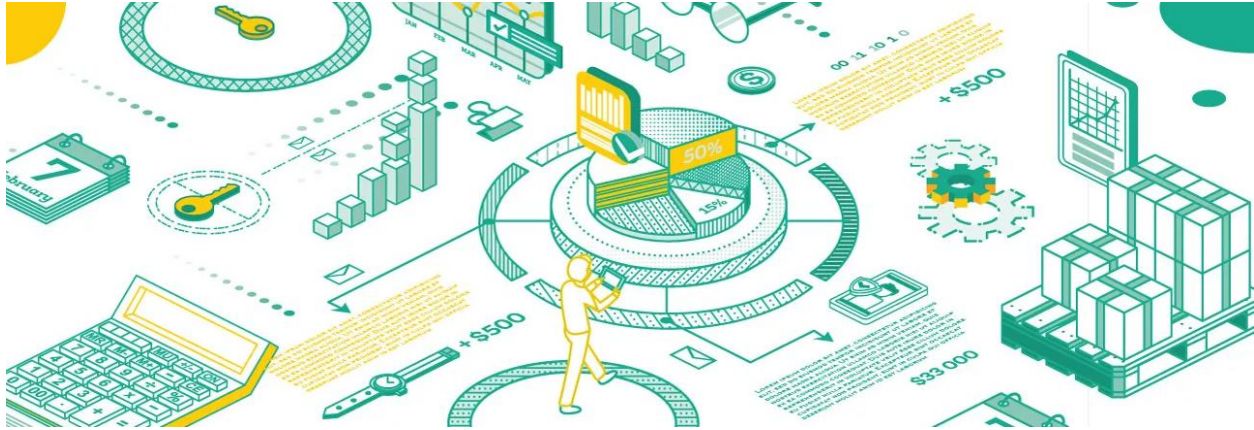




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DEVELOPMENT matters



The Time Has Come for Multi-dimensional Development Metrics – India’s G20 Presidency

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GDP has long served as the key indicator of a country’s development, but is this the only factor that matters in citizens’ lives? Does more money categorically result in better lives? The India G20 presidency is looking for other metrics to complement these measures.

Utility theory has traditionally connected *more income* with *higher well-being*, but recent studies reveal that higher income levels (while linked with improvements in standard of living such as enhanced consumption levels, food, shelter, clothing, and healthcare) can also have detrimental effects on citizens’ lives. Environmental degradation, air pollution, biodiversity loss, social and economic inequality, and increased stress levels are just some of the negative factors associated with economic growth.

So, what other metrics could we employ to complement GDP as a measure of progress?

In recent years, many international organisations and governments have placed “well-being” metrics at the forefront of their efforts to redefine “progress”. These measurements require us to look not only at the functioning of the economic system but also at the diverse experiences and living conditions of people, including environmental and ecological considerations.

Some examples of these new systems can be seen in the evolution of the **UNDP’s Human Development Index (HDI)** and the new **Multidimensional Vulnerability Index (MVI)**, which capture gender disparities, inequalities in access to health, education and shelter, poverty.

The World Happiness Report, developed by the **Sustainable Development Solutions Network**, reports on how people evaluate their own lives, while **the OECD’s** ‘Framework for Measuring Well-Being and Progress’ has launched the **Better Life Index**. This framework includes dimensions such as: income and wealth, work and job quality, housing, health, knowledge and skills, environment quality, subjective well-being, safety, work-life balance, social connections, and civic engagement.

Emerging G20 Focus on Multidimensional Development

Lately, a number of the G20 countries (such as **Canada, France, Germany, Italy, Japan, Korea, Mexico** and the UK) have been designing their own well-being indicators to meet their countries’ specific needs and criteria. The United Kingdom Office for National Statistics, for example, has developed ‘**Measures of National Well-being Dashboard**’ aimed at monitoring ‘how [they] are doing’ as individuals, communities, and as a nation – along with future sustainability. The indicators include but are not limited to life satisfaction, feelings that life is worthwhile, happiness, anxiety, mental well-being, unhappy relationships, loneliness, life expectancy, disability, health satisfaction, unemployment rate, job satisfaction, crime rate, access to natural environments, low income, and household wealth. There are similar initiatives in other countries such as **Sweden, New Zealand** and **Bhutan**.

From education, health, food security and nutrition, human resource development, employment, women’s empowerment – to digital infrastructure and financial inclusion, the G20 pursues initiatives that positively influence policy making and people’s quality of life.

Today, in the wake of the Covid-19 pandemic and the inequalities it exacerbated, **the India G20 presidency** is placing special emphasis on promoting sustainable lifestyles, values, well-being, and accelerating the SDGs. We see *now* as an opportune moment to review, compare, and assess the existing work in the domain of well-being metrics and to identify gaps that need to be filled for country-specific cases.

What does the G20 need?

For G20 well-being metrics to be trackable, sustainable, and used for policy making, headline indicators and methodological approaches must be both agreed upon and comparable across all G20 countries (inclusive of both developing and developed countries).

To ensure accurate and timely reporting for informing policy, allocating resources, and budgetary planning, we will also need to invest in the creation of tracking dashboards and technical skills' acquisition. Particular attention should be given to how developed economies can best support the development of infrastructure and data handling skills in emerging and least developed countries (LDCs).

Now is the time to take initiatives for G20 well-being metrics

If societies are to realise their full development potential, there is a strong need for large-scale investments in basic education, training, health, and gender equality (as highlighted by the UN's resolution on human resources for development for the 21st Century). Creating well-being frameworks to better address problems associated with today's social-economic challenges is therefore essential.

While income-based classification of countries and international comparisons (found in reports of most UN, WBG and other IOs) have their place, now is the time to supplement them with multi-dimensional metrics better suited to measure well-being.

The G20 Forum can be a place to share experiences of countries already using multidimensional development measures and discover how moving 'beyond GDP' has enabled them to formulate policies that lead to better social and human capital, reduce inequality, and improve climate and ecosystems.

Let this be the beginning of a shift towards new development paradigm that is more inclusive, sustainable, and resilient.

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