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**Title**
Specific NSIs’ challenges faced when measuring well-being

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Title

REPORT ON THE IDENTIFICATION OF THE SPECIFIC CHALLENGES FACED WHEN MEASURING WELL-BEING

After having reminded the major achievements of these last years due to a fruitful collaboration between Eurostat and the EU National Statistical Institutes, this report identifies the main challenges that the European National Statistical Institutes will have to face in the next years, when measuring well-being and sustainability
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I- Achievements in official statistics

A lot has been achieved since the publication of the Stiglitz report and the communication of the commission on “Beyond GDP” in 2009. Many reliable statistics on well-being, progress and sustainable development, which provide a solid basis for policy-makers, are currently produced by NSIs.

First, the European Statistical System Committee (ESSC) adopted in 2011 the ambitious roadmap proposed by the Sponsorship Group, co-chaired by Eurostat and INSEE (France), on Measuring Progress, Wellbeing and Sustainable Development. The ESS is currently carrying out the 50 specific actions, which were included in its programming cycle (annual and multi annual plans) and report regularly on the actions undertaken. International expert working group prepares these actions.

11-The most significant results so far include:

111- Regulations that contribute to increase coverage, harmonization and timeliness of data

a) A regulation (62/2012) to add variables on global life satisfaction in the 2013 edition of EU SILC. It is planned that some variables will be included in the core EU-SILC and collected on a regular basis. In 2015, data on subjective well-being will be available for all EU member states.

b) Two regulations on Environmental accounts (691/2011 and 538/2014). The first covers air emissions by industry and households, environmental taxes and material flows with data transmission obligatory since 2013. The second covers environmental protection expenditure account, environmental goods and services account, physical energy flow accounts, with data transmission obligatory from 2017.

c) A first detailed set of indicators on “quality of life and well-being” has been adopted by the ESS, while the ESS also decided for the EU-SILC (EU Survey on Income and Living Conditions) to be the core instrument for building up such indicators.

112-Some methodological investment with Expert groups which contribute to new data production or to the definition of practical guidelines for obtaining relevant data in a cost-effective way.

a-New data production, which better focus on household economy. Quarterly adjusted household income and consumption per capita are published since October 2012. Annual adjusted households disposable income per capita in purchasing power standards are now available to analyze income, consumption and investment in the EU.

b-Improvement in measurement of disparities and inequality between social group. Practical experiments -feasibility study on how to introduce distributional information from existing micro sources in national accounts- have been undertaken by 12 NSIs and Eurostat in an OECD-Eurostat Expert group. Three countries are ready to publish their results, six at short notice and seven countries in the medium term. Eurostat has measured Income distribution by households groups at EU level through an experiment matching National Accounts households accounts data with micro information available for all member States (an a minima process). An OECD Expert group on Micro statistics on Households Income, Consumption and wealth has also produced guidelines for micro statistics on wealth.

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1 For further information, see deliverable 10.2
c- A compilation guidance handbook on the measurement of land planned for end 2014. A Task force is working on this question to improve the Households’ balance sheet.
d- An on going work by a Eurostat Expert Group to propose a set of synthetic indicators for each Quality of Life dimension to the extend that the variables of interest in the dimension are highly correlated.
e- A project to include additional questions on social transfers in kind, as received by households, in the EU-SILC from 2016 onwards.

113-An increase of timeliness for some key variables
Some key environmental variables are available earlier, such as CO2 emissions available 4 months after the year of reference.

114-A common understanding of well-being and sustainable development is emerging
Most EU Countries have adopted the same multidimensional model of quality of life (8+1 dimensions), with slight differences to take into account national specificities. 75% of sustainable development indicators are the same in the various national sustainable development indicator set. This convergence is reinforced by the adoption of a common framework “measuring sustainable development” at the Conference of European Statisticians in June 2013. The Stiglitz-Sen-Fitoussi Report understands ‘well-being’ as a static (i.e. "here and now") set of outcomes for people, ‘progress’ as the changes in those outcomes over a given period of time and ‘sustainability’ as the (dynamic) requirements for progress to be maintained indefinitely over time. Similarly, the Joint UNECE/OECD/Eurostat Task Force report makes a distinction between three conceptual dimensions of human well-being, i.e. human well-being of the present generation in one particular country (referred to as ‘here and now’), well-being of future generations (‘later’) and well-being of people living in other countries (‘elsewhere’). Therefore, there is a convergence between the well-being agenda and the sustainable development agenda.
The adoption step by step of modules of environmental accounts in order to obtain progressively sustainable development indicators derived from a consistent framework and, as far as possible, internationally harmonized.

115-National initiatives complementing fruitfully European Statistical System ones
Much work has been done by EU National Statistics in the last few years, at national, regional or local level. These works often shared or carried out in close cooperation between EU partners are complementing initiatives taken at the EU level.

12- Some of the fruitful initiatives led by National Statistical Institutes

121- Innovative experimental national surveys have been conducted and may serve as prototype before being implemented widely at the EU level (a French survey which aims at exploring in a single statistical source, the different dimensions of both objective and subjective quality of life, the Polish social survey etc2..)
122- Methodological investments have improved our knowledge regarding causality links between subjective and objective measures of quality of life or regarding correlations between different

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2 To get further information, see deliverable 10.2 page 20, or Deliverable “Map on policy use of progress indicators” page 63)
dimension. Possible biases in the measurement of subjective well-being due to heterogeneity between individuals have also been examined (France).

123- Tests of synthetic or composite indicators have been conducted in Spain, Portugal and the Netherlands.

124- Methodological work and new measures of well-being both at national and local level have been carried out by Istat. This resulted in the development of new indicators, for instance raw material consumption (RMC) or footprint indicators. These experiences seem particularly promising. One Member state is already currently measuring RMC. Eurostat's work will ensure that lessons are learned from this experience and that future work by other Member States is coordinated and comparable with former productions. The Netherlands is testing the WIOD database to achieve an “official” footprint index for the Netherlands. The United Kingdom is experimenting Ecosystems Accounts, which could further pave the way to new EU initiatives.

125- Evaluation of non-market production using lighter surveys rather than the usual Time Use Surveys have been carried out in Ireland, together with input or output valuation,

126- Successful experiments of wide consultations of experts or the general public, have been conducted in Italy (BES initiatives) or in Great Britain (Measuring National Well-Being) in order to foster the debate and assure the legitimacy of these new indicators. A wide range of stakeholders from civil society to academic people or policy makers have been actually associated all along the process, from the definition of the dimensions and of the indicators to their dissemination.

127- Examples of friendly dissemination of statistical information can be found (Findicators, the National Well-Being Wheel, new ICT tools to synthesize information) in The Netherlands.

Generally speaking, the work is still underway. The ESS’s roadmap to set up the recommendations of the Sponsorship includes short but also medium and long-term actions. Some working groups are currently working, new regulations are in preparation. The governance of the ESS takes advantage of numerous partnerships between different stakeholders involved in quality of life and sustainability measurements (close cooperation between national statistical authorities, the research community and international organizations).
II- Future challenges for National Statistical offices

21- Several results already used in policy-making

Several results have already been used in policy-making: for example, environmental accounts have provided the lead indicator for the Roadmap to a Resource Efficient Europe. Similarly, the data on poverty and social exclusion are being used in social policy-making in the context of the Europe 2020 strategy. Other indicators, such as those on ‘life satisfaction’, have been fostered to the public debate. However, work on overall summary indicators is still ongoing. With new indicators becoming increasingly available, the challenge now is how to link the new insights they provide with the existing tools for policy assessment and evaluation, be they econometric models or political narratives. Further attention also needs to be given to how to effectively integrate the available indicators, how to communicate about them and how to summarise a great deal of data.

22- Need to harmonize and to provide guidelines

From a statistical point of view, a sustained task is still required from the ESS in setting standards, providing guidelines and identifying good practices in order to produce better comparable data and metadata. This alone will enable a wide range of users to properly analyse and compare data. The aim is to manage to produce user-friendly and internationally comparable results.

23 Need to improve the data timeliness

As regard timeliness, the sooner the data can be compiled and made available, the more useful they are for decision-making. NSIs and Eurostat have found a way to significantly speed up data availability. Timeliness has already improved benefiting from greater coordination in the delivery of data by European NSIs, the development and the implementation of methods for late data, shortening deadlines for the provision of data, and the development of flash estimates (for instance CO2 emissions only four months after the end of the reference year).

But we need to go further. Too often, social indicators are published with a long lag while policy-makers need near real-time information. NSIs have to collect new types of more timely data on income distribution. Currently, in France, data distribution and poverty rate are published two years after the reference year. The aim is to publish together indicators on material deprivation and the monetary poverty rate only one year after the reference year.

24 Need to disaggregate at the right level

Disaggregating data by specific and vulnerable population groups allows for greater insight into the dynamics and factors that put the individual’s well-being at risk. For instance, in Hungary, when measuring quality of life, a special attention is given to gypsies. The EU-SILC database allows for more detailed analysis within European statistics on the differences between people from different socio-economic conditions. It also facilitates the analysis of how these inequalities are related to other factors such as health. A key concern in the fundamental revision of EU-SILC launched in 2011 is how to better cover vulnerable groups; e.g. the elderly and children.

Moreover, attention has been focused on the need to develop new measures and methodologies to gauge well-being at the local, national and global level. In particular, concerning the local level we can refer to the BES initiative which is being carried out by the Italian National Institute of Statistics and the National Council for Economics and Labour to implement a stakeholder consultation for measuring Equitable and Sustainable Well-being. In the Italian experiment it was deemed important to develop indicators that can be disaggregated to a local level able to highlight territorial differences; to this effect the BES is preparing a project in collaboration with 12 major metropolitan
areas. On the other hand, it appears of paramount interest to bring the focus of measurement efforts to the global level. As was underlined during the Advisory Board Meeting discussion, the interaction between the European level and the global context will be necessary to go towards the definition of new indicators on measurement of progress and well-being beyond GDP. Efforts will need to be extended to plan a global survey.

25-Need of conceptual developments

The measurement challenges in front of us have different dimensions. Some are conceptual, relating to broad concepts such as ‘governance’. The individual components of such categories, and the links between them, need to be spelled out more fully. Some are more practical and can arise even when the underlying concepts are clear (e.g. carbon footprint, constrained consumption, household measure balance sheet).

Currently, a strong demand exists for indicators of governance and civic engagement. These concepts are essential for democracies but also difficult to measure, because they are multidimensional. Social connections are important as well for many aspects of people’s life, both intrinsically (the most pleasurable activities are conducted with others) and instrumentally (they are a source of material and emotional support in case of need, and an enabler of collective action). While measures of social connections have been collected by some statistical offices, they appear to capture different aspects and to be based on different aspects and reporting instruments. In the same way, we have to improve our measures of quality of jobs. Measures in this field need to go beyond the conventional counting on how many people have a paid job, to include aspects such as informality, underemployment, contractual relations, exposure to stress and hazards, work autonomy and control, access to benefits (wages and non-wage benefits, as well as training opportunities) and social protection and representation at the work place.

Another important question is the sustainability of well-being. A solution might be complementing the measurement of current quality of life (observable ‘facts’) and well-being (as individually perceived) with the measurement of potentials and risks for future quality of life and well-being, i.e. linking the measurement of current wellbeing to measures of long-term sustainability.

26-Need to fill statistical gaps

Developing guidelines could help filling some statistical gaps. The ESS has made a series of recommendations on compiling balance sheet accounts for households and broadening income measurement to non-market domestic activities and leisure time. The timing of their production still needs to be decided.

The comparability between countries of household income data will be in the long run further improved by including that part of government expenditure which is linked to private consumption such as healthcare and education. Ultimately, this will provide a full picture of income and poverty, which corrects for the specificities of country organisation of social services and social security systems. Improvement in the measurement of these social in kind benefits is greatly needed.
27- Need methodological investment

It would also be necessary to analyse in more details the perceived level of quality of life/well-being and its links to objective dimensions. Some NSIs have already begun such analyses. This information is of paramount importance for policy-makers. Further methodological investment is necessary to check the robustness of the measure. It would also be necessary to find a way to aggregate quality-of-life and well-being measurements for efficient communication and political use. Some analysis has already been implemented by Spain, Portugal or the Netherlands. Concerning sustainability, we have to understand how well we manage key ecosystems, forest or water bodies and the services they provide. United Kingdom is experimenting Ecosystems Accounts.

Environmental accounting data can be combined with novel statistical methods to produce indicators showing resource use and pollution along the global production chain, or ‘footprint type indicators’.

III- A leading role for National Statistical Institutes

There are still several important gaps that need to be filled as well as actions that are started but need to be further developed or implemented.

However, in many areas, National Statistical Institutes have to play a leading role in measuring economic performance, social progress and sustainability. Indeed, their productions, labelled “official statistics”, meet both the users needs and the high quality requirement according to the European Statistics Code of Practice such as sound methodology, impartiality and objectivity, relevance, accuracy and reliability, comparability over time, timeliness and punctuality, geographical disaggregation and representativeness. As one of the main challenges will be to put well-being information to use in decision-making, in particular in the ongoing discussions on the future post 2015-agenda, these professional standards should incline policy-makers to trust these data and to take them into account, rather than the myriad of all the other information available in this area and frequently overlooked.

Nevertheless, as available resources are limited, it is vital to join efforts and to coordinate research activities at a European level, as already done with the European Statistical System’s roadmap based on the recommendations of the Sponsorship Group. Partnerships between NSIs, the academia and other relevant actors in the well-being debate should contribute to a large extent to reach faster and sounder results in the areas where statistical gaps are identified. Indeed, needs of harmonizing concepts and standards definitions would be better tackled through partnerships, even if sometimes, national particularity should also be taken into account. Bringing official statisticians and academics together to work towards a common understanding would certainly contribute to a clearer communication towards a wide range of stakeholders, thus fostering statistical awareness.

Moreover, National Statistical Institutes could also adequately support the process of integration of official statistics and non-official statistics given the know-how and the expertise gained in setting quality requirement and in developing statistical models for integrating and jointly analysing data.
from different sources. A quality label given to non-official statistics would set the boundaries of public interest and serviceable data separating them from all the others. This initiative would reinforce the statistical capacity using trustable statistics produced outside official statistics when official statistics are lacking, without reducing the high present quality statistical standards.

3 In France the statistical law gives such an opportunity. The Authority for Official Statistics, one of the three pillars of the French statistical governance, is able to give a label to non-official statistics, which meet high statistical quality standards. To obtain a label for one of their statistics, non-official statisticians have to ask for it. The official statisticians check if this production meets the same quality standards as required in the code of good statistical practices. If it is the case and if the same information is lacking in the official statistical system, a label is granted for 5 years to this statistics. For instance, recently, a label was granted for estimation of residential rents at local level produced by an association.