

4. Dimensions and indicators

Inclusive and sustainable well-being is a multidimensional concept that encompasses the full scope of the human condition, looking at the effects of present-day choices on current and future generations ('later'), within a nation or region ('here') and in the rest of the world ('elsewhere'). The purpose of this chapter is to provide a systematic and comprehensive list of common dimensions that together represent *current well-being* and to provide a list of core indicators for each dimension that can be used to monitor developments and compare nations and regions.

There have been many attempts to produce statistical frameworks and instruments, taking a variety of starting points (see chapter 2; Hoekstra 2019). This guideline builds on the frameworks that are currently considered as authoritative and that form the foundation of efforts to work towards a global Framework on Inclusive and Sustainable Development (FISW). These frameworks are the report of Stiglitz, Sen and Fitoussi (2009), the CES Recommendations on Measuring Sustainable Development (2014), the OECD Well-being Framework (2011), Eurostat's Quality of Life framework (2016), and the UN's Valuing What Counts (2022).

In section 4.1 the scope of the guidelines is delineated and key concepts are defined. Section 4.2 describes the dimensions of current well-being in the main frameworks and presents a list of common dimensions. Section 4.3 presents core indicators for each dimension. Section 4.4 provides practical recommendations and criteria for the creation of an indicator set. Finally, section 4.5 takes a more detailed look at how to measure the distribution of current well-being among population groups.

4.1 Scope and definitions

This section explains what the guidelines do and do not cover and how key concepts have been defined.

4.1.1 Scope

This guideline concerns current well-being. The broader context concerns the measurement of inclusive and sustainable development. Sustainable development is generally defined as "development which meets the needs of the present generation without compromising the ability of future generations to meet their needs" (World Commission on Environment and Development 1987). The CES Recommendations (2014) distinguish between current well-being in a nation or region ('here and now') and the extent to which current well-being is achieved at the expense of the resources needed by future generations ('later') or at the expense of the current or future well-being of people in the rest of the world ('elsewhere'). This guideline focuses exclusively on current well-being, but recognizes that the well-being of the present generation is inextricably linked to that of future generations.

The guideline describes well-being from the human perspective. Depending on the available statistical information, the measurements will refer to individuals, households, employees, students, and so on. This is also the perspective of the OECD Well-being Framework which "*puts people (individuals and households) at the centre of the assessment, focusing on their life circumstances, and their experiences of well-being*". Animal welfare, firm performance, or planetary health are relevant to human well-being, but they are not the primary focus in this framework. In implementing the framework in this guideline, each country can decide to add dimensions that are considered highly valuable to current well-being in the nation. For example, in some cultures nature is considered as part of collective family and community well-being, and nature is intrinsically valuable rather than an asset to be utilized.

The measurement of well-being should be inclusive. This means that statistics should, in principle, be comprehensive. They should cover all people living in a region, regardless of citizenship, age, religion, or other characteristics, encompass all regions in a nation, and measure and describe all dimensions that together make up well-being, without assigning weights or making an a priori selection of dimensions. Statistics on well-being should be as impartial as possible. Some may feel that nature is more important than the economy, that animal welfare is as important as human well-being or that material well-being is a precondition for immaterial well-being. Such normative valuations are left to the user of this guideline and the users of statistics.

4.1.2 Definitions

A **dimension** is a concept that represents a relevant and discrete aspect of well-being.¹ A dimension may be divided into subdimensions that together comprehensively describe the dimension. Dimensions or subdimensions may be relevant but difficult or impossible to measure statistically. Whether a dimension (or subdimension) can be measured and, if so, which indicators to use, is an issue for the selection of indicators.

An **indicator** is a variable that provides a valid statistical description of a concept. For example, indicators for life expectancy and obesity are considered valid measures for health, while household income and unemployment are not, even though they are indirectly related. Some concepts are easy to measure, while other concepts require proxy variables that describe the concept indirectly. For example, there is general agreement on the indicators used to measure material well-being (e.g. household income), whereas the measurement of social cohesion, cultural participation, or the strength of democracy is much less straightforward, due to cultural differences and lack of data. Indicators can either be considered in detail or in aggregated form such as through a composite index.

A **measure** is the precise statistical definition of an indicator. For example, where the indicator is ‘satisfaction with life’ or ‘income’, the measure would be ‘percentage of the population that is report high satisfaction with life’ or ‘average weekly earnings at constant prices’.

Indicators are usually considered to be either objective or subjective in nature.

Subjective indicators indicate how people perceive, emotionally experience or otherwise feel about an aspect of their life. Typical subjective indicators measure ‘satisfaction’ (e.g. job satisfaction, satisfaction with life), ‘experiences’ (e.g. finding it difficult to get by financially), and ‘feelings’ (e.g. feeling unsafe in a neighbourhood, feeling uncertain about the future).

Objective indicators measure conditions, achievements and behaviours with respect to an aspect of well-being for groups of people, independent of how people perceive their lives with respect to that aspect. Typical examples are child mortality rates or the number of hospital beds per 1,000 population.

Some indicators are clearly objective. Other indicators are clearly subjective. However, measurement methods can blur the boundary. We need to distinguish between the nature of the phenomenon and how information is collected. Subjective indicators are usually produced on the basis of surveys. Objective indicators are usually produced using administrative data (e.g. tax databases for household income) or sensor networks (e.g. air pollution), but they can also be collected in surveys through self-reporting (e.g. on technical deficiencies of a

¹ Concepts are scientific construct that represent phenomena. “Scientific constructs are basically words, or series of words, that have certain meanings attached to them. Scientists use constructs to communicate about the phenomena that interest them, in a way that makes one scientist understand, at least to some degree, what another scientist is referring to. For that to happen, the meaning that is associated with a construct label needs to be shared among scientists. If Dr. Abelson has no idea of what Dr. Bengtson is referring to when using terms like “gravity” (or “energy,” or “narcissism,” or “evolution”), the two of them will be unable to have a useful conversation.” (Leising & Borgstede, 2020)

house, conditions of employment, or membership of associations). Table 4.1 shows the difference between measurement methods and the inherent nature of the indicators and provides some examples.

Table 4.1 Objective and subjective indicators and measurement methods

| | | Reporting method | |
|--------------------------|------------|--|---|
| | | Objective sources | Surveys |
| Nature of the phenomenon | Objective | Urban population exposure to air pollution by particulate matter | Presence of specific defects in a house |
| | Subjective | Twitter sentiment | Life satisfaction |

4.2 Common dimensions

A dimension is a concept that represents a relevant and discrete aspect of well-being. Robeyns (2005) recommends that when selecting capabilities (the equivalent of dimensions of well-being) (1) the list should be formulated explicitly, (2) based on a clear method that fits the purpose of the list, (3) without a priori considerations of the practical possibilities of measurement, and (4) including all relevant dimensions.

The selection of dimensions in this guideline is based on the following key principles.

- The selection of dimensions should be systematic, based on transparent criteria, and an internally consistent theoretical foundation. This guideline builds on the most authoritative frameworks that are currently used.
- The set of dimensions in this guideline should be comprehensive, covering all aspects of current well-being. Each dimension and subdimension captures a specific aspect of well-being.
- The dimensions should aim to be universal: common to all nations, regions, and cultures. Many of the national frameworks were accompanied by large-scale public consultations. These have all come up with similar lists, showing that people in different countries tend to list the same things when asked what a good life is.² There will be cultural differences in the dimensions of well-being and their interpretation. The guideline will explain how local dimensions, that are specific to a nation, region, culture, or population group, can be addressed.
- The relevance of each dimension should be carefully explained. Dimensions are not merely classes of indicators used to present statistics. Each dimension represents a meaningful part of the way people live their lives.

4.2.1 Dimensions in existing frameworks

Starting point for the identification of dimensions is the list of frameworks that are explored in chapter 2. In this section we compare the dimensions of well-being in the report by Stiglitz, Sen and Fitoussi, the CES Recommendations on Measuring Sustainable Development, the OECD Well-being Framework, Eurostat’s Quality of Life framework, and the UN’s Valuing What Counts. In addition, the dimensions are compared to the formal freedoms laid down in the Universal Declaration of Human Rights.³

Stiglitz, Sen and Fitoussi (2009) distinguish eight dimensions, namely material living standards (income, consumption and wealth); health; education; personal activities including work; political voice and governance; social connections and relationships; environment (present and future conditions); and insecurity, of an economic as well as a physical nature.

² <https://www.oecd.org/statistics/The-Future-of-the-OECD-Well-being-Dashboard.pdf>

³ <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

The CES Recommendations on Measuring Sustainable Development (UNECE 2014) divide well-being “here and now” into 14 dimensions: subjective well-being; consumption and income; nutrition; health; labour; education; housing; leisure; physical safety; land and ecosystems; water; air quality; trust; and institutions.⁴

In the OECD Well-being Framework (2011) current well-being is comprised of 11 dimensions, divided into three main areas. Material conditions that shape people’s economic options include: Income and Wealth, Housing, and Work and Job Quality. Quality-of-life factors that encompass how well people are (and how well they feel they are), what they know and can do, and how healthy and safe their places of living are: Health, Knowledge and Skills, Environmental Quality, Subjective Well-being, and Safety. Quality of life also encompasses how connected and engaged people are, and how and with whom they spend their time: Work-Life Balance, Social Connections, and Civic Engagement.

Eurostat’s Quality of Life framework contains nine dimensions, of which eight dimensions relate to people’s capabilities to pursue their self-defined well-being according to their own values and priorities and one dimension, ‘overall experience of life’, refers to the personal perception of quality of life, namely life satisfaction, emotions, meaning of life. The 8+1 dimensions are further broken down into topics and subtopics with their related indicators.

Table 4.2 compares the dimensions in current well-being in the four frameworks and the UHDR. Overall, the dimensions are in agreement. Clear commonalities are health, housing, physical safety, and education. The terms are slightly different (for physical safety and education).

Similar dimensions have different names. The difference in language may convey a conceptual difference. For example, ‘education’ may refer to participation in education (e.g. children in primary schools), to the achievement of a specific level of education (e.g. the percentage of people with higher education), or to acquiring certain knowledge and skills (e.g. reading and writing, technical skills). This difference in meaning is evident in other themes as well. For example, Stiglitz-Sen-Fitoussi refer to “personal activities (work)”, the CES Recommendations to “labour”, and the OECD Well-being Framework to “work and job quality”.

There are two stand-alone themes. Nutrition only occurs in the CES Recommendations. The theme was included because nutrition is a basic need and because a lack of nutrition (malnourishment) is a major issue for less developed countries. In other frameworks nutrition is implicitly included in the dimension health.⁵ Economic insecurity is suggested by Stiglitz-Sen-Fitoussi and is covered in the Universal Declaration of Human Rights, but it is not included as a separate theme in the other frameworks. In the OECD Well-being Framework economic insecurity is included within the income and wealth dimension.

⁴ The CES Recommendations also refer to Richard Layard’s research on happiness (Layard 2011). Layard identified seven big factors that determine happiness: family relationships, financial situation, work, community and friends, health, personal freedom, personal values.

⁵ For example, Eurostat includes a BMI indicator under Health.

Table 4.2. Comparison of four approaches to identifying common dimensions of current well-being

| Stiglitz, Sen, Fitoussi | CES Recommendations | OECD Well-being Framework | Eurostat Quality of Life framework | Fundamental human rights (UN Universal Declaration of Human Rights) |
|---------------------------------------|-------------------------------------|---------------------------|--|--|
| | subjective well-being | subjective well-being | overall experience of life | economic, social and cultural rights indispensable for his dignity and the free development of his personality (art. 22) |
| material living standards | consumption and income | income and wealth | material living conditions (income and consumption) | a standard of living adequate for the health and well-being of himself and of his family (art. 25), right to own property (art. 17) |
| | nutrition | | | food (art. 25) |
| health | health | health | health | health (art. 25) |
| personal activities (work) | labour | work and job quality | productive or other main activity | no slavery or servitude (art. 4), right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment (art. 23) |
| education | education | knowledge and skills | education | education (art. 26) |
| | housing | housing | material living conditions (housing) | housing (art. 25) |
| personal activities (other than work) | leisure | work-life balance | leisure and social interactions (leisure) | rest and leisure (art. 24) |
| insecurity (physical) | physical safety | safety | economic and physical safety (physical and personal security) | right to life, liberty and security of person (art. 3), no torture or to cruel, inhuman or degrading treatment or punishment (art. 5) |
| insecurity (economic) | | | economic and physical safety (economic security and vulnerability) | right to social security (art. 22), right to security in the event of [...] lack of livelihood in circumstances beyond his control (art. 25) |
| environment (present conditions) | land and ecosystems water air | environmental quality | natural and living environment | |
| social connections and relationships | trust | social connections | leisure and social interactions (social interactions) | right to marry and to found a family (art. 16), freely to participate in the cultural life of the community (art. 27), right to freedom of peaceful assembly and association (art. 20) |
| political voice and governance | institutions | civic engagement | governance and basic rights | legal protection clauses (art. 6 thru 12, 15), right to freedom of thought, conscience and religion (art. 18), right to freedom of opinion and expression (art. 19), right to take part in the government and right of equal access to public service (art. 21), duties to the community (art. 29) |

4.2.2 Recommended list of common dimension

This section provides a list of common dimensions that together capture all aspects of current well-being from a human perspective. The dimensions are common to all nations, regions, and cultures. Section 4.2.3 explains how local dimensions – aspects of life that are specific to a nation, region, culture, or population group – can be addressed.

Dimensions are not merely classes of indicators used to present statistics. Each dimension represents a meaningful part of the way people live their lives. Together, the dimensions constitute a coherent whole.

Four clusters of dimensions in current well-being can be distinguished:

1. Subjective well-being (satisfaction with life; agency; affect).
2. The things people do in terms of their time use particularly with respect to work and leisure.
3. The state in which people live, which can be interpreted as the objective outcomes and the subjective evaluation of those outcomes with respect to material living conditions, housing, health, knowledge and skills, physical safety, and social connections.
4. Conditions or the circumstances in which people are living (political conditions, environmental conditions).

The dimensions included in each have been derived from the comparison of frameworks in table 4.2. The description of the relevance of each dimension for current well-being has been derived from the OECD Well-being Framework. Where possible or necessary dimensions have been divided into subdimensions. Table 4.3 lists the dimensions, possible subdimensions, and the relevance of each dimension for current well-being.

Table 4.3. Common dimensions and their relevance to current well-being

| Dimension | Subdimensions | Relevance |
|---|--|---|
| 1. Subjective well-being | | |
| Subjective well-being | Satisfaction with life | The overall (cognitive) evaluation of well-being |
| | Affect | |
| | Agency | The ability to use substantive freedoms and achieve functionings |
| 2. The things people do in terms of their time use | | |
| Work | Quantity and quality of paid work Unpaid household services | Paid increases people's command over resources, provides people with a chance to fulfil their own ambitions, to develop skills and abilities, to feel useful in society and to build self-esteem. Work shapes personal identity and can create opportunities for social relationships. [unpaid work] |
| Leisure | Cultural participation Other leisure time | Leisure time provides opportunities for activities of one's choosing, which contributes to people's health, satisfaction with life and social relationships. |
| 3. The state in which people live in terms of objective outcomes and subjective evaluation of those outcomes | | |
| Material living conditions | Income Consumption Economic insecurity | Income allows individuals to satisfy basic needs and enhances their freedom to choose the lives that they want to live, including the goods and services they want to consume and access. Goods and services provide utility to their consumers. Material living standards can also include housing, car ownership, and other household assets. |
| Housing | Quality Affordability | Having a house, preferably affordable, of good quality and in a nice neighbourhood provides shelter from |

| | | |
|--|---|---|
| | Neighbourhood | weather conditions, offers a sense of safety, privacy and personal space, and contributes to people’s health and childhood development. |
| Health | Physical health Mental health | A life lived free of illness and disability has intrinsic value for people as well as instrumental value. It enhances people’s opportunities to participate in education, the labour market and community life. |
| Knowledge and skills | Education Skills | Higher levels of knowledge and skills enable people to adapt to a changing environment. They are associated with higher earnings, greater employability and better job quality, better health status, higher social support and higher life satisfaction. |
| Physical safety | Crime Traffic accidents | Direct threats to people’s safety as well as fears, anxiety and uncertainty about (aspects of) their physical safety have a direct impact on well-being. |
| Social connections | Social interactions Support Quality Community Trust | People derive intrinsic pleasure from spending time with others. People with extensive and supportive networks have better health, tend to live longer and are more likely to be employed. A lack of social connections deteriorates individuals’ mental and physical health. |
| 4. Conditions or the circumstances in which people are living | | |
| Political conditions | Political voice Efficacy | Public policies and governance more generally, including corruption, voice, rule of law, public policies, practices that unfairly discriminate, and the protection of fundamental human rights. |
| Environmental conditions | Pollution Proximity to nature Disruptive natural events | The natural environment has direct impacts on current well-being, particularly on health and social capital, as well as intrinsic value. |

Current and future well-being

The boundary between current and future well-being can be blurry. The distinction is not trivial. In “How’s Life? 2020”, the OECD observed that “[g]ains in current well-being have often not been matched by improvements in the resources needed to sustain it over time, with systemic risks emerging across Natural, Human, Economic and Social Capital.” (OECD 2020)

Understanding how people use their resources ‘here and now’ and what that means for the resources that are left over for the next generation, helps distinguish between aspects of life that belong under current well-being and aspects that belong under future well-being.

People use the resources they have at their disposal to shape their lives in the ‘here and now’. How the current generation collectively uses its resources (or capitals) affects the well-being of future generations. When the current generation diminishes the quantity or quality of economic, natural, human and social capital, future generations will not be able to achieve the same level of current well-being (UNECE 2014). People use three types of resources: private, public and common.

People use their private resources to shape their lives. They make their own choices, individually or from within a family or household, based on their personal needs, preferences and capabilities. Assets and savings are used to buy or rent a home, buy a car, take a long holiday or build up a supplementary pension. Social networks help people find a job, spend free time with their friends and acquaintances, and prevent loneliness. In local communities, people help each other to find safety and security. Nature in the living environment offers people the opportunity to recreate and enjoy fresh air, peace and the beauty of a landscape. Knowledge and skills enable people to function well in society, to spend their time meaningfully and healthily, and to maintain control over their own lives. For example, wealth is a private resource that people can use to improve their

current well-being. When they use their wealth (e.g. when they withdraw savings to go on an extended holiday) this action will show up as consumption. When wealth is collateral (e.g. to acquire a mortgage for a new house) the outcome is an improvement in housing or other living conditions. Wealth is a stock (a capital), while its application shows up as a flow (in current well-being).

People also depend on public resources over which they have no individual control. Some of these resources are provided by politics and administration, social institutions, the business community and civil society. For example, material prosperity is highly dependent on knowledge development and technological innovation by companies and science. Collective social institutions ensure safety and stability, provide care and security, provide space for cultural diversity, and protect historical heritage. In education, children learn how society and politics function and how they can exercise their citizenship, what fundamental rights are, and how a democracy works. The benefits of good public resources are felt in the present. Developments that strengthen or weaken those resources affect the well-being of current as well as future generations. This institutional capital of a society belongs under future well-being.

Some of these resources are commons, fulfilling a public function without anyone directly being responsible for it. Nature is the living environment for animals and plants. Natural processes (biological, chemical and geological) ensure that the planet remains livable for humans (Rockström et al. 2023). The same applies to social capital. Shared norms and values, traditions and culture play an important role in society. People experience the benefits of strong social cohesion and cultural traditions, rich biodiversity, a beautiful landscape, and a liveable biosphere in the present. The degree to which the quality of natural and sociocultural conditions can be sustained determines if future generations can reap the same benefits.

4.3 Core indicators

An indicator is a variable that provides a valid statistical description of the dimension or subdimension it measures (see section 4.1.2). A core indicator is an indicator that provides the best (valid) description of a dimension or subdimension of current well-being and is recommended as a first candidate for inclusion in a indicator dataset.

4.3.1 Types of indicators

Different types of indicators are needed. There is consensus that the indicator set should comprise both subjective and objective indicators, as recommended by Stiglitz, Sen & Fitoussi: “Measures of both objective and subjective well-being provide key information about people’s quality of life. Statistical offices should incorporate questions to capture people’s life evaluations, hedonic experiences and priorities in their own survey: objective and subjective dimensions are both important.” The decisions people take to shape their lives are determined as much by factual circumstances (objective) as by their perceptions of and feelings about those circumstances (subjective). Both must be measured to adequately represent the state and development of current well-being.

Three groups of core indicators are needed: achievement indicators, deprivation indicators and distributional indicators.

Achievement indicators

In general, indicators measure achievement with respect to a dimension of well-being. Achievement has normative value, which can either be positive or negative. Positively valued indicators measure population averages (or medians) for which higher values indicate higher well-being (e.g. median disposable income, the percentage of the population that as high life satisfaction, net labour participation). Negatively valued

indicators measure population averages (or medians) for which higher values indicate lower well-being (e.g. the unemployment rate, the crime rate, exposure to air pollution).

Deprivation indicators

Deprivation indicators form a separate category of indicators. Deprivation can be defined in absolute terms (the absence of the minimal resources to afford the basic necessities for life) as well as in relative terms (being unable to attain the same levels of well-being as other people who belong to the same social group or who live around them). Also, deprivation is a multidimensional phenomenon that relates to any and all dimensions of well-being, which is why it is important to include indicators for deprivation in every dimension of current well-being. Annex 4.5 provides a more detailed discussion of deprivation as well as references to relevant literature.

An operational definition is needed for statistical purposes. This guideline follows the pragmatic definition of the OECD (OECD How's life? 2020), which defines a deprivation indicator as an indicator that focuses “on the lower end of the distribution of outcomes, typically by measuring the share of the population falling below a given threshold of achievement”. For example, relative income poverty is defined as the share of individuals with household disposable income below the relative income poverty line, set at 50% of the national median income.

Distributional indicators

Distributional indicators measure vertical inequality in a population. Examples are the Palma ratio and the gini coefficient for income and wealth inequality. Distribution of well-being among population groups within (sub)dimensions is discussed in section 4.5.

Most indicators that refer to the difference among groups are actually disaggregation indicators, for example the gender pay gap or the share of women in parliament. Common distributional indicators are: the Palma Ratio, the ratio of the income of the top 20% to the income of the bottom 20% of the income distribution (S80/S20 income share ratio), and the Gini coefficient for income and for wealth.

4.3.2 List of recommended core indicators

This section provides a list of the different types of core indicators that are recommended for the measurement of current well-being per dimension and subdimension.

The guidelines provide general descriptions of core indicators. Statistical specifications, units of measurement, and other specifications will be added only where necessary. For example, a common **indicator** for material well-being is household income. Household income is a monetary value. This means that for monitoring developments over time it has to be expressed in constant prices of a reference year and for international comparisons the values have to be expressed in the same currency, preferably in purchasing power parities (PPPs). Also, the distribution of household income is skewed, which means that averages overestimate the level of income. This is the corresponding **measure** of the indicator will more likely be ‘median household net disposable income in US dollars at 2015 PPPs’.

Normalisation of indicators is standard practice. Indicator data have to be made comparable over time and between regions and nations. This is why monetary indicators are adjusted for inflation and for currency differences, why numbers are expressed per capita, as a percentage of the population, as a percentage of GDP, per square kilometer, and so on. Where several options exist, the list of indicators will include a unit of measurement.

Some indicators are actually composite indexes. The recommendation is to only use composite indexes that have been produced by highly authoritative institutions. This ensures adherence to statistical standards and

practices, which is essential for consistency over time and international comparability. The World Bank Governance Matters indicators are a prominent example.⁶ Preferably, composite indexes should be based on international guidelines on constructing composite indicators (see chapter 6).

Table 4.4. Subjective and objective core indicators

| Dimension | Subdimensions | Subjective indicators | Objective indicators |
|---|--|---|---|
| 1. Subjective well-being | | | |
| Subjective well-being | Satisfaction with life | Percentage of the population with high life satisfaction | |
| | Affect | Happiness | |
| | Agency | Percentage of people who feel their life has meaning and purpose Percentage who experiences sufficient self-efficacy/control/autonomy Feeling in control of own life | |
| 2. The things people do in terms of their time use | | | |
| Work | Paid work Unpaid household services | Job satisfaction Satisfaction with working conditions Labour market insecurity (e.g. concerns about job retention) Perceived work-life imbalance Percentage of employed persons free to decide how to do their work | Labour force participation rate Unemployment Long-term unemployment Weekly working hours per worker Youth unemployment rate Work injuries Share of youth not in employment, education or training (NEET) Share of employees who experience a number of job demands that exceed that of job resources Share of flexible employment contracts Percentage of people who do organised voluntary work |
| Leisure | Cultural participation Other leisure time | Satisfaction with leisure time | Percentage of time spent on unpaid domestic chores Time allocated to leisure and personal care Cultural participation |
| 3. The state in which people live in terms of objective outcomes and subjective evaluation of those outcomes | | | |
| Material living conditions | Income Consumption Economic insecurity | | Median household net adjusted disposable income Household consumer expenditure Population at risk of poverty People who report being unable to cope with unexpected financial expenses Poverty gap |
| Housing | Quality Affordability Neighbourhood | Satisfaction with housing Perceived burden of housing costs | Share of households living in overcrowded conditions |

⁶ World Bank, Worldwide Governance Indicators: <https://www.worldbank.org/en/publication/worldwide-governance-indicators>

| Dimension | Subdimensions | Subjective indicators | Objective indicators |
|--|---|--|--|
| | | | Share of households with broadband internet subscription at home Share of household income spent on housing (rent or mortgage) |
| Health | Physical health Mental health | Share of the population reporting good or very good health Percentage of the population reporting limitations due to health problems Share of the population reporting depression or anxiety | Life expectancy Healthy life expectancy Percentage of people who are overweight or have obesity Percentage of people who suffer from mental problems Neonatal mortality rate Infant mortality rate Maternal mortality ratio Percentage of people who smoke Deaths from suicide, acute alcohol abuse and drug overdose Physical activity |
| Knowledge and skills | Education Skills | School aged children who reported being happy with their life at present Satisfaction with educational opportunities | Participation rate in pre-primary/primary/secondary/tertiary education Population share with secondary/tertiary education Early school leaving rate Skills in reading, mathematics and science Lifelong learning |
| Physical safety | Crime Traffic accidents Natural disasters | Feeling victim of crime Percentage of population that feel safe walking alone around the area they live | Crime rate Homicide rate Sexual violence (girls and boys, by partners, online) |
| Social connections | Social interactions Support Quality Community Trust | Satisfaction with social life Satisfaction with personal relationships Satisfaction with family life Feelings of discrimination Creative and cultural engagement Trust in other people Perceived social cohesion | Contacts with family, friends, neighbours, colleagues Share of people who report having friends or relatives whom they can count on in times of trouble People who do not have someone to ask for non-material help Time spent interacting with friends and family as primary activity Participation in associations Proportion of people who participated in at least one cultural activity Proportion of people who undertake voluntary work |
| 4. Conditions or the circumstances in which people are living | | | |
| Political conditions | | Share of people who feel they have a say in what the government does Trust in institutions Trust in government | Voter turnout |

| Dimension | Subdimensions | Subjective indicators | Objective indicators |
|--------------------------|---|---|---|
| | | Perceived quality of public institutions Corruption Perception Index | |
| Environmental conditions | Pollution Proximity to nature Disruptive natural events | Satisfaction with environmental conditions Percentage of the population experiencing environmental problems Perceived traffic nuisance Percentage of the population experiencing noise pollution | Access to green space Natural and semi-natural vegetated land cover as a percentage of total land area Percentage of total land that has been designated as protected Exposure to air, soil, water pollution Annual mean concentration of particulate matter Carbon dioxide emissions Gross abstractions as a percentage of total renewable resources Municipal waste recycled or composted as a percentage of all treated waste |

Table 4.5. Deprivation indicators

| Dimension | Subdimensions | Subjective indicators | Objective indicators |
|---|--|---|---|
| 1. Subjective well-being | | | |
| Subjective well-being | Satisfaction with life | Low life satisfaction | |
| | Affect | Unhappiness | |
| | Agency | Lack of agency | |
| 2. The things people do in terms of their time use | | | |
| Work | Paid work Unpaid household services | Fear of job loss | Child labour Slavery Long-term involuntary job deprivation Excessive working hours No leisure time |
| Leisure | Cultural participation Other leisure time | Feeling unable to express own cultural identity | Share of employees who usually work more than 50 hours per week |
| 3. The state in which people live in terms of objective outcomes and subjective evaluation of those outcomes | | | |
| Material living conditions | Income Consumption Economic insecurity | Inability to afford basic material needs (clothing, furniture, heating, social activities, etc.) ⁷ | Percentage of population living below the poverty line Malnourishment and hunger |
| Housing | Quality Affordability Neighbourhood | Fear of losing one's home | Homelessness Multiple quality shortcomings (too little space, lack of basic sanitary facilities, leaking roof, etc.) ⁸ Share of households in the bottom 40% of the income distribution spending more than 40% of their disposable income on housing costs |
| Health | Physical health Mental health | High or very high levels of psychological distress | Stunting among children Wasting among children |

⁷ Eurostat, EU statistics on income and living conditions (EU-SILC) methodology - material deprivation by dimension

⁸ OECD Affordable Housing Database, HC2.3 Severe Housing Deprivation.

| Dimension | Subdimensions | Subjective indicators | Objective indicators |
|--|---|--|--|
| | | Incidence of major depressive disorder | Chronic diseases |
| Knowledge and skills | Education Skills | | People not enrolled in school and without basic education Illiteracy Innumeracy |
| Physical safety | Crime Traffic accidents Natural disasters | | Refugees Internally displaced persons (IDPs) Road deaths High incidence of violent crime |
| Social connections | Social interactions Trust | Social isolation Feelings of discrimination Loneliness | Segregation |
| 4. Conditions or the circumstances in which people are living | | | |
| Political conditions | | | |
| Environmental conditions | Pollution Proximity to nature Disruptive natural events | | Hazardous levels of exposure to substances (e.g. pesticides, noise) Having no access to (public) green spaces |

4.4 Creating an indicator set

Section 4.3 provides a general description of recommended core indicators. Users of this guideline have to decide which indicators in their database best match the recommended core indicators in each dimension and subdimension. This section provides recommendations and selection criteria.

4.4.1 Properties of the indicator set

A complex multidimensional phenomenon, such as well-being, requires a carefully composed, balanced set of indicators that properly describes all relevant aspects. A balanced set contains neither too many nor too few indicators for individual (sub)dimensions. The indicators should ideally be a mix of positively and negatively valued indicators and of subjective and objective indicators.

Recommendation: carefully consider the true nature of objective and subjective indicators

When considering an indicator for inclusion in the indicator set, use the definitions of subjective and objective indicators to determine the nature of the indicator. Examine the measurement method to determine how the formal name of the indicator relates to the definitions. What questions were asked to produce a survey-based indicator? Do these question ask for self-reported objective information (e.g. how high is your household income?) or for perceptions, experiences and feelings (e.g. are you satisfied with your household income?). Where the nature of an indicator is uncertain, do not assume based only on its name or on its measurement method that the indicator is either subjective or objective.

Recommendation: Avoid selection bias

The higher purpose of this guideline is to enable users to select the most reliable available indicators that together provide a high-quality theoretically consistent picture of current well-being in a nation or region. International standards and guidelines ensure that this selection is done independent from policy goals and political interests. They provide external authority and guarantee neutrality. Section 4.4.2 explains the criteria that can be applied to select indicators from the available databases.

4.4.2 Inclusion criteria for individual indicators

This guideline provides a general list of recommended core indicators. It is up to national statistical offices and other producers of statistics to select specific indicators for a nation or region. This section describes the requirements for an indicator to be included in the framework, either as a core indicator or as a viable alternative.

Indicators serve a specific purpose. If a recommended core indicator is unavailable in your country or region, the recommendation is to identify a replacement indicator that is conceptually representative of the dimension or subdimension and that meets the quality criteria for inclusion in the indicator set.

Transparent selection criteria help statistical producers select from the available data those indicators that The goal of transparent selection criteria is that they can be used as a clear reference to review and update indicator sets periodically as better data becomes available.

In “Valuing What Counts” (UN 2022) the UN proposed six criteria for the set of core metrics that go “beyond GDP”. The indicators should be:

- comparable across time and countries, well-established and trusted;
- country owned;
- universally applicable;
- able to convey strong and clear messages that are actionable and intuitive;
- scientifically robust and statistically sound; and
- iterative and dynamic, based on what exists, while allowing for the addition of new indicators, as relevant.

[Deepak’s suggestion]

- Relevance – indicators should directly relate to impacting well-being and how could it be utilized in including in the composite index.
- Availability – indicators should have regional/global coverage, use open-source data, have planned regular updates and be easily accessible.
- Measurability – indicator should quantifiable with reliable data sources spatially distributed both at the national and sub-national level.
- Comparability – indicator should be allow for comparison across different countries.
- Actionability - indicator should inform policy and programmatic interventions to address well-being; indicators should be applicable to end user needs.
- Life-cycle – indicator should be spread across the life cycle.

Quality assessment criteria from the OECD Well-being Framework

The Handbook on Measuring quality of Employment. A statistical Framework

Reference values

Most indicators become meaningful and internationally comparable only by normalising them. This may require a reference value. For example, the number of children with a disability must be compared to the total number of children in a population. Some reference values are nation-specific, for example where it concerns poverty, or are laid down in law (e.g. norms and standards). Some reference values are integral to national systems (e.g. education, health care). Differences between countries in some indicators such as participation in education or health outcomes may be caused by institutional differences, such as the structure of the educational systems and the age of compulsory education or the health insurance system.

Box: Selecting indicators on poverty

Example showing the selection of indicators for multiple purposes (following trends over time, compare nations, monitoring policy targets), dealing with conceptual differences between absolute and relative poverty, using poverty standards to produce policy-relevant data (national standards versus international standards e.g. SDGs and European poverty line); precise definition of subjective poverty (Thesia: Recommendation for Inclusion in UNECE Well-being Framework, submitted by the Chair of the UNECE Task Force on Subjective Poverty Measures)

How to deal with policy-relevant lead indicators (national or regional)

4.5 Distribution of current well-being

In addition to focusing on the individual and household perspective the existing frameworks consider it of high importance to measure distributions and identify inequalities in society. Inequalities not only in income and wealth but also in health, education and subjective well-being and other areas inform about gaps among population groups or geographical areas and puts a spotlight on deprived population groups.

Measuring inequalities in income and wealth is one of the issues considered in the ongoing update of the System of National Accounts (SNA) to better reflect societal well-being. The update of the SNA is also addressing other topics that may be of relevance in measuring well-being, such as unpaid household service work, health care, labour, education, and environmental-economic issues.

Also, Stiglitz, Sen and Fitoussi gave several key recommendations on the distribution of well-being:

- *Recommendation 4: Give more prominence to the distribution of income, consumption and wealth:* averages are meaningful, medians provide a better measure of the typical individual or household, for many purposes it is also important to know what is happening at the bottom or the top.
- *Recommendation 7: Quality-of-life indicators in all the dimensions covered should assess inequalities in a comprehensive way:* Inequalities in quality of life should be assessed across people, socio-economic groups, gender and generations, with special attention to inequalities that have arisen more recently, such as those linked to immigration.
- *Recommendation 8: Surveys should be designed to assess the links between various quality-of-life domains for each person, and this information should be used when designing policies in various fields:* “joint distribution” of the most salient features of quality of life across everyone in a country.

In addition to population averages, The OECD Better Life Framework measures inequalities within groups, inequalities between groups, and deprivations. OECD How's Life? 2020 distinguishes three types of inequality in the distribution of current well-being:

- gaps between population groups (horizontal inequalities);
- gaps between those at the top and those at the bottom of the achievement scale in each dimension (vertical inequalities); and
- deprivations (i.e. the share of the population falling below a given threshold of achievement).

The CES Recommendations also recognize distributional indicators. In their presentation of the sustainable development indicators to the dimension of human well-being (“Here and now”) they distinguish them from aggregate indicators. The following distributional measures are adopted in their recommendations: 7. Income inequality, gender pay gap, 15. Distribution-health, 19. Female employment rate, 20. Youth employment rate and 27. Distribution education (see also page 70 of the CES recommendations, Tabel 8.1).

The Beyond GDP framework as proposed in the UN Valuing What Counts report (p. 154) mentions “reduced inequalities and greater solidarity” towards a more equal distribution of well-being as one of the three

outcome elements. The three outcome elements are derived from the Brundtland Report and the SDGs. The other two outcome elements are ‘wellbeing and agency’ to focus on wellbeing now, and ‘respect for life and the planet’ to ensure possibilities for life and wellbeing in the future. All three elements are directed to achieve, as they describe it: greater solidarity, transformation, stronger governance and resilience, technology, innovation, and creativity to ensure wellbeing today, in the future and for everyone, underpinned by active, free and meaningful participation of people.

One more specific kind of inequality measures concentrates on the distribution of *subjective* well-being. These measures concentrate mostly on vertical inequalities but can also be combined (e.g. differences in inequality within certain populations groups). Burger and van Beuningen (2020), argue that in addition to “the relevance of identifying groups that lag behind with respect to their ability to pursue happiness (horizontal inequality), there is an inherent moral appeal to not only maximize well-being, but also equalize it among people” (p. 749). They reviewed sixteen measures and their properties and recommend using the index of ordinal variation (IOV), supplemented if needed with the Atkinson index ($A(\epsilon)$). They show that when applied to a discrete ordinal rating scale, common measures such as the standard deviation and Gini coefficient do not show any advantage over the less restrictive index of ordinal variation (IOV). Important to note is their warning that dispersion contains a subjective element and therefore should not be set in stone. This counts also for the choice of measure and its implications.

When applying and interpreting inequality measures, one should be aware of implicit value judgements, such as “more happiness is better” or the choice to treat all same-sized differences in well-being equally rather than penalizing increases in unhappiness. Therefore, some considerations and questions, should be taken into account while measuring inequality of subjective well-being:

- What is considered to be more preferable; the extreme bimodal distribution, in which the population is divided over two extreme score, or the uniform distribution in which the population is evenly distributed over the scores.
- Is it considered more preferable to have a happy few, an unhappy few or are they both as preferable?
- Do we prefer much extremely high scores compared to average, or more dispersion and less extremely high scores?
- On a 10 points ordinal scale, does it matter what score has the highest prevalence (for example 8 or 10 on a scale from 1 to 10)?
- How large is the gap between low and high scores that is still acceptable?
- Are differences between low scores considered to be less preferable than differences on high scores?

4.6 References

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4.7 Annexes

Annex 4.1: Dimensions and thematic domains in the CES Recommendations on Measuring Sustainable Development

TBD

Annex 4.2: Main areas and thematic domains in the OECD Well-being Framework

TBD

Annex 4.3. Dimensions, topics, and subtopics in Eurostat's Quality of Life framework

| Dimension | Topic | Subtopic |
|---|--|---|
| Material living conditions | Income | |
| | Consumption | Constrained consumption |
| | | Consumption (including non-market consumption and government provided services) |
| Material conditions | Material deprivation | |
| | Housing conditions | |
| Productive or other main activity | Quantity of employment | Employment and unemployment |
| | | Underemployment (quantity) |
| | | Underemployment (quality) |
| | Quality of employment | Income and benefits from employment |
| | | Health and safety at work |
| | | Work/life balance |
| Temporary work | | |
| Assessment of the quality of employment | | |
| Other main activity | | |
| Health | Outcomes | Life expectancy |
| | | Morbidity and health status |
| | Drivers: healthy and unhealthy behaviors | |
| Access to healthcare | | |
| Education | Competences and skills | Educational attainment |
| | | Self-reported skills |
| | | Assessed skills |
| Lifelong learning | | |
| Opportunities for education | | |
| Leisure and social interactions | Leisure | Quantity of leisure |
| | | Quality of leisure |
| | | Access to leisure |
| | Social interactions | Activities with people |
| | | Activities for people |
| | | Supportive relationships |
| Social cohesion | | |
| Economic and physical safety | Economic security and vulnerability | Wealth (assets) |
| | | Debt |
| | | Income insecurity (including job) |
| | Physical and personal security | Crime |
| | | Perception of physical safety |
| Governance and basic rights | Institutions and public services | Trust and/or satisfaction in institutions |
| | | Trust and/or satisfaction in public services |
| | Discrimination and equal opportunities | |

| Dimension | Topic | Subtopic |
|--------------------------------|---|----------|
| | Active citizenship | |
| Natural and living environment | Pollution (including noise) | |
| | Access to green and recreational spaces | |
| | Landscape and built environment | |
| Overall experience of life | Life satisfaction | |
| | Affects | |
| | Meaning and purpose | |

Annex 4.5. Deprivation indicators

Deprivation is a highly relevant issue in the measurement of well-being. It is, however, not straightforward to measure, especially in international comparisons. A distinction can be made between absolute and relative deprivation.⁹

Absolute deprivation is defined as “encompassing a minimal level of need rendering a person able to subsist and to participate actively in society” (Ladin 2014a). It is considered synonymous with absolute poverty, which is defined as the absence of the minimal resources to afford the basic necessities for life, such as food, shelter, clean water, and health care. Relative deprivation describes “the adverse effects of social inequality on physical and mental health, well-being, longevity, and disability” (Ladin 2014b).

Relative deprivation can be considered synonymous with social exclusion in the sense that people are unable to attain the same levels of well-being as other people who belong to their social group or who live around them (Duclos & Grégoire 2002, Chen 2015). “Individuals, families and groups in the population can be said to be in poverty when they lack the resources to obtain the type of diet, participate in the activities and have the living conditions and amenities which are customary, or are at least widely encouraged or approved, in the societies to which they belong. Their resources are so seriously below those commanded by the average individual or family that they are, in effect, excluded from ordinary living patterns, customs and activities.” (Townsend 1979, p. 31, cited in Duclos & Grégoire 2002)

Deprivation is a multidimensional phenomenon in that it can relate to any and all dimensions of well-being. People may have a lack of opportunity (substantial freedom) and resources in one particular dimension. They may also experience an accumulation of disadvantages in various dimensions (Cuesta & Budría 2014). This is why it is important to include indicators for deprivation in every dimension of current well-being and not only for income poverty.

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⁹ Veenstra (2005) distinguishes the “materialist explanation (focused on absolute deprivation and objective status hierarchies), and the psychosocial explanation (focused on perceptions of relative comparison)”.

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