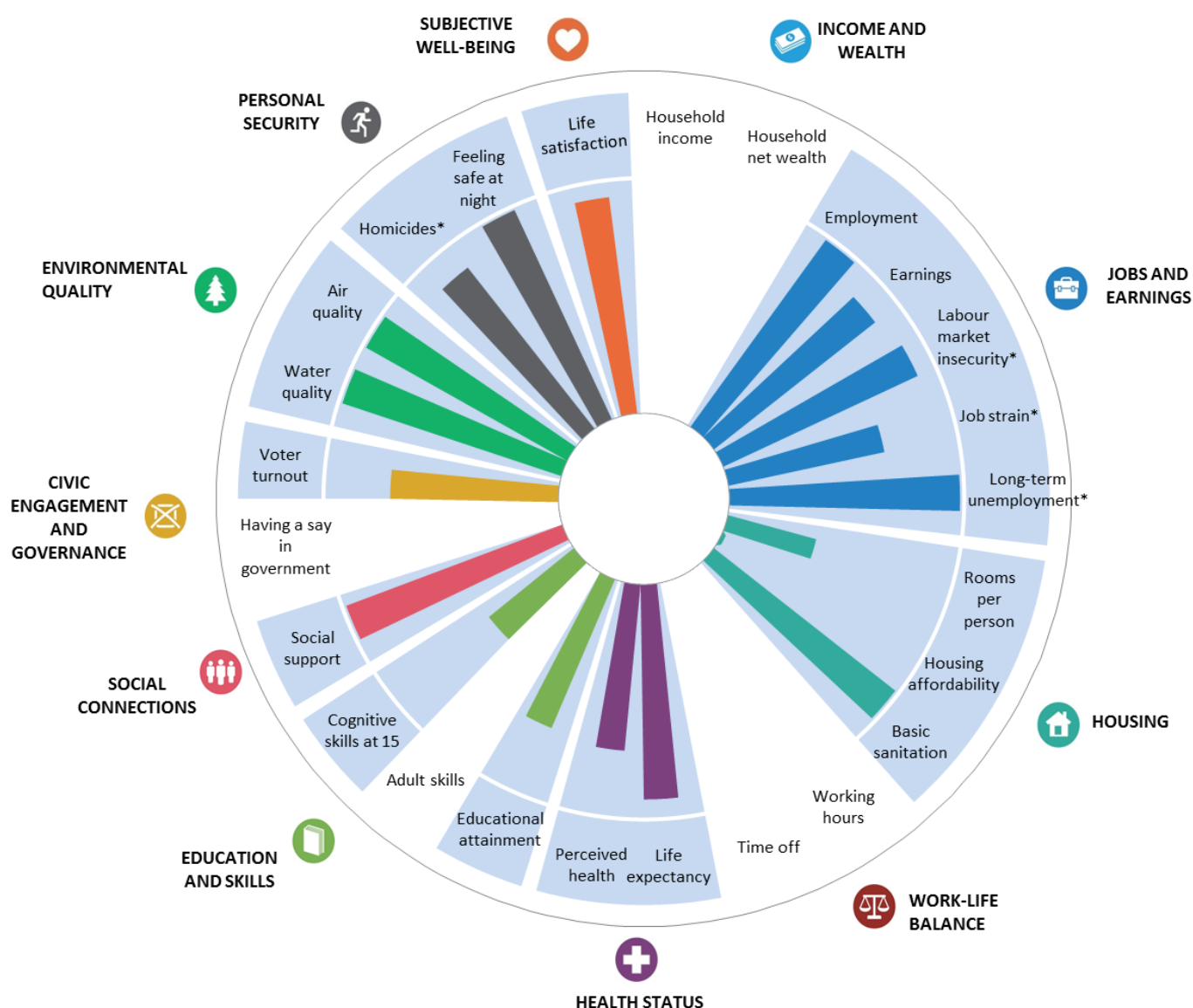


How's Life in Iceland?

In general, Iceland performs well across the different well-being dimensions relative to other OECD countries. 86% of the Icelandic population aged 15-64 was in **employment** in 2016, the largest share in the OECD, and **average earnings** are in the top tier of the OECD. Iceland is the OECD's top performer in terms of environmental quality: **air quality** (measured as average exposure to PM_{2.5} air pollution) is the best in the OECD, and almost everybody in Iceland is satisfied with their local **water quality**. 98% of Icelanders report that they have friends or relatives whom they can count on in times of trouble, the highest share in the OECD. Personal security and **life satisfaction** are also areas of comparative strength. In terms of housing conditions, **access to basic sanitation** is high, but Icelanders spend a higher proportion of their disposable income on housing costs (24%) relative to the OECD average (21%), making **housing affordability** in Iceland a clear area of comparative weakness.

Iceland's average level of current well-being: Comparative strengths and weaknesses














Note: This chart shows Iceland's relative strengths and weaknesses in well-being when compared with other OECD countries. For both positive and negative indicators (such as homicides, marked with an *), longer bars always indicate better outcomes (i.e. higher well-being), whereas shorter bars always indicate worse outcomes (i.e. lower well-being). If data are missing for any given indicator, the relevant segment of the circle is shaded in white.

Additional information, including the data used in this country note, can be found at:


www.oecd.org/statistics/Better-Life-Initiative-2017-country-notes-data.xlsx


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

Dimension	Description	Change
 Income and wealth	After falling substantially between 2008 and 2010, household net adjusted disposable income has gradually climbed back to its 2005 level, in real terms, in 2014. Nevertheless, it has yet to regain its 2008 peak.	↔
 Jobs and earnings	In 2016, the employment rate was 2 percentage points higher than in 2005, having fallen sharply in 2009 and gradually recovered since. Earnings increased by 5% (in real terms) over the decade, but labour market insecurity reached a peak of 5.7% in 2011, and still has not recovered to its pre-crisis level of 1%. Long-term unemployment rose sharply during the crisis, but has since fallen back to 2005 levels.	↗ ↗ ↘ ↔
 Housing conditions	Although the average number of rooms per person has remained relatively stable over the past decade, spending on housing costs (as a proportion of household disposable income) went up from 22.6% in 2005 to 24.4% in 2014. The share of people living in dwellings without basic sanitary facilities has fallen from 0.4% to 0% in the last 10 years.	↔ ↘ ↗
 Work-life balance	[No time series data available]	..
 Health status	Despite a slight fall between 2014 and 2015, life expectancy at birth has increased by 2 years overall since 2005, and is now over 2 years higher than the OECD average. Conversely, the share of Icelanders reporting to be in “good” or “very good” health has remained relatively stable.	↗ ↔
 Education and skills	Between 2005 and 2015, there has been a sustained improvement in the share of working-age adults who have attained at least an upper secondary level of education: at 78% in 2016, it was nearly 10 points higher than in 2005.	↗
 Social connections	The current level of social support has not changed significantly compared to 2008-2010, and it is still the highest in the OECD.	↔
 Civic engagement	At 79.2%, voter turnout in the 2016 parliamentary elections was considerably lower than in 2013, and below the 83.6% turnout in 2007 as well. This is in line with the OECD average trend, which has seen voter turnout decrease by 2.4 percentage points over the last decade.	↘
 Environmental quality	Satisfaction with local water quality has remained relatively stable, and is still among the highest in the OECD. Annual exposure to PM _{2.5} air pollution has meanwhile remained stably low over the past decade, and in 2013 it was 78% lower than the OECD average level.	↔ ↔
 Personal security	The number of deaths due to assault has seen little change over the past decade, while the proportion of people declaring that they feel safe when walking alone at night has increased by 10 percentage points.	↔ ↗
 Subjective well-being	[No time series data available]	..


Note: For each indicator in every dimension: ↗ refers to an improvement; ↔ indicates little or no change; and ↘ signals deterioration. This is based on a comparison of the start year (2005 in most cases) and the latest available year (usually 2015 or 2016). The order of the arrows shown in column three corresponds to that of the indicators mentioned in column two.


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

 Natural capital		
Indicator	Tier	Change
Greenhouse gas emissions from domestic production	3	↘ 2005-2015
CO ₂ emissions from domestic consumption	1	↗ 2001-2011
Exposure to PM _{2.5} air pollution	1	↔ 2005-2013
Forest area	3	↔ 2005-2014
Renewable freshwater resources	1	.. Long-term annual avg
Freshwater abstractions	3	.. 2014
Threatened birds	3	.. Latest available
Threatened plants	2	.. Latest available
No data available on threatened mammals.		

 Economic capital		
Indicator	Tier	Change
Gross fixed capital formation	1	↘ 2005-2016
Financial net worth of total economy	3	↗ 2005-2015
Household debt	3	.. 2014
Financial net worth of government	2	↘ 2005-2015
No data available on produced fixed assets, intellectual property assets, household net wealth, investment in R&D and banking sector leverage.		

1	Top-performing OECD tier, latest available year
2	Middle-performing OECD tier, latest available year
3	Bottom-performing OECD tier, latest available year

 Human capital		
Indicator	Tier	Change
Young adult educational attainment	3	↗ 2005-2016
Educational expectancy	1	.. 2015
Cognitive skills at age 15	3	.. 2015
Long-term unemployment	1	↔ 2005-2016
Life expectancy at birth	1	↗ 2005-2015
Smoking prevalence	1	↗ 2014-2016
Obesity prevalence	2	.. 2015
No data available on adult skills.		

 Social capital		
Indicator	Tier	Change
Trust in others	1	.. 2013
Trust in the police	1	.. 2013
Trust in the national government	2	↗ 2008-2016
Voter turnout	1	↘ 2007-2016
Government stakeholder engagement	3	.. 2014
No data available on volunteering through organisations.		

↗	Improving over time
↘	Worsening over time
↔	No change
..	No data available

HOW LARGE ARE WELL-BEING INEQUALITIES IN ICELAND?

What is inequality and how is it measured? Measuring inequality means trying to describe **how unevenly distributed** outcomes are in society. *How's Life? 2017* adopts several different approaches:

- Measures of “**vertical**” inequalities address how unequally outcomes are spread across all people in society – for example, by looking at the size of the gap between people at the bottom of the distribution and people at the top.
- Measures of “**horizontal**” inequalities focus on the gap between population groups defined by specific characteristics (such as men and women, young and old, people with higher and lower levels of education).
- Measures of “**deprivation**” report the share of people who live below a certain level of well-being (such as those who face income poverty or live in an overcrowded household).

In comparison to other OECD countries, Iceland’s **vertical inequalities** in household income, earnings and life satisfaction are low. The top 20% have a level of household income which is 3 to 4 times higher than the bottom 20%. By contrast, the distributions of very long working hours and the cognitive skills of 15-year-old students are more uneven than on average in the OECD.

The gaps experienced by **women** with respect to **men** are generally close to the OECD average, with 9 out of 14 available indicators falling in the middle third of OECD countries. Exceptions include the gender gaps in employment and feelings of safety, which are narrower than in the OECD on average. Conversely, there is a slight gap between boys and girls in cognitive skills at age 15 – which is not the case for all OECD countries.

Young people generally experience large gaps with respect to the **middle-aged** when it comes to income, wealth, jobs earnings and voter turnout. In Iceland, however, some of these gaps in are less pronounced than on average. Conversely, young Icelanders are lagging behind in long working hours, educational attainment and perceived health, with worse outcomes than the middle-aged (in contrast to the situation in many OECD countries).

People with a **tertiary education**

tend fare better than those without across a wide range of well-being outcomes. In Iceland, these education-related gaps are often narrower than for the OECD on average. For example, in the OECD on average, the tertiary educated are 30% less likely to be unemployed relative those with a secondary level; in Iceland the gap is close to 10%. Nonetheless, people with only a secondary education are more disadvantaged in Iceland on outcomes such as life satisfaction and water quality – and they are as likely as the tertiary educated to work very long hours.

Despite the high incidence of housing cost overburden, long working hours and low educational attainment, Iceland has a number of areas where **deprivations** are low compared to other OECD countries. For example, it falls in the top (least deprived) third of the OECD on income, unemployment, perceived health, social support, voter turnout, environmental quality, feelings of safety and subjective well-being.

Well-being inequalities in Iceland

	Vertical inequality	Horizontal inequality by			Deprivation
		Gender	Age	Education	
		Women relative to men	Young relative to middle-aged	Secondary relative to tertiary	
Household income	●		●		●
Household net wealth	○		○	○	○
Earnings	●	●	●	●	
Low pay		●			●
Employment		●	●	●	
Unemployment		●	●	●	●
Housing affordability					●
Rooms per person					●
Life expectancy	○				
Perceived health		●	●	●	●
Working hours	●	●	●	●	●
Time off		○	○		
Educational attainment		●	●		●
Cognitive skills at 15	●	●		●	●
Adult skills	○	○	○	○	○
Time spent socialising		○	○		
Social support		●	●	●	●
Voter turnout		●	●	●	●
Having a say in government	○	○	○	○	○
Air quality					●
Water quality		●	●	●	●
Homicides		●			●
Feeling safe at night		●	●	●	●
Life satisfaction	●	●	●	●	●
Negative affect balance		●			●

Legend:

- top third of OECD countries
- middle third of OECD countries
- bottom third of OECD countries
- data gaps
- no measures

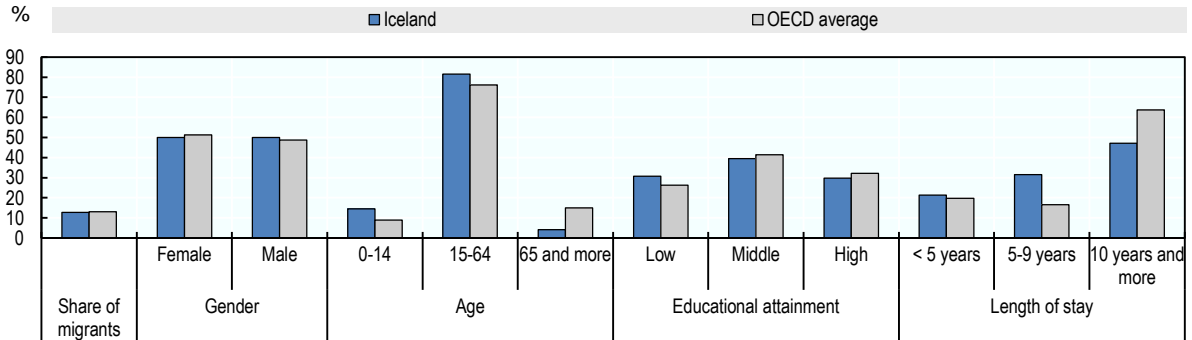
HOW'S LIFE FOR MIGRANTS IN ICELAND?

Migrants (defined as people living in a different country from the one in which they were born) represent an important share of the population in most OECD countries. Capturing information about their well-being is critical for gaining a fuller picture of how life is going, and whether it is going equally well for all members of society.

Who are the migrants in Iceland and OECD?

More than one in ten people living in Iceland (13%) were born elsewhere, the same as the OECD average (13%), and 50% of them are women (51% for the OECD average). Migrants in Iceland are more likely to be of working age than in the OECD on average (81% of them are aged 15 to 64, as compared to 76% across the OECD), and are more likely to have a middle educational attainment than a low or a high level. Less than half of migrants arrived in Iceland ten years ago or more.

Share of migrants in the total population and selected characteristics

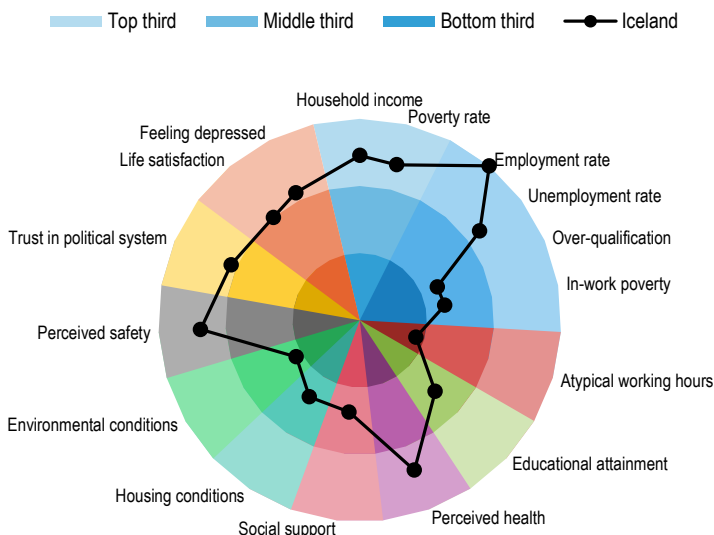


How is migrants' well-being in Iceland?

Compared with the migrant populations of other OECD countries, migrants living in Iceland have a relatively good situation for 9 out of 16 selected well-being indicators. Moreover, migrants settled in Iceland rank in the middle third of OECD-country migrants for over-qualification, in-work poverty, educational attainment, social support and environmental and housing conditions. They are in the bottom third for atypical working hours.

As in many other OECD countries, migrants in Iceland are more likely to have lower well-being outcomes than the native-born population: in Iceland, this is the case for 6 out of 10 selected well-being indicators. However, migrants in Iceland are just as likely as the native-born to report feeling depressed and experience similar levels of perceived health and perceived safety. They report a higher level of trust than the native-born in the political system.

Comparing well-being outcomes for migrants in Iceland with the migrant populations of other OECD countries



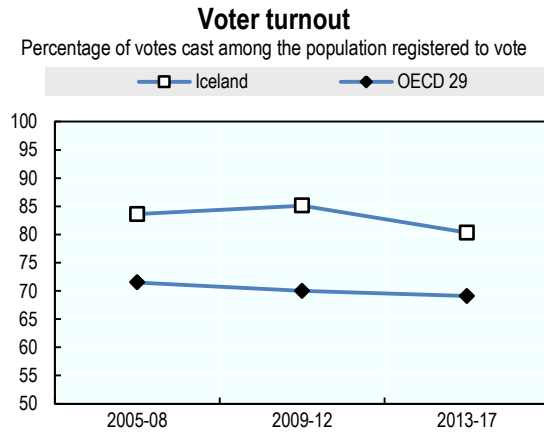
Comparison of migrants' and native-born well-being in Iceland

	Migrants have a worse situation	Same situation	Migrants have a better situation
Household income	▲		
Atypical working hours	▲		
Perceived health		▲	
Social support	▲		
Housing conditions	▲		
Environmental conditions	▲		
Perceived safety		▲	
Trust in political system			▲
Life satisfaction	▲		
Feeling depressed		▲	

GOVERNANCE AND WELL-BEING IN ICELAND

Public institutions play an important role in well-being, both by guaranteeing that people’s fundamental rights are protected, and by ensuring the provision of goods and services necessary for people to thrive and prosper. How people experience and engage with public institutions also matters: people’s political voice, agency and representation are outcomes of value in their own right.

On average, 33% of the population in OECD member countries feel that they have a say in what their government does. In recent years, voter turnout in Iceland has fallen, with 79% of registered voters casting a ballot in 2016, compared to almost 84% in 2007. When asked about whether or not corruption is widespread across government, 71% of Icelanders answered "yes", as compared to an OECD average of 56%. Since around 2006, the share of people in the OECD who report that they have confidence in their national government has fallen from 42% to 38%.

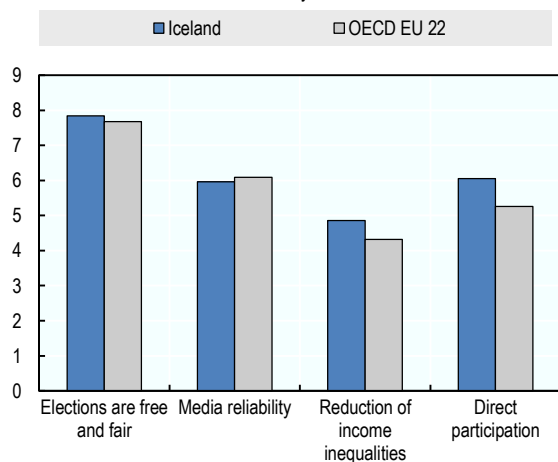


Note: Data refers to parliamentary elections. If more than one election took place over the time period indicated, the simple average voter turnout from all elections is shown. The OECD average sums elections that occurred over the time periods shown in 29 OECD countries.
Source: IDEA dataset

Overall, satisfaction with the way democracy works in Iceland is slightly above the OECD European average level. On average people in Iceland tend to be reasonably satisfied with the freedom and fairness of their elections (7.8 on a 0-10 scale), but less so with policies to reduce inequalities (4.9), and with the existence of direct participation mechanisms at the local level (6.0). Europeans’ satisfaction with public services varies according to whether people have used those services in the last year. For example, satisfaction with education is higher among those with direct recent experience (6.6 vs 6.2 on average), and this is also true of the health system (6.4 vs 6.2 on average). These data relate to 19 European countries only, and unfortunately no comparable data are available for Iceland.

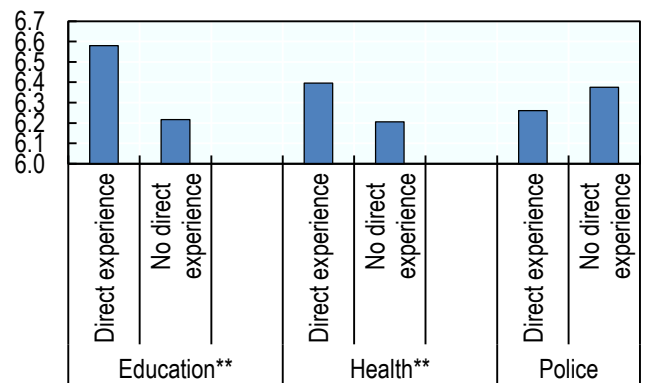
Satisfaction with different elements of democracy

Mean score on a 0-10 scale, with higher scores indicating higher satisfaction with elements of democracy, 2012



OECD EU average satisfaction with public services by direct experience

Mean score on a 0-10 scale, with higher scores indicating higher satisfaction with elements of democracy, 2013



Source: OECD calculations based on wave 6 of the European Social Survey (ESS), special rotating module on citizens’ valuations of different elements of democracy.

Note: ** Difference is statistically significant at 95%
Source: OECD calculations based on the EU Quality of Government (QoG) for 19 European OECD countries.

BETTER LIFE INDEX

The **Better Life Index** is an interactive web application that allows users to compare well-being across OECD countries and beyond on the basis of the set of well-being indicators used 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.

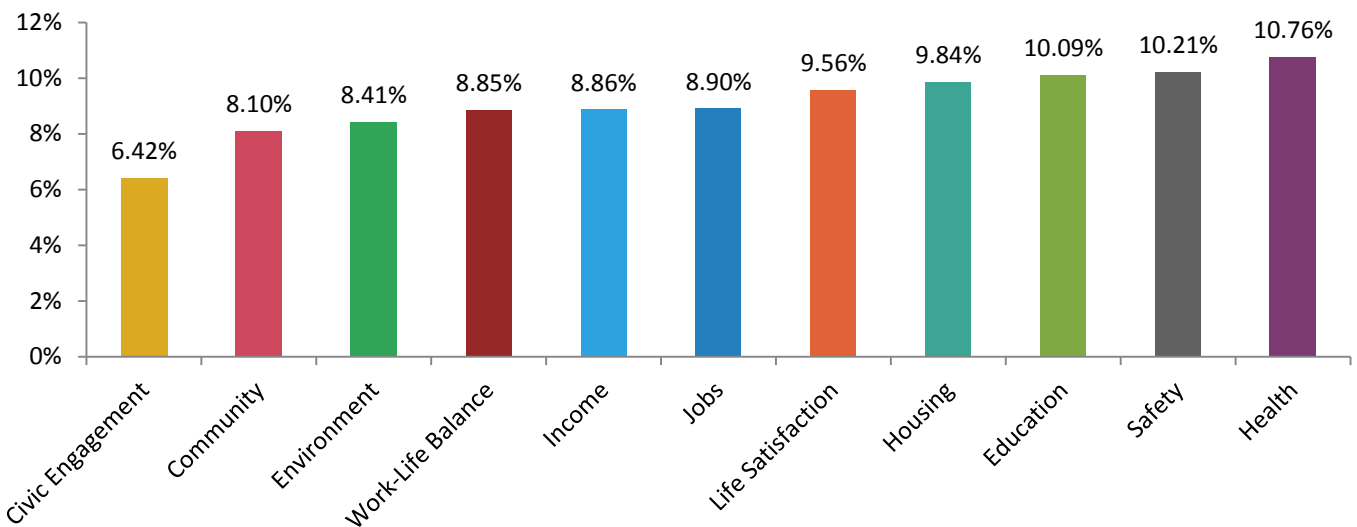


Users can also share their index with other people in their networks, as well as with the OECD. This allows the OECD to gather valuable information on the importance that users attach to various life dimensions, and how these preferences differ across countries and population groups.

WHAT MATTERS MOST TO PEOPLE IN ICELAND?

Since its launch in May 2011, the Better Life Index has attracted **over ten million visits from just about every country on the planet** and has received over **22 million page views**. To date, over 24,600 people in Iceland have visited the website making Iceland the 52nd 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 with the OECD by 150 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, safety and education 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 September 2017.

The **OECD Better Life Initiative**, launched in 2011, focuses on the aspects of life that matter the most 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 available to understand well-being levels, 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 note presents **selected findings for Iceland from the *How's Life? 2017* report** (pages 1-6) and shows what **Icelandic users of the *Better Life Index*** are telling us about their **well-being priorities** (page 7).

HOW'S LIFE?



How's Life?, published every two years, provides a comprehensive picture of well-being in OECD and selected partner countries by bringing together an internationally comparable set of well-being indicators. It considers eleven dimensions of current well-being 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. It also looks at four types of resources that help to sustain well-being over time: natural, human, economic and social capital.

The *How's Life? 2017* report presents the latest data on well-being in OECD and partner countries, including how lives have changed since 2005. It includes a special focus on inequalities, the well-being of migrants in OECD countries, and the issue of governance – particularly how people experience and engage with public institutions. To read more, visit: www.oecd.org/howslife.

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