

Outline

1. Indicators and indicators systems
2. The “Beyond GDP” approach and the Agenda 2030
3. Well-being measures and policy making

A cornerstone in the “Beyond GDP” approach

The Commission on the Measurement of Economic Performance and Social Progress

- set up by Sarkozy in 2008, led by **Joseph Stiglitz, Amartya Sen, Jean-Paul Fitoussi**, with contributions from 20 international experts
- Final Report (September 2009)
 - “What we measure affects what we do”
 - “ It has long been clear that GDP is an inadequate metric to gauge well-being over time, particularly in its economic, environmental, and social dimensions”
 - “Shift emphasis from measuring economic production to measuring **people’s well-being** ”

10 Key points in the Stiglitz, Sen and Fitoussi report

1. Material well-being: **income and consumption** rather than production
2. Emphasize the **household perspective**
3. Consider income and consumption jointly with **wealth**
4. Give more prominence to the **distribution** of income, consumption and wealth
5. Broaden income measures to **non-market activities**

10 Key points

6. Well being is **multi-dimensional**
Material living standards; Health; Education; Personal activities, including work; Political voice and governance; Social connections and relationships; Environment (present and future conditions); Insecurity (economic & physical)
7. Consider objective and **subjective dimensions**
8. Quality-of-life indicators should assess **inequalities** in a comprehensive way
9. **Links between various quality-of-life domains** for each person
10. The **environmental aspects** of sustainability deserve a separate follow-up

Well-Being in EU

2007 → Beyond GDP conference (EC, EP, Club of Rome, OECD, WWF)

- to improve the measurement of **progress, true wealth and the well-being** of nations
- developing indicators as clear and appealing as GDP, but more inclusive of **environmental and social aspects** of progress

2009 → EC Communication: “GDP and beyond Measuring progress in a changing world”

- to complement GDP with environmental and social indicators, focusing on **measures of quality of life and well-being**
- more accurate reporting on **distribution and inequalities**

2011 → European Statistical System Committee Report: “Measuring Progress, Well-being and Sustainable Development”

- ✓ to work on multidimensional measurement of the **quality of life**

Well-Being measures by Eurostat

Quality of Life



Well-being in developed countries: OECD

Since **2001** – **measuring well-being** is of the crucial importance for the credibility and accountability of public policies but also for the very functioning of democracy

2007 → Istanbul World Forum (OECD, EC, Organisation of the Islamic Conference, UN, UNPD, World Bank)

- commitment to measuring and fostering the **progress of societies in all dimensions**, with the ultimate goal of improving policy making, democracy and citizens' well-being
- **statistical offices, public and private organisations, and academic experts to work alongside representatives of their communities** to produce high -quality, facts-based information that can be used by all of society to form a shared view of societal well-being and its evolution over time

Well-Being Measures by OECD



It is designed to visualise and compare some of the key factors that contribute to well-being in OECD countries.

Material well-being

- Housing
- Income
- Jobs

Broader quality of people's lives

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



Choose your own rating of well-being dimensions

<http://www.oecdbetterlifeindex.org/fr/#/111111111111>

National initiatives on Well-Being



“Societal and personal well-being in the UK looking beyond what we produce”



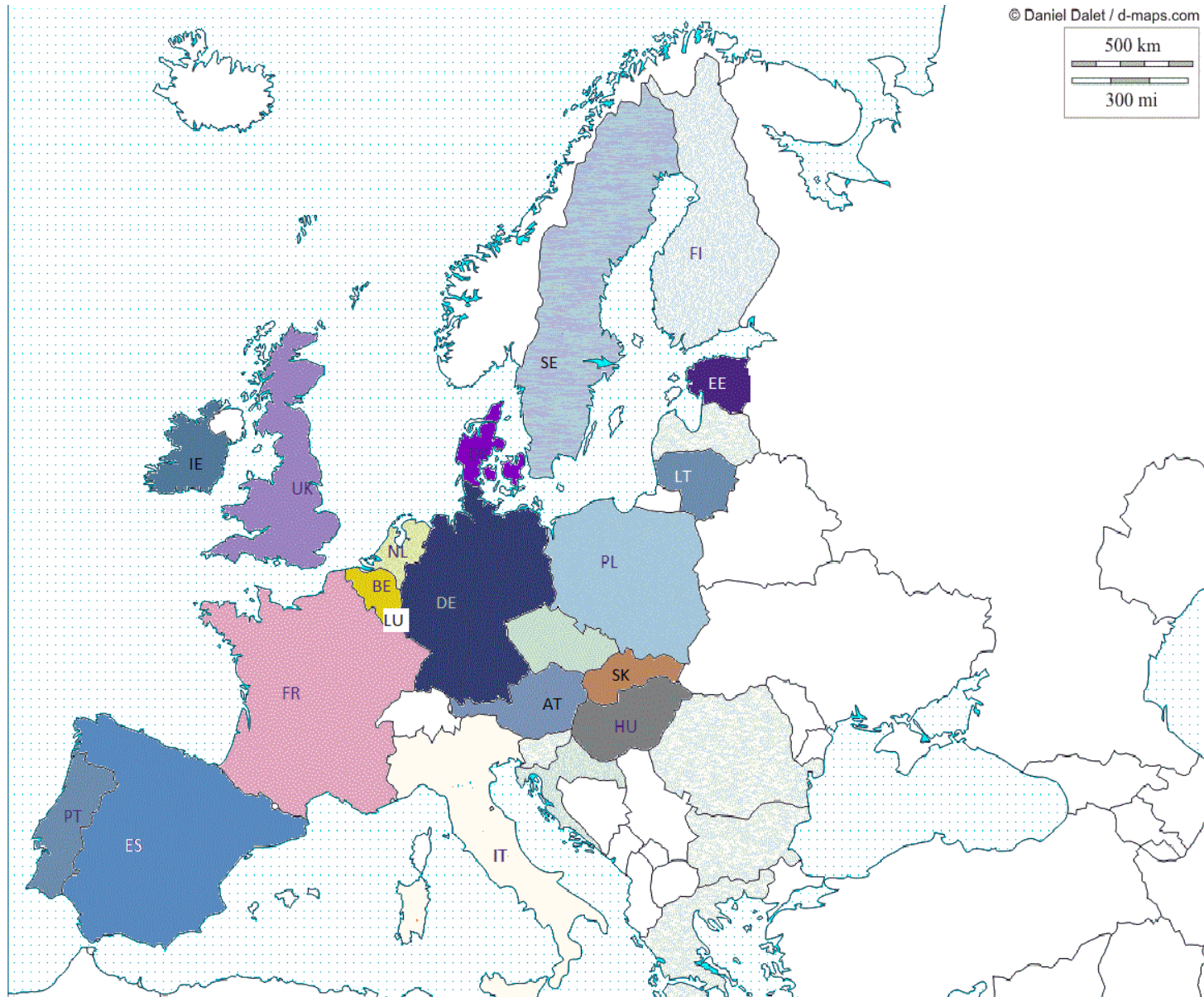
“This system will provide clear and understandable information at regular intervals on wellbeing in Germany “



Atkinson Foundation - University of Waterloo

“To enable all Canadians to share in the highest well-being status”

Well-being initiatives in EU



Measuring Well-being in Italy



- **Well-being (Benessere)**: multidimensional analysis of aspects relevant for quality of life
- **Equitable (Equo)**: focus on distributional aspects
- **Sustainable (Sostenibile)**: to ensure the possibility of the same level of well-being to future generations



- Started in 2010
- To provide a set of indicators to monitor progress of Italian society
- Built through a participative process involving:
 - a) Steering Committee: stakeholders and Istat experts,
 - b) Scientific Commission: experts in different fields
 - c) Public consultation (survey)
- Wide dissemination:
 - Annual reports
 - Website with documents, data, dashboard

**Steering
Committee
ISTAT-CNEL**

**Public
consultation**

**Scientific
Commission**

12 DOMAINS



**130
INDICATORS**



**Annual Report
and database**

Defining dimension relevant for well-being and national peculiarities

Identifying indicators

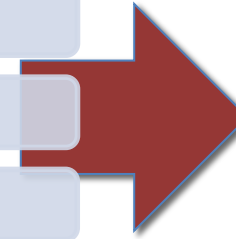
Dissemination and analysis

Pros and cons in opening up the process

- **Broad discussion with different actors**
 - ✓ To reach an agreement over a number of difficult and new issues, such as Landscape and cultural heritage, soil use, quality of services, research and innovation;
 - ✓ Granting legitimacy to the final output.
- **Raising interest also at local level**
 - ✓ several local institutions are interested to have well-being measures to their territory
- **Some issues in managing a wide debate**
 - ✓ To reach agreement between contrasting opinions
 - ✓ to limit the number of indicators

The complete framework

1	• Health
2	• Education and Training
3	• Work and Life balance
4	• Economic well-being
5	• Social relationships
6	• Politics and Institutions
7	• Safety
8	• Subjective well-being
9	• Landscape and Cultural heritage
10	• Environment
11	• Innovation, Research and Creativity
12	• Quality of services



130
indicators

- Objective
- Subjective

+ composite indicators

Domains and sub-dimensions

DOMAIN 1: HEALTH

Sub-dimensions:

- Outcome
- Life cycles
- Risks for health

DOMAIN 2: EDUCATION AND TRAINING

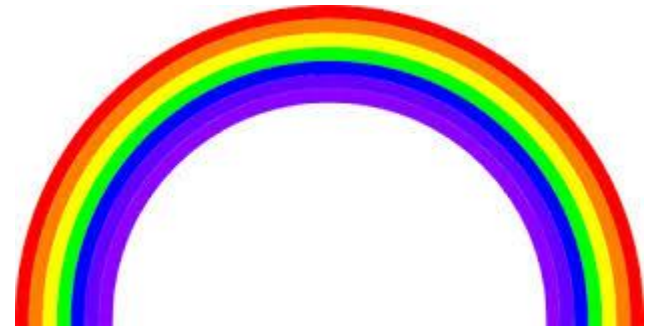
Sub-dimensions:

- ✓ Formal education
- ✓ LLL
- ✓ Competencies
- ✓ Cultural participation

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Composite indicators

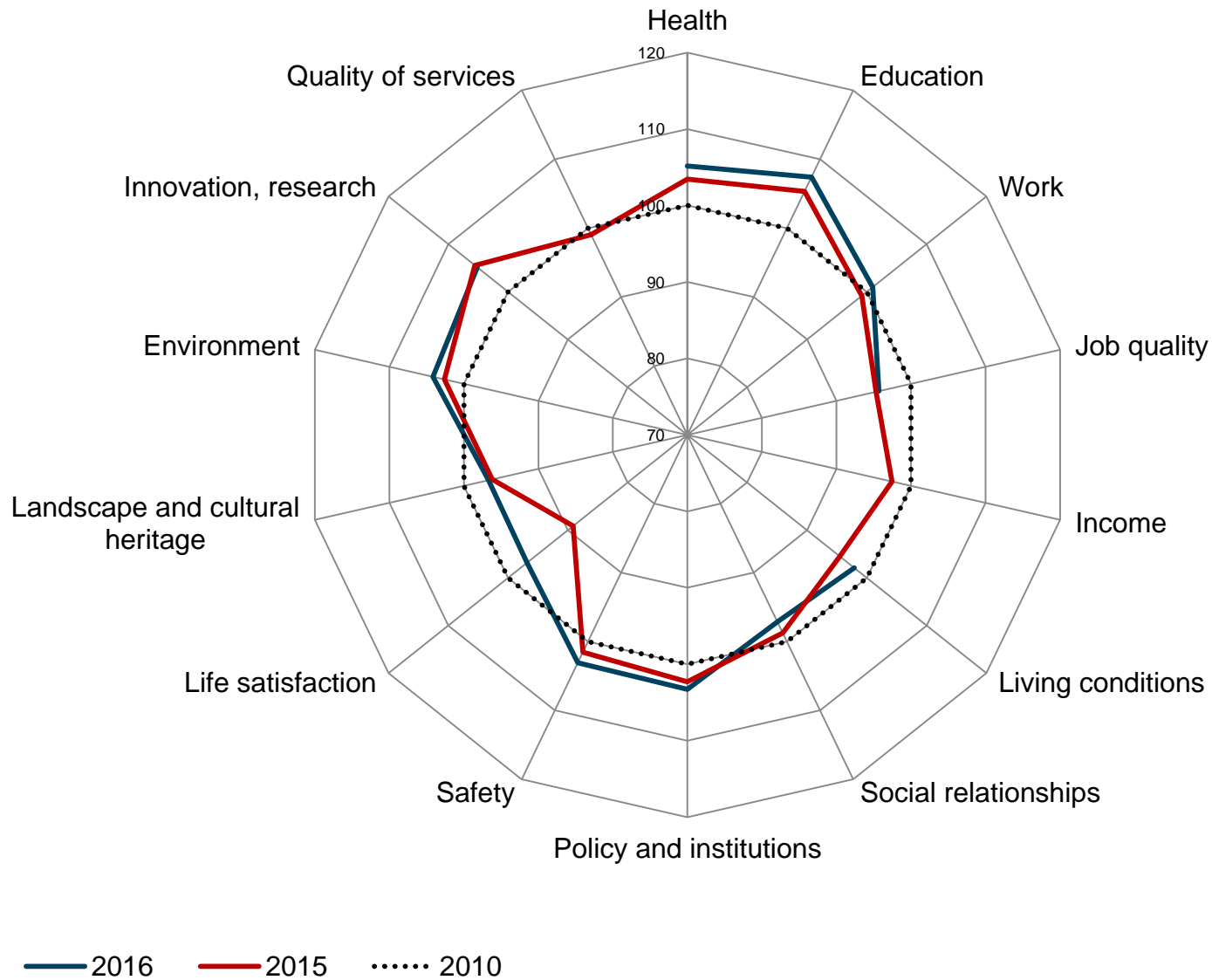
- Not an unique well-being index
- But a synthesis for each domain



What do we want?

1. Possibility to compare across regions
2. Possibility to compare over time
3. No compensation between sub-dimensions
4. Simplicity and transparency of calculation
5. Easy interpretation of results
6. Robustness

Composite indicators: Well-being domains in Italy



Lessons learnt from the Bes project

- **Relevant for society**

As introduce a new important dimension in the democratic debate

- **Reinforcing the NSI reputation**

as innovation-maker

- **Continuous maintenance requested**

to improve current indicators and refine the general framework

- **Evidence-based decision making is the real challenge**

stricter links to the policy making process

Integrating well-being indicators in the policy making process

The Law revising the Italian Budget Law (August 2016) establishes that public policies are regularly monitored and evaluated also

- through their effects on well-being indicators
- comparing trend and policy forecasts

2 annual reports by the Ministry of Economy and Finance, on Istat data:

- April: Planning Document on economic and financial policy (analysis of past trends and 2 scenarios)
- February: Report to the Parliament (update)



The selection of indicators

A high level committee was set up to propose the list of well-being indicators. Members:

- The Minister of Economy and Finance
- The Istat President
- The Governor of the Bank of Italy
- And 2 recognized experts

The committee proposal has to be discussed and approved by the Parliament, then comes into force by decree

The reference framework is the Italian set of measures on well-being

B E S

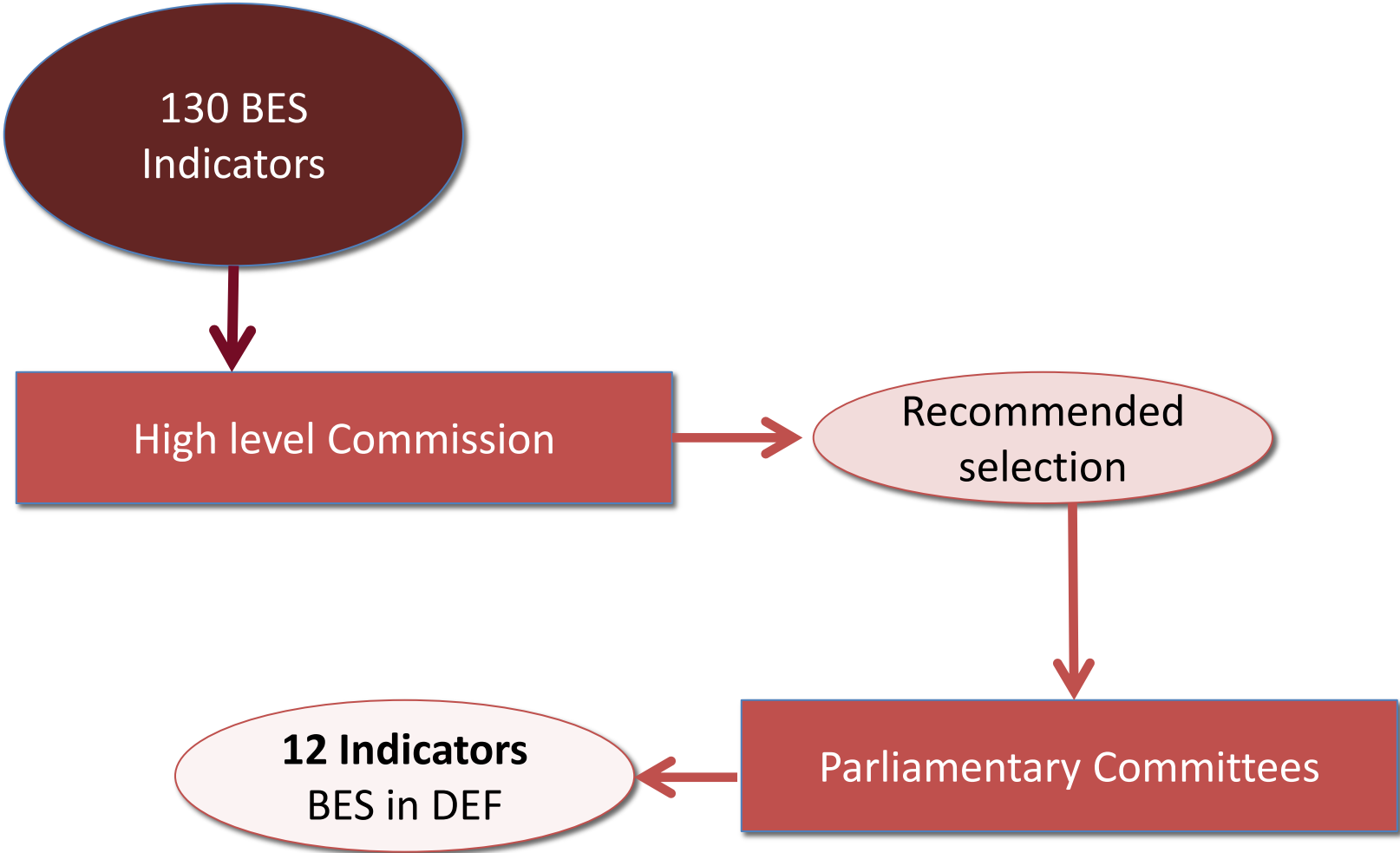
- Well established experience
- Built through a wide participatory process
- Founded on solid theoretical bases
- High quality of statistical measurement
- Holding together international recommendations and Italian specificities

First considerations from the Commission

- Composite vs simple indicators?
- Subjective indicators?
- Territorial level
- International indicators

And selection criteria adopted

- Sensitivity to public policies
- Parsimony
- Practicability
- Timeliness, extension and frequency of time series
- Transparency and accountability



The approval process





Your choice of indicators

Monetary well-being

1. Mean adjusted income (per capita)
2. Income inequality (quintile ratio)
3. Incidence of absolute poverty

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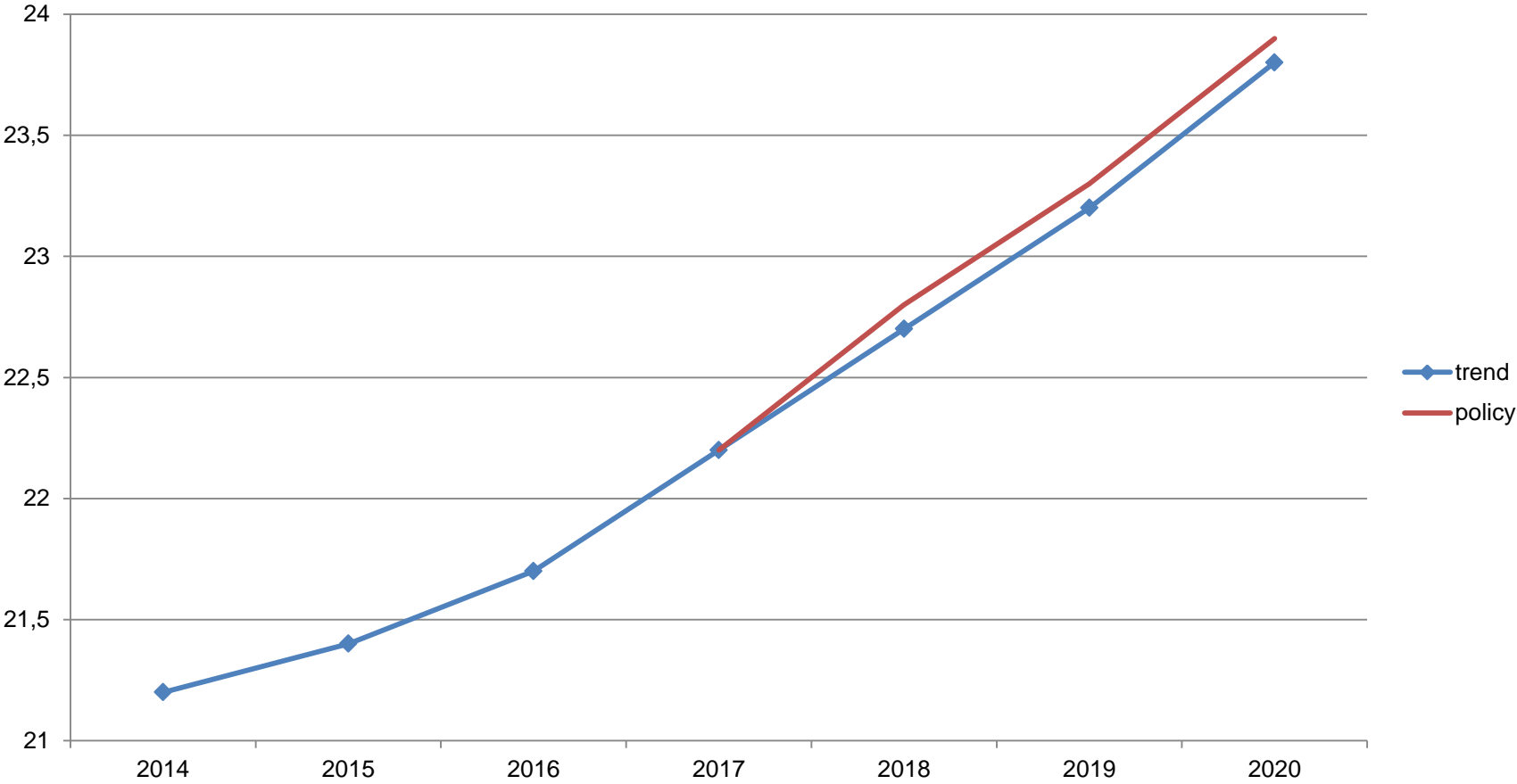
Other aspects of well-being

4. Life expectancy in good health (at birth)
5. Overweight and obesity
6. Early school leavers
7. Non-participation in employment
8. Employment rate of women aged 25-49 with/without preschool children
9. Victims of predatory crimes (robberies, burglaries and mugging)
10. Mean length of civil justice trials
11. CO₂ and other greenhouse gas emissions
12. Illegal Building



- April 2017: First exercise for Bes in DEF
- The preliminary selection included only 4 indicators:
 1. Mean adjusted income (per capita)
 2. Income inequality index (quintile ratio)
 7. Non-participation in employment (rate)
 11. CO₂ and other greenhouse gas emissions (tons x inhab.)

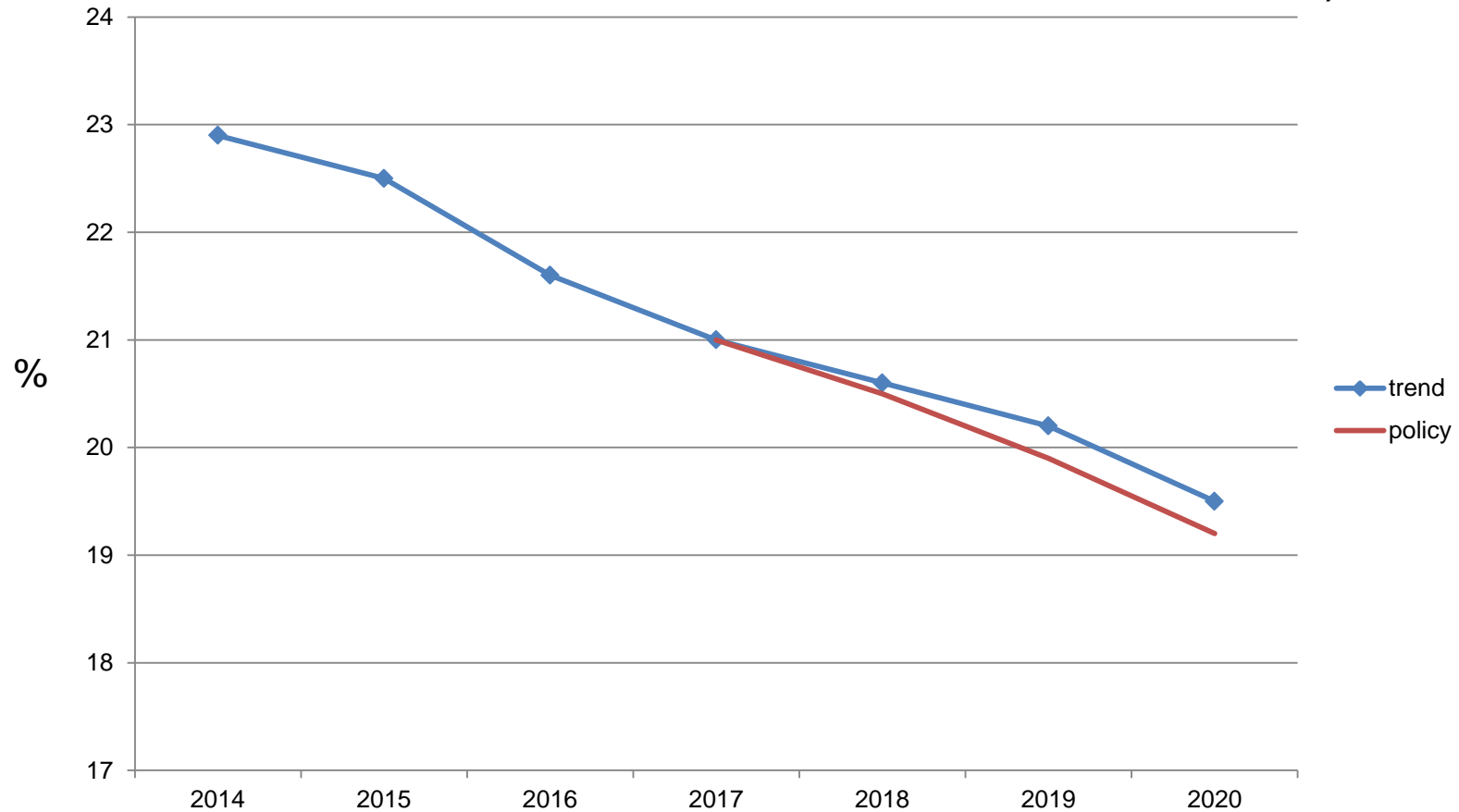
Mean adjusted income (1,000 euros per capita)



Source: Istat (2014 - 2016); MEF (2017-2020)

Non-participation in employment

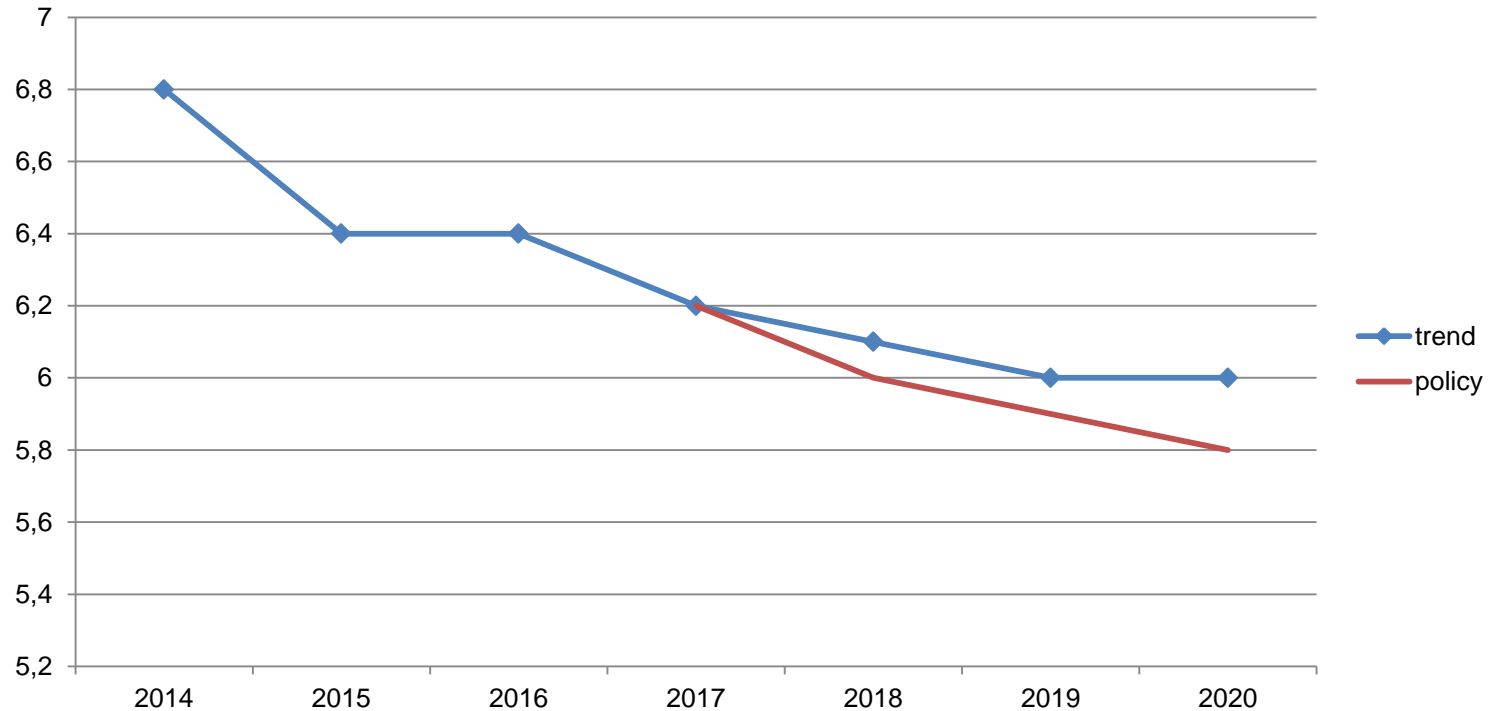
(ratio between unemployed + non-active available to work / labour force + non-active available to work)



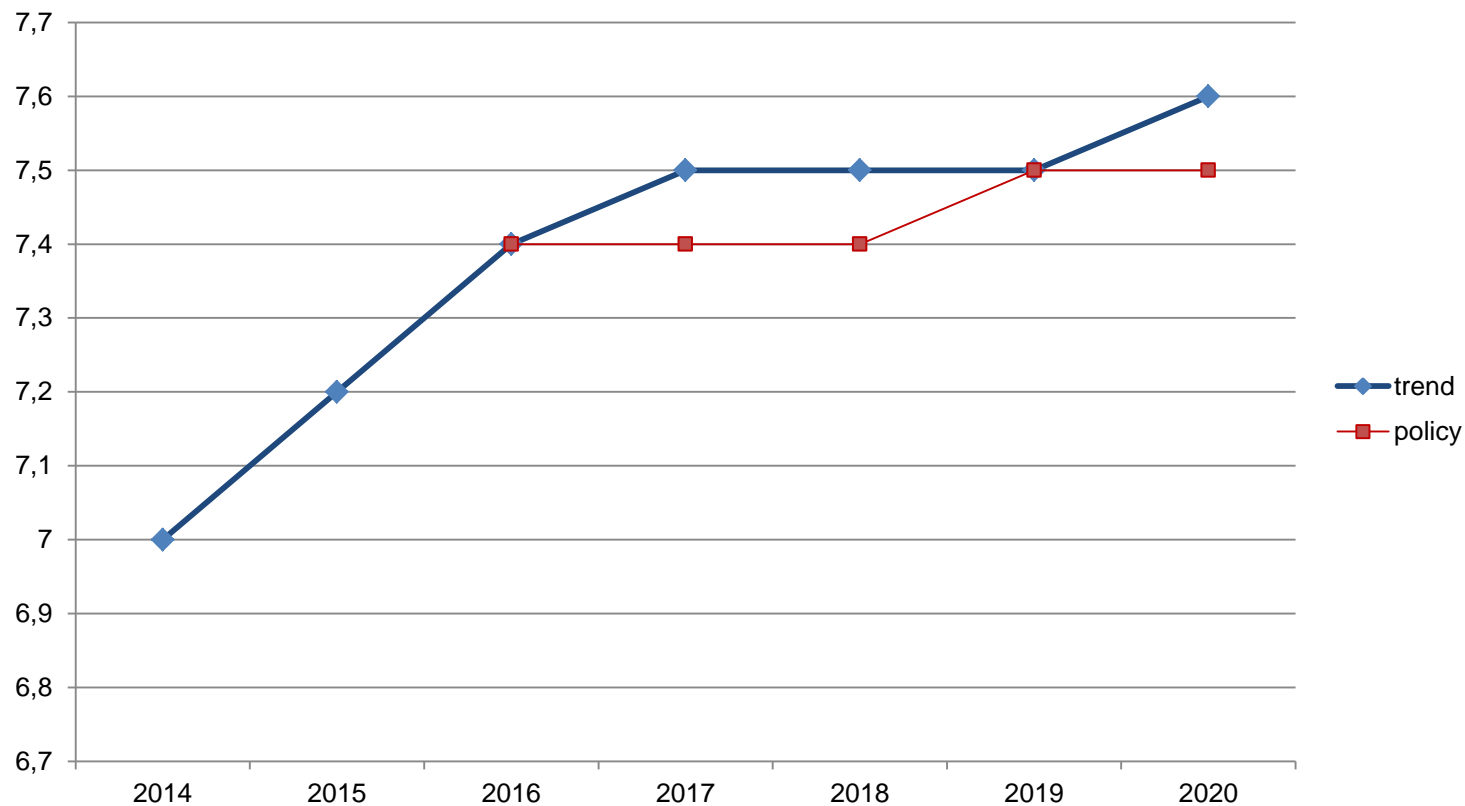
Source: Istat (2014 - 2016); MEF (2017-2020)

Income inequality index

(ratio between the equivalent income of the richest 20% and of the poorest 20%)



CO₂ and other greenhouse gas emissions (equivalent tons x inhab.)



Source: Istat (2014 - 2016); MEF (2017-2020)

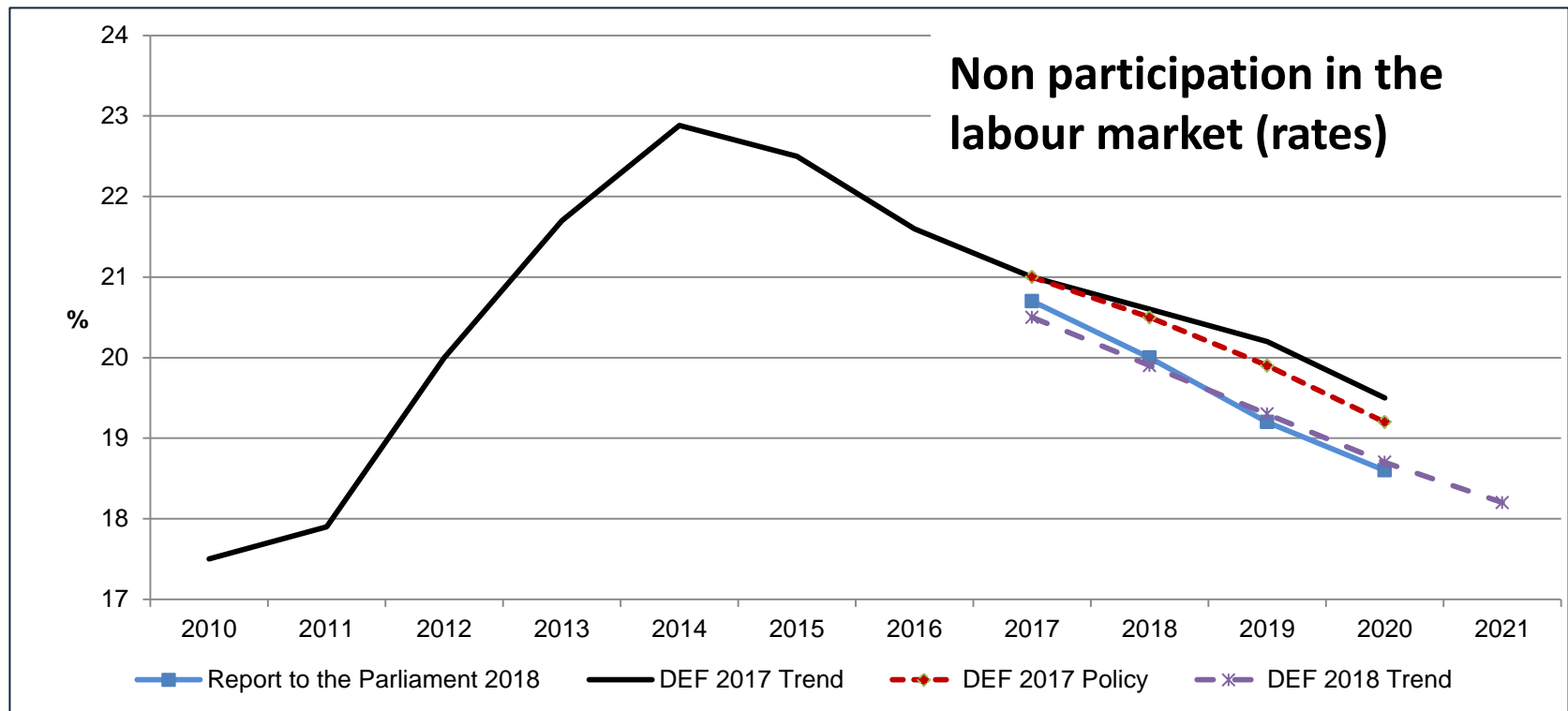
Further steps

February 2018: Report to the Parliament

- ✓ Updated forecasts for the 4 indicators (two scenarios)

April 2018

- ✓ Time series updated to 2017 and new forecasts on 4 indicators (2018-2021)
- ✓ Analysis of the full set of 12 indicators



1. To ensure that the list of well-being indicators is adequate and widely endorsed

- the scientific, methodological and operational expertise was entrusted to the members of the commission
- the Parliament remained responsible for the final choice → democratic legitimacy
- possibility to review-broaden-modify the list

Challenges and open issues

1. To ensure that the list of well-being indicators is adequate and widely endorsed
2. **To implement new econometric models** to forecast in a consistent way macro-economic variables and well-being indicators
 - Significant investment for ministries responsible (mainly the Ministry of Economy and Finance, but possibly also others)

Challenges and open issues

1. To ensure that the list of well-being indicators is adequate and widely endorsed
2. To implement new econometric models to forecast in a consistent way macro-economic variables and well-being indicators
- 3. To adjust the timing of statistical production to policy needs**
 - Istat's responsibility, with other bodies in the National Statistical System
 - Issues for a part of selected indicators:
 - ✓ Already available: 7 out of 12
 - ✓ Ad hoc estimates on provisional data: 3 indicators
 - ✓ Models for flash estimates: 2 indicators

Thank you for your attention

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