

Measuring well-being and progress

To understand whether life is getting better for people, we need to look beyond the functioning of the economic system to consider the diverse experiences and living conditions of people and households. The *OECD Better Life Initiative* (www.oecd.org/betterlifeinitiative) focuses on developing statistics that can capture aspects of life that matter to people and that help to shape the quality of their lives. Measuring the well-being of people and the progress of societies is a key priority for the OECD, whose overarching mission is to promote “Better Policies for Better Lives”.

This brochure presents the *OECD Better Life Initiative* and its related projects on measuring well-being. The Initiative has three core elements:

- » **Building a better evidence base for policy** – with data, analysis, and insights (e.g. the *How’s Life?* report; *Measuring the Distance to the Sustainable Development Goal Targets*; work on the policy applications of well-being metrics).
- » **Developing better measures of people’s well-being** – through methodological work and measurement guidelines, developing better data on well-being inequalities, and exploring innovative methods for the collection of well-being statistics.
- » **Stimulating debate and reaching out to broad audiences** – through interactive websites, tools and data explorers (e.g. the *Better Life Index*; *Compare Your Income*).

“By underscoring the role of statistics in shaping action, we have driven a re-orientation of policies to look ‘beyond GDP’ to focus on the many aspects of well-being that matter in people’s lives.”

Angel Gurría, OECD Secretary-General

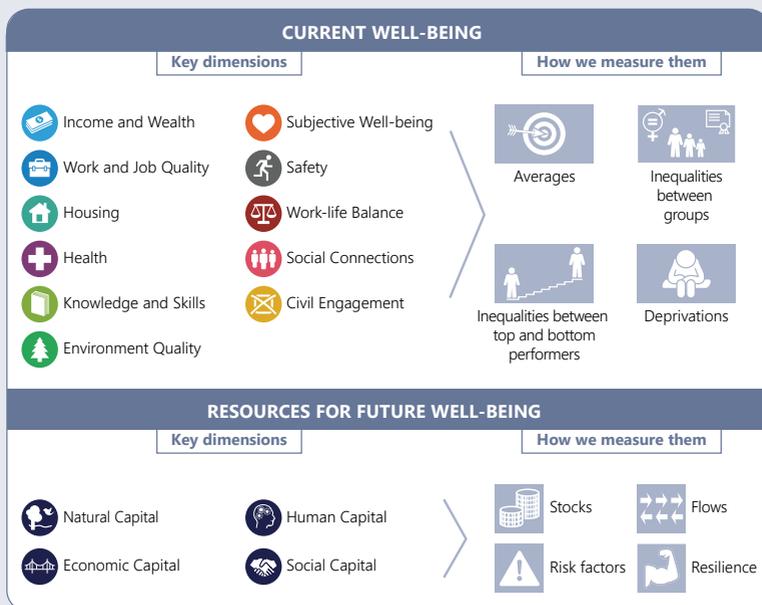


The OECD well-being framework

How's Life? provides comparable statistics on whether life is getting better for people living in OECD and selected partner countries. In the OECD Well-being Framework (below), current well-being includes 11 dimensions, covering outcomes at the individual, household or community level, and relating to:

- » material conditions that shape people's economic options (*Income and Wealth, Housing, Work and Job Quality*)
- » quality-of-life factors that encompass how well people are (and how well they feel they are), what they know and can do, and how healthy and safe their places of living are (*Health, Knowledge and Skills, Environmental Quality, Subjective Well-being, Safety*)
- » how connected and engaged people are, and how and with whom they spend their time (*Work-Life Balance, Social Connections, Civic Engagement*)

The OECD Well-being Framework



Source: OECD (2020), *How's Life? 2020: Measuring Well-being*, OECD Publishing, Paris, <https://doi.org/10.1787/9870c393-en>

As national averages often mask large inequalities in how different parts of the population are doing, the distribution of current well-being is taken into account by looking at three types of inequality:

- » gaps between population groups (e.g. between men and women, old and young people, etc.)
- » gaps between those at the top and bottom of the achievement scale in each dimension (e.g. the income of the richest 20% of individuals compared to that of the poorest 20%)
- » deprivations (i.e. the share of the population falling below a given threshold of achievement, such as a minimum level of skills or health)

The resources that underpin future well-being are grouped into four types of capital:

- » *Economic Capital*, which includes both man-made and financial assets
- » *Natural Capital*, encompassing natural assets (e.g. stocks of natural resources, land cover, species biodiversity) as well as ecosystems and their services (e.g. oceans, forests, soil and the atmosphere)
- » *Human Capital*, which refers to the skills and future health of individuals
- » *Social Capital*, addressing the social norms, shared values and institutional arrangements that foster co-operation

In contrast to measures of current well-being, these capitals refer to the broad systems that sustain well-being over time. They often relate to public goods, rather than outcomes for individuals. Sometimes, their reach also extends beyond national boundaries: for example, greenhouse gas emissions in one country influence the world's overall climate. In addition to considering capital stocks and flows, *How's Life?* also highlights some key risk and resilience factors. For example, a high level of threatened species poses risks to biodiversity, while the inclusiveness of decision-making in politics can be a protective factor that strengthens social capital.

The OECD Better Life Initiative at a glance



How's Life?



Since 2011, *How's Life? Measuring Well-Being* (www.oecd.org/howslife) has been the OECD's leading report on well-being, prepared under the oversight of the OECD Committee on Statistics and Statistical Policy. It paints a comprehensive picture of well-being in OECD countries and other major economies.

How's Life? charts whether life is getting better for people in 36 OECD countries + Colombia, as well as 4 partner countries. The fifth edition (2020) presents the latest evidence from an updated set of over 80 indicators, covering current well-being outcomes, inequalities, and resources for future well-being. It shows that between 2010 and 2018, life has generally improved for many people but also that inequalities persist and that insecurity, despair and disconnection affect significant parts of the population. Crucially, different OECD countries face very different realities, and sometimes diverging trends over time. In general, OECD countries that do better on average also feature greater equality between population groups and fewer people living in deprivation. *How's Life?* also points to emerging risks across natural, economic and social systems that threaten well-being in the future.

In many ways, life is getting better...

Well-being in 2018 has, in several respects, improved relative to 2010. We are living longer, safer lives, the OECD average homicide rate has fallen by a quarter, and people feel safer when walking alone in their neighbourhoods. Employment rates and incomes are up and recent surveys suggest people in 2018 are more satisfied with their lives, relative to how they felt in 2013.

in 2018		OECD average change
 Household income	Households' average disposable income is around 28 000 USD	+ 6%
 Overcrowding rate	One in eight households lives in overcrowded conditions	- 2.6 percentage points
 Employment rate	Almost 8 in 10 adults aged 25-64 are in paid employment	+ 4.8 percentage points
 Long working hours (in paid work)	7% of employees usually work 50+ hours per week	- 1.7 percentage points
 Life expectancy	The average newborn can expect to live 80.5 years	+ 14 months (1.5%)
 Homicide rate	Deaths due to assault are 2.4 per 100 000 people	- 27%
 Life satisfaction	On a scale from 0 (not at all satisfied) to 10 (completely satisfied), the average life satisfaction in OECD countries is 7.4	+ 2.8%

...but insecurity, disconnection & despair affect significant parts of the population

- » More than 1 in 3 people would fall into poverty if they had to forgo 3 months of their income.
- » Average household wealth has decreased by 4% since 2010.
- » Studies in 7 countries show people spend almost 30 minutes less per week on average interacting with friends and family.
- » 1 in 11 people do not have relatives or friends they can count on for help in times of need.
- » 1 in 8 people experience more negative than positive feelings in a typical day.
- » Deaths from suicide, acute alcohol abuse and drug overdose are 3 times higher than road deaths

...and inequalities in well-being persist

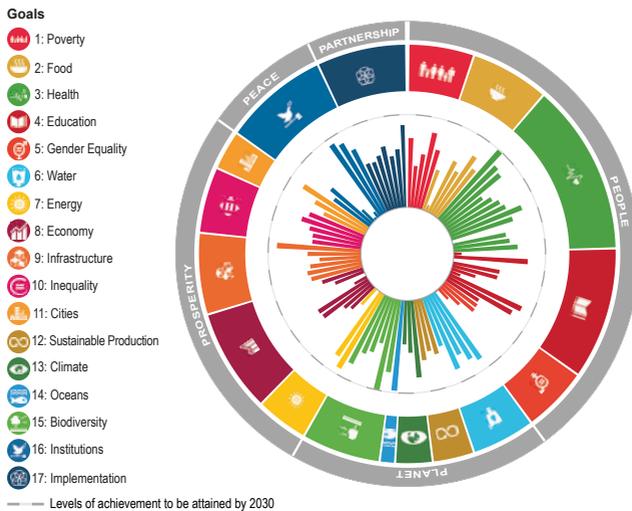
- » People in the top 20% of the income distribution earn over 5 times more than people in the bottom 20%.
- » Every day, women work 25 minutes longer than men when both paid and unpaid work (such as housework and caring responsibilities) are taken into account.



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Measuring Distance to the Sustainable Development Goal (SDG) Targets

Improving people’s well-being and its sustainability over time lie at the heart of the SDGs. The OECD report *Measuring Distance to the SDG Targets 2019* (www.oecd.org/sdd/measuring-distance-to-the-sdg-targets-2019-a8caf3fa-en.htm) aims to assist member countries with their national implementation of the 2030 Agenda for Sustainable Development. Drawing on the official Inter-Agency and Expert Group Global List of indicators, the report provides a high-level overview of strengths and weaknesses in performance across the SDG goals and targets.



The chart shows how far the OECD (on average) is from achieving each target for which data is available. The longer the bars the shorter the distance is to be travelled by 2030. Targets are clustered by goal, and goals are clustered by the “5Ps” of the 2030 Agenda (outer circle).

SDGs for Children and Youth

The OECD Measuring Distance report methodology has also been adapted to assess OECD countries’ performance on the SDG targets for children and young people.

Child well-being and the Sustainable Development Goals: How far are OECD countries from reaching the targets for children and young people? <https://doi.org/10.1787/18152031>.

Publications

How's Life? series



- How's Life? 2020 - Measuring Well-being
www.oecd.org/sdd/how-s-life-23089679.htm
- How's Life in the Digital Age? - Opportunities and Risks of the Digital Transformation for People's Well-being
www.oecd.org/social/how-s-life-in-the-digital-age-9789264311800-en.htm
- How Was Life? - Global Well-being since 1820
www.oecd.org/sdd/how-was-life-9789264214262-en.htm
- How's Life in Your Region? - Measuring Regional and Local Well-being for Policy Making
www.oecd.org/gov/how-s-life-in-your-region-9789264217416-en.htm

Policy applications of well-being metrics

Well-being frameworks and evidence are increasingly being used to shape decision-making within governments. Recent OECD work documents countries' experiences:

- » OECD Economic Surveys: New Zealand 2019, <https://doi.org/10.1787/b0b94dbd-en>
- » Adopting a well-being approach in central government: policy mechanisms and practical tools, https://s3.amazonaws.com/ghwbpr-2019/UAE/GH19_Ch8.pdf
- » Policy use of well-being metrics, <https://doi.org/10.1787/d98eb8ed-en>

Other key publications

Developing better measures of people's well-being is also a core part of the *Better Life Initiative* – through methodological research and measurement guidelines, work on well-being inequalities, and innovative methods for the collection of new types of well-being statistics.



- **OECD Guidelines on Measuring Trust**
www.oecd.org/sdd/oecd-guidelines-on-measuring-trust-9789264278219-en.htm
- **OECD Guidelines on Measuring the Quality of the Working Environment**
www.oecd.org/sdd/oecd-guidelines-on-measuring-the-quality-of-the-working-environment-9789264278240-en.htm
- **OECD Guidelines for Micro Statistics on Household Wealth**
www.oecd.org/statistics/guidelines-for-micro-statistics-on-household-wealth.htm
- **OECD Guidelines on Measuring Subjective Well-being**
www.oecd.org/statistics/guidelines-on-measuring-subjective-well-being.htm
- **OECD Framework for Statistics on the Distribution of Household Income, Consumption and Wealth**
www.oecd.org/statistics/icw-framework.htm
- **Inequalities in Household Wealth across OECD Countries**
<https://doi.org/10.1787/7e1bf673-en>

Trustlab

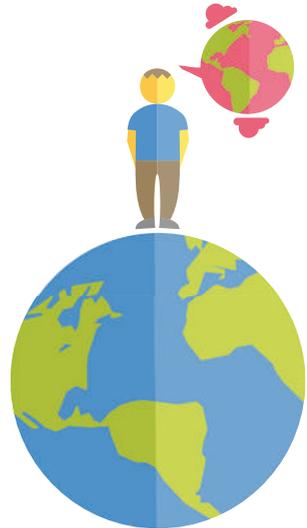
Trustlab (bit.ly/trustlab) is an innovative OECD platform that aims to improve existing measures of trust as well as help better understand what drives it. We are partnering with researchers from a set of world-class institutions to disentangle a concept that is still poorly understood. *Trustlab* combines cutting-edge techniques drawn from behavioural science and experimental economics with an extensive survey on the policy and contextual determinants of trust in other people and trust in institutions.



Trust and its determinants (<https://doi.org/10.1787/869ef2ec-en>) describes the results of the *Trustlab* data collection implemented in six OECD countries between November 2016 and November 2017: France, Germany, Italy, Korea, Slovenia and the United States. Additional data collection in the United Kingdom has been completed in 2018, and is currently ongoing in Japan.

What's your share of the pie? Compare your income

What's your perception of income inequality? Statistics on income inequality often make the headlines, but people don't necessarily know how income is truly distributed. The OECD's interactive *Compare your income* website (www.compareyourincome.org) allows you to see whether your perception is in line with reality. In only a few clicks, you can see where you fit in your country's income distribution. You can also see how accurately you can guess where your country's poverty line is, for households of different sizes. Analysis of these crowd-sourced data will be released in 2020.



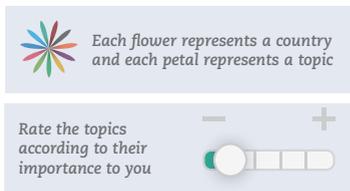
The Better Life Index: build your own index of well-being



The *Better Life Index* (www.oecdbetterlifeindex.org), released for the first time in May 2011, has been designed to involve people in the discussion on well-being and, through this process, to learn what matters the most to them. This interactive web-based tool enables citizens to compare well-being across countries by giving their own weight to each of the eleven dimensions explored in the OECD well-being framework. The web application allows users to see how countries' average achievements compare, based on the user's own personal priorities across the different dimensions of well-being, and enables users to share their index and choices of weights with other people in their networks, as well as with the OECD.

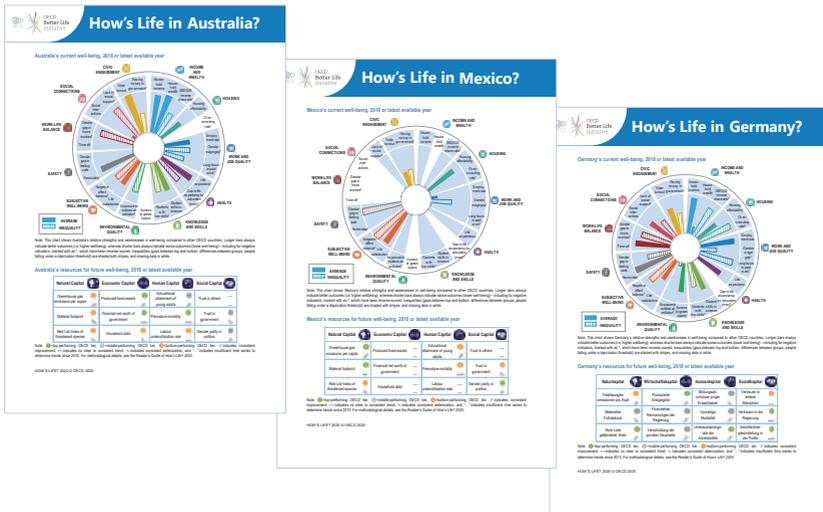
Since its launch in May 2011, the *Better Life Index* has attracted over 10.5 million visitors from just about every country on the planet and has received 30 million page views. Nearly 165,000 indexes have been shared with the OECD, generating information on the importance that users attach to various life dimensions and on how these preferences differ across countries and the demographic characteristics of users. A recent analysis of the feedback gathered from these users (*What Matters Most to People?* <http://dx.doi.org/10.1787/edf9a89a-en>) shows that, on average, life satisfaction, health status and education are the dimensions deemed as most important, although all dimensions are found to resonate with people's sense of well-being.

The *Better Life Index* is regularly updated and enhanced. Since its creation, the tool has been enriched with additional indicators and key measures on inequalities and gender differences. The *Better Life Index* is currently available in English, French, Italian, Russian, Spanish, German and Portuguese. The tool is also available on portable devices (tablets and smartphones) and can be embedded in website and blogs.



How's Life in your country? Well-being country profiles

OECD averages hide as much as they highlight: what is true on average is not always true for every member country - and even less so for different population groups within those countries. A series of 41 country profiles provide an in-depth picture of well-being in all OECD member countries + Colombia, as well as the partner countries Brazil, Costa Rica, the Russian Federation and South Africa. These dedicated profiles show each country's comparative performance and trends on current well-being outcomes, inequalities in well-being, as well as risks and resources for future well-being.



Read more at www.oecd.org/howslife



OECD Statistics and Data Directorate
 Paris, March 2020
www.oecd.org/statistics/better-life-initiative.htm

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