

Sustainable and Inclusive Wellbeing, The Road Forward

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Climate crisis and the destruction of the biosphere, the Covid pandemic, financial crisis, persisting poverty, social exclusion and increasing inequality and societal polarisation all clearly demonstrate the limits of policies building predominantly on GDP as the most important yardstick of a country's economic performance and overall progress. **In this context, people's 'wellbeing' is gaining political traction as an explicit political objective.** The OECD has recently published a report on the economy of wellbeing¹, and some governments (for example Finland, New Zealand, or Scotland) have already started to develop their frameworks for wellbeing. There is also increased interest at the EU level: recent Council Conclusions² call for a wellbeing economy; the European Green Deal, the 8th Environmental Action Programme, the European Pillar of Social Rights Action Plan, and multiple Strategic Foresight Reports (SFR) all point in that direction.

Wellbeing as an objective is enshrined in the Treaty on European Union³, and there is a wide range of related activities across the Commission, reflecting the political attention given to wellbeing. For example, the UN's Sustainable Development Goals and the European Pillar of Social Rights are now reflected in the European Semester's competitive sustainability framework (addressing fairness and environmental sustainability aspects in social and economic policy coordination).

Despite the growing interest in wellbeing and moving beyond growth, GDP and its growth remain the most important economic indicators that serve as a gauge of the overall state of an economy with policymakers relying heavily on this indicator to form economic policy decisions, from fiscal to monetary policy. Environmental and social aspects are already reflected in many public and private decisions, but they need to be further mainstreamed.

To progressively complement the use of GDP with wellbeing indicators in EU policymaking, the 2023 SFR has announced the launch of Commission work on developing Sustainable and Inclusive wellbeing metrics. It follows **an integrated approach, which builds on the work done so far and brings together different strands of work for the first time, while also reflecting the evolution of wellbeing.**

The availability of complementary, especially augmented-GDP type metrics would help to demonstrate the progress of wellbeing inside and outside the EU, highlighting in particular the contributions of environmental, health, or social policies to people's wellbeing beyond the traditional economic perspective. Such metrics would also facilitate the communication of political challenges and the options to address them in a people- and planet-centred manner, while ensuring that economic growth does not destroy its very foundations. Finally, beyond-GDP metrics would be instrumental to **compare the capacity of the Union to deliver sustainable and inclusive wellbeing, vis-à-vis other geopolitical actors.**

¹ See its [executive summary](#) for the Council of the EU.

² [Council conclusions on the Economy of Wellbeing \(2019/C 400/09\)](#)

³ Article 3(1) TEU says: "The Union's aim is to promote peace, its values and the well-being of its people".

The road to the 2023 Strategic Foresight Report

Commission services and the European Environment Agency reflected internally on an integrated approach to wellbeing and its measurement. This exploration resulted in the following outcomes, which gave the basis for the announcement in the 2023 SFR:

- An agreement on a **basic approach towards going beyond GDP**, by assessing ‘the wellbeing of all people of current and future generations, and of the planet’, labelled as ‘Sustainable and Inclusive Wellbeing’ (SIWB).
- An agreement on the development of a **prototype multidimensional SIWB framework and indicator dashboard**, which would **guide the development of experimental augmented-GDP type metrics** within the scope of complementing official statistics without modifying the EU system of national accounts.
- A selection of the most salient monitoring tools (from the Commission and beyond) and their **first mapping** into the mentioned SIWB framework, in order to assess synergies, overlaps and gaps.
- A potential set of **additional medium-term activities**, guided by the SIWB framework, for the Commission services, e.g., model-based indicators, integrated assessment models for policymaking and projections, and methodologies to obtain more timely indicators for social and environmental aspects.

Next steps

The two main work strands are to develop beyond-GDP metrics to complement GDP, and to construct a pilot indicator dashboard for SIWB.

The development of experimental augmented-GDP type metrics, based on the dimensions identified via the SIWB framework, would enable a comprehensive view and a recognition of the various linkages. One approach is to assign monetary values to relevant factors of wellbeing and use these values to augment GDP. These can include different aspects of quality of life (e.g., health, education, and recreation), unpaid care and domestic work, inequalities, costs of environmental damage (e.g., pollution and GHG emissions), or natural resource exhaustion. A specific pilot example (using life expectancy as a proxy for the health dimension) has been developed⁴.

The dashboard work strand develops the monitoring framework further, by populating it with existing indicators, identifying gaps, and working towards headline indicators and composite indices. The first step is to develop a **consensus-based medium-sized dashboard of around 120 indicators**. It would be a tractable-size but balanced and comprehensive list of indicators for SIWB, containing the most important aspects of a country’s progress. It would also pave the way for the selection of indicators (including summary measures using composites and other statistical techniques) for a **small headline dashboard, of around 20 indicators**. This two two-tiered approach is somewhat parallel with the proposal of the UN Network of Economic Statisticians⁵, planning to develop a System of Population

⁴ See pp. 10-13 of the 2023 Strategic Foresight Report, and Benczur, P., Kvedaras, V. and Preziosi, N.M.C. (2023), Health-adjusted income: complementing GDP to reflect the valuation of life expectancy, doi:10.2760/91140, JRC134152.

⁵ <https://unstats.un.org/unsd/statcom/groups/NetEconStat/>, Beyond GDP Sprints 2022-23, and [proposed next steps](#).

and Social Accounts/Statistics and a specific Framework for Inclusive and Sustainable Wellbeing small indicator set.

The work will be complementary to the ongoing **revision of the system of national accounts and the system of environmental economic accounting**. It also builds on, complements and joins forces with existing work in the EU (such as the European Semester and multiple wellbeing-related Horizon Europe consortia⁶) and globally (such as the SDGs, the UN's work on Our Common Agenda and the Summit for the Future⁷, and the UN Network of Economic Statisticians). This would be a dynamic process into which new elements are progressively introduced, over a medium-term time horizon.

⁶ [WISE Horizons](#), [SPES](#), [ToBe](#), [REAL](#), and [WISER](#). A coordination and support action project [MERGE](#) also kicked off in February 2024, with the JRC as an associated partner.

⁷ <https://www.un.org/en/content/common-agenda-report/> and <https://www.un.org/en/summit-of-the-future>