

Pier Carlo Padoan's Presentation at Beyond GDP Conference Brussels – 19-20 November 2007

Ladies and Gentlemen,

It is a great pleasure to be at this important event.

The OECD is well known worldwide for the quality of its statistics and has, since its inception, worked to provide the figures needed to explain and understand our social economic processes and improve our public policies. We have a wealth of expertise based on the experiences of our 30 members and nearly 70 other countries. We are also a well recognized source of publications and information delivery.

Based on this statistical supply and know-how, measuring whether and how life is getting better is one of the most important roles this Organisation can take on. And to do this properly we need to look beyond GDP. As Angel Gurría, the OECD's Secretary General said this year "We have to move towards measuring welfare not just output" .

Some call it wellbeing, and some the wealth of nations. We call it progress of societies. But whatever words you use, many now agree that it is time to call for a global effort to find measurements that go beyond GDP.

"Progress" is a complex concept, because it means different things to different people, depending on their cultural background, history and personal beliefs; but also depending on the health of society, the environment and the economy. But if we agree that progress encompasses many elements, we therefore also have to agree that its measurement cannot be reduced to "growth in GDP per capita". And this is true both for developed countries, as well as for emerging countries, who do not want to simply follow the development path followed in the past by OECD countries.

But developing measures of progress is not a purely statistical/technical exercise: it touches on two very sensitive areas for all societies: governmental accountability and social participation. Measuring progress with reliable information is a key ingredient of the democratic process. On the one hand, it makes governments more accountable and trustworthy, and on the other, it encourages people to participate more actively in the definition of policy goals.

We are already witnessing an explosion of initiatives to measure progress around the world. Statisticians, policy makers and civil society are discussing what progress really means and how it can be measured. The second OECD World Forum held in Istanbul in June and the preparatory meetings organized in all continents made clear that there is a "world movement" engaged in this effort. But the magnitude and implications of this movement have not been fully recognised. What is remarkable that it is happening across the world and it isn't just being led by the public sector. Civil society is increasingly taking a lead in several countries.

Why are all these people and institutions spending so much time and resources on this? Why has this captured the general interest? Have societies seen this as a way to tackle a common challenge? The OECD recognizes the importance of this work on several fronts.

One of the main ingredients of a successful democracy is access to quality information. Reliable facts and figures help governments improve their policies by comparing them and measuring their impact. When societies can trust social and economic indicators, they can better assess a government's performance and put forward better proposals. In turn, governments can enjoy stronger consensus for their policies.

Globalisation has made our national realities more complex, as well as more sensitive to external actors and factors. The Information Age has made our daily lives more dynamic, more plural and more complicated. The amount of available information makes it much more difficult to understand public affairs and develop a participative democratic culture. We must provide our societies with new, clear and reliable tools to form their opinions, to make their assessment of the effectiveness of their democracies in fostering social progress.

In many countries, we see distrust in public figures, in political parties, political communication and, ultimately elections. This scepticism affects the whole democratic process because it undermines accountability.

So, to reiterate the point, the OECD believes better information is an essential support to democratic governance.

So, yes, the OECD thinks it is time to move Beyond GDP to provide better and more useful information. And that is why we have launched a Global Project on “Measuring the Progress of Societies” and I would like to tell you about our work.

In June 2007, three years after our first World Forum on “Statistics, Knowledge and Policy” held in Italy, the OECD, in collaboration with the United Nations, the World Bank, the European Commission and the Organisation of the Islamic Conference, organized the second World Forum in Istanbul on “Measuring and Fostering the Progress of Societies”. Some 1200 people, from over 130 countries attended. Presidents and ministers rubbed shoulders with the leaders of civil society. Captains of industry met the heads of charitable foundations and leading academics.

They shared a common interest in wanting to develop better measures of how the world is progressing. They shared the view that the world needs leadership in this area and that the OECD’s Global Project on Measuring the Progress of Societies can provide it.

The conference led to the Istanbul Declaration which the OECD, the European Commission and our other partners signed. It calls for action to identify what “progress” means in the 21st century and to stimulate international debate, based on solid statistical data and indicators, on both global issues of societal progress and how societies compare. The World Forum gave the OECD a clear mandate to begin a Global Project in collaboration with others. Our aims are many but in short we will follow three main streams of work:

First, we will **advocate** globally to encourage societies to develop their own measures of progress;

Second, we will **assist** those who want to measure progress by sharing and developing best practice and providing support (recognizing that different societies have different views about what progress means);

And third we will **achieve** results by promoting the use of these measures: by working with the media and the ICT industry. We want to produce a set of statistics that are trusted, understood and used by as many people as possible.

What steps are we taking?

I believe that we should encourage each nation or region to design its own sets of progress measures, taking into account good practices developed around the world. We do not believe in the idea of replacing GDP with another single indicator. We have to take into accounts the

complexity of our societies. Therefore we think that the development of a set of “key” indicators, is the most promising avenue.

At the same time we should work to achieve the highest degree of comparability of indicators between societies through internationally agreed statistical standards. Of course, this is not easy, but the balance needs to be struck. New initiatives are being launched and we are working with countries and experts to advise and assist their work. We will promote research on some of the new and complex areas that are clearly relevant for progress, like social cohesion, subjective well-being, good governance and others.

Early next year we will publish a handbook on Measuring Progress in Practice. It will bring together the world’s best practices and provide a tool-kit for those wishing to embark on a project. A training course to accompany the book will be developed.

We also need to be more effective in bringing indicators to the public. We are starting projects with leading ICT companies to develop the tools that will engage citizens. Indicators of progress can tell some fascinating stories; they increase accountability; build knowledge, change behaviour and underpin democratic governance. To achieve this they need to be known and, above all understood.

And we are working with others to build a website – using the interactive philosophy of Web 2.0 - that will allow people to undertake and share their own analyses of progress with the rest of the world. A “Wikipedia” for progress, where people interested in knowing whether their country, region, city is progressing or not can find appropriate data and metadata and interact with figures.

We are fostering the creation of regional groups so that those working on this issue can interact with others in their region: groups in Latin America, Africa, Middle East are being created, as well as for OECD member countries. Such exchanges will not only enrich the knowledge of the respective region but will also flow – via the global project – to benefit the whole world. Inclusiveness is the name of the game.

We have already established a group for Africa, where the African Development Bank and other agencies will run a biennial forum on the Progress of Africa. The Inter American Development Bank have agreed to run a group for Latin America. And the United Nations will take the lead in running a group for the Arab Region. While the OECD will run a group for the OECD members. Other groups will follow and we hope that a similar initiative for Europe will be taken after this conference.

Let me reiterate that we are not trying to enforce one single view of progress. We should celebrate the differences in history and culture that give rise to our different notions of progress. But after listening to the debate here and hearing about the discussions at Istanbul, I am struck by the overwhelming similarity in what we all consider as progress, from Bhutan to the United States, from Nigeria to New Zealand. Indeed this process could turn out to be an invaluable point of reference in the run up to 2015, when the existing set of Millennium Development Goals will be reviewed.

Ladies and Gentlemen,

If we want to improve the quality of public debate, the contribution of civil society to public policy, the transparency of governments and therefore the level of trust in democracy, we need to provide credible points of reference and reliable solid data. A set of progress indicators, supported by the joint expertise of international organisations, can provide this new reference.

In the 19th century, our societies established a new institution - the national central bank - to better manage our economies and help protect society from crises. In the 20th century, we introduced antitrust and audit institutions to improve the efficiency of markets and protect consumers and investors. In the 21st century, it is time to build new schemes and institutions to empower our citizens to assess the quality of their governments and policies, but also to measure their own progress in a modern society.

What if we could build, in each and every country, an institution for assessing progress? An institution where different parts of society (government, opposition, trade unions, business associations, NGOs, academia, media, statisticians and others) could discuss what progress means to them and the key indicators to measure it. An institution whose progress indicators are seen as having authority and legitimacy. Would this significantly improve the quality of our political and social debates – the quality of our democracy?

I believe so. As I said before, better indicators of progress alone are not enough. They need to be trusted – to be seen as accurate and impartial. They need to be used and understood and become shared knowledge among citizens. It was Socrates who said “The only good is knowledge and the only evil is ignorance”.

It is vitally important for all our societies to develop a broader understanding of progress so that we can measure it. It is a unique opportunity to improve the ways in which our policies are made and it can breathe new life into democratic processes. These are worthy, ambitious goals but they are achievable, so long as all of you – each and everyone one of you – participate.

So, I am delighted that so many people are here to discuss this exciting, far reaching endeavour to move Beyond GDP and to assess the wellbeing, true wealth and progress of nations. Because by measuring progress we can achieve progress for all.

Thank you.