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MEASURING WELL-BEING FOR DEVELOPMENT

INTRODUCTION

"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, 4th OECD Global Forum, New Delhi 2012

This is a Background Paper for a forthcoming *Guide on Measuring Well-being for Development*. It presents arguments as to why a clearer focus on human well-being provides a sound foundation for sustainable development and poverty reduction in the 21st century. The paper explains what is meant by human well-being and illustrates how a focus on human well-being can reorient international development policy thinking at this time. It also explains how human well-being can be measured. This explanation draws on an increasing range of initiatives in both OECD and Non-OECD countries to measure progress in terms of its effects on human well-being. The purpose of the background paper is to stimulate discussion over why measuring human well-being is important not just for developed and wealthy countries but is profoundly relevant for countries at all stages of development. It is planned that this Background paper will be developed and integrated with additional materials in the weeks ahead.

There are six key points that this background paper highlights:

1. **We can measure societal progress in all countries in terms of human well-being.** There is today a sufficient level of conceptual and methodological development to be confident that we can develop suitable measures of human well-being with which to assess sustainable societal progress.
2. **Human well-being is multidimensional.** There is a global convergence around a conceptual framework for human well-being that is multidimensional. Measuring well-being makes use of existing objective data but also involves the generation of subjective data that takes account of peoples' own aspirations and their evaluations of their experiences of development.
3. **Measuring human well-being also involves taking account of the social relationships that generate well-being.** The global convergence recognises that human well-being is a social concept in which

the relationships that enable to people to achieve well-being and those which stop people doing so must be taken into account and any assessment of development progress.

4. **Measuring well-being helps us better understand poverty.** Poverty and human well-being are closely related and multidimensional poverty is simply another way of describing well-being failures.
5. **Measuring human well-being involves the integration of bottom-up and top-down processes**. The key methodological innovation that is emerging in the global convergence is that while there can be a universal framework for measuring well-being this must be adapted at country and sub-national levels through processes of consultation and deliberation.
6. **Human well-being is important for effective governance**. Effective governance depends on being able to understand the effects for development on the well-being of people and the methodology for developing well-being indicators can in itself be part of a process of strengthening governance

WHAT IS HUMAN WELL-BEING?

It is well understood that the ultimate purpose of social and economic development is to provide improvements in the lives of the men and women who generate development now and the children who we hope will generate it in the future. The idea of human well-being is universal: achieving a state of well-being is important for all people everywhere, whether in developed or developing countries. It is sometimes thought that well-being is something that only wealthy people can and should aspire to, but this is not the case. Even for the poorest people, in the most difficult circumstances, in the poorest countries, the quality of life matters. All people have aspirations for themselves and for their children to live better lives. While it is important that people have enough food and their basic needs are met it is also important that the roundedness of their efforts to live well and with dignity is not overlooked in international development policy.

It has been widely accepted that measuring development and societal progress in terms of income alone is inadequate. While income measures undoubtedly remain important for many policy purposes they do not give sufficient insight into a number of critical issues for our current and future development. At the level of society this includes considerations such as damage to the environment and the factors that underpin the quality of social cohesion, while at the level of the person there are many things beyond income that are important for our well-being, such as the need to feel valued by others and the care and affection that is provided by close family and friends. The growing consensus is that that traditional economic measures need to be supplemented by other measures founded in a more holistic view of human progress.

When we talk about human well-being we are referring to the quality of people's experience of life. The quality of that experience is affected by many things but broadly speaking it has intertwining physiological and psychological aspects. It involves us functioning well as physiological beings but also achieving a degree of satisfaction with our achievements as sentient and social human beings. All of this experience of life is made possible through our relationships with other human beings in our societies (in market transactions, in dealings with governments and in our relationships with others in our families and communities). We also comprehend the quality of the experience through the norms and values that are communicated through those relationships. As such it is important to emphasise that the understanding of human well-being that is emerging through different initiatives and deliberations is a profoundly social conception in which the social relationships that make and break well-being are a central focus of concern. Since well-being is about both the physiological and the quality of life that people experience, it must be assessed both in objective and subjective terms.

There is often a fundamental misunderstanding around the issue of 'defining' well-being. This Guide will not seek to define human well-being for any one person or for all people. It is not possible practically, nor is it morally acceptable to impose definitions of well-being on others. Rather the purpose is to provide a common framework and approach for assessing societal progress and analysing policy options in terms of human well-being outcomes. It is precisely one of the strengths of a human well-being approach that it enables us to recognise that there will be differences in what people regard as important for their well-being, depending on who they are, their position in society and where they are. For example, what a young woman needs for her well-being in a city context is likely to be quite different to what an old man needs for his well-being in a rural village. This is true not only for their physiological needs but also their social and psychological needs. Similarly, the specificity of what is important for human well-being is also likely to differ depending on geographic, economic, social and cultural contexts. For example, and as Adam Smith pointed out long ago, the type and quality of clothing that is required for a person to feel that they can go into society without shame will depend on the cultural norms of that society and it will also depend on the climate. These may seem to be unfamiliar considerations for those more usually concerned with the aggregate workings of the economy but these things really matter to real people in real world contexts.

This recognition of diversity is a strength of a well-being approach and is not an obstacle to the generation of a universal framework. Because the diversity of what people needs for well-being can be organised into general categories or dimensions that are universal, it is possible to generate a coherent conceptual framework for understanding human well-being. Most of the recent literature and evolving approaches to human well-being have come to the conclusion that there are three broad categories or dimensions of human well-being that we must consider. In the OECD 'How is Life' framework these are described as the material conditions, the quality of life, and sustainability (this latter category deals with the relationships that are regarded as necessary for a sustainable and positive development process).

A universal framework that is built around recognition of these three dimensions (a material dimension, a dimension related to personal experiences, and a relational dimension) enables analysis at a universal level while also providing the means for understanding context specific well-being processes and needs.

While previous approaches to measuring development have tended to be prescriptive and have been something of a straightjacket, the profound innovation that is offered by a focus on human well-being is methodological. It involves developing specific indicators for development that begin by identifying what matters for people in their own specific social, economic and cultural context. As will be explained in more detail later, this implies a bottom-up process of identifying and deliberating on what is important that then must be integrated with expert inputs and a process of moderation which seeks to reconcile diverse and sometimes contradictory views. In this way a human well-being framework offers a way of finding an appropriate balance between the spheres of universal policy competency and the need for local self-determination. In doing so it must provide a way of generating universal indicators for assessing development progress, while also creating space for more fine-grained and locally-informed approaches with which to comprehend well-being improvements or failures in specific social, economic and cultural contexts.

An inherent complication of this approach is that it blurs the distinction between what constitutes a 'need' as opposed to a 'want'. However this is already a contentious area and there is no accepted truth that prevails in how we are to distinguish between human need and human wants. For example, there is considerable argument and evidence to show that the notion of a hierarchy of needs is not credible.

What is sometimes referred to as Maslow's 'hierarchy of needs', suggests that physiological needs can be seen as being at the base of a pyramid, which then provides a foundation for other more complex, higher order needs that include safety, belongingness and love, esteem, and self-actualization. But evidence indicates that higher level needs also have a vital role to play in human physiological survival and there are also numerous examples, from both developing and developed societies, where people's choices disprove the notion of a hierarchy of needs. There are many circumstances where people will act to satisfy higher order needs before fully satisfying basic needs (for example, a woman may endure some level of hunger in order to maintain the necessary esteem within her community). This is not easily dismissed as irrationality, but rather it involves people reflecting their own needs priorities in particular social, cultural and economic circumstances.

The methodology that is emerging for the measurement of human well-being offers the possibility of untangling some of these complications and in doing so provides a more transparent basis for public deliberations about which needs will be met and which will not (McGregor *et al* 2009). Judgments about what are to be affirmed and authoritatively sanctioned as needs are inherently political decisions to be made in particular societal contexts. While they must be based in what people express as their needs they also must be informed by wider theories of society and of development. These can help us distinguish between competing and sometimes contradictory claims and also to recognise where claims are unsustainable either for other people in the present or for future generations. The careful integration of a bottom-up human well-being methodology may avoid the worst excesses of top-down, paternalistic approaches which tell people what they need and what they are going to be given to address that need.

It should be emphasised that such an approach to measuring human well-being does not represent a licence for unbounded cultural relativism. While cultural self determination is an important principle to be upheld there are also boundaries within which this must be considered. There will always be global deliberation and agreements on what constitute legitimate and illegitimate dimensions of and strategies for human well-being. As such the global consensus, in the form of international agreements and declarations (such as the Universal Declaration on Human Rights), must always be expected to offer guidelines and expert insights into deliberations at all levels.

WHY FOCUS ON HUMAN WELL-BEING FOR DEVELOPMENT?

Well-being is a focal concept: focussing on human well-being provides a means of understanding the relationships between apparently diverse ideas and issues that abound, and often appear to compete, in the international development agenda. As this Guide will explain, by focussing on human well-being it is, for example, possible to map out a relationship between poverty and sustainability; it helps us better understand the role of economic growth in producing sustainable poverty reduction; and it enables us to explore the relationship between economic dimensions of development, such as efficiency and productivity, and other dimensions, such as social cohesion and governance that are also vital for successful development.

> *"There is a close relationship between well-being, equity and social cohesion. In spite of significant economic growth, Latin America is still the most unequal region in the world. Inequalities are manifest not only in income but also in wealth, education, health, access to quality services, security, availability of free time, exercising of citizenship and others factors.*

Emphasis should be put on gender and ethnic gaps, and other vulnerable groups, and on intergenerational social mobility."

Conclusions: Latin American Conference on Measuring Well-Being and Fostering The Progress Of Societies, Mexico City, May 2011. http://mfps.inegiorg.mx/en/Default.aspx

One of the founders of modern international development thinking, W. Arthur Lewis, noted in 1955 in his *Theory of Economic Development*, that economic growth was not the purpose of development, rather it was a means to increase the choices available to people. The purpose of having those choices available was to enable people to find ways to live their lives better. This was an important reminder in the post world war two years when the economics of development was strongly focussed on reconstruction and capital accumulation. Much of the literature of the time simply equated development with economic growth and debated how and in what ways growth should be stimulated.

Despite Lewis's reminder, the focus on economic growth intensified during the following decades. In 1969 Dudley Seers felt compelled to offer a further provocative challenge to the focus on national income statistics and the increasing levels of technocratic calculation associated with it. In an article titled 'The Meaning of Development', Seers argued that many of the statistics told us little about the quality of development and highlighted the dubious accuracy of some of the numbers that then became sacrosanct in development planning exercises. He proposed that there are three considerations that help us distinguish whether economic growth could be equated with positive development; these are whether poverty was being reduced, whether employment was being increased, and whether inequalities were lessening. This perspective on the proper focus of development economics had, in turn, close links with an interpretation of the industrial revolution and of the establishment of a market economy in the western countries in the XVIth and XVIIth centuries that interpreted the pursuit of material self-gain as the outcomes of institutional changes and of the erosion of those forms of social and community life that previously protected people.

Box. 1 Polanyi and the Emergence of the Welfare State[1]

In his seminal work on the transformation of economies and societies Karl Polanyi explains how the development of the market economy divides the economic and social systems into two different spheres, where the economic sphere and its motives dominate the social sphere (Polanyi, 1944). He explains the process of the commodification of labour and the vulnerabilities that this creates for workers. In doing so Polanyi provided a framework for understanding of the emergence of the modern welfare state that is still relevant today for understanding rapidly developing societies.

In this perspective, Esping-Anderson argues that the welfare state emerged in industrial societies as a mechanism to mitigate the human consequences of the incomplete commodification of labour. The welfare state emerges to replace failing traditional welfare mechanisms but in doing so it performs a wider role of stabilising market led development (Esping-Anderson, 1990).

Although narrow welfare thinking has tended to focus on income and consumption poverty, this analysis implies a broader understanding of the welfare of the person that acknowledges a richer notion of human well-being. From this perspective the welfare state constitutes more than the provision of social policy, it goes to the heart of the historical construction of the identity of the state and is a fundamental element of the social contract between individuals and the state (Esping-Anderson, 1999).

1 The author acknowledges the contribution of Michaelle Tauson (IDS) in creating this note.

Despite Seers' contribution and other attempts to refocus development policy thinking on outcomes for people, an increasingly narrow focus on economic growth continued to be reinforced. It was not really until the publication of the first Human Development Report by the UNDP in 1991, that a substantial counter-argument to the exclusive focus on economic growth began to emerge. Building on the work of Amartya Sen, the formative contribution of the HDRs has been to promote a human-centric understanding of development. Initially this took consideration of other human outcomes such as improvements in health and education. Over the years this has developed into a more thoroughly multidimensional approach taking account of gender, inequality and sustainability. In more recent years the human development paradigm has been greatly strengthened and also has been pushed to expand its boundaries.

Recent work by Sabine Alkire and James Foster has provided a more substantial methodology for measuring and working with multidimensional human development (Alkire and Foster 2011), while a wide range of advancements across the social sciences have argued for recognising quality of life as an important facet of the human experience of development (Gough and McGregor 2007). These arguments coalesced in the work of the Stiglitz-Sen-Fitoussi Commission. In 2009, the Final Report of the 'Commission on the Measurement of Economic Performance and Social Progress' established by President Sarkozy of France, presented a comprehensive critique of the inadequacy of a narrow economistic approach to development. While the focus of the inquiry was on how we might better measure development, the ramifications of its arguments and conclusions were much more wide ranging. One of the central observations of the inquiry is that what we measure for public policy shapes how we think about and design policy. The report concluded that income measurements of development have misdirected development policy. The key recommendation of the commission was for a move away from measuring economic production as the yardstick for development, towards the measurement of human well-being.

We can briefly outline a number of ways in which a focus on measuring development in terms of human well-being might reframe how we think about key policy issues in development at this time.

Well-being and Poverty

As the Millennium Declaration acknowledged perhaps the biggest ongoing challenge for global development as move into the 21st century is the continued existence of chronic and debilitating poverty. Although poverty reduction has been a global priority for a number of decades now, it is not clear that a focus on absolute income measures of poverty provides us with a good enough understanding of the complexity of poverty to make sustained headway in policy efforts. Assessing poverty in terms of the proxies of income and/or consumption may be helpful for some limited policy purposes, but these proxies do not capture either the range of different outcomes that poverty manifests itself as, or give insight into the interplay of economic, social and political processes that generate poverty and vulnerability. As such they provide only limited support to effective policy design for poverty reduction.

As we have noted, since 1991 the UNDP's Human Development Reports have built up an increasingly sophisticated understanding of the nature and distribution of global poverty. In recent years there has been increasing acceptance of the importance of hearing people's own voices explaining their experience of poverty (see Robert Chambers on 'participation' and The World Bank's Voices of the Poor). All of these exercises confirm the view that poverty is not adequately explained in income terms alone, and that "fear, insecurity, dependency, depression, anxiety, intranquility, shame, hopelessness"

are all aspects that affect the decisions that poor people make. Put simply, it is important for policy makers not just to consider the objective or material dimensions of poverty, but to recognise that peoples' own perceptions and aspirations matter also if we are to understand how poverty policy might work.

While poor people almost always struggle and aspire to live well, they are often defeated systematically in their efforts to do so. Given that well-being is multidimensional, it is then only a small step to understand that multidimensional poverty is simply a restatement of a well-being failure. Clarifying this connection between poverty and human well-being has the potential to turn the 'negativity' of professional and technocratic poverty policy approaches on their head.

First, it suggests that development policy might be better served by considering how to support the efforts of poor people to achieve well-being and to removing the obstacles that undermine their efforts. By conceiving of multidimensional poverty as well-being failure this approach shifts the focus of development policy beyond defining poor people in terms of what they lack, and then to delivering inputs to compensate for those lacks, to considering how it might be possible to support poor people in their efforts to overcome the constraints that blight their lives. It is an approach that engages with people's own aspirations and strategies and that seeks to better harness those efforts and incorporate people as active participants in development.

Second, it moves beyond the problems of aggregation that limit the use of standard per capita income measures of poverty. The aggregation process does not help us understand the detail of what is happening to particular groups. A well-being approach enables us to recognise that there may be different forms of poverty and different poverty dynamics at play within a country context. Poverty may take different forms in different locations and may be experienced differently by different sections of the population. Thus, for example, the nature and drivers of poverty in communities dependent on the exploitation of natural resources are likely to be quite different from those in communities where industrial employment is the main source of income and as such the required policy responses will be quite different. Equally, the type of well-being failure experienced by different people may be sufficiently different to warrant different policy instruments or approaches. Most obviously, for example, in many societies the ways that poverty manifests itself for women will be different than for men.

It follows also that while an economy may be growing this does not necessarily indicate that all people in all places within a national economy are experiencing positive development. In fact the evidence is to the counter; there are many examples of where economies have been growing but the situation for many people within the economy may be worsening. It has been increasingly recognised that growing inequalities in the distribution of benefits from development are a matter of concern (OECD, 2011, Divided We Stand). http://www.oecd.org/els/soc/dividedwestandwhyinequalitykeepsrising.htm .

Well-being and Social Cohesion

As societies develop and economies grow, the benefits of that development process are often unequally distributed. Similarly, as societies and economies come under pressure from crises, such as the recent global economic crisis or more slowly emergent crises such as climate change, different groups are adversely affected in different ways (ref). Both sets of experiences highlight the challenges that can arise for social cohesion when there are differential impacts of the development pathway on different groups. The costs of failing social cohesion are evident in many different societies around the world. They may

consist of: growing divisions in society; the creation of groups who become increasingly unable to contribute effectively to development; increased private costs of security as trust breaks down; and in some cases fragmentation and differentiation, which may result in outright conflict that is both destructive and costly.

Both in contexts of rapid development and of crisis there are policy options for mitigating the deterioration of social cohesion. Recent analyses of the impacts of the 2008 global financial crisis have identified that investment in social protection systems can have an important role to play in limiting the damage to social cohesion caused by global shocks. Similarly periods of rapid economic development and social transformation generate simultaneously forces for social fragmentation and opportunities for building social cohesion (OECD 2011). Economic growth can provide both the means and the opportunity to promote social cohesion as a development goal in its own right. According to a recent OECD report, a good level of social cohesion has positive effects not only on the rate, but also the quality and sustainability of economic growth (2011, p59). The analysis in that report and in other work places the notion of human well-being at the centre of our understanding of social cohesion (see Helliwell 2005). As the OECD report puts it, "A cohesive society works towards the well-being of all its members, fights exclusion and marginalisation, creates a sense of belonging, promotes trust, and offers its members the opportunity of upward mobility." (2011, p17).

This applies to all three dimensions of human well-being: In material terms, for example, an important underpinning of any social contract between people and their government is that the government will ensure that they will not go hungry in times of famine. A failure to protect some parts of national population from famine weakens the claims of legitimacy to govern. In relational terms, processes of social exclusion can result in deep divisions in society and a sense of detachment from development efforts. And, in the experiential dimension, the perception that some people are losing out while others are benefitting greatly from development exacerbates the destructive potential of inequalities.

Well-being and Sustainability

A well known blind spot for conventional economic measures of development has been in accounting for the negative effects of economic growth on the natural environment. Environmental challenges are likely to be increasingly significant in the coming century and the issue of how of achieve sustainable development has an ever more urgent profile in global policy agendas. Pressures on scarce natural resources are increasing and our current development pathways are generating changes in the global environment that are recognised as being unsustainable. The problems of human well-being and sustainability are inextricably intertwined and interdependent. It is humankinds' efforts to achieve ever greater levels of well-being over the last two centuries that lie behind the current, unsustainable patterns of use of the planet and its resources. And any future pathway towards sustainable development will depend on the achievement of globally sustainable notions of human well-being.

In 1987, the Brundtland Report, *Our Common Future*, provided an important landmark for international development when it defined sustainable development as, "… development that meets the needs of the present without compromising the ability of future generations to meet their own needs". With the rise of the global climate change agenda there has been tendency to place much emphasis on the part of this definition that is concerned with the relationship between the present and the future. But arguably this has involved downplaying the issue of ensuring that present needs are met and of how these relate to the needs of those in the future.

In order to bring it up to date with contemporary thinking on human well-being a number of questions must be posed of the Brundtland definition. In particular we must consider what needs should be met by sustainable development? It is an inconvenient but sobering observation that as some countries around the world continue to struggle with the problem of meeting the most basic needs of their populations, other countries are facing serious public policy problems that arise from the excessive satisfaction of needs. These manifest themselves in problems of obesity and diseases of affluence, such a diabetes and heart disease. The very unequal global distribution of human well-being that prevails today is a challenge to sustainable development both in the present and for the future.

In international development discussions, the 'Basic Needs' movement of the 1970's argued that the needs for food, water, shelter and clothing formed a basic core that should be met for all people. At the time this was an effective rallying point for global collective action both morally and in terms of political feasibility. However, both Amartya Sen and Robert Solow have argued that a narrow conception of human needs is inadequate for our approach to sustainable development. As Robert Solow puts it, "a sustainable path for the national economy is one that allows every future generation the option of being as well off as its predecessors. The duty imposed by sustainability is to bequeath to posterity not any particular thing …. but rather to endow them with whatever it takes to achieve a standard of living at least as good as our own and to look after their next generation similarly. (Solow 1993, p168). Sen is more direct, arguing that sustainable development must be conceived of in terms of sustainable *human* development, in which it is not needs per se, but the preservation and transmission of capabilities and freedoms that must be the focus of policy. Both Sen and Solow imply that the condition of human well-being is the ultimate yardstick for sustainable development. This view is reaffirmed in the Sarkozy Commission conclusions.

This means that sustainable development must pay heed to more than just the material dimensions of sustainability, and must also take into account whether relational and subjective needs are being and will be met. This shifts the focus of sustainable development from a narrow view of conserving just things (such as the resources of natural environment), to encompass the relationships between people and the natural environment, and the relationships between people in how they govern the use of the environment.

Well-being and Governance

The importance of effective governance for successful development is well understood development. Effective governance provides the rules and institutions that make economic and social development possible. Effective governance is also a process which makes individuals feel that they are part a community, a nation-state and member of a wider global community.

> *"Governance is not only linked to wellbeing, it is part of well-being."*
> *Francois Roubaud, Research on social and economic development, France.*

The narrow economic approach to development has emphasised the importance of increasing incomes in order in order to be able to live increasingly well. This approach champions an individualised or atomised notion of well-being or of living well, where this individualised desire to live well is seen as the core driver of the growth dynamic. But when we put governance in relation to a more social conception of human wellbeing we begin to recognise that this approach may not be constructive for building effective governance.

The nub of the problem lies in the simple fact that there are conflicts between competing wellbeing aspirations and strategies. Not everyone can live well at the same time. It is an illusion and an ideological projection that we can all have everything that we want and at the same time hope for peaceful and sustainable development. The well-being of some is often achieved at the expense of the well-being of others. While this unbalanced pattern of improvement can sometimes be benign, it often is not. The costs of some people's strategies well-being can have negative consequences for the well-being prospects of others in the global system either presently or in the future. This is not a new or novel observation and, as most theories of government recognise, the main purpose of systems of governance is to create rules, arrangements and institutions that enable us to live well *together*: minimising destructive conflict and division in society.

When the challenge of achieving sustainable development is reframed in terms of the human well-being it becomes clear that the motto of living well as an individual is not functional for development. Rather the contemporary challenge for global governance is find ways for us to live sufficiently well together, so as live in ways that have regard for others and the planet both now and in the future. The social and political arrangements for living well together, whether in terms of the distribution of the benefits of development or the distribution of the use of the planets resources, are a fundamental feature of any vision of sustainable development.

One of the consequences of development that is unsustainable either in environmental or social and political terms is the erosion of the legitimacy of systems and of their claim to govern. A recent global consultation suggested that confidence in systems of governance is at low ebb (The Bellagio Initiative, 2012). A major global financial crisis, which has combined with food and fuel crises, and which sits against a backdrop of disruptive climate change and worsening of global inequalities, has distanced people from national and international systems of governance. The inequality of well-being outcomes and prospects undermines the possibilities of finding ways to live well together. By focussing on the need to protect and promote human well-being we are offered a different insight into what governance in the 21st Century must consist of. Moreover the innovative methodology for identifying and agreeing indicators of well-being in specific contexts can in itself be seen as an exercise in strengthening governance.

Well-being, women and children: Investing in the present for future

A focus on human well-being in development policy turns our attention to how we make our societies and economies work well. Many of the foundations of successful societies and successful economies are hidden in the detail of how societies have organised themselves (see Hall and Lamont 2009). This is a fundamental observation by a new wave of institutional economists who have becoming increasingly prominent in recent years (Rodrick 2000, Acemoglu and Robinson 2012). One of the key elements of these foundations is in how children are raised and educated. Further, an important consequence of an income focus in the measurement of development is that it relegates consideration of the role of women, care-givers and children in development to second order issues. Because they are not directly part of the formal productive economy much mainstream development policy thinking systematically overlooks the contribution of women to well-being at family and community levels and pays inadequate attention to how we nurture children in order to ensure their well-being.

From a human well-being perspective, care work has a very important role to play in a successful development process. Yet the hours of labour time that turns children into good citizens and that build the strengths of community cohesion; care for the aged; and care for AIDS' orphans – goes uncosted in our current economic development models. The negative consequences of undervaluing care work have

been illustrated by the extent to which the burdens of coping with global crises have fallen on the shoulders of women. This has placed strains on childcare, as women have had to extend their income earning efforts; it has placed strains on family relations; and in many places it has had adverse effects on community cohesion. Although gender issues have been an integral part of the development narrative for many years now, it is less apparent that there has been a correspondent recognition of the issue at the heart of the orthodox growth-oriented development policy agenda.

Equally it is a truism that children are the basis of future development successes. It is the children of today who will pay for the pensions for the elderly of tomorrow. This is partially recognised by the importance assigned to issues of education and child health, but the concern for children is unevenly absorbed in the development policy agenda. While standard material and human indicators of child development are important, they do not capture much of whether in a particular society children are flourishing to be the strong and mature adults that future development will depend upon. Increasingly however, as agencies have engaged with children's own voices, a broader agenda has emerged. UNICEF for example has noted that for children perceptions of peace in society, perceived family harmony, perception of the health of their environment, quality of food, access to schooling, ability to play in safety and the degree to which they are 'looked down on' by other are all important (1999). Research on development policy for children finds that adults (and inter alia policy-makers) emphasize the material well-being of children (and undoubtedly given child mortality and stunting statistics these considerations are of vital importance); but when children themselves are asked about priorities they draw attention to the relational aspects of well-being in particular. As Redmond puts it, "what concerns children is not lack of resources per se, but exclusion from activities that other children appear to take for granted, and embarrassment and shame at not being able to participate on equal terms with other children" (2008:12). A well-being approach warns that while the material dimensions of child well-being remains crucial, the significance of the relational and subjective dimensions of well-being for the development of healthy and socially confident children cannot be ignored.

HOW TO MEASURE WELL-BEING FOR DEVELOPMENT

There is no blueprint for measuring human wellbeing, but around the world there are a growing number of examples of increasingly well developed approaches to bringing well-being into national public policy deliberations. This includes the development of conceptual frameworks and work to develop new approaches to measuring human well-being. Since the Istanbul Declaration at the OECD Global Forum of 2007, which committed signatories to work towards the development of appropriate indicators of societal progress, there have been extensive debates around how to incorporate new measures of well-being in public policy processes.

In 2011 the United Nations General Assembly adopted a Resolution which recognized that "… the gross domestic product indicator by nature was not designed to and does not adequately reflect the happiness and well-being of people in a country." The resolution invited Member States "… to pursue the elaboration of additional measures that better capture the importance of the pursuit of happiness and well-being in development with a view to guiding their public policies." This important global step both reflects and adds further weight to an increasing number of moves to give well-being considerations (in one form or another) a place in the constitution of many countries. This includes constitutional adoption in Brazil and Bolivia as well as formal absorption in development planning in countries such as Morocco, Thailand and Bhutan.

At the 4th OECD Global in New Delhi in October 2012, Ki Joong Woo, the Commissioner of Statistics for Korea reminded participants of the initiatives taken by Korea in this field, which included 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. Mr Woo underscored the importance of better understanding the causal relations between the different well-being dimensions, and of shifting the paradigm for policies to one where well-being and progress, rather than GDP growth alone, are the focus. In a Roundtable Session at the New Delhi meeting, on well-being initiatives in individual countries, reports from the UK, Mexico, Bhutan, China, Italy and Australia all illustrated the strength of political commitment behind these new initiatives, and a good degree of convergence both around the conceptual underpinning of the measurement of human wellbeing and the methodology that might be employed to develop such measures. Many other contributions from the floor at that meeting indicated other strong country initiatives. In the same session Romulo Virola, the former Chief Statistician of the Philippines, noted that the Philippines had been amongst the early movers in the well-being agenda and that well-being is now firmly entrenched in the Philippines National Strategy for the Development of Statistics (NSDS).

Aside from these formal national initiatives there are also a number of major non-governmental or commercial initiatives that measure elements of subjective wellbeing and from which much can be learned. These include the Gallup-Healthways Well-Being Index and, at the international level,; the World Values Survey, the Gallup World Poll, regional barometer surveys, and various academically-driven initiatives (ISSP, European Social Survey, etc.).

The OECD Better Life provides a good example of the type of conceptual framework around which efforts to measure wellbeing are converging. Before we move to a discussion of that, it is important to note the convergence around a methodology for assessing human wellbeing. This is important because the methodology marks a distinct break from the past in terms of how statistical offices have gone about measuring development.

Methodologies

In the discussion above, we have emphasised that there are likely to be differences in what is required for well-being in different societal contexts. This means that all exercises to assess human well-being must involve a new step to ascertain what is important for people's well-being in any particular context. In other words, there is no list of questions that can be sent out to all countries for data simply to be collected on.

The methodological step of consultation before the construction of specific indicators and questions is evident in many of the new well-being measurement initiatives that are leading the way in the global scene. In Measures of Australia's Progress, for example, a key step in the process of constructing indicators has been a wide-ranging consultation that inquired what was important to Australians for their national progress. In 2012, Morocco carried out its first well-being survey based on an interactive approach in which the first step has been to ask the population what mattered to them. Similar initiatives are now underway in a range of OECD and non-OECD countries. In the World Forum in New Delhi, Gerardo Leyva, Deputy Director of the National Institute of Statistics described the three main steps taken by the national statistical office of Mexico (INEGI) to develop better well-being statistics. The first had been to promote discussions on the subject through seminars and conferences organised with other partners. The second was to develop new measures where these were lacking, which 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. In the UK Measuring National Well-being initiative, carried out by the office of National Statistics, a similar step-wise approach has been taken, starting with a structured national debate.

Broadly speaking, therefore the methodology for developing wellbeing measurements is tending to involve four distinct steps:

1. Consultation on what matters for well-being in a particular societal context.

2. Analyses of the findings of the consultation, which inevitably involves iteration with expert insights and universal accords and declarations.

3. The formulation of society specific questions on well-being either for use in larger scale surveys, or to be inserted into existing household and individual focused surveys.

4. Reporting on progress in terms of human well-being.

As we have discussed above, this methodology in itself can be interpreted as a response to a perceived shortfall in governance. The notion of a national debate or consultation is a restorative step in situations where people have felt sidelined in their own development. The process offers a means to engage people in a more active process with politicians and policy-makers. However, we have yet to see whether this promise will be borne out by changes in policy that can be attributed specifically to well-being results.

Frameworks

Many of the indicators that can be used to assess improvements in human well-being are already familiar and in many places the required data are already collected. The innovation suggested by a well-being approach is that we must see human well-being as a holistic phenomenon. And in particular that it is important to systematically incorporate measures of subjective well-being into a new approach. Although there has been strong argument to use a single measure of happiness as an overarching indicator of human well-being in public policy deliberations (Layard 2005), there is now considerable convergence around the view that a more multidimensional approach to the assessment of human well-being is required. This was particularly evident at the recent Global Forum on Measuring Progress that took place in New Delhi in October of 2013. At this Forum, a wide range of both OECD and non-OECD countries presented news of their progress in developing systems for measuring progress in terms of human well-being. The OECDs 'How is Life' framework provides a good example of this multidimensional approach to human well-being and it can be used to explain how well-being can be measured as well as to discuss its relevance for developing countries.

Box: The happiness - well-being confusion.

In the debate over how to measure human wellbeing there has been some confusion generated by the contradictory use of terminology. Although each of the terms 'happiness' 'subjective wellbeing' and 'quality of life' has its own academic history, methodology and traditions, they are often used interchangeably and this may have muddled discussion. For example, there is particular confusion around the semantics of the term 'happiness'. It can be argued that the western conception of 'happiness', as used by Layard and harking back to Bentham's roots of utilitarianism, is not the same as the Buddhist conception of happiness, as mobilised in the Bhutanese or Thai efforts to reshape the focus

of their development and public policy. The ‘happiness’ or ‘hedonic’ approach to the study of subjective wellbeing has found great favour in recent years amongst economists, primarily because it appears to offer a way of measuring utility. Frey and Stutzer (2002) have been at the forefront in providing comprehensive and sophisticated reviews of the possibilities and implications of incorporating ‘happiness’ measures into economic and public policy analysis. However, a different and important strand of work in social psychology builds on a ‘eudaimonic’ conception of subjective well-being. It can be argued that the Buddhist conception that underpins Bhutan’s happiness framework relates more to the Aristotelian notion of eudaimonic well-being than to the hedonic notion of happiness. These semantic confusions have the potential to be problematic both practically and politically. What is of overriding importance is the agreement around the message that what people think and feel about their own condition is important in any assessment of human well-being (McGregor and Sumner 2009).

The OECD How is Life framework describes a process which involves three categories of variables (see Figure 1). The three categories are:

- Material Conditions
- Quality of Life
- Sustainability

Within these three categories there are then a set of variables upon which data can be assembled. Under ‘Material Conditions’ three variables are listed as being:

1. Income and wealth
2. Jobs and earnings
3. Housing

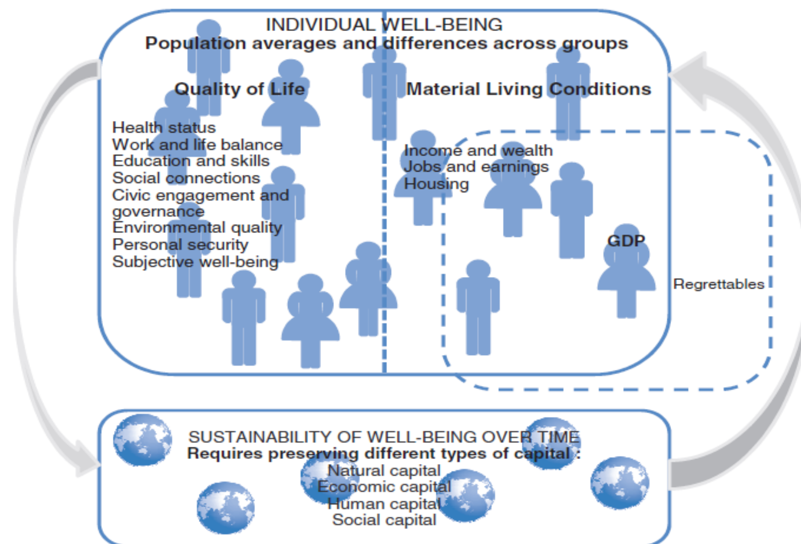
The framework describes the set of ‘Quality of life’ variables as being:

4. Health status
5. Work and life balance
6. Education and skills
7. Social connections
8. Civic engagement and governance
9. Environmental quality
10. Personal security
11. Subjective well-being

Lastly in the ‘Sustainability’ category four types of capitals that are identified as being important for the processes that reproduce both material well-being and the quality of life outcomes. These are:

1. Natural capital
2. Economic capital
3. Human capital
4. Social capital

Figure 1



This is a proposed universal framework (i.e. one that is relevant to all societies) and it has been constructed drawing on the work of the Stiglitz-Sen-Fitoussi Commission. But its general categories and contents bear close similarity to the well-being frameworks that are being developed through other bottom-up initiatives (see for example Measures of Australian Progress or the Canadian Index of Well-being). Although this framework was developed mainly with OECD countries in mind, none of the dimensions or the items listed are irrelevant for developing country contexts. However, it is to be expected that the emphasis, the detail and the prioritisation of particular items will differ in different country contexts. While this will be affected by the level of economic development, it also will be affected by culture. In Morocco, for example, the results of the first round of the national consultation on measuring well-being showed that people emphasised 'housing, income, employment, health, education, cultural and spiritual life, and leisure' as the most important elements for their well-being .

When we think of how the lists of items might be adapted in developing countries, we also can consider what might be missing from the lists. One of the features of such lists relate to items that are taken for granted but nevertheless important for well-being tend to get left off. An obvious example in the 'material conditions' dimension of this framework is food security. Since there will seldom be an absolute absence of food in OECD countries, it is not a surprise that food does not appear in this list, but this is not the case in many developing country contexts. In many parts of the developing world, food security is an important issue for the well-being of many people. As such 'food' is likely to be identified as an important item in any list of 'material conditions' that are important for well-being in developing countries. Similarly, clean water and good sanitation are also likely to feature. All three of these basic needs are clearly important not only for the physiological dimension of well-being, but also for the quality of life, and neither the requisite quantity or quality of items such as food can be taken for granted in poorer country contexts.

All of the items listed under Quality of Life dimension of the OECD framework are relevant for developing countries, but as with Material Conditions other items may be identified that are important for the quality of life in other societal contexts. One item that is often included in lists from other cultural contexts is spirituality or religious beliefs. For many people in many different cultures around

the world, the ability to hold and/or to express their spiritual beliefs is important for their well-being. Although this is also an important consideration for people in many OECD countries, this type of issue has been avoided in formal policy discourses. While secularist policy approaches tend to find these difficult issues to deal with, if a more 'bottom-up' process identifies these as important for peoples' well-being then such issues will surface in relation to development and public policy and they cannot be ignored.

While it would be possible to interrogate all 11 components of the Material Conditions and the Quality of Life dimensions, this is not pursued further in this preliminary draft. For the purposes of this discussion, the fundamental observation is that the 'subjective well-being' item under the Quality of Life dimension has a particular and privileged place in the approach to measuring human well-being, and that it is likely to be as important in developed and developing countries.

If an emphasis is placed on taking account of subjective well-being then the process of building the lists of subjective well-being indicators takes on a dual role. First, it identifies what items should be measured in both the Material Conditions and Quality of Life dimensions in a specific context. Second, the process of building the 'subjective well-being' inquiry will provide detail of what it is about the specific item that is important for well-being in that context, and it will indicate where it stands in terms of priorities for good quality of life. Thus, for example, although 'work-life balance' is likely to appear in almost all societies as an important aspect of the quality of life, what this consists of and what is an acceptable balance is likely to differ in different societies and communities. A fisherman who spends days at sea and then has days onshore has a different model of what a work-balance consists of when compared to a shop worker who works a regular day shift. And similarly in different societies there may be quite different notions of what is an acceptable split between time at work and time at leisure.

Without then going into a detailed review of all the dimensions and items therein, it is important to recognise that most of the emerging frameworks for measuring human wellbeing converge around the notion that there are three main types of data that are required: objective, subjective and relational data.

- Objective data - which can be used to assess objectively verifiable achievements in respect to both the Material Conditions and the Quality of Life Dimensions. For example, on health status we can find indicators both of objective health status and also take account of people's subjective evaluations of their health. While we might expect these to correspond they may not necessarily do so and the gap between the two may provide substance for a policy deliberation.
- Subjective data - which assesses people's satisfaction with their achievements for all of the quality of life components and also for the quality of their achievements in material conditions. For example, a person may have a job and earn a salary but view this as inadequate for living to the standard to which they aspire in that particular social and geographical context.
- Relational data - which is implied under the 'sustainability' box of the OECD framework, and which refers to the quantity and quality of relationships by which people seek to achieve outcomes both in terms of Material Conditions and Quality of Life. This is one of the more complex and novel aspects of measuring well-being but it is outlined in the literature that emphasises the importance of social capital and social cohesion. This might include indicators such as: the frequency of contact with family, relatives and friends; perceived networks of support; and measures of interpersonal trust.

HUMAN WELL-BEING AND THE CURRENT GLOBAL POLICY ENVIRONMENT

In this Background paper, we have described the growing momentum behind initiatives to measure progress in terms of human well-being, and how some of these initiatives have been tailored to the specific conditions of less-developed countries. As we have seen, this has both political commitment and intellectual weight. It is clear that measuring well-being is not only the preserve of wealthy developed countries but that it has attractions and benefits for countries at all stages of development. The focus on human well-being brings with it promising new perspectives on a wide range of policy challenges. Not least it provides insights into issues poverty, sustainability and governance. Perhaps the major innovation however lies in the adoption of a multidimensional approach to understanding progress which integrally takes account of people's subjective evaluations of their quality of life. This requires a methodological innovation in order to develop a range of new indicators that are society and context specific and which can enrich and complement existing economic data. The methodological innovation involves structured processes of consultation and deliberation.

As we move towards 2015 and the review of the Millennium Development Goals, these initiatives offer a number of insights for the debate over the post MDG settlement.

- *Fragmenting global policy deliberations* - the proposal to focus international development policy on a holistic conception of human well-being implies that there should be caution about proposals to fragment global policy deliberations. The challenge here is to achieve policy coherence and reduce the possibility that policy conclusions in one sphere run counter to the policy directions set in another. Thus for example there should be caution about separating a post 2015 millennium settlement on poverty reduction from deliberations on sustainable development.
- A universal framework – an important criticism of the MDGs is that they separate the policy concerns of developing countries from those of developed countries. Yet poverty is an issue in developed countries as well, and in an interconnected world the policy positions of developed countries have real implications for the possibilities of progress in developing countries. As such there is a logic for having a new framework that encompasses all countries, at whatever stage and level of development. The convergence in approaches to measuring progress in terms of human wellbeing, in OECD and non-OECD countries, suggests that it may be possible to develop a universal framework for any post 2015 settlement that nevertheless provides sufficient space for country specification and ownership of indicators.
- Extending indicators beyond material conditions – the review that is provided here suggests that if we are to be able to judge the true extent of societal progress then objective indicators must be complemented by indicators of subjective well-being.
- Capacity development – finally an important concern about a shift to measuring human well-being and to reorienting policy towards it, is that many developing countries do not perceive themselves as having the capacity to cope with the new demands this will place upon them. If any post 2015 settlement were to take on a human well-being perspective then new capacity for the development of wellbeing indicators and the analysis of well-being data will be required.

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