

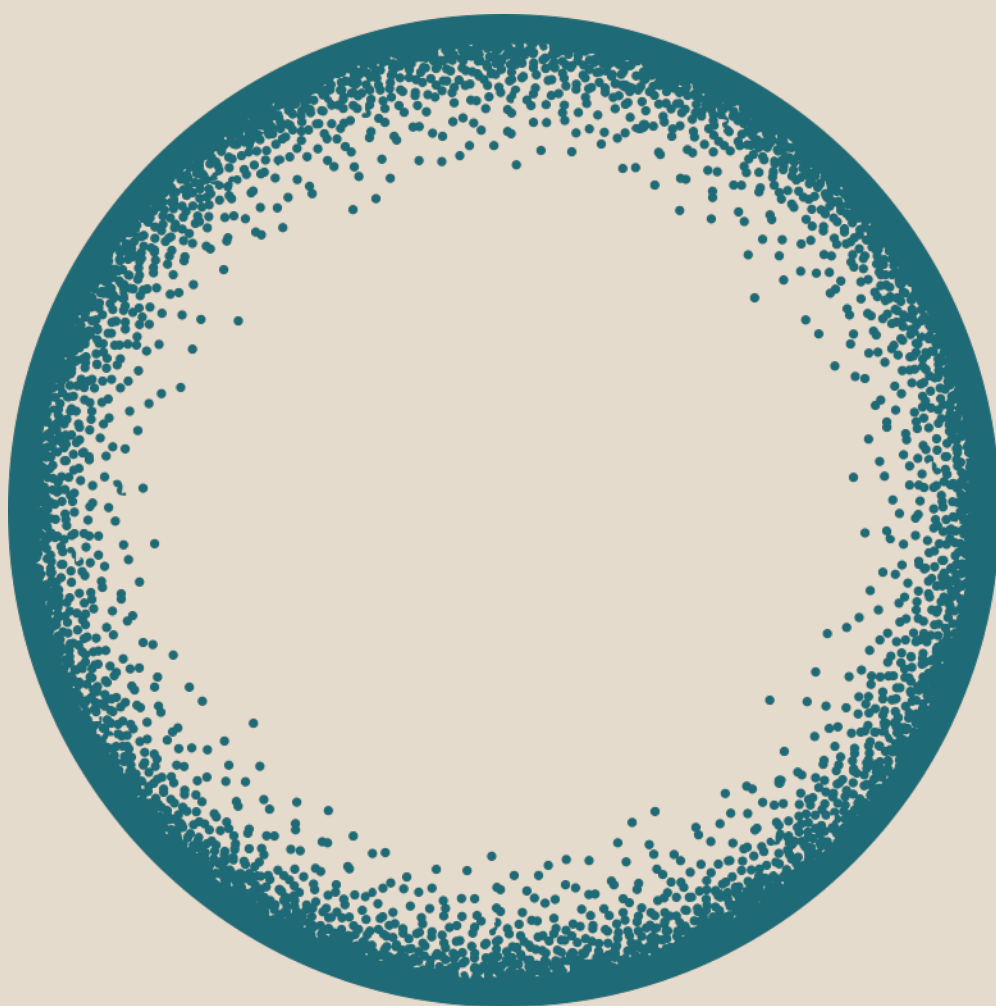
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Well-being at the heart of policy: lessons from national initiatives around the OECD

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# **WELL-BEING AT THE HEART OF POLICY: LESSONS FROM NATIONAL INITIATIVES AROUND THE OECD<sup>1</sup>**

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<sup>1</sup> Disclaimer: This discussion paper was written in August 2021, before new elections took place in Germany and a respective new coalition agreement was formulated. The opinions expressed in this paper are those of the authors and do not necessarily reflect the views of the Forum New Economy.

<sup>2</sup> As part of the “Better Life Initiative”, the Organization for Economic Cooperation and Development (OECD) has been advising member countries on the design and implementation of well-being approaches for more than 10 years and launched its Centre for Well-being, Inclusion, Sustainability and Equality of Opportunity (WISE) in 2020. This brief is based on previous work under the Better Life Initiative and has benefitted from the comments of Maja Göpel (Leuphana University), Katherine Trebeck (Wellbeing Economy Alliance), Xavier Timbeau (Sciences Po University) and Dennis Snower (Global Solutions Initiative).

## 1. INTRODUCTION

The COVID-19 crisis is both an enormous challenge and a shock that has prompted many to rethink the status quo. The socio-political effects of the pandemic go far beyond the economy and health care system, touching on many aspects of people's lives and societies' communal fabric, from jobs to education, mental health, gender roles in households, social cohesion and the state of democracy. Some inequalities have deepened - especially for young people, who will continue to feel the consequences of COVID-19 for a long time - and the pandemic has been described as both a wake-up call and dress rehearsal for other crises, including climate change. The fundamental role of public institutions in safeguarding people's well-being has also become apparent. After an initial focus on the emergency response to COVID-19, governments are now developing recovery strategies that will lay the foundations for future well-being. A reflection about what kind of society citizens want to see emerge post-COVID and about what matters most is imperative to "build back better lives".

A growing community of practice of governments using a well-being approach to public policy already exists. This brief showcases why well-being approaches have gained traction over the past decade across the OECD, pointing to emerging international consensus on what constitutes "a good life", and how this evidence is increasingly used in innovative ways to inform policy decisions<sup>3</sup>. Germany has made steps in the past to measure wellbeing more broadly and can benefit from other countries' experience in translating these metrics into practice. This brief is intended to stimulate a discussion on how to do so.

## 2. WHY ADOPT A WELL-BEING APPROACH?

Defining societal progress in a broader sense than just the aggregate state of our economies is nothing new. Indeed, national statistical offices, government departments and international organisations have been collecting and disseminating a variety of social, environmental and economic data for many years. Increasingly, specific initiatives have grouped these indicators together, often explicitly under the banner of measuring "well-being", for a variety of reasons that have only grown in importance since the onset of the Covid-19 pandemic:

- To provide a more complete and balanced picture of societal progress and its sustainability **"beyond GDP"**

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<sup>3</sup> Given that OECD member states share similar institutional set-ups that enables peer learning, this brief focuses on the experience of these countries and on initiatives at the national and regional level. These national initiatives build on the important contributions academia (particularly capability theory and welfare economics), citizen initiatives, international bodies such as the European Union and UNDP, non-OECD countries and local governments have made to the well-being agenda.

- To anchor **issues at risk of falling beyond the radar** in policy discussions, such as community belonging, mental health and the social climate of our societies
- To **highlight inequalities** across a wide range of outcomes and opportunities, showing the diversity of people's experiences
- To **foster public debate** and engagement about what matters most to people themselves
- To support the **strategic alignment** of goals across government, priority-setting and accountability
- To navigate complexity and promote **more holistic evaluation of policies**, including more clearly identifying trade-offs and synergies between traditional policy silos

Such wellbeing frameworks implicitly ask what the purpose of the economy is and what 'development' entails: moving towards a recognition that the economy is in service of wellbeing goals, not a goal in and of itself. Hence, they promote thinking about systems that do good for people and the planet by design, rather than assuming that economic growth will automatically translate to desired outcomes (Nozal, Martin and Murtin, 2019<sup>[1]</sup>) (Trebeck and Williams, 2019<sup>[2]</sup>).

Today, more than half of OECD countries have a well-being framework, and several others, such as Canada, Ireland and Chile, are currently developing one (Table 1). While some initiatives focus squarely on well-being *measurement and monitoring* (often, but not exclusively, led by national statistical offices), others support more direct *policy applications* (often led by Ministries of Finance or other policy ministries).

**Table 1:** Multidimensional, “beyond GDP” and well-being frameworks across the OECD

## Selected countries

	Lead body	Launch year	Public consultation	Number of well-being dimensions	Number of indicators
<b>Well-being measurement, monitoring and reporting</b>					
Measures of Australia’s Progress	Australian Bureau of Statistics	2002	✓	26	147
Australia’s Welfare	Australian Institute of Health and Welfare	2015		19	61
How’s Austria?	Statistics Austria	2012		3	81
Belgium Complementary Indicators to GDP	National Accounts Institute + Federal Planning Bureau	2016		13	67
Belgium Sustainable Development Indicators	Federal Planning Bureau	2019		17	70
Finland Findicators	Statistics Finland	2009		12	97
<b>Well-being in Germany (Gut Leben in Deutschland)</b>	<b>Federal Chancellery</b>	<b>2016</b>	<b>✓</b>	<b>11</b>	<b>48</b>
Italy Measures of Equitable and Sustainable Well-being (full set)	National Institute of Statistics + National Council for the Economy and Labour	2013	✓	12	130
Israel Well-being, Sustainability and National Resilience Indicators	Central Bureau of Statistics	2015	✓	11	88
Korea Quality of Life Indicators	Statistics Korea	2014		11	71
Luxembourg Index of Well-being	Statec, Economic and Social Council + the Higher Council for Sustainable Development	2017	✓	11	63
Regional Well-being Indicators	Instituto Nacional de Estadística y Geografía (INEGI) Mexico	2014/15	✓	9	16
Indicadores de bienestar	Instituto Nacional de Estadística y Geografía (INEGI) Mexico and National Consultation Council	2014/15		12	36
Indicators Aotearoa New Zealand	Stats NZ	2019	✓	24	110
Norway - How We Are Doing	Statistics Norway	2017		10	41
Well-being Index	Statistics Portugal	2017		10	79
Indicators of Well-being in Slovenia	Institute of Macroeconomic Analysis and Development, Statistics Slovenia, Slovenian Environment Agency + National Institute of Public Health	2015	✓	20	90
Quality of Life Indicators	Instituto Nacional de Estadística Spain	2019		9	59
MONET 2030 Indicator System	Federal Statistical Office Switzerland	2018		17	106
United Kingdom Measures of National Well-being	The UK Office for National Statistics	2011	✓	10	43
<b>Well-being policy application</b>					
Australian Treasury’s Well-being Framework	Treasury	2004		5	N/A
Finland Strategic Government Programme Indicators	Prime Minister’s Office	2015		5	29
France New Indicators of Wealth	Prime Minister’s Office	2015	✓	3	10
Iceland Indicators of Well-being	Statistics Iceland (commissioned by Prime Minister’s Office)	2021	✓	12	39

Italy Measures of Equitable and Sustainable Well-being (short set)	Ministry of Economics and Finance	2016	✓	8	12
Latvia 2030	Cross-Sectoral Coordination Centre, under the authority of the Prime Minister	2010	✓	7	55
Netherlands Monitor of Well-being	Netherlands Cabinet + Statistics Netherlands	2017		15	47
New Zealand Living Standards Framework Dashboard	Treasury	2011/18	✓	16	55
Northern Ireland Outcomes Delivery Plan	Northern Ireland Executive Office	2018		12	54
Poland Responsible Development Index	Polish Economic Institute	2019		3	8
Scotland National Performance Framework	Scottish Government	2007	✓	11	81
Slovenia National Development Strategy 2030	Slovenian Government	2017	✓	12	30
Sweden New Measures of Well-being	Ministry of Finance	2017		15	15
United Kingdom Personal and Economic Well-being bulletin	Office for National Statistics	2019		2	12
Well-being of Wales	National Assembly for Wales + Welsh Government Chief Statistician	2015	✓	7	46

*Note:* Launch time refers to the actual release of a framework, rather than the commissioning of its development. Number of indicators refers to the dashboards as of Q3 2019 unless specified otherwise. Measures of Australia's Progress was discontinued in 2013, and the Australian Treasury's Well-being Framework in 2016. Australia's Welfare reports have been published since 1993. The Scottish Government's National Performance Framework was first launched in 2007; the number of dimensions and indicators refers to the refreshed 2018 edition.

Source: Exton and Fleischer (2021<sub>[3]</sub>), *The Future of the OECD Well-being Dashboard*.

### 3. WHAT DOES “WELL-BEING” MEAN AND HOW CAN IT BE MEASURED?

While there is no single definition of well-being, there is significant overlap between the national well-being initiatives listed in this brief at both the conceptual and indicator level (Exton and Fleischer, 2021<sub>[4]</sub>). This is particularly encouraging since about half of the initiatives considered, among them Germany's “Gut leben in Deutschland” project spearheaded by the Federal Chancellery and released in 2016, were accompanied by large-scale public consultations to ground the frameworks in lived experience and ask citizens themselves what they consider the most important aspects of their lives (Table 1). There is hence an emerging international consensus on the main “ingredients” of well-being. The frameworks highlighted here have a several common core features:

- In the spirit of expanding people's freedoms and capabilities, they consider **final outcomes**, rather than intermediary inputs, as the ultimate, intrinsically valuable ends of progress (Sen, 1999<sub>[2]</sub>; Nussbaum, 2011<sub>[3]</sub>). For instance, rather than the share of government budget spent on education or healthcare, the well-being frameworks typically capture actual student skills achieved within a country's education system, or the state of peoples' health.
- They cover a **broad set of well-being domains, recognising its multidimensionality**. Usually these include material conditions that shape people's economic options (such as income,

housing and work) alongside quality-of-life factors that encompass how well people are, what they know and can do, and how healthy and safe their places of living are. Quality of life also encompasses how connected and engaged people are, and how and with whom they spend their time - recognising that well-being also has an important social component.

- Well-being frameworks focus on the **lived experience of people**. Many initiatives include both objective and subjective metrics, with the latter capturing how people feel about and experience their lives, as a way to complement hard data on their living conditions. These more subjective elements have been shown to drive behaviour, and include indicators related to life satisfaction, perceptions of health and economic conditions, or trust in other people and public institutions.
- Well-being approaches emphasize the **distribution of well-being outcomes** at the individual and household level, contrasting with standard practice that often only considers aggregate impacts (e.g. for the total economy) or only considers the distribution of income.
- Many initiatives, either explicitly or by way of the indicators included, distinguish between **current well-being** (how good the life of the population is in the here and now) and its **sustainability over time** (the systemic resources needed to guarantee well-being for future generations). Some frameworks (notably the Dutch Well-being Monitor and Stats NZ's Indicators Aotearoa New Zealand) also explicitly recognise transboundary effects – i.e. the impact that countries have on well-being in other countries.
- Depending on their intended purpose, some of the national initiatives listed here propose a single **index** of well-being, while most have adopted indicator **dashboards**. Proponents of the former argue that a single number is easier to communicate, especially if well-being is to “compete” with GDP. Indicator dashboards on the other hand stress that wellbeing and sustainability are multidimensional phenomena that should be communicated about explicitly, especially in terms of well-being inequalities, that these phenomena cannot necessarily be captured in a common unit, and that a single index requires difficult choices about weights.

The OECD's Well-being Framework, launched in 2011 as a key pillar of the organisation's Better Life Initiative, and partly in response to the Stiglitz-Sen-Fitoussi report, illustrates these principles well (Figure 1).<sup>4</sup> While the OECD Well-being Framework is of course not a country initiative, its relationship with national well-being efforts has always been mutually re-enforcing. Some initiatives

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<sup>4</sup> The Commission on the Measurement of Economic Performance and Social Progress, generally referred to as the Stiglitz-Sen-Fitoussi Commission after the surnames of its high-profile academic leaders, is a commission of inquiry created by the French Government in 2008 to examine how the wealth and social progress of a nation could be measured without relying on the unidimensional GDP measure ( (Stiglitz, Sen and Fitoussi, 2009<sup>[2]</sup>; OECD, 2011<sup>[3]</sup>). It is considered a landmark report that gave impetus to international and national well-being initiatives in many OECD countries.



(e.g. the 2018 Living Standards Dashboard in New Zealand or Israel’s Well-being, Sustainability and National Resilience Indicators) were directly informed by the OECD Framework, which in turn has since its inception been shaped by the work of member countries (Exton and Fleischer, 2021<sup>[4]</sup>). Germany’s “Gut leben in Deutschland” initiative also features similar well-being dimensions under three categories of life, country and surroundings (Figure 2).

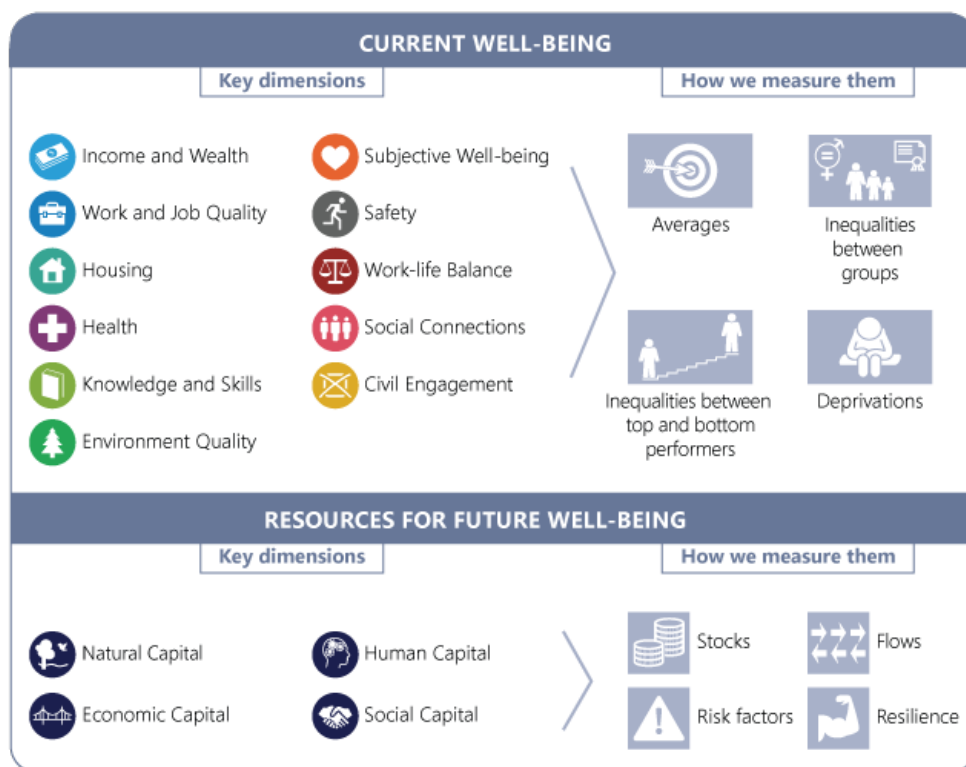
Measuring and tracking well-being on a regular basis is an important first step to provide the evidence base for assessing whether life is getting better or worse, and for whom. Countries have made improvements in collecting data on well-being outcomes, but some gaps remain and there is some way to go before well-being data will be available at the same frequency, timeliness and standardisation as more traditional economic statistics (Hoekstra, 2020<sup>[8]</sup>). Indeed, the System of National Accounts represents an internationally agreed upon methodology for measuring GDP, and countries produce it annually at the minimum. Similarly, labour force statistics are available on a quarterly basis in most OECD countries. It is no surprise that such rapid and regular statistics are what is used by policy makers, the media and the general public to guide decisions and reflect on whether progress is occurring.

In contrast, well-being measures are often collected and reported with lower frequency and timeliness, particularly when it comes to more relational statistics (Fleischer, Smith and Viac, 2016<sup>[7]</sup>). For instance, just above half of all OECD countries conduct time use surveys, and those who do often carry them out only every 5-10 years (OECD, 2020<sup>[8]</sup>). While European countries, including Germany, plan to include annual information on trust and life satisfaction in the EU-SILC survey vehicle from 2021 onwards, this data is typically released with a two year time lag. Encouragingly, since the onset of COVID-19 several national statistical offices in OECD countries have launched innovative online surveys, or added a subset of well-being indicators to more frequent vehicles to capture the well-being impacts of the pandemic in real time (OECD, 2021<sup>[10]</sup>). Going forward, investing in statistical infrastructure such as regular dedicated well-being surveys, keeping up the innovative spirit seen during the pandemic, and making progress on international harmonisation of well-being measures will be key (OECD, 2017<sup>[10]</sup>; OECD, 2013<sup>[11]</sup>; OECD, 2017<sup>[12]</sup>; OECD, 2013<sup>[13]</sup>).<sup>5</sup>

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<sup>5</sup> In addition, well-being statistics need to be population representative, sensitive to change over time and differences across the population, possible to disaggregate robustly (e.g. by age, sex, education, migration status, disability, region) and be intuitive so to resonate with citizens.

**Figure 1: The OECD Well-being Framework**



Source: OECD (2020<sub>[11]</sub>), How's Life? 2020, <https://www.oecd.org/statistics/how-s-life-23089679.htm>

**Figure 2: Gut leben in Deutschland**



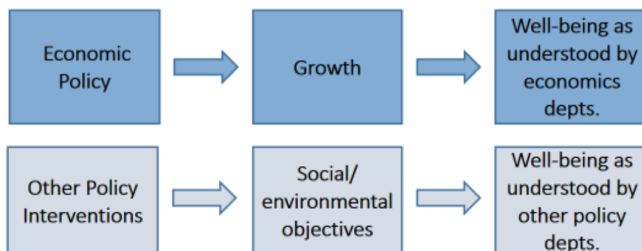
Source: Die Bundesregierung (2016<sub>[12]</sub>), *Gut leben in Deutschland*, <https://www.gut-leben-in-deutschland.de/index.html>

#### 4. PUTTING WELL-BEING METRICS INTO POLICY ACTION

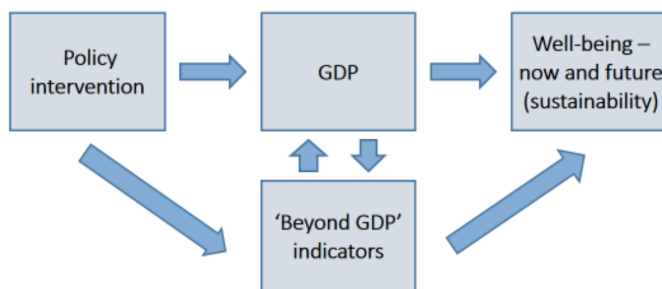
The real pressure test for well-being initiatives is whether they will be able to graduate from “yet another report” to tangibly influencing government decision-making, and ultimately, people’s quality of life.

For those already familiar with the array of economic, social and environmental data that feed decision-making in government, it is important to clarify what is new and different about a well-being approach. Beyond drawing on new and under-utilised statistics (e.g. on subjective well-being, social connections or trust), perhaps one of the most significant shifts from the status quo is a more fundamentally integrated approach. Namely, one in which a well-being framework guides policy coherence across government, with all departments assessing their policies and processes for multidimensional well-being impact. This is in sharp contrast to the usual parallel processes in which economic statistics are mostly used to assess economic policies, social statistics mostly for social policies, and environmental statistics mostly for environmental ones, etc (Figure 3). The ambition here would be to use well-being as a structured organising framework, making the synergies and trade-offs between different well-being dimensions explicit, capturing the evolution of these trade-offs over time, and understanding which intermediate goals are in service of ultimate well-being outcomes.

**Figure 3:** From parallel assessments....



..... towards an integrated system



Source: Whitby et al. (2014<sup>[13]</sup>), *The BRAINPOoL Project Final Report: Beyond GDP - From Measurement to Politics and Policy*, <http://www.brainpoolproject.eu>.

Recent decades have seen a growing community of practice of governments using well-being frameworks and evidence to help inform government agenda setting and budgeting and to strengthen policy coherence in working towards well-being objectives (for a detailed overview, see (Durand and Exton, 2019<sup>[16]</sup>; Exton and Shinwell, 2018<sup>[17]</sup>; OECD, 2021<sup>[9]</sup>; OECD, 2019<sup>[18]</sup>)). These practices, and some initial lessons learned, include:

### *Strategic planning – vision setting*

Well-being frameworks can serve as tools to clarify the overarching development goals a country wants to achieve, and unite government processes towards this jointly defined high-level vision. Countries that have explicitly introduced well-being frameworks into strategic development planning and vision setting include **Colombia** (through “Presidential Dashboards” developed by the Ministry for National Planning), **Slovenia** (in the Slovenian National Development Strategy 2030, adopted by the Slovenian Government in 2017), and the **Finnish** Strategic Government Programme Indicators (a subset of which are presented during government sessions every fortnight and serve to monitor the well-being impact of the Government’s strategic priorities). In addition, the **Scottish** National Performance Framework (2007, refreshed by the Government in 2018) is embedded in the Scottish Community Empowerment Act, which places a duty on Scottish Ministers to consult on, develop and publish a new set of national outcomes for Scotland, and to review them at least every five years. To some extent, the 2030 **Sustainable Development Goals** can also be seen as a form of development planning and performance monitoring by the international community, organised around a set of multidimensional objectives with specific targets and indicators. Many of the governments cited have mapped their own frameworks onto the SDGs to show alignment.

### *Strategic planning - shaping budgeting decisions*

In recent years, the government budget process has been identified as an important lever to link well-being evidence to agenda setting and policy prioritisation.<sup>6</sup> This includes monitoring a dashboard of well-being indicators to (ex-ante) frame the budget discussion in Parliament, and to complement the standard economic and fiscal reporting that typically accompanies the budget. This practice has been adopted in **France** since 2015 (the “New Wealth indicators”, led by the Prime Minister’s Office); in **Sweden** since 2017 (“New Measures for Well-being”, led by the Ministry of Finance) and in **Italy** also since 2017 (in the existing “Economic and Financial Document“, also led by the Ministry of the Economy and Finance). Italy’s ambition goes beyond a discussion of well-being during the budget debate and also includes experimental forecasting for the next 3 years, with a baseline (no new policy)

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<sup>6</sup> Related developments in budget analysis include green budgeting, gender budgeting and SDG budgeting.

scenario contrasted against a predicted scenario of the aggregate impact of new policy measures introduced in the budget on selected well-being outcomes. This has so far been done for four of the most familiar outcomes: household disposable income, the inter-quintile income share, labour force participation and emissions of greenhouse gases, with a view to extend the analysis to a broader range of well-being outcomes in the future.<sup>7</sup>

The most famous example of the budget process being organised around well-being comes from **New Zealand**, which released its first Wellbeing Budget in 2019 (Box 1). Following on from its gender-based (GBA+) budget analysis, the Government of **Canada** (and the Province of Nova Scotia) is also working to better incorporate well-being measures into its budget decision-making, and **Ireland**, **Iceland** and **Wales** have expressed interest in more closely integrating well-being frameworks into their budgetary processes.

#### *New institutional structures - well-being capacity building*

Creating new institutional structures to promote the use of well-being evidence in government is a visible way to show a break from the status quo. For example, the **United Kingdom** formed an external body, the What Works Centre for Wellbeing. It forms part of a network of seven UK What Works Centres that are supported through research grants and contributions from government departments and provide a mechanism for bringing academic expertise into decision-making. The Centre independently assesses evidence on the effectiveness of policy programmes and practices when it comes to well-being, produces synthesis reports and systematic reviews, and shares these findings through regular newsletters, training courses and learning events for civil servants.

#### *New institutional structures - well-being accountability*

Some countries have created accountability and watchdog mechanisms for better well-being outcomes. For instance, **Finland's** Committee for the Future is a standing committee in the Parliament of Finland whose mission is to generate dialogue with the government on major future problems and opportunities, and to whom the Government's SDG implementation is submitted each electoral term. In **Wales**, the Well-being of Future Generations Act 2015 requires all public bodies to place seven well-being goals<sup>8</sup> at the centre of their decision-making. The position of an independent "Future Generations Commissioner" has been created to monitor and support the public bodies in their well-being obligations.

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<sup>7</sup> The OECD WISE Centre is currently working with the Italian Ministry of the Economy and Finance to model budgetary impacts on obesity and other health outcomes.

<sup>8</sup> These seven goals are: a prosperous Wales, a resilient Wales, a more equal Wales, a healthier Wales, a Wales of cohesive communities, a Wales of vibrant culture and thriving Welsh language, and a globally responsible Wales. The Act makes

### Box 1. The New Zealand Wellbeing Budget

In May 2019, the New Zealand Government released its first Wellbeing Budget.

In the lead up to the Wellbeing Budget, the New Zealand Treasury used analysis of well-being data in its Living Standards Framework indicator dashboard, combined with advice from sector experts and the Government's Chief Science Advisors, to identify 12 well-being priority areas. Following this input, ministers shortlisted seven priorities for the budget, upon which the full Cabinet decided on the final five budget priorities (Huang, Renzio and McCullough, 2020<sup>[188]</sup>). Between 2019 and 2021, the Wellbeing Budget priorities have focused on supporting a just transition, shaping the future of work, reducing inequalities, improving child well-being, and improving physical and mental health outcomes (New Zealand Government, 2018<sup>[189]</sup>) (New Zealand Government, 2019<sup>[190]</sup>) (New Zealand Government, 2021<sup>[191]</sup>).

The selected budget priorities are outlined in the Budget Policy Statement: as part of its well-being approach, since 2019, the Budget Policy Statement includes a Wellbeing Outlook (an analysis of current and distributional well-being outcomes and resources for future well-being) to complement the budget's traditional Economic and Fiscal outlook as the basis for setting priorities. Following the release of the Budget Policy Statement (generally in December), ministries are invited to submit funding requests for policy proposals that are aligned with the identified well-being priorities. In their proposals, ministries are required to provide evidence of how their funding request supports well-being and to present expected well-being impacts building on a cost-benefit analysis model (including an optional monetary evaluation component, called CBAX) that has been specifically aligned with a well-being approach (New Zealand Treasury, 2018<sup>[206]</sup>). Those policy proposals that are considered to best support the identified well-being priorities are selected, upon which the final budget is released (usually in May).

As is commonly found in budgets across the OECD, a majority share of New Zealand's budget is reserved for baseline spending, which limits the discretionary funds available for new initiatives (New spending announced in the 2019 Wellbeing Budget constituted only around 4% of core Crown expenditure). As a first step towards reviewing how effectively baseline spending supports well-being, each Minister in the 2019 Budget was asked to undertake a review of spending and identify at least 1% of baseline spending that is not aligned with the government's aims (OECD, 2019<sup>[196]</sup>).

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it clear that each of these goals is as important as the others and that, as much as possible, public bodies must work towards all of them rather than focusing on one or two in isolation.

## Initial lessons learned

Countries are only starting the journey of experimenting well-being policy tools and as with most policies, there are no real counterfactuals to recent efforts. Yet, some of the inadequate policy choices made after the 2008 financial crisis can arguably be traced back to over-reliance on GDP as the yardstick of economic performance (Stiglitz, Fitoussi and Durand, 2018<sup>[21]</sup>). While it is too early for sweeping conclusions about how to best arrive at transformative policies that change people's lives, it is clear that putting well-being at the heart of policy needs supporting conditions and new government infrastructure. It requires the acknowledgment that well-being matters and is worth pursuing, a well-developed and accessible evidence base, civil servants with the training and tools to conduct the analyses and interpret the findings, and perhaps most crucially leaders (both political and managerial) who demand greater use of well-being evidence.

Though in isolation, none of the following “key features” of well-being approaches in policy will automatically guarantee better decision-making, some initial lessons learned include:

### *Accountability and debate*

- **The simple existence of a well-being framework does not guarantee its permanent adoption**, particularly if it is associated with a particular individual or administration. For instance, after a government change in Slovenia, the Slovenian Development Strategy 2030 is still being monitored through an annual report, but is not mainstreamed in programme and priority setting. Similarly, Measures of Australia's Progress and the Australian Treasury's Well-being Framework were discontinued.
- **Legislation** is one possible lever to secure long-term change and can help with both continuity and accountability. In several countries, specific legislation has been introduced to “lock in” certain aspects of the well-being approaches adopted. Laws such as the Scottish Community Empowerment Act 2015 and the Italian Budget Law 2016 require government to regularly report on a set of well-being objectives or indicators. In 2020, New Zealand also amended its Public Finance Act to permanently place a duty on the government to report annually on its wellbeing objectives in the Budget, and for the Treasury to report periodically on New Zealand's state of wellbeing. Yet legislation, too, is only one component of securing lasting impact. France's SAS Law also requires the government to report on its “New Indicators of Wealth”, but for two years in a row, the respective report has been published months *after* the parliamentary budget discussions (which the report was intended to inform).
- **Independent oversight** of how well-being commitments under legislation are implemented in practice also enhances accountability. For example, in Wales, both the Auditor General and

the Future Generations Commissioner help to ensure that government is held to account on its performance regarding the Future Generations Act's requirements. When the Future Generations Commissioner makes recommendations to a public body, this body must publish a response. If the public body does not follow a recommendation, it must explain why, and what alternative action it will take. In addition, Audit Wales is responsible for assessing the extent to which public bodies operate in accordance with five agreed "ways of working" when setting their well-being objectives and taking steps to meet them.<sup>9</sup> The Auditor General provides a report on her/his examinations to the National Assembly for Wales at least a year before each Assembly election. An independent "watchdog" also presents an effective champion who remains politically neutral and who is able to build independent relationships with stakeholders and the media.

- **Public participation** is a key aspect of well-being approaches. As mentioned before, about half of the initiatives considered here involved public consultations that have informed indicator selection. Meaningful involvement of the public going forward can help assess people's well-being preferences in order to lend legitimacy and help create demand for action.
- **Involving parliaments** creates dedicated channels for public debate. Beyond the parliamentary budget discussions in France, Sweden and Italy, the Netherlands have instituted an annual "Accountability Day" (on the 3<sup>rd</sup> Wednesday in May) to debate the "Monitor of Well-being" framework that was launched by the Dutch Cabinet in 2017 and is compiled by the Dutch statistical office. The United Kingdom's All Party Parliamentary Groups on Wellbeing Economics and on Inclusive Growth both offer a forum for evidence exchange and cross-party dialogue on policy reforms that could enhance well-being.

### *Coordination and tools*

- **Leadership** and strong coordination of a well-being approach within a central government agency can matter for widespread adoption and internal culture change. Many of the more measurement-focused initiatives have been, perhaps purposefully to guarantee their independence and endurance, placed within politically neutral statistical offices. Ensuring successful uptake among policy ministries, on the other hand, benefits from leadership by agencies at

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<sup>9</sup> The five ways of working for public bodies as set out in the Act are: thinking long-term (meeting the needs of the present without compromising the ability of future generations to meet their own needs), integration (considering how the public body's well-being objectives may impact upon each of the well-being goals or on the objectives of other public bodies), involvement (involving people with an interest in achieving the well-being goals and ensuring that those people reflect the diversity of the area which the body serves), collaboration (acting in collaboration with any other person that could help the body meet its well-being objectives) and prevention (acting to prevent problems occurring or getting worse to help public bodies meet their objectives).



the heart of government, such as Prime Minister's offices or Ministries of Finance/ Treasuries. This allows engaging and coordinating other, more sectorally focused agencies, to bridge policy silos and capitalise on the crosscutting nature of well-being.

- **Mechanisms and incentives that foster cross-agency collaboration** in service of well-being goals are key. For example, collaboration requirements for budget proposals can help encourage alignment of ministerial strategies. In New Zealand, once well-being budget priorities have been defined, government ministries are required to work together to put forward budget bids that demonstrate cross-portfolio collaboration, and Ministers are appointed to coordinate the bids. As a result, the 2019 New Zealand budget saw as many as 10 agencies come together to jointly put in a budget bid to help address issues of family and sexual violence. Alongside these changes to its budget process, New Zealand has amended its Public Service Act to enable government agencies to more easily work together on cross-cutting priorities through new joint venture structures. These temporary joint ventures are made up of chief executives from relevant government agencies, are accountable to a single minister, receive direct budget appropriations, and employ public servants from across all agencies as required. In Wales, the Well-being of Future Generations Act requires public bodies *at all levels* to work together towards the achievement of the 7 identified well-being priorities, ranging from the Welsh Government to local health boards, fire and rescue authorities, the national parks authority, and several national bodies (such as the Arts Council, Higher Education Funding Council, and Sport Wales).
- Related to this point, it can be **counterproductive if ministries and government agencies each develop their own separate well-being frameworks** - then the power of well-being as uniting force towards more coherent and outcomes-focused policy-making is lost. One of the recommendations in an OECD review of New Zealand's approach to well-being in 2019 was for the Treasury's Living Standard Framework to be an overarching cross-government structure. While specific agencies may want to develop more granular and context-dependent well-being approaches that speak to the needs of their stakeholders, these should nevertheless have a clearly articulated relationship with the agreed well-being outcomes that all government agencies are collectively responsible for (OECD, 2019<sub>[13]</sub>).
- Co-designing and developing **concrete analytical tools** with civil servants will be essential to translate abstract well-being goals into their daily business. This includes adapting methods of policy design and delivery, cost-benefit analysis, other ex-ante appraisals and projections of different policy scenarios, and ex-post evaluations of policy impact. While these types of analysis are difficult to carry out, some initial examples exist. For instance, the New Zealand Treasury has developed CBAX, an experimental cost-benefit tool for considering a wide range

of impacts beyond traditional fiscal ones, and for monetising values and standardising modelling across agencies. CBAX draws on different methodologies, including market valuations, revealed preferences, discrete choice experiments, contingent valuation and life satisfaction valuation. This tool has led to higher quality cost benefit analysis in budget submissions, mainly by forcing agencies to be more systematic in their policy thinking and to be transparent about their intervention logic (New Zealand Institute of Economic Research, 2018<sup>[6]</sup>). In the United Kingdom, Treasury guidance (the Green Book) has been updated to enhance the pre-existing guidance on well-being analysis (HM Treasury, 2020<sup>[7]</sup>). The Green Book highlights several steps for using well-being as a lens for policy-making: providing a rationale for intervention; listing options for reaching objectives in terms of delivery and funding; using economic appraisal techniques for narrowing down these options; identifying the preferred option and finally monitoring and evaluating it before, during and after its implementation. The Green Book methodology also shows how, where monetary valuations are difficult to ascertain, direct measures of well-being can be used for cost-effectiveness analysis. Regulatory impact assessments and situational analysis are other promising areas that could be extended to include well-being (Durand and Exton, 2019<sup>[9]</sup>).

- The **design of well-being frameworks** matters for their intended purpose. Commensurate with their role in focused policy discussion, the well-being dashboards introduced in budget deliberations often involve only a limited number of indicators (10 in France, 12 in Italy, 15 in Sweden). This represents a small subset of the extensive and more “diagnostic” well-being indicator sets typically produced by statistical offices or to support national development strategies. Narrowing down and summarising these dashboards for concise communication on progress and results can be challenging, but is essential if they are to be picked up and used. Recent advice, including by the High Level Expert Group on the Measurement of Economic Performance and Social Progress 2018 led by Stiglitz, recommends using a smaller set of headline indicators (i.e. those that are more frequently connected, serve as good lead indicators for well-being concepts, and satisfy a range of statistical quality criteria) alongside wider diagnostic dashboards (Stiglitz, Fitoussi and Durand, 2018<sup>[23]</sup>; Exton and Fleischer, 2021<sup>[4]</sup>).<sup>10</sup>
- **Peer learning** will be key. Most OECD countries have only very recently embarked on their journey to develop better well-being evidence, and to gradually integrate this into decision-making. It will be key to continue sharing knowledge and lessons learned, including about failures, among practitioners as they experiment with new approaches, and monitor the results

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<sup>10</sup> The forthcoming OECD Dashboard to monitor a strong, resilient, green and inclusive post-COVID-19-recovery (mandated by member countries at the October 2020 Ministerial Council Meeting) will also include a focused headline set of traditional economic and well-being related indicators (OECD, 2021<sup>[28]</sup>).

(i.e. improved outcomes for citizens). Some countries have already formalised such learning partnerships: the Wellbeing Economy Governments partnership (WEGo) is a collaboration of national and regional governments (Scotland, New Zealand, Iceland, Finland and Wales) promoting sharing of expertise and transferrable policy practices to deepen their understanding and advance their shared ambition of building wellbeing economies (WEGo, 2021<sup>[27]</sup>).

## 5. WELL BEING IN POLICY IN GERMANY SO FAR

Germany is among the OECD countries that have already developed a well-being framework in central government in the past. The German Federal Government has launched “Gut leben in Deutschland” initiative as a commitment to the December 2013 coalition agreement, which stated that:

*“We wish to align our policies more closely with the values and hopes of German citizens and we will therefore conduct a dialogue with them in order to gain an understanding of their views on wellbeing issues...”*

Following a national consultation process and the findings of other national and international research projects and discussions, 12 dimensions and 46 indicators were selected in order to describe and measure the current status and trends in well-being in Germany. The indicators are currently updated on a regular basis and displayed on a public website. However, as yet, the German Federal Government has not outlined specific measures aimed to integrate the “Gut leben in Deutschland” evidence and framework into decision-making on a formal basis.

Given the need to formulate a holistic recovery strategy from COVID-19 and new vision setting in the context of Germany’s 2021 elections, the international examples showcased here can serve as basis to stimulate a reflection on potential next steps:

- How to transition from the “Gut leben in Deutschland” measurement framework to a policy framework?
- What are opportunities and institutional roadblocks when it comes to cross-agency collaboration towards shared (well-being) goals in Germany?
- How should leadership and governance be organized to create buy-in and trust across different government agencies?
- How to keep public debate and engagement alive in decisions about priorities, risk-taking and resolving competing demands and trade-offs?
- How can exchange with peer governments help? What were the factors that prevented the integration of “Gut leben in Deutschland” into policy?

- What are opportunities and institutional roadblocks when it comes to cross-agency collaboration towards shared (well-being) goals in Germany?
- How should leadership and governance be organized to create buy-in and trust across different government agencies?
- How to keep public debate and engagement alive in decisions about priorities, risk-taking and resolving competing demands and trade-offs?
- How can exchange with peer governments and the OECD help?

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