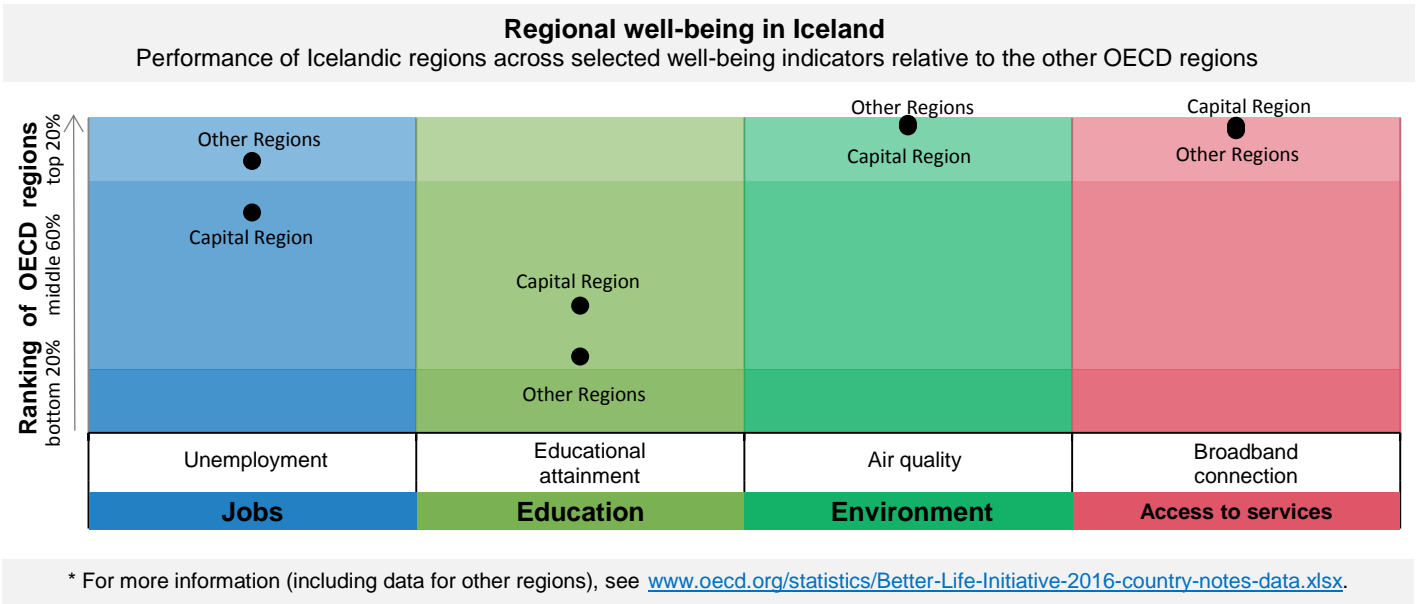


Volunteering brings benefits for volunteers themselves, as well as for the people and communities they help. For example, people who engage in volunteering are more likely to have higher literacy, numeracy and problem-solving **skills** and receive **higher wages**, on average, relative to non-volunteers.

In OECD countries, older people who volunteer formally are more likely to report a better **health status** than non-volunteers. Furthermore, formal volunteers in the OECD, on average, also report higher **life satisfaction** than non-volunteers.

GOING LOCAL: MEASURING WELL-BEING IN REGIONS

Where people live has an important impact on their opportunities to live well. There can be large differences in average levels of well-being in different regions within the same country. *How's Life in your Region?* and the *OECD regional well-being web-tool* assess performance across 9 dimensions of well-being in the 362 OECD large regions – 2 of which are in Iceland. Drawing on this work, *How's Life? 2015* includes a special focus on measuring well-being in regions.



Regional gaps in material living conditions

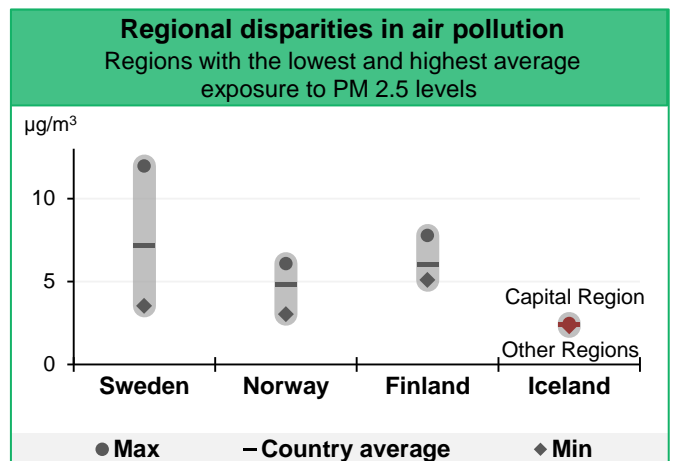
Unemployment rates range from 5.4% in the Capital Region to 4% in the Other Regions. This gap (1.4 percentage points) is smaller than the regional differences observed in most other OECD countries.

Regional differences in people's quality of life

Regarding **educational attainment**, 76.1% of the labour force has at least a secondary education in the Capital Region, while this share is only 62.1% in the Other Regions. This gap (14 percentage points) is larger than regional differences in Norway, Sweden or Finland.

However, the regional variation in **air quality** is smaller in Iceland than in any other OECD country.

The share of households with a **broadband connection** ranges from 93% in the Capital Region to 91% in the Other Regions.



BETTER LIFE INDEX

The **Better Life Index** is an interactive web application that invites citizens to compare well-being across OECD countries and beyond on the basis of the set of well-being indicators explored in *How's Life?*. Users chose what weight to give to each of the eleven dimensions shown below and then see how countries' perform, based on their own personal priorities in life.

11 topics to define well-being

- Housing
- Income
- Jobs
- Community
- Education
- Environment
- Civic Engagement
- Health
- Life Satisfaction
- Safety
- Work-Life Balance

Each flower represents a country and each petal represents a topic

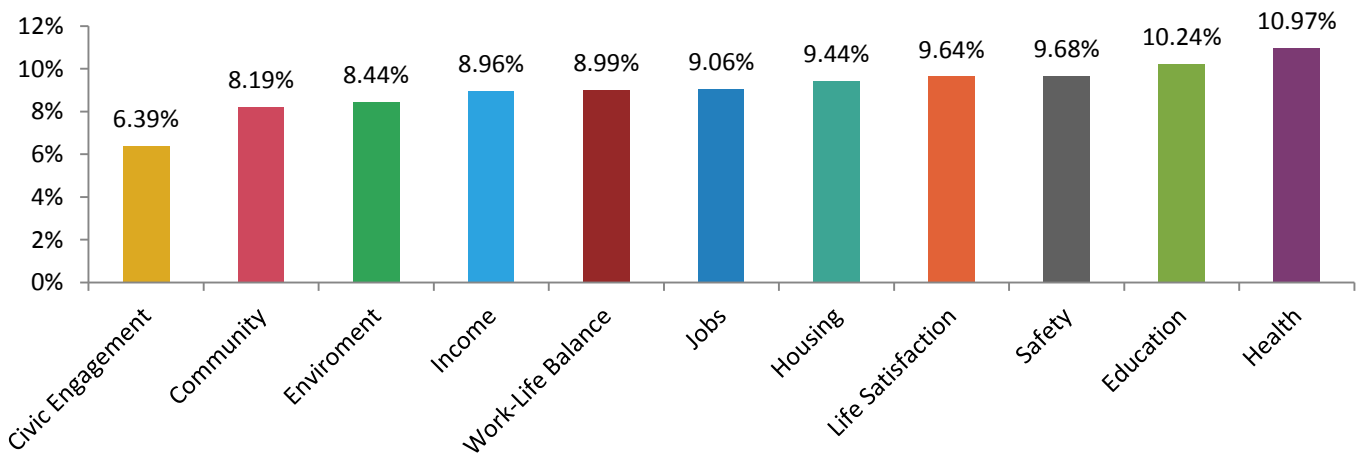
Rate the topics according to their importance to you

Users can also share their index with other people in their networks, as well as with the OECD. This allows the OECD to gather valuable information on the importance that users attach to various life dimensions, on how these preferences differ across countries, and on the demographic characteristics of users.

WHAT MATTERS MOST TO PEOPLE IN ICELAND?

Since its launch in May 2011, the Better Life Index has attracted **over eight million visits from just about every country on the planet** and has received over **17 million page views**. To date, over 18,000 people in Iceland have visited the website making Iceland the 55th country overall in traffic to the website. The top cities are Reykjavik (78% of visits), Kopavogur, Akureyri and Hafnarfjordur.

The following country findings reflect the ratings voluntarily shared by 136 website visitors in Iceland. Findings are only indicative and are not representative of the population at large. **For Icelandic users of the Better Life Index, health, education and safety are the three most important topics** (shown below).¹ Up to date information, including a breakdown of participants in each country by gender and age can be found here: www.oecdbetterlifeindex.org/responses/#ISL.



¹ User information for Iceland is based on shared indexes submitted between May 2011 and May 2016..

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