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THE OECD BETTER LIFE INITIATIVE: *HOW'S LIFE?* AND THE MEASUREMENT OF WELL-BEING

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This paper presents the framework used by the OECD for defining and measuring well-being, developed as part of the *OECD Better Life Initiative* launched in 2011. This framework measures well-being by considering 11 dimensions covering both current material conditions and quality of life, while also recognizing the importance of taking account the sustainability of well-being in the future. This framework has been populated with indicators for each dimension, whose selection has relied on international standards on measurement and was made in consultation with experts and National Statistical Offices of OECD countries. The paper also discusses the pros and cons of various approaches for presenting and disseminating information on multidimensional well-being to different audiences—including the OECD *Better Life Index*, an interactive web tool. The paper concludes by illustrating the progress made in developing measures of well-being and outlines the statistical agenda ahead to improve existing indicators and develop new ones.

JEL Codes: A13, D63, I31, Q01

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1. INTRODUCTION

Are our lives getting better and, if they are, how do we know? Can we measure improvements in the well-being of society as a whole, rather than just measuring economic growth? Is well-being shared fairly among different groups in society, such as the youth and the elderly, men and women? And can we be sure that actions to achieve better lives today are not undermining tomorrow's well-being?

The question of how to measure people's well-being and societies' progress is one that the OECD has been addressing for more than a decade, resulting in the *OECD Better Life Initiative* in 2011. The *Better Life Initiative* focuses on those aspects that matter the most to people and that, together, shape their lives. It features a regularly updated set of well-being indicators, regular monitoring and benchmarking through the *How's Life?* report, and an interactive web-application, the *Better Life Index* (see below). The *Better Life Initiative* also includes a number of methodological and research projects to improve the information base for the measurement of well-being.[1]

Note: This paper was presented at the IARIW session on the measurement of well-being, ISI, Hong Kong, August 2013. It draws on contributions from Romina Boarini (OECD) and Mira d'Ercole (OECD), and represents a summary of the first chapter of the 2013 edition of *How's Life? Measuring Well-Being*, OECD.

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[1]More information on these projects can be found at www.oecd.org/statistics/measuringwell-beingandprogress.htm.

While work on well-being and progress originated in academic and research circles, measuring well-being is now prominent on the agenda of many National Statistical Offices (see www.wikiprogress.org for a comprehensive rolling review of existing initiatives, and Appendix 1 for summary). This reflects the widespread recognition that well-being statistics are critical for informing policy-making on a range of aspects that matter to the life of ordinary people. Several of these initiatives were presented at a series of OECD regional conferences and at the 4th OECD World Forum on Statistics, Knowledge and Policy that took place in New Delhi in October 2012, showing a strong convergence in conceptual frameworks and indicators used (OECD, 2012).

2. A Framework for Measuring Well-Being

Figure 1 presents the conceptual framework used by the OECD to define and measure individuals' well-being in its *Better Life Initiative*. The framework distinguishes between current and future well-being. *Current well-being* is measured in terms of outcomes achieved in the two broad domains: material living conditions (i.e., income and wealth, jobs and earnings, housing conditions); and quality of life (health status, work–life balance, education and skills, social connections, civic engagement and governance, environmental quality, personal security and life satisfaction). *Future well-being* is assessed by looking at some of the key resources that drive well-being over time and that are persistently affected by today's actions:

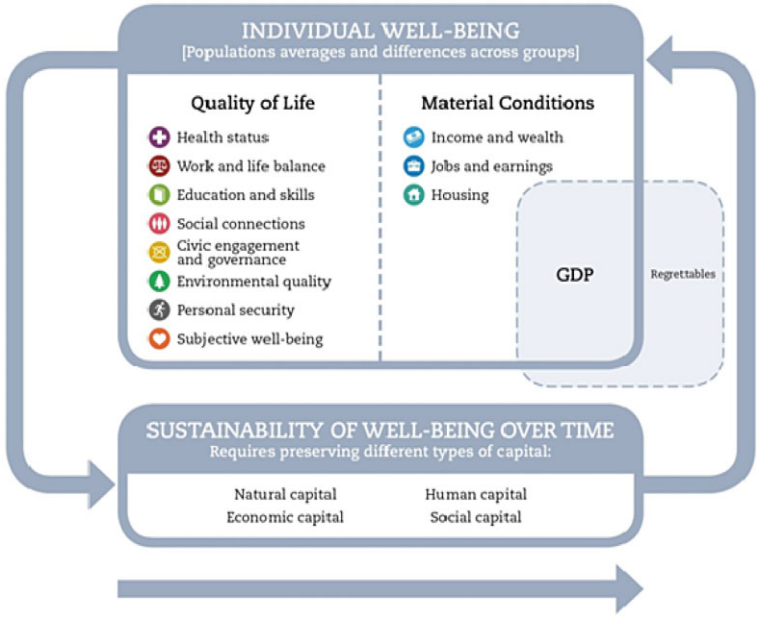

Figure 1. The OECD Well-Being Conceptual Framework

Source: OECD (2011).

these drivers can be measured through indicators of different types of "capital" (i.e., economic, natural, human, and social capital).

While the elements included in the OECD framework for both current and future well-being have a claim to be relevant to *people around the world*, and to allow for a *comprehensive assessment* of people's lives, the OECD framework is not meant to be "written in stone" but to evolve in line with research and statistical practice, so as to capture additional aspects (such as, for example, the concept of "economic security"); and to be adapted to the realities and concerns of countries at different levels of socio-economic development (i.e., developing, emerging, and mature economies).

Building on best practices for measuring well-being and progress, the recommendations from the Stiglitz–Sen–Fitoussi report, as well as on consultations with international experts and with National Statistical Offices represented in the OECD Committee on Statistics, the OECD well-being framework for measuring *current* well-being has four distinctive features:

- First, it focuses on *people* (i.e., individuals and households), their situation and how they relate to others in the community where they live and work. Focusing on people, rather than on the economy, is important as there may be differences between a country's economy-wide performance and the well-being experiences of individuals and households.[2]
- Second, it concentrates on well-being *outcomes* as opposed to well-being inputs or outputs as outcomes provide the best direct information on people's lives. These outcomes, in turn, are assessed through both objectives and subjective measures (i.e., people's self-reports) as both types of measures capture relevant facets of the outcome considered. For instance, in the case of freshwater, relevant indicators may pertain to both the share of people with access to running water in the dwelling where they live and on people's satisfaction with the quality and quantity of water available, rather than how much has been spent on providing clean water or how many miles of water pipe have been laid.
- Third, as the conditions of all people are of interest, it considers the *distribution* in well-being outcomes across the population alongside average achievements, in particular disparities across age groups, gender, and individuals' socio-economic backgrounds.
- Lastly, alongside *objective* aspects of well-being, it also looks at individuals' *subjective* experiences and assessments of life circumstances. These provide important supplementary information to more objective measures of these circumstances. Subjective *aspects* of well-being are those that cannot be directly observed by a third-party, and where only the person concerned can

[2]This implies that the measurement focus is on individuals (in most cases) and households (e.g., when resources are shared by members of the same household, as in the case of income or housing), rather than on society as a whole. Implicitly, this also implies that the desirability of societal arrangements could only be judged by virtue of what they bring to people belonging to a given society, based on normative judgments on the importance to be attributed to people at different points in the distribution of the various well-being outcomes. In addition, at the societal level, there could be interactions and non-linear effects implying that an increase of one dimension of individual's well-being (e.g., income) is not necessarily good for others (e.g., those who will suffer from a reduction in their relative income).

reliably report on his or her inner states; as such, these aspects differ from the self-reported *measures* that may be used to measure objective outcomes in the various life dimensions mentioned above.

As mentioned above, material living conditions and quality of life are broken down into 11 *dimensions*: income and wealth; jobs and earnings; housing; health; work–life balance; education; social connections; civic engagement; environmental conditions; personal security; and subjective well-being. The rationale for selecting these dimensions is as follows:

- *Income and wealth* measure the economic resources that people can use today or in the future to satisfy various human needs and wants, and to protect against vulnerabilities and risks of various types. While household income is one component of GDP, and the one most directly linked to the notion of "welfare," GDP is not an adequate proxy of people's material resources, as it includes some production activities that simply offset some of the "disamenities" associated to economic growth (e.g., commuting) while excluding some welfare-enhancing production flows (e.g., services produced by households for their own use, such as childcare.
- Both the *availability* and the *quality of jobs* are relevant for people's well-being, not only because quality jobs increase people's command over resources but also because these jobs offer the opportunity to fulfill one's own ambitions, to develop skills and abilities, to feel useful to society, and to build self-esteem.
- Access to *housing* and the *quality of housing* are essential to satisfy people's basic needs. Beyond their intrinsic importance, they are also important determinants of health and subjective well-being, as well as of social connections and access to jobs and public services.
- Physical and mental *health* is important in itself for people's well-being but also for allowing them to perform a range of personal and social activities that also contribute to their well-being.
- *Education and skills* can be seen as both a basic need and an aspiration of all humans, as well as being instrumental to achieve many other economic and non-economic well-being outcomes.
- *Work–life balance* is important for people's well-being as it determines the amount of time that people can devote to leisure, personal care, and other non-work activities that help individuals remain healthy, happy, and productive; while the "right" balance between work (in terms of both its quality and quantity) and family-time depends on individual preferences and social arrangements, something important to individual well-being may be lost when people spend more time at work.
- *Civic engagement* matters, as having political voice allows people to have a say in and influence decisions that affect their lives and shape the well-being of communities; similarly, *good governance* is needed to translate people's voice into policies that support their aspirations for a good life.
- *Social connections* are valuable in themselves as many people report that the most pleasurable activities are performed with others; but they are also instrumental to achieve a number of other important goals such as finding a job, or support in case of need.

- The quality of the natural *environment* where people live and work is important in its own right, but it also matters for people's health and their ability to undertake a number of activities (raising children, social life, etc.).
- For the same reasons, living in a *secure environment*—that is, where the risks of being robbed or assaulted are low—is important to generate well-being.
- Finally, besides objective aspects of living conditions and quality of life, it is crucial to consider how people feel about their life and experience—their *subjective well-being*.[3]

From a normative perspective, the OECD well-being framework may be regarded as being rooted in the capabilities approach proposed by Sen (1985). This approach is based on a multidimensional definition of well-being where both what people do and are (e.g., having a good job, being in good health, expressing their political voice)—that is, their "functioning"—and people's freedom to choose within different sets of functionings—that is, their capabilities—matter in themselves. The capabilities approach differs from traditional "welfarist approaches," which focus solely on the "utility" (i.e., the net balance of pleasure over pain) that each individual draws from their experiences and circumstances, and where the specific aspects shaping utility are valuable only as means to a higher "utility." While, at one level, the outcomes measures encompassed by the OECD framework may be conceived as referring to functionings, rather than to the set of opportunities given to each person to achieve those outcomes, at an another level, some of these outcomes (e.g., being healthy and educated, or having the freedom to express one's political voice) may also be regarded as enhancing people's capacity and freedom to make choices.[4]

The OECD framework represents one way (albeit imperfect) to operationalize the capabilities approach and make it measurable through indicators that can be collected and used by policy-makers and National Statistical Offices to monitor well-being conditions in the population and their evolution over time. It includes dimensions that have a claim to be considered as universal—that is, relevant to people living in all societies. At the same time, this framework is not meant to be "written in stone." First, people living in different countries and communities may attach varying importance to different dimensions, reflecting their own priorities. Second, countries may adjust this framework to better reflect the well-being of their population (e.g., some dimensions may be merged, or relabeled, or complemented with additional country-specific dimensions; for example, Italy includes culture as one of the 12 dimensions in its national well-being indicator BES (Benessere Equo e Sostenible)).[5] More importantly, the selection of indicators used to monitor achievements in these dimensions may also

[3]This implies that, in the OECD framework, subjective well-being is regarded as a goal and an achievement which is valuable in itself, rather than as an overarching outcome capturing the influence of all the other aspects, as in welfarist theories that interpret subjective well-being as a proxy for overall "utility."

[4]Ideally, capabilities should be measured through survey questions that assess the extent to which people's choices were constrained or free. In the absence of these specific questions, focusing on dimensions that expand the room of choices available to people seems the most practical alternative.

[5]See www.misuredelbenessere.it/

differ to reflect specific country conditions, history, and challenges. In other terms, the framework proposed above is not meant to be a straitjacket for countries willing to pursue their own national initiatives in this field. Rather it should be viewed as a possible starting point for their own deliberations, and as providing a benchmark for international comparisons.

3. Selecting Indicators

Having agreed on an overall framework, the next step for an international organization such as the OECD, whose "*raison d'être*" is using international comparisons to identify what works best, is to populate the framework with indicators suitable for monitoring and benchmarking. While existing indicators typically fall short of what would be needed to support monitoring and benchmarking, the OECD has opted for a "practical" approach, recognizing that information on many of the dimensions in the OECD framework already existed, and that selection of the most appropriate set could only be conducted in close consultation with national statistical offices. Our selection of indicators has been driven by a number of critical criteria—that is, the indicators:

- should capture well-being achievements at the individual or household level;
- should measure well-being outcomes, rather than means of achieving them; and
- should allow disaggregation, so as to assess the well-being of different population groups as well as, ideally, the joint distributions of achievements within a given population (e.g., whether people with low income also experience poor health conditions, inadequate skills, lack of political voice, etc.).

In addition, the indicators were also selected so as to fulfill a number of more standard statistical requirements, such as:

- having adequate "face validity," that is, the indicators should offer an intuitive measure of the concept at hand and be easy to interpret;
- being commonly used and accepted as well-being measures within the statistical and academic communities;
- being amenable to change and sensitive to policy interventions;
- being comparable across countries and having the highest degree of country coverage within the OECD area; and
- to the extent possible, being based on official data collections that are fairly frequent and timely.

Not all the indicators could be expected to meet these "quality requirements" to the same degree. To that end, the first edition of *How's Life?* in 2011 distinguished between *headline indicators*—that is, indicators that were deemed to be of sufficiently good quality to monitor well-being over time and across countries; and *secondary indicators* that provide complementary evidence (e.g., indicators covering more specific aspects of the dimension at hand, with more limited country coverage, or based on sources that were deemed to be less reliable than in the case of headline indicators). In 2011, headline indicators for each dimension included:

- *Income and Wealth*: Household net adjusted disposable income per person; Household net financial wealth per person.

- *Jobs and Earnings*: Employment rate; Long-term unemployment rate; Average annual earnings per employee.
- *Housing Conditions*: Number of rooms per person; Dwellings lacking basic facilities.
- *Health Status*: Life expectancy at birth; Self-reported health status.
- *Work–life balance*: Employees working very long hours; Time devoted to leisure and personal care.
- *Education and Skills*: Educational attainment; Students' cognitive skills.
- *Social Connections*: Social network support.
- *Civic Engagement and Governance*: Voter turn-out; Consultation on rule-making.
- *Environmental Quality*: Air quality.
- *Personal Security*: Intentional homicides; Self-reported victimization.
- *Subjective Well-Being*: Life satisfaction.

To this set, five additional headline indicators were added in the 2013 edition of *How's Life*? in order to complement or improve the 2011 indicators:

- *Housing costs*, as a measure of housing affordability.
- *Education expectancy*, as a measure of educational opportunities for children who are in school today.
- *Satisfaction with water quality*, as a measure of people's satisfaction with an additional specific aspect of the environment (i.e., water).
- *Short job tenure*, as a measure of employment security and stability.
- *Adult competencies*, as a measure of the cognitive skills of the adult population.

In practice, the headline indicators used in *How's Life?* meet the selection criteria listed above—such as *conceptual*[6] *and policy relevance*, *quality of the underlying data* c*omparability* of the concepts and survey questions used, *frequency* of compilation—to different degrees. For this reason, the selection of indicators was made following close consultation with OECD experts and national statistical offices. This selection took place in several steps. It started with an initial selection of a large set of indicators by the OECD well-being unit, which was then adjusted (broadened for some dimensions, narrowed down for others) based on the suggestions of in-house experts on specific topics (e.g., education, environment, governance) and National Statistical Offices represented in the OECD Committee on Statistics. During this consultation, a quality assessment of the proposed indicators was carried out by the OECD, with a view to identify the most relevant and comparable indicators for measuring well-being that were available in various countries.

While the set of selected indicators represent, in the view of the OECD, the best internationally comparable proxies for outcomes in the 11 dimensions of well-being that are currently available, these indicators do not fully meet all the criteria above. In cases where official data are deemed not to be comparable across countries, *How's Life?* uses data from non-official sources that, despite limitations in terms of sample size, sampling frames, mode of data collection, etc., have the

[6]One aspect of conceptual relevance is the "unambiguous" interpretation of the indicators in terms of well-being. This implied that the *How's Life?* indicators ought to measure aspects that unambiguously add to *individuals*' well-being (i.e., people's well-being should monotonically increase (e.g., health, education) or decrease (e.g., personal insecurity) as the indicators change).

advantage of covering a wide range of countries based on a harmonized questionnaire.[7] The indicators based on non-official sources are considered as "place holders" until better and more comparable official statistics in these fields are developed. Results based on these non-official data have to be interpreted with a greater degree of caution that the one that applies to other indicators.

In general income, jobs, and housing indicators as well as health and education indicators are of better quality than indicators measuring other dimensions of quality of life. This reflects the fact that the former have been long embedded into national statistical systems and build systematically on common measurement standards, even when important aspects within each dimension may be missed by available indicators (as in the case of mental health, within the health dimension). By contrast, there are other dimensions of well-being (e.g., social connections, civic engagement) where statistical frameworks and data based on them are still lacking. In all cases, current indicators should be understood as being only imperfect proxies of the concepts at hand.

4. Assessing Well-Being through a Dashboard of Indicators

The definition of well-being adopted by the OECD is multidimensional. Traditionally, multidimensional concepts have been assessed either through a set of indicators (dashboard), or through a composite or synthetic index. Composite indices are however often criticized for the loss of information that goes with them, as well as for arbitrary assumptions in the weighting and normalization that has to be applied to the different dimensions and their sub-elements to arrive at a single index figure (for a review, see Fleurbaey, 2009; Stiglitz *et al.*, 2009).

A further challenge with composite or synthetic indexes relates to the level at which aggregation takes place. Synthetic indices that aggregate well-being outcomes at the individual level are conceptually better than composites that aggregate country-level averages of well-being outcomes, as they allow one to take into account the joint distribution of outcomes at the individual level (e.g., whether people at the bottom of the income distribution also experience the lowest achievements in terms of health, skills, etc.) as well as weights based on individuals' preferences (for a discussion, see Schokkaert and Decanq, 2013). However, synthetic indexes can only be constructed if individual-level data covering the full range of well-being dimensions are available from the same survey. Given the lack of such information for a majority of countries, *How's Life?* does not construct a composite or synthetic index but rather presents a dashboard of 24 headline indicators.[8]

[7]For instance, the Gallup World Poll or the European Social Survey.

[8]While the Better Life Index (BLI, see below) addresses the issue of arbitrary weights by allowing users to create their own composite index by weighting the various dimensions according to what they consider most important for their well-being, the BLI is not reflective of the joint distribution of outcomes at the individual level as it aggregates average indicators at the country level. A different approach to the construction of a composite indicator has been pursued in the context of the OECD *Inclusive Growth* project. A central element of this project is the concept of multi-dimensional living standards, an aggregate money-based measure of household income, mortality, and unemployment that is computed for a particular segment of households, for instance the median household. This measure of multi-dimensional living standards generalizes the concept of income-based living standards, and aims to support policy decisions when confronting trade-offs between various outcomes. For a description of this approach, see OECD (2014).

While the dashboard approach has the advantage of presenting separate information for each well-being dimension, making it possible to assess which dimensions drive the overall well-being performance of countries, this advantage comes at a cost, namely a more complex picture to communicate and an absence of information on interrelations across well-being outcomes.

To address some of these limitations, *How's Life?* summarizes the information from the 24 headline indicators (measuring average outcomes for the population in each country[9]) using a "traffic light" convention (see Appendix 2). Traffic lights show how countries compare on the 11 well-being dimensions. According to this approach, the top 20 percent of countries are given green lights, the middle 60 percent are given orange lights, and the bottom 20 percent are given red lights.

These traffic lights show that overall:

- Switzerland, Australia, Nordic European countries, as well as Canada, New Zealand, and the United Kingdom are among the top performers.
- The United States, Ireland, Luxembourg, Austria, Belgium, Finland, Germany, France, Japan, Korea, Spain, Czech Republic, Italy, Slovak Republic, Israel, Poland, and Portugal display average performance.
- Turkey, Brazil, Mexico, Estonia, Hungary, Greece, and Chile are among the countries with a relatively low performance.

As long time-series do not exist for most of the well-being indicators included in *How's Life?*, traffic lights cannot be used to assess how countries have changed their relative position over time. Future updates of this dashboard may address this issue, although this may require using different indicators than those used for cross-country comparisons at a point in time.[10]

Well-being performance is the result of various and often interrelated factors and, in general, countries display different strengths and weaknesses in the various well-being dimensions. Countries may achieve an equally good overall well-being performance by performing relatively well (or not) in different dimensions (as shown in Appendix 3). For instance, Australia and Canada do very well in most dimensions, yet Australia does better than Canada in the civic engagement and governance dimensions, but worse in the income and wealth and work–life balance dimensions. Similarly, the Nordic European countries are among the top performers in the work–life balance and health dimensions, but do less well than Switzerland and Canada in terms of income and wealth. Countries with average overall well-being performances can also differ in terms of performance in the various well-being dimensions. For instance, Germany does better than France in terms of education and skills but performs less well in the health dimension.

[9]For the sake of simplicity, traffic lights are presented based on the *How's Life?* headline indicators for the total population or expressed in average terms. Therefore, these traffic lights do not reflect the distribution of well-being outcomes across the population (e.g., no "penalty" is applied to countries with larger inequalities in the distribution of household income). *How's Life?* 2013 presents information on the distribution of outcomes for some of the indicators that can be disaggregated for specific population groups.

[10]The assessment of changes in countries' performance is complicated by a range of factors, such as data-revisions, changes in the set of headline indicators considered, changes in the set of countries included in the analysis, as well as the need to distinguish between structural and cyclical component of the change in the different indicators.

5. Disseminating Results to, and Interacting with, the Public: The OECD Better Life Index

The *Better Life Index* (BLI) has been designed to disseminate the results of *How's Life?* to a wide audience, to involve people in the discussion on well-being, and, through this process, to get information on what matters the most to them. The *Better Life Index* (Figure 2) is an interactive tool that allows users to set their own weights on the 11 dimension of the OECD well-being framework. The web application allows users to see how countries' average well-being achievements compare based on their own personal priorities in life, and to share their index and choices of weights with other people in their networks and with the OECD.

Since its launch in May 2011, the BLI has been visited by more than 3 million people from all over the world. Around 50,000 indices (and underlying weights) have been shared with the OECD. The information gathered from these users shows that, on average, life satisfaction, health, and education are the domains ranked higher by users (Figure 3). Obviously, as this information is based on the responses of those who have consulted the BLI website, it cannot be considered as representative of the population at large. Despite this limit, the BLI has proved a very effective communication tool, and provides users with a point of entry into the wide range of OECD work in this field. The OECD will continue to invest in this tool, aiming to integrate additional features, to broaden the information provided by users, and to improve its capacity to provide information of people's views on the importance of the various well-being dimensions.

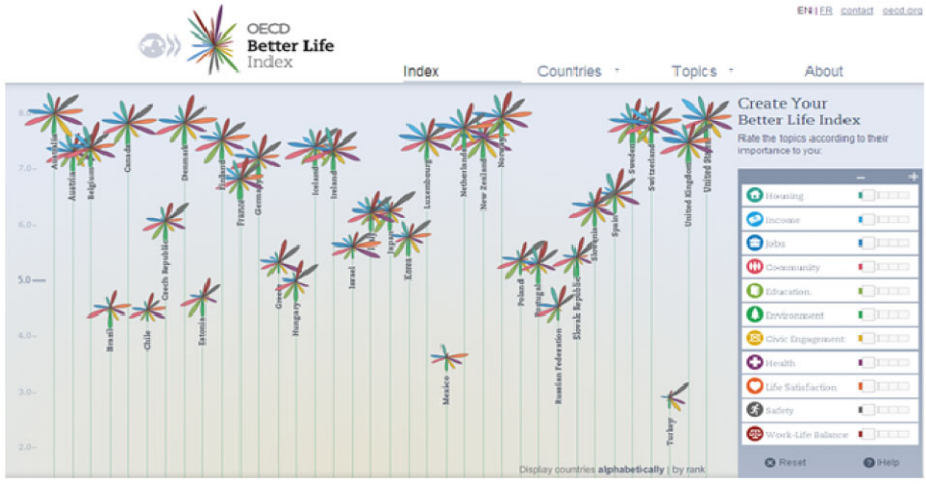

Figure 2. The OECD Better Life Index Web Application

Note: The screenshot shows the BLI visualization. Countries are represented by flowers with 11 petals, corresponding to the 11 well-being dimensions (see Figure 1). Users can rate these dimensions by using the control panel on the right-hand side of the screen. When dimensions are rated, flowers change size to reflect the importance attributed by users. At the same time, countries move up (down) if they perform well (poorly) in the dimension of well-being that users rate the highest.

Source: The OECD Better Life Index (www.betterlifeindex.org).

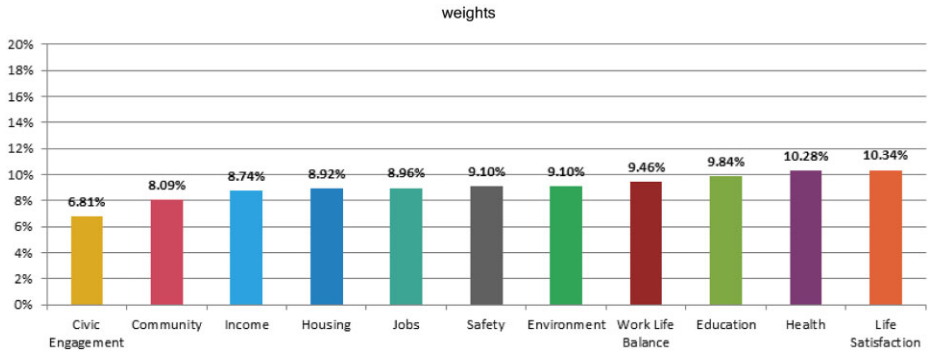

Figure 3. Feedback from Users of OECD Better Life Index, May 2013

Source: The OECD Better Life Index (www.betterlifeindex.org).

6. The *How's Life?* Statistical Agenda: Progress Since 2011

An important objective of *How's Life?* is to identify priorities for future statistical work, to improve the measurement of aspect of well-being, and to track progress over time with respect to this agenda. The first edition of *How's Life?* in 2011 identified a number of priority issues to tackle for developing better metrics in each of the well-being dimensions. While many of the challenges identified in 2011 still remain, progress has been achieved in some of them. In particular:

- *Income and wealth*: In June 2013, the OECD released a set of internationally agreed Guidelines for producing Micro Statistics on Household Wealth, which address the common conceptual, definitional, and practical problems that countries face in producing such statistics, and aim to improve the comparability of the currently available country data.[11] A companion report proposes a framework to support the Joint Analysis of Micro-Statistics on Household Income, Consumption and Wealth as three separate but interrelated dimensions of people's economic well-being.[12] In addition, an OECD–Eurostat Expert Group to measure Disparities in a National Account framework (EG DNA), launched in 2011, recently completed an in-depth comparison of various components of household income, consumption, and wealth between micro and macro sources, and developed a set of experimental household accounts providing information on the distribution of income, consumption, and saving among different types of households that are consistent with National Accounts' totals.[13]
- *Jobs and earnings*: The recent release of the ILO Manual on concepts and definitions of *Decent Work* indicators (ILO, 2012) marks a significant step forward in the statistical agenda on employment quality. The manual

[11]See http://www.oecd.org/statistics/guidelines-for-micro-statistics-on-household-wealth.htm

[12]See http://www.oecd.org/statistics/icw-framework.htm

[13]See http://www.oecd-ilibrary.org/economics/a-cross-country-comparison-of-household-income-consumption-and-wealth-between-micro-sources-and-national-accounts-aggregates_5k3wdjrnh7mv-en and http://www.oecd-ilibrary.org/economics/distributional-measures-across-household-groups-in-a-national-accounts-framework_5k3wdjqr775f-en

provides a detailed description of indicators to be developed for monitoring the progress made in the implementation of the ILO *Decent Work* Agenda, as well as methodological and practical guidelines for producing and using these indicators. Similarly, the UNECE, in collaboration with Eurostat and the ILO, has developed operational guidelines for measuring the various dimensions included in its framework for *Measuring Quality of Employment* (UNECE, 2010). Another important initiative in the field of jobs and earnings is that undertaken by the ILO to revise the ICLS (International Conference of Labour Statisticians) standards. This revision, completed at the end of 2013, will lead to better measures of unpaid work and of marginal attachment to the labor force.

- *Health status*: The UNECE–WHO–Eurostat City taskforce on measuring health status (known as the Budapest Initiative) and the Washington Group on disability statistics reached an agreement on a limited set of (six) questions to measure "functioning." This may become the basis for international comparisons of morbidity. These questions have been recommended by the UN Statistical Commission for use in the context of the 2020 population censuses, but implementation will have to be promoted and monitored if they are to provide a common benchmark for comparable measures of people's health status. In addition, a European Health Interview Survey (EHIS) is being carried out that will provide harmonized data at national and at EU level on perceived health status and disability, health determinants, and health care (including unmet needs).
- *Education and skills*: The new Programme for the International Assessment of Adult Competencies (PIAAC) carried out by the OECD[14] collects a set of comparable data on the level and distribution of skills among the adult population, as well as the use of skills in different contexts. This new survey represents a major advancement in measuring skills but also in providing together the information needed to understand what drives their accumulation and how skills affect people's well-being more widely.
- *Work–life balance*: A Task Force on Time Use Surveys was established by the Conference of European Statisticians (CES) in November 2010, with the objective to develop guidelines and compilations of best practices to help countries carrying out time use surveys, and to improve the comparability of their results. These guidelines, released in June 2013, focus on areas where the statistical community has expressed a particular need for further guidance, including: (i) policy relevance of time use surveys; (ii) availability and comparability of key statistical measures of time use; (iii) periodicity of time use surveys; (iv) the use of light and full-scale time use diaries; and (v) activity classification.
- *Environmental quality*: The System of Environmental-Economic Accounts (SEEA), a joint undertaking of an international taskforce which included the UN Statistical Division, Eurostat, the OECD, the IMF, the World Bank, and several National Statistical Offices, was endorsed as International Statistical Standards by the United Nations Statistical Commission in 2012. SEEA proposes a systemic approach to account for the linkages

[14]See http://www.oecd.org/site/piaac/surveyofadultskills.htm

between the environment and the economy, and for addressing some of the socioeconomic aspects of this relationship.[15]

- *Subjective well-being*: In March 2013, the OECD released a set of Guidelines on Measuring Subjective Well-Being.[16] The Guidelines provide recommendations on collecting, publishing, and analyzing subjective well-being data. The Guidelines also include prototype survey modules on subjective well-being that national and international agencies can use in their households surveys. Also in 2013, an ad-hoc module of the EU-SILC (EU Statistics on Living Conditions and Income) was carried out on the topic of subjective well-being: this will provide harmonized survey data at the EU and country level (and for most countries also at sub-national level) on a number of subjective variables related to overall life experience. These subjective well-being variables are collected alongside information on material living conditions, mental health, productive and valued activities, leisure and social interactions, natural and living environment, economic and physical safety, governance, and basic rights, making it possible to study the joint distribution of achievements in all these various dimensions.
- *Sustainability*: Based on the work of a task force gathering representatives from a number of international organizations (UNECE, Eurostat, OECD) and national statistical offices, the Conference of European Statisticians endorsed a set of recommendations for measuring the various aspects of sustainable development, based on a framework that distinguishes between the dimensions of "here and now," "later," and "elsewhere" and on a set of proposed indicators pertaining to each of these dimensions.

7. Conclusions

This paper has presented the OECD well-being framework that underpins the *Better Life Initiative*, noting the consultation with OECD countries and international experts in designing it. The paper has also described the well-being indicators that have been selected to populate this framework, highlighting the criteria behind their selection and how their selection has evolved over time. The indicators are presented in the form of "traffic lights" that summarize countries' overall well-being performance, as measured by the *How's Life?* headline indicators. The paper also presented the most recent statistical advancements made on measuring well-being since the previous edition of *How's Life?* in 2011, notably in the areas of income and wealth, education, environmental quality of life, subjective well-being, and sustainability. In these areas, efforts should be sustained over time, especially as regards the implementation of the new measurement frameworks that ought to translate into a systematic collection of comparable metrics. In the other well-being areas, many statistical challenges still remain.

[15]The SEEA central framework incorporates four set of accounts: (i) flow accounts; (ii) stock accounts; (iii) activity/purpose accounts; and (iv) accounts that adjust the SNA economic accounts to reflect the impact of economic activity on environment.

[16]See http://www.oecd.org/statistics/guidelines-on-measuring-subjective-well-being.htm

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Supporting Information

Additional Supporting Information may be found in the online version of this article at the publisher's web-site:

Appendix 1: Selected examples of initiatives to measure well-being by OECD countries' National Statistical Offices

Appendix 2: An overview of headline well-being indicators in *How's Life?* 2013

Appendix 3: Well-being