

United Nations Network of Economic Statisticians

Summary of Sixth Beyond GDP Sprint 2023 Meeting

A Conversation about Composite Measures

21 September 2023, 7:00 am to 9:30 am (New York time) | United Nations, Virtual Meeting

Sprint Six – Composite Indices and Dashboards

Stefan Schweinfest (Director UNSD) provided a welcome and introduction to the session, noting this is probably one of the most focused and technical of the sprints held thus far, but flagged the importance of strong attendance and his pleasure at the continued wide international spread of attendees

Tim Miller (UN DESA) provided a short recap of the previous sprint which covered distributional analysis and was again a well-attended session which provoked strong discussion on the potential synergies and strengths of the four different frameworks: (National Transfer Accounts, Distributional National Accounts, Household Distribution Accounts, and the Human Development Index) to move “Beyond Averages” by looking at distributions across people and differences between groups (age, gender, family status, and place of residence).

The second last meeting discussed the relative benefits and trade-offs between dashboards and composite (single measure) indices

- **Richard Heys (ONS)** spoke on the big questions around composite indices with a focus on the key alternatives for developing objective weighting methods beyond using market prices, including accounting prices, time and wellbeing-years (WELLBYs)
- **Leonard Nakamura (Federal Reserve Bank of Philadelphia)** focused on the key methodological issues around using Time to weight a Wellbeing Index, recognizing time is a more democratic metric as all citizen’s face the same budget constraint (24 hours a day) and allows a way to explain productivity through time savings (a given increase in productivity (traditionally measured in money terms) is translated into a decrease in time costs for an activity) . Leonard then took a deep dive into the topic of working from home and three key implications:
 - commuting time and people’s perception of increases in income per hour ‘devoted to work’ (work plus breaks plus commuting time).
 - The complexity that many people derive wellbeing benefits from their work and the necessity to consider how to reflect this.
 - The resulting ‘loneliness epidemic’ and wider impact on social ‘connectiveness’.
- **Khalid Abu Ismail (ESCWA)** presented the latest progress on the World Development Challenges Report, contextualizing this within two overarching themes: improving GDP and finding complementary measures. Within the

second of these Khalid focused on how to develop this further using two principles: using indicators with intrinsic value and a low correlation with GDP. Khalid flagged how the current development landscape is very different from the early 1990s and existing indices have limitations. He talked through the construction of the Development Challenges Index (DCI), which in terms of composite methods, the DCI is the arithmetic mean of a quality adjusted human index (formed of health, education and income components), an environmental sustainability index (climate change and environmental health components) and a governance index (democratic governance and government effectiveness components) each with equal (La Place) weights of 1/3. It was then shown how these data could be used to draw out narrative on the changing landscape for development challenges across Arab states, as well as the relationship between human development and governance together with the relationship between inequalities and development.

- **Amit Kapoor, Institute for Competitiveness (India)** discussed the geographical challenges of disaggregating the Social Progress Index – a framework which highlights the social, shared, sustainable, and solid attributes of prosperity – across India. The index brings together data on basic human needs, foundations of wellbeing, and opportunity, with 49 indicators being collected at the district level. Amit went on to demonstrate how the index can be used in analyses both at the national and regional levels, with its relationship with both poverty and levels of GDP per capita.
- **Clíodhna Taylor, UK ONS** presented Inclusive Income in the UK, which generates a new composite index by using an economic accounting approach. This builds upon existing national accounting methods, but extends it to include unpaid household work, human capital, and natural capital – and in the process draws on existing work from the System of Economic Environmental Accounting as well as UNECE manuals on household satellite accounts and human capital. The result is measures which can be utilized in the same way as GDP and Net National Disposable Income, but are inclusive of a broader range of human activities and contributors towards economic welfare.
- **William Muhwava, UNECA** discussed how the Multidimensional Measurement of Poverty is constructed in Africa. The presentation covered the pros and cons of different possible data sources, and how the different data sources used in different countries and different studies affect their interpretation. The need to collect more data, particularly around employment was highlighted so that it can be used to calculate economic activities by member countries in high quality and consistent ways. Noting the MPI does not currently use administrative data, William considered in depth the particular advantages (makes possible to analyze at local, state and national level, contains detailed, accurate measures, provides large samples of individuals and time period; and covers individuals who would not normally respond to surveys. In terms of disadvantages, the information collected in administrative records is limited and may not match the research purpose,

any changes in data collection procedures or definitions may prevent comparability over time, serious data quality issues may compromise accuracy, metadata is usually not available, access to administrative (micro) data varies by country, and linking data sources is rarely straightforward.