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**Review of the implementation of the 2030 Agenda for
Sustainable Development in Asia and the Pacific:
statistics****From gross domestic product to well-being and
sustainability: means and measures****Note by the secretariat***Summary*

In light of the Secretary-General's call for new measures that complement gross domestic product (GDP), which he issued in his 2021 report entitled "Our Common Agenda", the present document serves to inform the Economic and Social Commission for Asia and the Pacific of initiatives to better account for changes in well-being and sustainability. The document contains a description of selected national and international efforts to develop measures beyond GDP and provides a set of recommendations for Governments to consider in their ongoing efforts to strengthen their national statistical systems to move beyond GDP.

Members and associate members of the Commission may wish to share their plans and experiences with moving beyond GDP.

The Commission may wish to consider the policy recommendations contained in the document and provide guidance on the future work of the secretariat.

I. Introduction

1. In his 2021 report entitled "Our Common Agenda", the Secretary-General noted a glaring blind spot in how economic prosperity and progress are measured and called for new measures that would complement gross domestic product (GDP). Measuring GDP provides important information on economic activity and is widely used by policymakers to inform decisions ranging from investment choices to interest rate setting and stimulus planning. While GDP has become widely used for assessing economic output within and among countries, the limitations of GDP have become increasingly apparent over the past several decades. The fact that GDP has its basis in the System of National Accounts provides a consistent approach for tracking economic activity and income flows; however, GDP leaves many things out and does not reflect broader notions of sustainability and well-being.

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2. Depletion of natural resources is one example of considerations that are left out of GDP. Harvesting a forest results in timber products that increase income and therefore GDP; however, this harvesting results in both a decrease in the standing stock of the forest and a loss of habitat that supports biodiversity and other non-timber benefits. These losses can result in fewer timber and non-timber benefits for future generations, thereby causing challenges for sustainability. A broader measure that accounts for this change in stock and habitat would provide more information than GDP does and would support better-informed management of environmental and economic resources that reflects well-being and sustainability concerns. Similarly, while hours worked may lead to higher economic activity (and GDP), the consequences of those hours on individual and family well-being are not tracked in GDP or its related measures.

3. Distributional concerns are another area where GDP falls short. While GDP effectively describes national economic flows, it does not address how those flows are distributed as income across society. High average rates of GDP growth and economic output do not necessarily mean that everyone is benefiting equally from that GDP growth. Identifying those populations that are not sharing in the income flows can assist in the design of policies that decrease income inequality within countries. By decreasing income inequality, Governments may be able to address vulnerabilities and to progress broader well-being and sustainability objectives.

4. The purpose of the present document is to inform Governments in the region of initiatives taken to move statistics and statistical systems beyond GDP, with a view to supporting the development and use of national well-being and sustainability indicators that are more holistic than current GDP measures. The document concludes with a set of recommendations that Governments may wish to consider in their ongoing efforts to strengthen their national statistical systems and move beyond GDP.

II. International efforts to move beyond gross domestic product

5. There have been multiple international efforts to develop broader measures of progress. Several of these efforts are briefly summarized in the present section. The list of measures summarized is not intended to be exhaustive but rather to highlight the efforts, and their characteristics, that have been used to generate indicators to address sustainability and well-being. Some measures are specifically drawn from an accounting perspective, as is GDP, while others offer indicators that are developed from environmental or social/demographic statistics. There are many other approaches that have been piloted or prototyped but have not been widely adopted or regularly produced. Indeed, many of the measures below are not yet regularly incorporated into national statistical systems or mainstreamed into policy decisions. This challenge will be taken up in section IV of the present document.

A. Sustainable Development Goals

6. The 17 Sustainable Development Goals aim to cover a broad range of indicators that capture social, economic and environmental concerns that go beyond GDP. Introduced in the 2030 Agenda for Sustainable Development in 2015, the Sustainable Development Goals are the follow-on to the Millennium Development Goals.

7. Multiple Sustainable Development Goal targets incorporate the broader concerns associated with sustainability and well-being, such as ending hunger, ensuring fair and safe employment and protecting natural ecosystems on land and below water. Progress on the Goals has been mixed, varying by Goal and region. According to the *Asia and the Pacific SDG Progress Report 2021*, for example, the region will not achieve any of the Sustainable Development Goals by 2030 without significant acceleration.¹

B. Aichi Biodiversity Targets and the post-2020 global biodiversity framework

8. Biodiversity losses have been a key national and international concern, given the impacts of economic development on habitats and the climate-related pressures on species and their habitats. The Aichi Biodiversity Targets are a set of 20 targets developed to demonstrate progress by 2020. Several included specific quantitative environmental objectives for achievement (e.g. halving the rate of loss of natural habitats). Unfortunately, on most of the targets, little to no progress was made, and on several, trends headed in the wrong direction.

9. The follow-up to the Aichi Targets, the post-2020 global biodiversity framework, is currently in draft form² and will be finalized during the second part of the fifteenth Conference of the Parties to the Convention on Biological Diversity. The draft includes milestones to be attained by 2030, such as an objective concerning the area, connectivity and integrity of natural systems, and an objective to halve or reverse the extinction rate, that aim to assess the broader environmental sustainability impacts that may be associated with economic development.

C. Environmental-economic accounting

10. Environmental-economic accounting aims to develop consistent accounting tables that link economic statistics and indicators from the System of National Accounts (the foundation for GDP calculations) with environmental information on the status and trends of individual environmental assets and ecosystems. Two standards currently exist within the System of Environmental-Economic Accounting (SEEA): the SEEA Central Framework, with a focus on individual environmental assets (e.g. land, minerals, carbon, energy and water), and SEEA Ecosystem Accounting, with a focus on spatial ecosystem assets (e.g. coral reefs, mangrove forests and rainforests) and their associated ecosystem services and benefits.³

11. The SEEA Central Framework and SEEA Ecosystem Accounting complement each other and form the basis for understanding both trends in the stocks of individual/ecosystem assets and changes in flows from the environment to the economy during the selected accounting period.

D. Environmentally adjusted net production approaches

12. Net domestic product and net national product are measures of economic production that account for the depreciation of the physical assets supporting that production. For example, with regard to the production of cars, net production measures would consider not only the flow of cars but also the depreciation of the factories and other equipment that support the production

¹ United Nations publication, 2021.

² CBD/WG2020/3/3.

³ Additional information is available at <https://seea.un.org/>.

of cars (and the contribution of cars to GDP). By contrast, in an environmentally adjusted net production approach, natural capital is considered a potentially depreciating (or appreciating) stock, and the analysis is thus extended to incorporate impacts on natural resources (e.g. extraction, pollution and restoration). In this way, a measure of environmentally adjusted net production can better reflect sustainability concerns than the typical GDP (or gross national product) measure.

13. The Genuine Progress Indicator is one example of incorporating environmental degradation concerns into measures of economic production. Largely produced by a few states within the United States of America (chiefly Maryland), the Genuine Progress Indicator serves to adjust for income distribution and changes in social and natural capital when measuring economic activity.

E. Green growth indicators

14. Multiple international and national efforts have been built around the idea of green growth. While specific definitions and frameworks for green growth vary, the overarching goal of these efforts is generally to encourage economic development that better considers environmental (and often social and governance) considerations.

15. Numerous green growth indicator frameworks have been developed over time by international, national, academic and non-governmental organizations, including the green growth indicators framework of the Organisation for Economic Co-operation and Development (OECD).⁴ Many of the other frameworks and indicators discussed in the present section would align with the general objectives of a green-focused economic development approach.

F. Human development index

16. The human development index developed in the 1990s was an effort to better understand the human elements associated with economic development and to move beyond the usual GDP focus on economic activity as a contributor to economic development. The index aggregates indicators (e.g. life expectancy at birth, expected years of schooling, mean years of schooling and gross national income per capita at purchasing power parity) across three dimensions (namely long and healthy life, knowledge, and a decent standard of living) to arrive at a composite index that is used to compare countries.

17. An inequality-adjusted human development index has also been developed. Its aim is to adjust the human development index for inequalities in education, health and income. Inequality, if present, leads to decreases in the human development index score. The human development index score is one of the six indicators explored in the most recent *Human Development Report* of the United Nations Development Programme (UNDP) to measure human development in the Anthropocene.⁵

⁴ Additional information is available at www.oecd.org/greengrowth/green-growth-indicators/.

⁵ UNDP, *Human Development Report 2020: The Next Frontier – Human Development and the Anthropocene* (United Nations publication, 2020). Additional information is available at <http://hdr.undp.org/en/dashboard-human-development-anthropocene>.

G. Inclusive Wealth Index

18. The Inclusive Wealth Index is aimed at taking a broader view than that afforded by GDP, by focusing on multiple capital stocks – physical, natural and human. In this way, the Inclusive Wealth Index is intended to move beyond the income-focused approach of GDP in assessing national wealth.

19. Inclusive wealth is reported as a component of the *Inclusive Wealth Report*, developed by the United Nations Environment Programme (UNEP).⁶ According to the *Report*, which serves to highlight the disconnect between Inclusive Wealth Index measures and GDP, nearly a third of countries (44 of 140 analysed) experienced a fall in inclusive wealth, even though all but a handful of them experienced an increase in GDP over the same time period.

H. Better Life Index

20. The OECD Better Life Index compares countries (mainly OECD members) on the basis of a set of indicators within 11 topic categories. These categories are housing, income, jobs, community, education, environment, civic engagement, health, life satisfaction, safety and work-life balance. The most recent related report was published in 2020.⁷

21. Indicators within the categories include air pollution and water quality, voter turnout, labour market insecurity and housing expenditure. The Better Life Index interface also allows users to create their own version of country comparisons by assigning priorities across the 11 topic categories.

III. National efforts to move beyond gross domestic product in the Asia-Pacific region

22. Various national initiatives have also been supported with the goal of developing a fuller understanding of well-being and sustainability. Several national efforts from within the Asia-Pacific region are described in the present section. There may be additional efforts under consideration or exploration that can be compiled in the context of subsequent meetings and dialogue.

23. The Government of Australia, through its Bureau of Statistics, developed the Measures of Australia's Progress programme to report on progress in four categories (society, economy, environment and governance). Indicators in the four areas included respectively, close relationships, jobs, healthy natural environments and participation. The most recent programme dashboard⁸ was published in 2014, with data from 2013, before discontinuation of the programme. A subsequent report on the country's regions, using the same categories with additional indicators, was published in 2017.⁹ Separately, a non-governmental group advised by the Australian Bureau of Statistics has been developing the Australian National Development Index, the aim of which is to compile data from 12 domains, namely subjective well-being and life

⁶ UNEP, *Inclusive Wealth Report 2018* (Nairobi, 2018).

⁷ OECD, *How's Life? 2020: Measuring Well-being* (Paris, 2020). The Better Life Index is available at www.oecdbetterlifeindex.org/#/11111511111 (accessed on 28 February 2022).

⁸ Australia, Bureau of Statistics, "Measures of Australia's Progress, 2013", Measures of Australia's Progress Dashboard, No. 1370.0. Available at www.abs.gov.au/AUSSTATS/abs@.nsf/mf/1370.0 (accessed on 28 February 2022).

⁹ Australia, Department of Infrastructure and Regional Development, *Yearbook 2017: Progress in Australian Regions* (Canberra, 2017).

satisfaction; child and youth well-being; community and regional life; culture, recreation and leisure; governance and democracy; economic life and prosperity; education, knowledge and creativity; environment and sustainability; justice, fairness and human rights; health; indigenous well-being; and work and work-life balance.¹⁰ The developers of the Index intend to determine its structure and its measures through the continued use of community engagement (i.e. on the basis of what is important to Australians), with the stated goal of using the Index to inform government and community planning and provide a measurement tool for well-being.

24. The Government of Bhutan has been leading efforts to move beyond GDP since the introduction of the concept of gross national happiness in 1972. The gross national happiness approach used in Bhutan compiles information from nine domains, namely living standards, education, health, environment, community vitality, time use, psychological well-being, good governance, and cultural resilience and promotion. The Gross National Happiness Commission reports on 17 key result areas, such as macroeconomic stability, healthy ecosystem, and healthy and caring society. Indicators that inform the progress in the key result areas include annual average real GDP growth, ambient air quality levels, food insufficiency and suicide rate. The baselines, targets and achievements associated with these indicators are reported by the Commission on an annual basis. The most recent available report is from 2020–2021.¹¹ Among the goals of the Commission are to integrate gross national happiness in policy and planning and to support the mainstreaming of the gross national happiness approach.

25. Although national green GDP efforts have not been adopted in China, local pilot initiatives, such as the gross ecosystem product approach, have continued to be explored. In 2021, in Shenzhen, China, authorities announced that they had developed a gross ecosystem product approach, which sums up the economic values of the benefits from ecosystems within the municipality.

26. The Government of India has been exploring the concept of gross domestic knowledge product, developed at the University of Southern California. The gross domestic knowledge product includes four pillars (knowledge items, knowledge-producing matrix, knowledge use matrix and cost of learning). While it has not been adopted by governmental institutions at present, the approach is aimed at providing additional measures beyond GDP to track development and direct investments in India.

27. Statistics New Zealand has compiled 109 well-being indicators divided into 22 topic areas through its Indicators Aotearoa New Zealand programme.¹² Indicators include air quality, fish stocks, child poverty, life satisfaction and work satisfaction. In addition, the Treasury has recently implemented the Living Standards Framework, which has three levels: (a) individual and collective well-being; (b) institutions and governance; and (c) wealth of Aotearoa New Zealand. Each level has multiple domains that are informed by a set of indicators. A dashboard¹³ has been developed to report results and the publication of the first well-being report is planned for 2022. The indicators

¹⁰ Additional information is available at www.andi.org.au/.

¹¹ Bhutan, Gross National Happiness Commission, *Annual Report 2020–2021* (Thimphu, 2021).

¹² Additional information on indicators is available at <https://statisticsnz.shinyapps.io/wellbeingindicators/>.

¹³ New Zealand, Treasury, Living Standards Framework Dashboard. Available at <https://lsfdashboard.treasury.govt.nz/wellbeing/> (accessed on 28 February 2022).

from the Indicators Aotearoa New Zealand programme are used to support reporting on the Living Standards Framework and the Sustainable Development Goals.

IV. Recommendations for strengthening statistical systems to move beyond gross domestic product

28. As noted above, multiple initiatives related to the measurement of progress beyond GDP are under way. A wide range of indicators are proposed to that end and, as noted, the list above is not exhaustive. Governments therefore cannot and likely should not attempt to calculate all potential indicators for measuring progress beyond GDP. Instead, they will need to prioritize the indicators that are of greatest relevance to their national decisions and policies. Doing so requires a whole-of-government effort, with the national statistical system working closely with other government agencies and national stakeholders in setting priorities, securing funding for the compilation of prioritized indicators, and completing the compilation and validation of data and statistics that support the indicators. Government agencies will therefore need to develop mechanisms for data access, management and sharing; determine staffing requirements that support reporting on the agreed indicators; and set an agreed-upon schedule for the production of the prioritized indicators.

29. Apart from supporting the process of developing and implementing these complementary indicators, Governments will need to work to establish communication efforts that raise the prominence of the indicators. Public and private national stakeholders take note of the publication of GDP figures that are regularly reported by governments and, subsequently, by media. Accordingly, GDP has a relevance that existing efforts to go beyond GDP, such as the Sustainable Development Goals, have yet to obtain. As noted previously, while many initiatives and measures to go beyond GDP have been piloted or proposed, few have received the attention afforded GDP. Regular communication from Governments on complementary measures to GDP will be necessary to generate a similar level of public awareness and appreciation of the relevance of these measures. Initial efforts to advance measures of progress beyond GDP cannot change public perceptions of relevant indicators immediately, but incremental incorporation of these complementary measures into regular national reporting will familiarize the public with them. It is worth noting that GDP has the advantage of being a single number; it will be important to consider how best to communicate, without overwhelming the public, the multiple complementary measures that are now needed.

30. Communicating the indicators is, of course, not sufficient to make them relevant. As part of the development of a programme of measures that go beyond GDP, Governments will need to regularize the use of such measures in the decision-making process, from budget allocations to development decisions. The relevance of GDP can be attributed to the fact that its movement and trends send a signal that may prompt specific actions by governments and businesses. Governments anticipate action by businesses in response to GDP and businesses simultaneously expect governments to react in a certain way when GDP estimates are released. National prioritization of broader measures of progress is a key action in making the measures relevant. It is important to focus on those measures most likely to be used by national Governments in their decisions, as these are the measures most likely to create a demand for regular reporting and publication. Identification of gaps in information and understanding, where broader measures of progress would better support well-being and sustainability, can be useful in prioritizing the development of

specific measures. Experience sharing among countries that have been early pioneers of beyond-GDP efforts will be important to demonstrate potential strategies to encourage policy uptake of broader measures of progress.

31. In moving beyond GDP, national statistical offices and those authorities who have been responsible for developing national accounts will need to reach beyond their individual offices to involve other offices and ministries engaged in the collection of relevant information (e.g. environmental ministries that have data on ecosystems). Frameworks for collaboration will need to be developed, including delineated responsibilities and mechanisms for sharing data among institutions. There will also be a need for national statistical systems to continually evaluate whether the data collected by the various relevant ministries (e.g. environmental, labour and finance ministries) are responsive to evolving national expectations and demands for measures that advance beyond GDP.

32. In addition to the significant investment needed at an institutional level, there will be a need for directed investments at the individual level. Statistical systems may need to recruit and train individuals with distinct backgrounds from those who are currently engaged in the compilation of GDP. While it is not necessary that statistical agencies be staffed with environmental and social scientists and that environment ministries be staffed with statisticians, there will be a need for trained individuals who understand how to combine economic, social and environmental data and, in all likelihood, a need for individuals who understand and work with spatial data sets. These investments will take time and go hand in hand with the institutional relationship-building mentioned above; an overarching structure for collaboration will need to be in place, supported by individuals capable of working on cross-disciplinary data and statistics.

33. It will be critical to develop reasonable timelines for the implementation of measures that go beyond GDP. Many national statistical systems already face significant capacity constraints in producing national economic accounts and ensuring consistency with the System of National Accounts. A structured and incremental approach to the regular production of measures that go beyond GDP will be essential to avoid disillusionment and frustration among national institutions.

34. Multilateral institutions retain an important role in facilitating the government efforts described above. Consistent and ongoing support will be needed for those countries where capacity constraints already limit day-to-day account compilation activities. Given the many decades of technical experience that have accumulated in both the methodological development and the on-the-ground implementation of the System of National Accounts and GDP, it is clear that the development and consistent production of new measures that go beyond GDP will require substantial investment, knowledge-sharing and international collaboration. Beyond developing consistent standards for measures that better capture well-being and sustainability progress, multilateral institutions have a role in both funding and providing the technical capacity support needed to advance national efforts in moving beyond GDP.

V. Issues for consideration by the Commission

35. Under the broad umbrella of moving beyond GDP, there are multiple international and national initiatives under way to determine how better measures of well-being and sustainability might be developed. Additional conversations involving national stakeholders will be critical in identifying a strategy for moving policy decisions beyond a focus on GDP growth. Such a strategy will necessarily include the prioritization of the broader measures of progress that are most relevant to policymaking and the development of a means of communicating the importance of these complementary measures to national audiences. Many initiatives already suggest ways to move beyond GDP, and the continued sharing of experiences in implementing these initiatives will support the broader international effort to design statistical systems that provide more comprehensive measures of progress.

36. Members and associate members of the Economic and Social Commission for Asia and the Pacific may wish to share their plans and experiences with moving beyond GDP.

37. The Commission may wish to review the present document; consider the recommendations therein for strengthening statistical systems to move beyond GDP; and provide guidance on how the secretariat can support member States in individual and collective initiatives to develop and use broader measures of well-being and sustainability that go beyond GDP.
