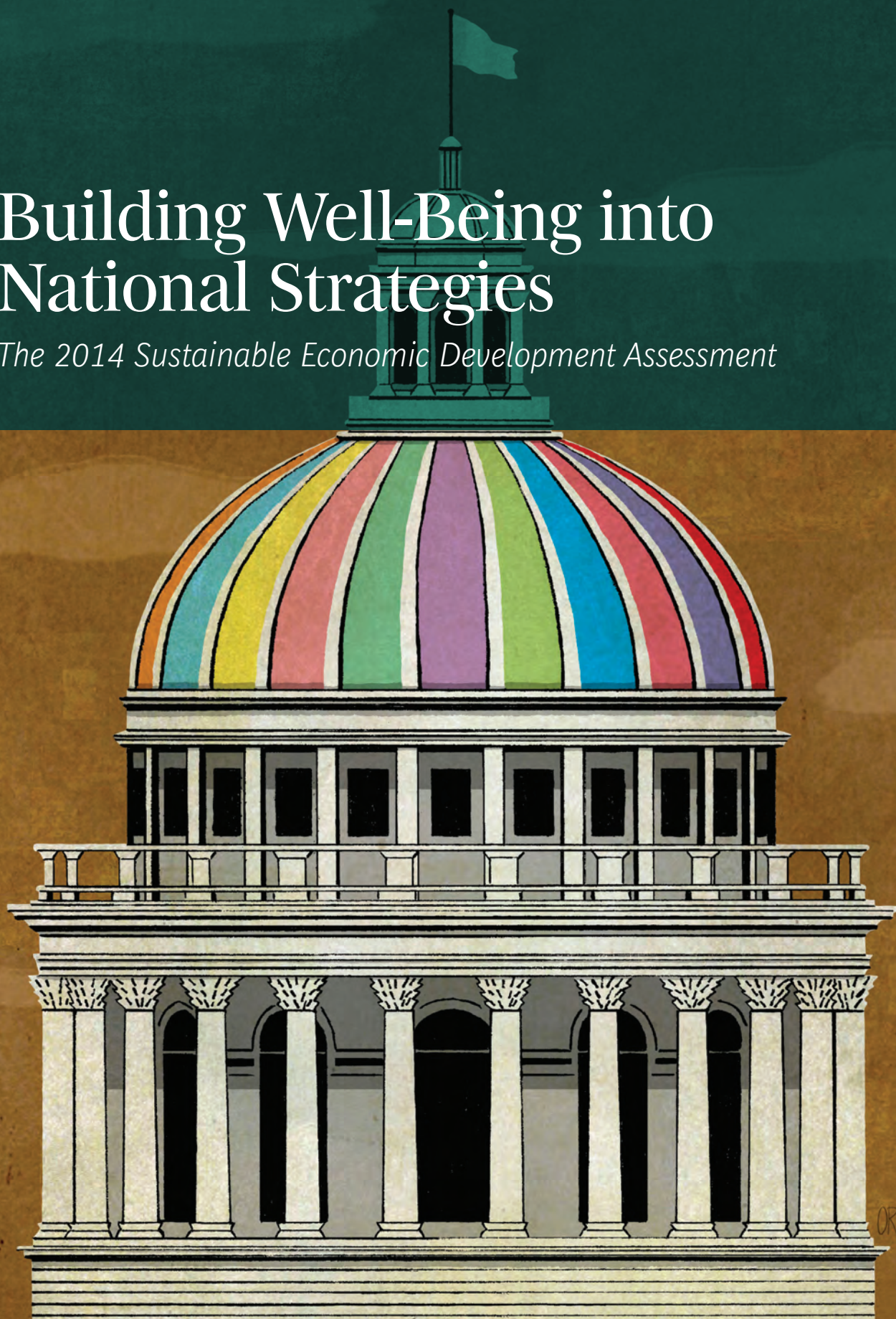


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Building Well-Being into National Strategies

The 2014 Sustainable Economic Development Assessment



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Building Well-Being into National Strategies

The 2014 Sustainable Economic Development Assessment

Douglas Beal and Enrique Rueda-Sabater

February 2014

AT A GLANCE

BCG presents the latest findings of its newly refined Sustainable Economic Development Assessment—analyzing how countries around the world are converting economic growth into the well-being of their populations.

GAINS IN WELL-BEING ARE NOT SOLELY DEPENDENT ON GROWTH

Countries delivering above-average gains in well-being can be found across the spectrum of economic growth—not just among countries with high growth rates but also among some with moderate or low growth rates.

GOVERNMENTS ARE PAYING MORE ATTENTION TO WELL-BEING

Governments no longer regard GDP per capita as the most important measure of progress; they are increasingly focused on tracking their citizens' overall well-being.

WELL-BEING IS INCREASINGLY INCORPORATED INTO POLICYMAKING

Government leaders are moving beyond the discussion of well-being and are taking steps to fully integrate the concept into the creation of national strategies.

IN 2012, WE LAUNCHED our Sustainable Economic Development Assessment (SEDA) as a diagnostic tool aimed at helping countries to sharpen their focus on the well-being (that is, the overall standard of living) of their citizens in shaping their national strategies. The driving force behind SEDA was the understanding that economic growth, while a necessary component of the goals of national leaders, should not be the sole driver of policymaking decisions. We defined well-being through ten dimensions—including governance, health, and economic stability—and posited that an in-depth assessment of well-being would provide useful insights into a country's economic and social conditions and serve to guide its strategies.

Since SEDA's launch, we have used it in our work with governments in more than two dozen countries on six continents—countries with broad disparities in population, wealth, and economic growth—as well as with development organizations and private-sector companies. The reaction to SEDA and the ways in which it has been used since its introduction have convinced us that it is a valuable tool that meets a real need. Our work has helped us understand where the insights from SEDA are particularly powerful and how that knowledge can be used to develop national strategies.

Government leaders have been particularly interested, for example, in examining how their countries are performing when it comes to converting wealth and growth into improved well-being and how they can learn from peers who may be doing this with greater success. A key SEDA finding: success in fostering well-being is not limited to wealthy nations or to those that are growing most rapidly. Nevertheless, our analysis reveals some similarities among countries growing at a similar pace in terms of what drives their improvement in well-being. To assess this dynamic in more detail, we zeroed in on three countries—China, Turkey, and Mexico—that represent the spectrum of GDP growth. Applying our approach to these three countries illustrates the opportunities and challenges that are present at varying levels of economic growth.

Our work with governments has made clear that as their citizens become better informed and connected, so does their own recognition of the importance of focusing not just on economic growth but also on well-being. But introducing well-being into the policy discussion is not enough. What is required is the integration of well-being into national strategies and policymaking. Therefore, it is necessary to understand what efforts to integrate well-being into national strategies look like in practice. So we examined four countries that have incorporated well-being into their strategic

Success in fostering well-being is not limited to wealthy or to the most rapidly growing nations.

thinking in different ways. Two of these countries have been putting well-being at the center of their strategies for years: Norway, while lacking an explicit well-being strategy, has focused on raising living standards (an approach that has proven highly effective); Bhutan has explicitly focused on well-being and employed concrete metrics to assess its progress. In addition, we studied two countries that have more recently started to focus on well-being: Malaysia and the United Kingdom.

SEDA's Value to Policymakers

SEDA offers an objective measure of the relative standards of living experienced by people in countries around the globe. Rather than focusing solely on GDP per capita—the frequently used indicator of a country's general welfare—SEDA assesses overall well-being. Our approach sheds light not only on current levels of well-being but also on the recent progress countries have made in raising the level of their citizens' well-being.

In this report, which is based on the most recently available (as of late 2013) data, we update our initial 2012 assessments of 149 countries and reveal interesting new findings. One, in particular, is that while the list of leading countries, in terms of current well-being, is largely consistent with our 2012 findings, there were many changes when it comes to which countries are out in front in terms of recent progress.

Based on the use of SEDA over the past year, it is clear that the assessment yields critical information in a number of areas. While government leaders were often keen to understand how they stack up against top-performing countries around the world and the best practices in those countries, they were even more interested in how they performed relative to their peer group in terms of SEDA's ten dimensions of well-being. The president of one African country with whom we worked, for example, found it very helpful to compare that country with other African countries. This comparison led to the identification of innovative approaches to improving education and health care, as well as initiatives that could support the growth of various sectors of the economy.

SEDA sheds light on current well-being and on countries' recent progress in improving well-being.

Another key area of interest was the relationship between wealth (as measured by GDP per capita in terms of purchasing power parity) and well-being, and between growth (as measured by GDP per capita growth) and improvements in well-being. These two measures essentially reveal how well countries are managing to generate well-being within the constraints of their wealth and their economic growth. Government leaders were particularly interested in examining how countries with economic-growth profiles similar to their own were improving well-being.

Certainly most governments aim to improve well-being within their borders and enact policies to support that goal. But our work with government leaders points to the value of an integrated approach—one that identifies the drivers of well-being and that creates mechanisms for factoring such insights into the formulation of national strategies. The ten dimensions used in our SEDA assessment are a good starting point for this type of approach, because they highlight areas in which gains have been most impressive and indicate areas in which progress has been lagging and which should become a priority for government action.

SEDA Methodology and 2013 Results

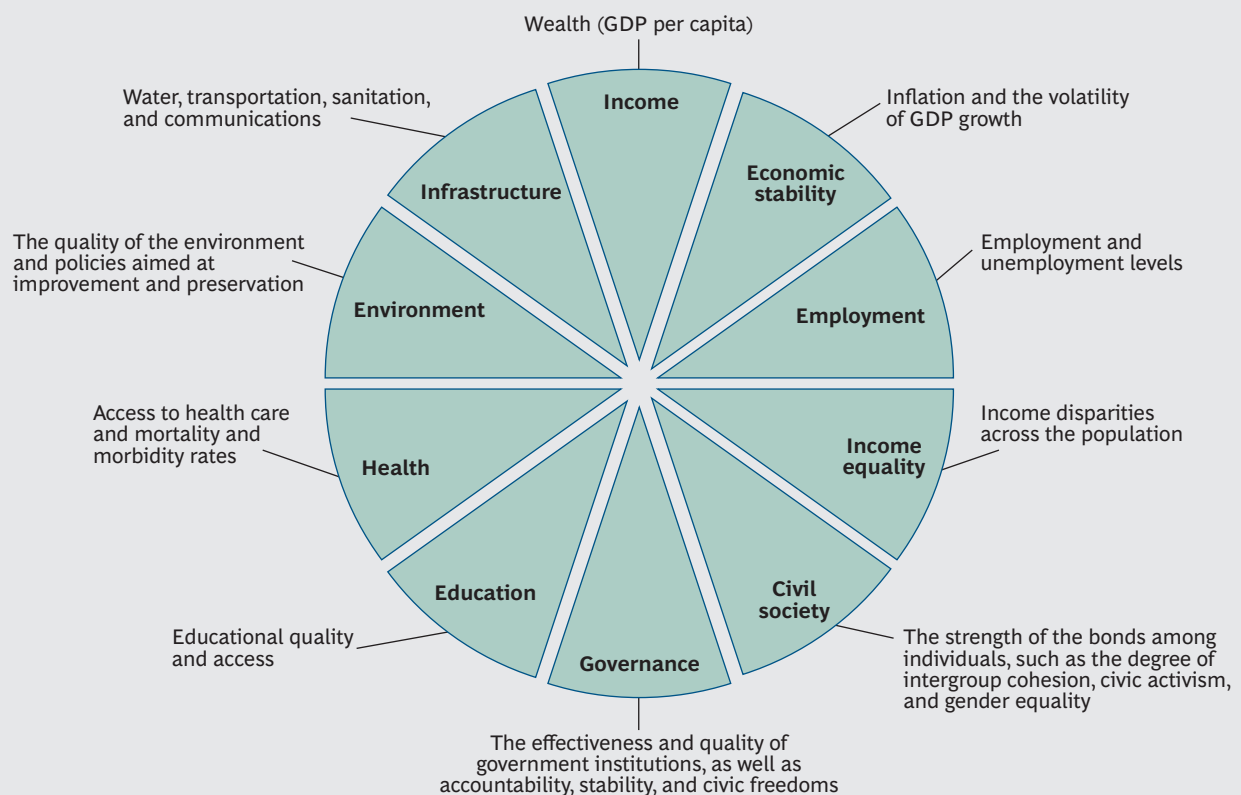
SEDA evaluates overall well-being by examining ten key dimensions: income, economic stability, employment, income equality, civil society, governance, education, health, environment, and infrastructure. (See Exhibit 1.) We look not only at a country's current level of well-being but also at its recent progress—that is, how well-being has changed over the most recent five-year period for which data are available. Both the current level of well-being and recent progress are measured on a scale of 0 to 100, with 100 representing the highest level. (For more detail, see *From Wealth to Well-Being: Introducing the BCG Sustainable Economic Development Assessment*, BCG report, November 2012.)

HOW WELL-BEING RELATES TO WEALTH AND TO GROWTH

On the basis of SEDA's measures of a country's current level of well-being and its recent progress, we are able to examine the relationships between wealth and current well-being and between growth and recent progress in well-being. We do this by calculating two coefficients in order to compare a country's performance—relative to its income level (or GDP per capita)—with the global average.

The *wealth to well-being coefficient* compares a country's SEDA score for its current level of well-being with the score that would be expected given its GDP per capita

EXHIBIT 1 | BCG's SEDA Looks at Well-Being Across Ten Dimensions

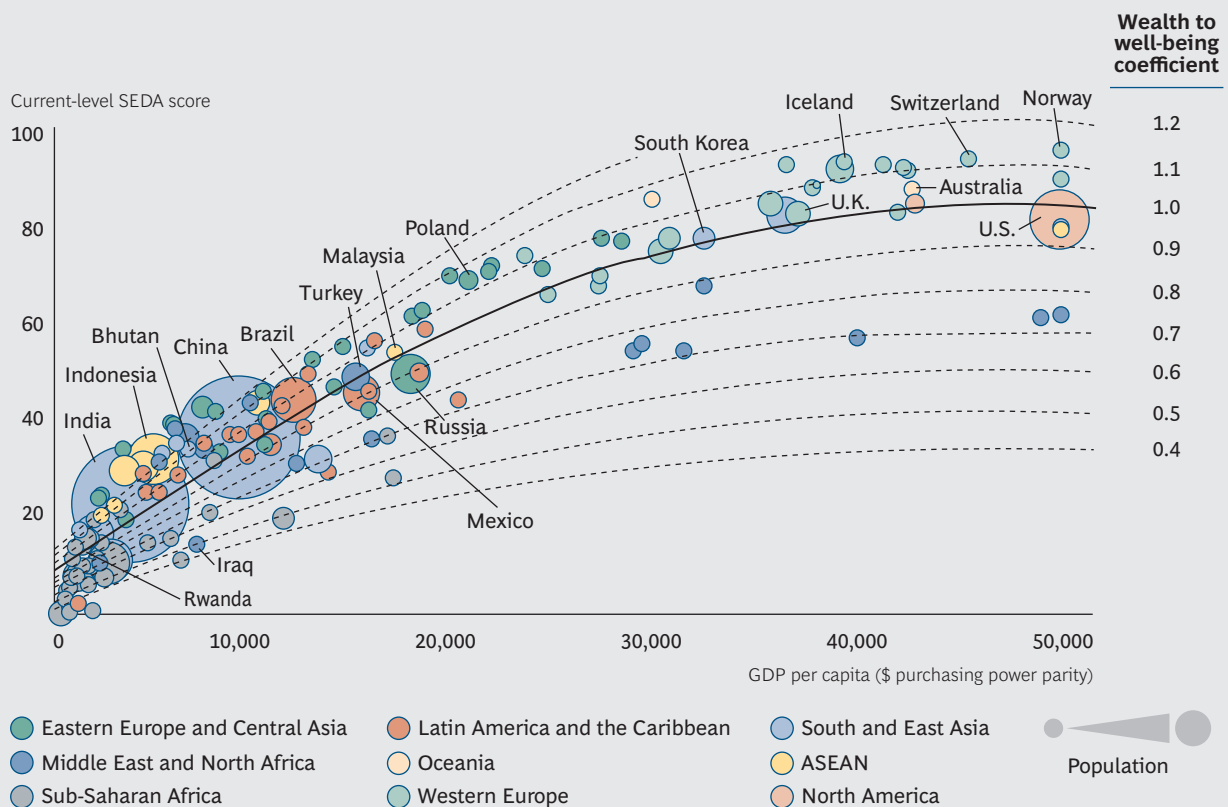


Source: BCG analysis.

and the average relationship between worldwide current-level well-being scores and GDP per capita (as measured in terms of purchasing power parity). (See Exhibit 2.) The coefficient thus provides a relative indicator of how well a country has converted its wealth into the well-being of its population. Countries that sit above the solid line in Exhibit 2—meaning they have a coefficient greater than 1.0—deliver higher levels of well-being than would be expected given their GDP levels, while those below the line deliver lower levels of well-being than would be expected.

The *growth to well-being coefficient* compares a country's SEDA score for recent progress (over the latest five years for which data are available) with the score that would be expected given its GDP per capita growth rate and the average relationship between worldwide recent-progress scores and GDP per capita growth rates during the same period. (See Exhibit 3.) The coefficient therefore shows how well a country has translated income growth into improved well-being. As with the wealth to well-being coefficient, countries that sit above the average line—those that have a coefficient greater than 1.0—are producing improvements in well-being beyond what would be expected given their GDP growth over the past five years.

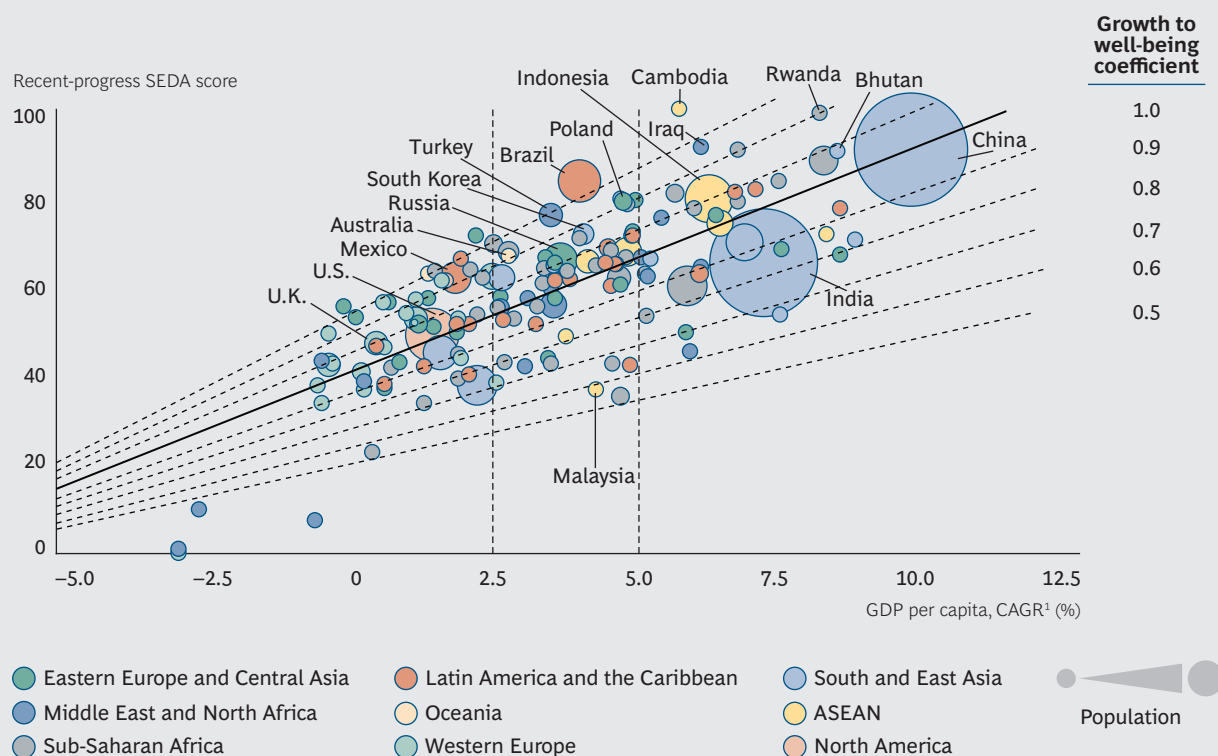
EXHIBIT 2 | Our Analysis Compares Success in Converting Wealth into Well-Being



Source: BCG analysis.

Note: We compare GDP per capita (as measured in terms of purchasing power parity) with 2013 current-level SEDA scores. The per capita GDPs of Qatar (\$102,211), Luxembourg (\$79,785), Singapore (\$60,410), Norway (\$55,009), and Hong Kong (\$51,494) were adjusted to the maximum value of the matrix (\$50,000). The solid line, which represents the global average relationship, is the second-order polynomial regression; the dotted lines are based on the regression line.

EXHIBIT 3 | Across the Growth Spectrum, Countries Can Improve Well-Being



Source: BCG analysis.

Note: We compare the change in GDP per capita (2007–2012) with 2013 SEDA scores on recent progress. The solid line, which represents the global average relationship, is based on a linear regression; the dotted lines are based on the regression line.

¹Three countries—China, Greece, and Libya—had a GDP per capita compound annual growth rate (CAGR) that fell outside the mean by more than 2.5 times the standard deviation. Those growth rates were adjusted in this graph to fall within the upper and lower limits of our growth bands. GDP per capita CAGR is based on purchasing power parity, converted to international dollars.

A SNAPSHOT OF THIS YEAR'S RESULTS

This year's SEDA report revisits the countries we analyzed in our initial report and is based on data released in 2013 that reflect life on the ground in those countries in 2012. We had to eliminate Syria from our assessment this year owing to challenges in accessing full, reliable data (which reduced the total number of countries evaluated from 150 to 149). Our calculation of recent progress reflects changes between 2007 and 2012. We also enhanced our calculations this year in four dimensions (economic stability, employment, environment, and infrastructure). (See the appendix for our complete findings and a more detailed description of our methodology.)

In terms of current well-being, Western European countries performed well this year, as they did in our initial SEDA assessment, with Norway and Switzerland again holding the number-one and number-two spots, respectively; Iceland moved up from number four to number three. With the exception of Australia, Canada, and New Zealand, all of the top 15 are Western European countries. And every one of the top 15 countries scored above average when it came to converting wealth into well-being.

When we look at recent progress, the rankings are more dynamic, with a number of countries new to the top ten. The top three countries are Cambodia, Rwanda, and Iraq. Cambodia, which had high recent-progress scores in our first assessment as well, has continued to make strong improvements—particularly in terms of the environment and infrastructure (for example, enhanced access to clean water). Since our 2012 SEDA analysis, Rwanda has made significant gains in the areas of education and health, including a continued and sustained reduction in the prevalence of undernourishment. And Iraq has made progress in reducing income inequality and in increasing the effectiveness and quality of governance (albeit from low levels) as it moves through a postwar recovery. China, illustrating both the opportunities and challenges that come with rapid growth, holds the number-five slot.

Meanwhile, Brazil, the number-one country in terms of recent progress and growth to well-being in our initial SEDA assessment, is number nine this year—partly the result of lower economic growth—and its growth to well-being coefficient is the fourth best in the world (as shown in Exhibit 3).

Advances in Well-Being Across the Growth Spectrum

No doubt there is a connection between economic growth and the ability to improve well-being. But through SEDA's lens, we can also see that countries at all growth levels vary in how well (or how poorly) they convert growth into improvements in well-being (as shown in Exhibit 3).

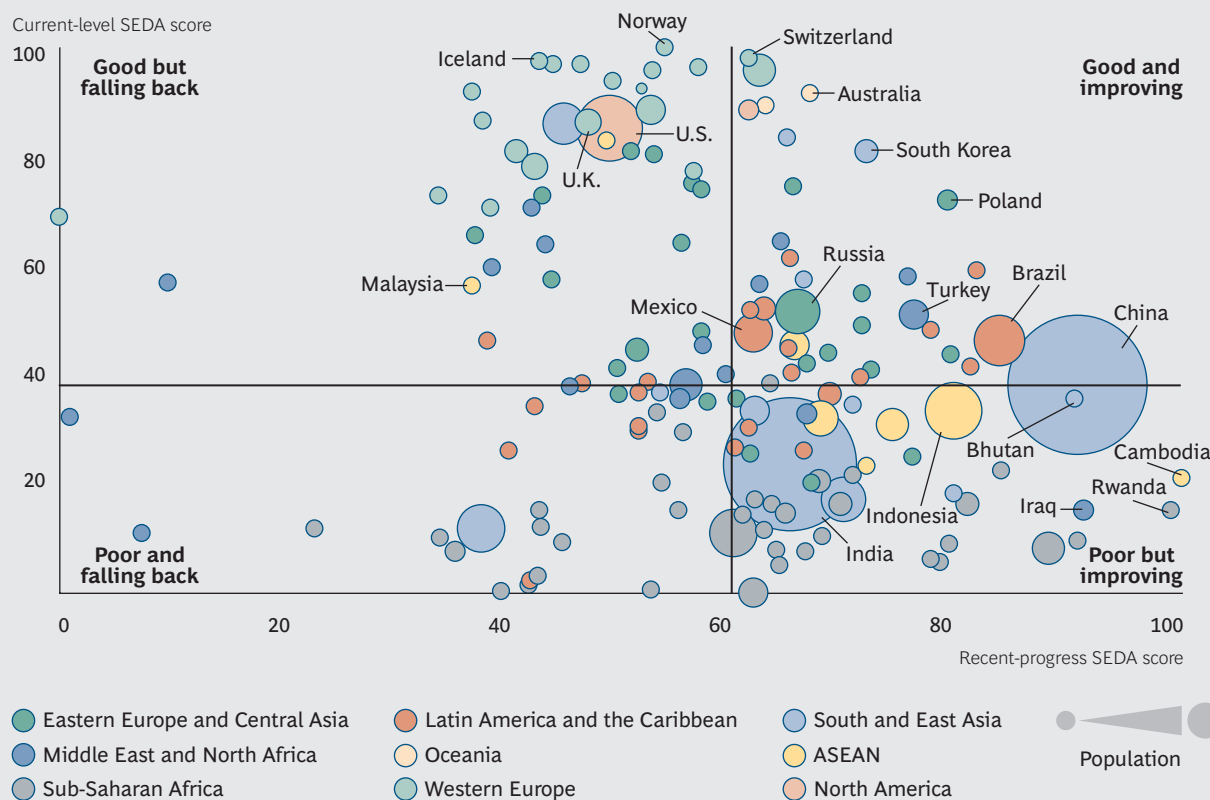
To better understand this dynamic, we looked at the performance of three countries experiencing three distinct levels of economic growth (as measured by GDP per capita growth between 2007 and 2012). Those three countries are China, which has enjoyed hypergrowth; Turkey, which has had moderate growth; and Mexico, which has faced relatively low growth. All three countries boast comparatively large economies, have average or above-average growth to well-being coefficients, and represent different regions of the world.

There is more room
for improvement
if a country's current
level of well-being
is low.

To examine how these three countries performed relative to the rest of the world, we assessed their SEDA results in two different ways. First we looked at where these countries stand in terms of both current levels of well-being and recent progress in well-being. (See Exhibit 4.) Our analysis shows that countries with high current levels of well-being and low current levels of well-being can score well in terms of recent progress—although naturally there is more room for improvement if a country's current level of well-being is low. Among the noteworthy exceptions are Poland and South Korea, which are top performers in both current well-being and recent progress. The three countries we studied in detail have similar (middle of the road) current well-being scores, but there is a much wider variation in terms of their recent progress.

Second, we examined how well these countries convert wealth and growth into well-being by assessing their wealth to well-being coefficient compared with their growth to well-being coefficient. (See Exhibit 5.) Through these measures, we see that China's improvement in well-being is now keeping pace with its world-leading growth. Turkey and Mexico have an above-average growth to well-being coefficient,

EXHIBIT 4 | Gains Are Greater Among Countries Starting with Low Well-Being Levels



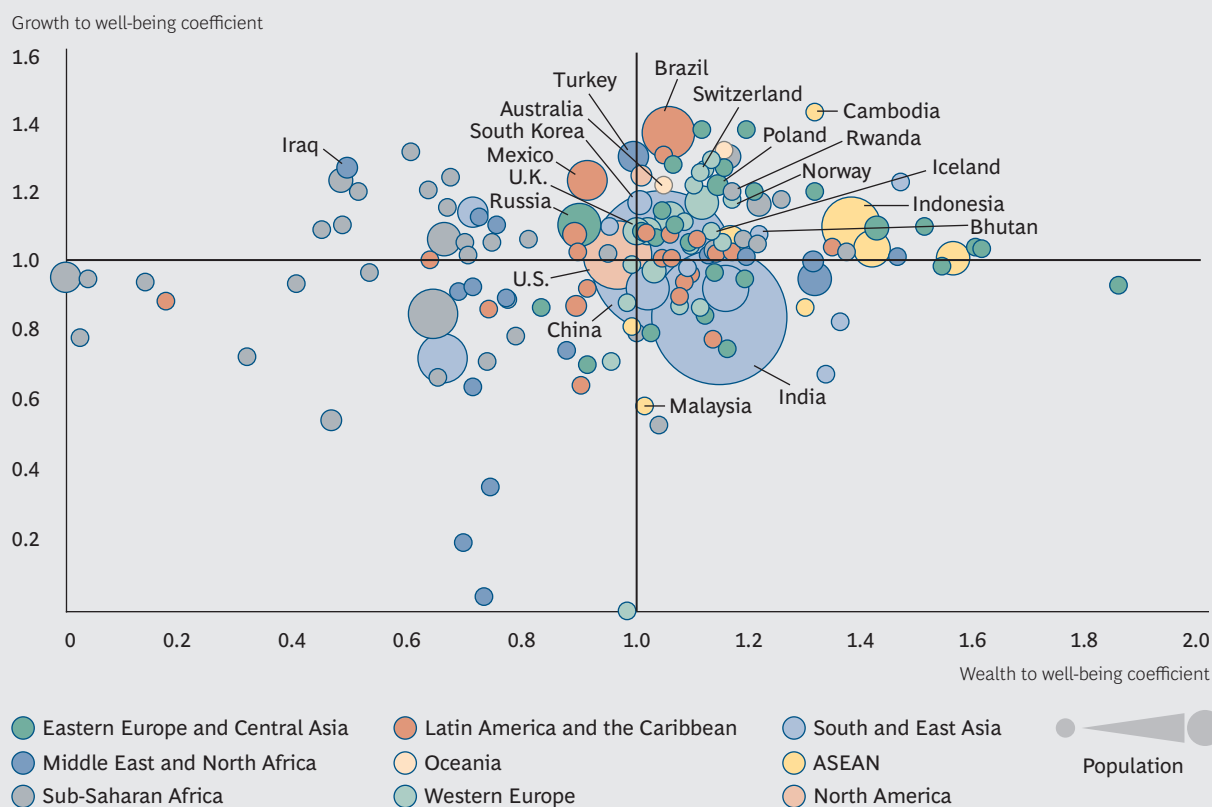
Source: BCG analysis.

reflecting the fact that they are delivering improvements in well-being that exceed what would be expected given their growth rates. Other countries stand out on this measure as well. Brazil, for example, continues to do extremely well in terms of converting economic growth into recent progress in well-being. And Cambodia demonstrates strong performance in terms of converting both wealth and growth into gains in well-being.

While countries across the growth spectrum can excel at delivering improvements in well-being, that does not mean their approaches to fostering well-being will necessarily be similar. In fact, a common question in discussions over the past year was whether the approach to improving living standards should differ depending on the growth rate of an individual country. To address this question, we examined how all countries at three designated levels of growth performed across SEDA's ten dimensions. Certainly there is no one-size-fits-all formula for elevating well-being. But our analysis did reveal some similarities among countries that have succeeded in increasing well-being in varying growth environments.

High-growth countries (defined as having compound annual GDP per capita growth of more than 5 percent) that have a good record of converting economic growth into improved well-being (defined as a growth to well-being coefficient greater than

EXHIBIT 5 | Few Countries Excel in Converting Wealth and Growth into Well-Being



Source: BCG analysis.

1.0) have, on average, achieved this goal primarily through gains in infrastructure and health. Given that both infrastructure and health can require significant government funding, it is not surprising that countries experiencing rapid economic growth may have the budgetary flexibility needed to make those investments.

Meanwhile, low-growth countries (defined as having compound annual GDP per capita growth of less than 2.5 percent) that were above average at translating growth into improved well-being showed the most improvement in terms of the environment and civil society. This makes sense given that progress in both the environment and civil society may rely as much (or more) on well-crafted policies than on increasing expenditures.

For countries in the middle (those with compound annual GDP per capita growth rates between 2.5 and 5 percent), we did not observe strong patterns of improved well-being across the ten dimensions.

Well-being improvements in any given country, of course, can and will deviate from the averages we have noted for the high and low growth bands, particularly in light of the fact that each country has its own starting position in terms of the ten dimensions. A closer examination of China, Turkey, and Mexico bears this out. To under-

stand what is driving the gains in well-being in each of these countries, we can look at how each of them scores along the ten SEDA dimensions. (See Exhibit 6.)

CHINA'S HYPERGROWTH PRESENTS OPPORTUNITIES

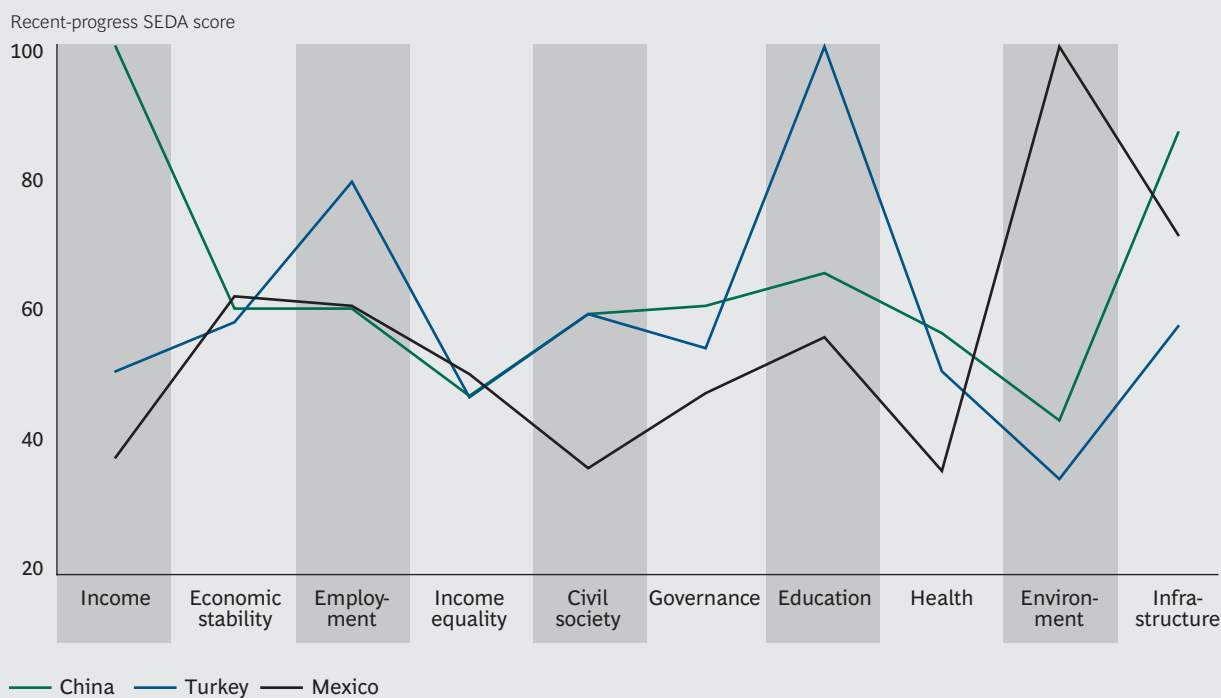
China, with 10.6 percent average annual growth between 2007 and 2012, is the fastest-growing country we evaluated. The key challenge for countries experiencing this sort of expansion is to use their increasing wealth wisely and productively.

China's strongest gains among the ten dimensions of social and economic development were in income and infrastructure, a fact that is consistent with the broader patterns we observed. Indeed, in the wake of the 2008 global financial crisis, the Chinese government used increased investment in infrastructure as a means to boost its economy. China also posted consistently solid recent progress across the other SEDA dimensions—with the exception of the environment and income equality. Its performance in these two areas reflects ongoing environmental challenges posed by the country's rapid growth as well as the ongoing need to resolve income inequality issues in a meaningful way.

TURKEY MAKES MAJOR GAINS IN EDUCATION

Turkey, which has boasted solid average annual growth of 3.5 percent over the 2007–2012 time frame, is among the top ten in translating growth into improvements in well-being. That progress has been driven by developments in two key SEDA dimensions: education and employment.

EXHIBIT 6 | China, Turkey, and Mexico Have Improved Well-Being in Diverse Ways



Source: BCG analysis.

In particular, Turkey is a standout in education, generating the most progress in the past five years in that category of any country we assessed under SEDA. Turkey's improvement in education reflects both a jump in the percentage of people enrolling in post-high school (tertiary) institutions and an increase in the average score of students who participate in the Program for International Student Assessment (a test coordinated by the Organization for Economic Cooperation and Development). Over the past decade, the government in Turkey has increased its education budget, which went from being the third-largest budget item in 2002 to being the single largest budget item in 2013. Meanwhile, the country's strong showing in terms of employment is not surprising, given the relative health of the Turkish economy compared with the economies of other countries in the region.

MEXICO MAKES PROGRESS DESPITE MODEST GROWTH

For Mexico, a low-growth environment—1.8 percent average annual growth between 2007 and 2012—makes it critical to direct money and resources to areas in which they can have the largest impact. Low growth also requires Mexico's leaders to identify opportunities to improve well-being that rely more on intelligent decision making than on growing budgets.

All countries can benefit from integrating well-being into national strategies and policymaking.

Counter to the broader patterns we observed across the growth spectrum, a key area of progress for Mexico has been infrastructure—the result of improvements in roads, railways, and sanitation facilities. But by some measures, Mexico's performance has been consistent with the broader trends we identified. For example, Mexico showed the highest level of recent progress of all the countries we assessed in terms of the environment—particularly in the amount of land that is protected by the government and in the reduction of air pollution.

Mexico certainly faces some challenges, including those in the area of civil society (reflecting the country's ongoing issues related to drug cartels). Regardless, Mexico has made great strides—emerging as one of the top 20 countries when it comes to converting economic growth into gains in well-being over the 2007–2012 time frame.

Integrated Approaches to Improving Well-Being

Certainly there are many countries that focus on well-being and on measuring it. Many fewer countries, however, have succeeded at integrating well-being into their policy and planning processes. All countries can benefit from a more explicit focus on integrating well-being into national strategies and policymaking. A few countries have already taken such steps, and it is useful to understand how their approaches have developed over time and what results their efforts have produced. Meanwhile, other countries are just now becoming more focused on measuring well-being, with the ultimate goal of using those measurements in government strategy and policy.

WELL-BEING AT THE CENTER OF POLICY DECISIONS

Consider Norway, which ranks highest in terms of its current level of well-being according to our SEDA assessment. While the country does not specifically measure well-being, the Norwegian government has maintained a strong focus on areas such

as education and health. The country has high levels of labor participation by women, thanks to its child-care and maternity-leave policies. Norway has also managed its natural resources effectively, using money from those assets, for example, to build a sovereign wealth fund. The fund has a dampening effect on inflation by controlling the flow of money into the economy, while also allowing the government to diversify its assets beyond energy.

Such policies are clearly reflected in Norway's top current well-being score. High levels of employment among women, for instance, have a positive impact in the SEDA dimensions of employment and civil society. And the benefits of the sovereign wealth fund contribute to the country's economic stability (another SEDA dimension). So, while Norway has not focused on an explicit well-being metric, it is clear that well-being is implicitly woven into policy decisions.

Bhutan, in contrast, stands out for its approach to what the country has labeled gross national happiness (GNH). Over the past year, we received numerous questions and comments about Bhutan and what the country is actually doing about GNH. Many seem to have an incomplete picture of Bhutan's efforts in this area, including the impression that the country's focus on GNH is simply a feel-good effort—one that takes focus away from the country's challenges, including low overall wealth levels.

That perception is far from accurate. While the philosophy of having happiness drive the country's development strategy stretches back to the 1970s, over the past decade it has evolved into a sophisticated approach that links well-being to policy—including the creation in 2008 of an index that measures overall happiness in Bhutan. The index is built on national surveys that use 124 indicators to examine nine specific areas, including psychological well-being, community vitality, cultural diversity, health, and education.

In addition, the central-government planning body created in 2008 and tasked with overseeing policy—now called the Gross National Happiness Commission—not only organizes measurement of all the indicators in the index but has also developed a tool for estimating the impact of policies on happiness. By “scoring” every policy against the indicators that the Bhutanese believe support happiness, policies can be revised or refined to avoid negative impacts on—or, ideally, to give a boost to—GNH.

Bhutan's focus on broad measures of well-being and its efforts to integrate those measures into policymaking are reflected in the country's SEDA scores: the country has higher levels of well-being than would be expected given its income level and also has produced greater gains in well-being over the past five years than would be expected given its GDP growth.

NEW TOOLS FOR MEASURING WELL-BEING

Any country wishing to better integrate well-being into its national strategy must first understand what constitutes well-being. And there are, in fact, a number of governments launching initiatives to measure and track the quality of life within their borders.

Integrating well-being into national strategy requires understanding what constitutes well-being.

For example, since 1999, Malaysia has gathered data for, and published, a Quality of Life Index, which includes education, health, transportation, communication, and social participation. The country went a step further in December 2013, introducing the Malaysian Well-Being Index as one of the important yardsticks used to measure the country's development. In addition, in September 2013, the government ran a series of focus groups in order to gather feedback during the drafting of the 2014 national budget. Participants in the focus groups discussed the effectiveness of government policies—not only in the context of economic growth but also in connection with how implementation could enhance the well-being of the general public. That dialogue contributed to the crafting of a budget that contains policies for bolstering well-being, including steps to strengthen security, improve environmental conservation and resource management, and increase the participation of women in the Malaysian economy.

Meanwhile, the U.K. has also undertaken an effort to zero in on well-being. The first step was a national debate on what matters to U.K. citizens. Following that, the government began developing new measures of well-being, releasing its first report on the subject in 2012, titled “Life in the U.K.” The study included the national well-being wheel of measures, covering a host of areas encompassing the economy, governance, natural environment, health, and education.

The Value of Explicit Well-Being Strategies

Focusing national goals explicitly on well-being—rather than just economic growth—sheds valuable light on priorities and opportunities for action. Many countries have implicitly focused on the well-being of their citizens when setting policy and allocating resources. Others have talked about well-being and left it at the level of intention, while still others are grappling with the challenge of measuring well-being.

Our viewpoint, based on our use of SEDA in many countries, is that national leaders everywhere will find it useful to track well-being systematically—even if it is through proxies or imperfect measures—and that making well-being an explicit goal and integrating it into national strategies will help sharpen priorities and improve the efficiency of policies.

APPENDIX

SEDA is an approach to systematically assessing and comparing levels of socioeconomic development, or well-being, of countries around the world across a broad range of dimensions. SEDA scores for a particular country are always relative to those of other countries. For example, if the current level of well-being in a country is ranked zero, that does not mean that there is no well-being in the country. Rather, it means that the country is the worst performer compared with the other countries being assessed. (For more on our methodology, see *From Wealth to Well-Being: Introducing the Sustainable Economic Development Assessment*, BCG report, November 2012.)

The Ten Dimensions of Well-Being. SEDA's insights result from a balanced view of ten economic and noneconomic dimensions that together contribute to the well-being of a country's citizens. We chose these ten dimensions after a review of extensive research in the development field, as well as on the basis of BCG's experience working with governments worldwide on economic development issues.

- *Income* measures the ability of a country's population to purchase necessities as well as discretionary goods and services.
- *Economic stability* provides a sense of how secure economic gains are from one year to the next—and, conversely, how exposed a country is to cyclical and other disruptions.
- *Employment* influences a person's sense of well-being and ability to generate income. High levels of unemployment, conversely, act as a drag on development.
- *Income equality* tells us how widely economic gains and opportunities are spread throughout a population and therefore how likely it is that they will lead to broad improvements in living standards.
- *Civil society* enables citizens to become involved in shaping public policies that affect their lives.
- *Governance* relates to the principles that sustain legitimacy, transparency, and accountability in government and to the decision-making processes within government organizations.
- *Education* enriches quality of life, influences income, and is highly valued by people around the world.
- *Health* affects educational participation and productivity. It is also a major driver of a person's sense of well-being.
- Sound stewardship of the *environment* helps ensure that citizens have access to clean water and are not subject to unhealthy pollution levels or adverse climate effects caused by unchecked carbon emissions. The preservation of plants and animals, and their habitats, is also increasingly recognized as an important objective.

- *Infrastructure* enables people to easily communicate with each other (within their communities, their countries, and around the world), to travel efficiently and reliably, and to enjoy the modern conveniences of electricity, clean water in the home, and sanitation services. Good infrastructure also reduces transaction costs for individuals and for the economy as a whole.

Refinements to Our Initial Approach. We made several refinements to the SEDA methodology this year. In order to fix gaps in coverage and small problems that were identified during discussions about and broad use of SEDA, we made modifications to four of the ten dimensions. For three of those dimensions, this included adding new indicators to our assessment of current levels of well-being, so that SEDA is now based on a total of 54 indicators.

- *Economic Stability.* We adjusted the calculation of the three indicators we used in our inaugural report—inflation, inflation-rate volatility, and GDP growth volatility—to fix calculation problems related to the few countries with very low or negative values.
- *Employment.* We included data on the self-employment rate in order to capture the level of vulnerability related to self-employment.
- *Environment.* We included electricity generated from renewable sources (excluding hydro) as a percentage of total electricity generated so that we could capture reliance on nonrenewable sources in order to meet energy needs and the associated impact on the environment.
- *Infrastructure.* We added an assessment of the quality of electricity supply in order to capture the importance of access to a reliable supply of electricity.

SEDA Primary Data Sources. Our analysis relied on a variety of published sources of data. The full list of those sources follows.¹

Alberto Alesina et al., “Fractionalization,” *Journal of Economic Growth*, vol. 8, 2003.

Doing Business: Measuring Business Regulations (World Bank). Data source: Doing Business Economy Rankings.

Economist Intelligence Unit. Data source: country data.

Environmental Performance Index (Yale University). Data source: Environmental Performance Index data files.

Eurostat. Data source: Eurostat statistics database.

Freedom House. Data source: Freedom of the Press, global and regional rankings.

Global Innovation Index. Data source: Cornell University, Insead, and the World Intellectual Property Organization: *The Global Innovation Index 2013: The Local Dynamics of Innovation*, Geneva, Ithaca, and Fontainebleau.

Heritage Foundation. Data source: 2013 Index of Economic Freedom.

Indices of Social Development. Data source: Data Access Indices of Social Development.

International Labour Organization. Data source: International Labor Organization: Key Indicators of the Labour Market.

International Monetary Fund. Data source: World Economic Outlook Database, World Economic and Financial Surveys.

KPMG. Data source: KPMG's individual income tax rates table.

OECD, Program for International Student Assessment. Data source: Results and Analysis: Key Findings.

United Nations. Data source: World Population Prospects, The 2012 Revision: Annual Population by Five-Year Age Groups 1950–2100—Both Sexes.

United Nations Conference on Trade and Development (UNCTAD). Data source: Concentration and Diversification Indices of Merchandise Exports and Imports by Country, annual, 1995–2012.

U.S. Energy Information Administration. Data source: International Energy Statistics.

World Bank. Data source: World DataBank.

World Economic Forum. Data source: Global Competitiveness Reports.

World Health Organization. Data source: The WHO Global InfoBase.

Worldwide Governance Indicators. Data source: full dataset.

SEDA Scorecard. For every country we assessed using SEDA, we calculated a current-level score, recent-progress score, and long-term sustainability score, as well as growth and wealth to well-being coefficients. We also provide detail on the indicators within each SEDA dimension in the tables that follow.

NOTE

1. Links to each of the institutions and data sources referenced here are included in the online version of this report, which is available at bcgperspectives.com.

TABLE 1 | OVERALL COUNTRY-SPECIFIC SEDA SCORES

Country	Current-level score	Recent-progress score	Long-term sustainability score	Wealth to well-being coefficient	Growth to well-being coefficient
Albania	43.6	79.4	44.7	1.31	1.19
Algeria	35.6	55.3	50.0	1.13	1.01
Angola	11.4	62.8	17.5	0.40	0.93
Argentina	52.1	62.8	59.8	0.89	0.87
Armenia	41.2	49.7	49.4	1.54	0.98
Australia	91.7	66.9	96.3	1.05	1.21
Austria	95.8	52.9	90.1	1.09	1.04
Azerbaijan	36.5	49.8	49.5	0.91	0.70
Bahrain	56.8	9.7	65.2	0.74	0.35
Bangladesh	17.2	69.9	26.7	1.16	0.92
Belarus	43.9	68.5	57.5	0.83	0.86
Belgium	92.4	52.0	87.4	1.08	1.11
Belize	38.7	52.5	39.9	1.10	0.96
Benin	17.1	61.9	22.4	1.25	1.17
Bhutan	35.6	90.4	42.2	1.21	1.07
Bolivia	26.6	60.2	36.2	1.08	0.94
Bosnia and Herzegovina	34.9	57.8	54.5	1.03	1.06
Botswana	29.4	55.6	42.8	0.53	0.96
Brazil	46.1	83.8	51.1	1.06	1.36
Bulgaria	57.6	43.8	63.3	1.16	0.75
Burkina Faso	10.4	68.0	13.8	0.81	1.06
Burundi	4.9	64.2	26.8	0.49	1.10
Cambodia	21.1	100.0	27.0	1.31	1.42
Cameroon	15.2	55.2	22.4	0.95	1.02
Canada	88.5	61.5	88.3	1.01	1.24
Central African Republic	0.3	39.3	2.4	0.02	0.78
Chad	0.6	52.7	9.7	0.04	0.94
Chile	61.4	65.1	68.4	1.04	1.00
China	38.0	90.7	54.9	1.04	1.00
Colombia	36.3	68.7	45.8	0.89	1.07
Congo-Brazzaville	15.2	42.7	31.2	0.65	0.66
Costa Rica	51.8	61.6	52.4	1.14	1.01
Côte d'Ivoire	10.2	33.9	8.2	0.74	0.71
Croatia	64.1	55.5	64.5	1.11	1.37
Cuba	44.7	64.9	53.2	1.06	1.00
Cyprus	72.8	33.8	72.4	0.98	0.88
Czech Republic	81.0	50.9	78.6	1.09	1.05
Democratic Republic of the Congo	0.0	61.9	14.2	0.00	0.95
Denmark	91.8	36.8	94.5	1.08	0.87
Dominican Republic	34.1	42.3	35.7	0.90	0.64

Country	Current-level score	Recent-progress score	Long-term sustainability score	Wealth to well-being coefficient	Growth to well-being coefficient
Ecuador	39.4	71.4	49.9	1.01	1.08
Egypt	38.0	55.9	44.7	1.31	0.94
El Salvador	36.8	51.6	39.5	1.17	1.02
Eritrea	1.5	41.8	0.0	0.14	0.93
Estonia	75.2	56.3	82.2	1.15	1.26
Ethiopia	8.0	88.2	17.2	0.66	1.06
Finland	97.0	46.4	95.6	1.15	1.05
France	88.5	52.7	86.7	1.06	1.12
Gabon	38.3	63.4	31.6	0.70	1.05
Georgia	40.8	72.4	54.8	1.50	1.09
Germany	95.9	62.4	88.8	1.11	1.16
Ghana	22.5	83.9	31.0	1.19	1.06
Greece	68.9	0.0	67.6	0.98	0.00
Guatemala	26.1	66.3	33.2	1.05	1.30
Guinea	8.0	63.9	13.4	0.67	1.23
Guyana	33.0	53.3	38.9	1.00	0.79
Haiti	2.1	42.0	12.6	0.18	0.88
Honduras	26.2	40.0	39.9	1.13	0.77
Hong Kong	83.4	64.9	88.0	0.95	1.09
Hungary	72.8	43.1	72.4	1.19	0.95
Iceland	97.6	42.7	89.0	1.13	1.08
India	23.6	65.2	34.8	1.15	0.84
Indonesia	33.3	79.7	40.3	1.38	1.09
Iran	33.3	62.0	43.6	0.71	1.13
Iraq	15.0	91.3	29.6	0.49	1.26
Ireland	86.6	37.8	83.4	0.99	0.99
Israel	70.6	42.1	74.0	0.88	0.74
Italy	78.2	42.4	72.4	1.00	1.08
Jamaica	38.5	46.6	35.5	1.06	1.07
Japan	86.0	45.0	80.5	1.02	0.92
Jordan	40.0	59.4	49.5	1.46	1.01
Kazakhstan	49.0	71.5	56.2	1.01	1.08
Kenya	16.4	69.7	26.0	1.16	1.29
Kuwait	59.6	38.5	65.4	0.69	0.91
Kyrgyzstan	25.5	61.6	40.7	1.59	1.04
Laos	23.4	71.9	30.0	1.30	0.86
Latvia	65.5	37.1	68.4	1.12	0.84
Lebanon	37.8	45.4	50.6	0.71	0.64
Lesotho	9.6	90.7	28.2	0.63	1.20
Libya	32.3	1.0	48.7	0.73	0.04
Lithuania	73.9	57.3	69.4	1.14	0.96

TABLE 1 | OVERALL COUNTRY-SPECIFIC SEDA SCORES
(continued)

Country	Current-level score	Recent-progress score	Long-term sustainability score	Wealth to well-being coefficient	Growth to well-being coefficient
Luxembourg	93.7	49.3	91.5	1.12	1.26
Macedonia	42.0	66.6	55.1	1.04	1.14
Madagascar	11.7	22.8	23.9	1.04	0.53
Malawi	7.7	66.5	24.9	0.70	1.01
Malaysia	56.4	36.8	60.3	1.01	0.58
Mali	9.1	44.9	13.4	0.78	0.88
Malta	70.7	38.4	72.0	0.95	0.71
Mauritania	12.0	42.9	24.4	0.79	0.78
Mauritius	57.3	66.3	59.3	1.09	0.98
Mexico	47.6	61.8	53.9	0.91	1.22
Moldova	35.6	60.4	51.9	1.84	0.93
Mongolia	34.5	70.7	57.5	1.36	0.82
Morocco	32.9	66.6	45.3	1.31	0.99
Mozambique	8.9	79.3	23.7	0.75	1.05
Namibia	21.7	70.7	33.5	0.67	1.15
Nepal	18.2	79.7	24.9	1.46	1.22
Netherlands	96.3	56.9	92.7	1.10	1.21
New Zealand	89.5	63.0	90.4	1.15	1.31
Nicaragua	30.4	61.5	37.1	1.34	1.04
Niger	5.5	78.5	14.4	0.51	1.19
Nigeria	11.0	60.1	15.3	0.64	0.84
Norway	100.0	53.9	100.0	1.17	1.17
Oman	58.1	75.6	65.5	0.76	1.10
Pakistan	11.6	37.7	13.8	0.66	0.72
Panama	48.1	77.7	51.8	0.91	0.92
Paraguay	29.8	51.6	34.8	1.08	0.89
Peru	41.3	81.2	48.3	1.02	1.08
Philippines	31.8	67.8	35.5	1.41	1.03
Poland	72.1	79.1	73.1	1.14	1.21
Portugal	77.2	56.6	75.4	1.13	1.28
Qatar	64.5	64.3	71.8	0.77	0.89
Romania	54.8	71.6	58.0	1.19	1.37
Russia	51.6	65.8	60.4	0.90	1.10
Rwanda	15.2	99.0	32.0	1.17	1.19
Saudi Arabia	56.7	62.4	64.5	0.71	0.92
Senegal	20.3	53.6	26.4	1.37	1.02

Country	Current-level score	Recent-progress score	Long-term sustainability score	Wealth to well-being coefficient	Growth to well-being coefficient
Serbia	48.0	57.3	57.0	1.21	1.19
Singapore	82.9	48.7	78.9	0.99	0.81
Slovakia	74.4	65.3	70.8	1.07	1.10
Slovenia	80.5	52.9	79.7	1.06	1.27
South Africa	20.4	67.7	38.6	0.48	1.22
South Korea	81.0	71.9	83.0	1.00	1.16
Spain	81.0	40.8	81.5	1.03	0.97
Sri Lanka	36.8	53.6	42.6	1.33	0.67
Sudan	7.7	35.3	12.3	0.46	0.54
Suriname	40.3	65.3	43.3	0.90	1.02
Swaziland	16.1	63.5	28.9	0.61	1.30
Sweden	96.9	44.0	95.0	1.11	0.86
Switzerland	98.0	61.4	90.4	1.11	1.25
Tajikistan	24.9	76.0	35.9	1.61	1.03
Tanzania	16.2	81.0	31.8	1.21	1.16
Thailand	45.5	65.5	49.6	1.17	1.05
Togo	14.2	60.8	23.2	1.21	1.04
Trinidad and Tobago	46.1	38.1	51.4	0.74	0.86
Tunisia	45.4	57.3	54.7	1.19	1.01
Turkey	51.0	76.2	59.8	0.99	1.29
Uganda	14.5	64.7	26.9	1.14	1.03
Ukraine	44.5	51.4	55.3	1.42	1.09
United Arab Emirates	63.9	43.3	66.9	0.73	1.12
United Kingdom	86.3	47.1	84.5	1.02	1.08
United States	85.0	49.0	81.7	0.97	1.01
Uruguay	59.0	81.8	66.2	1.11	1.06
Uzbekistan	20.3	67.1	40.3	1.03	0.79
Venezuela	30.6	51.7	43.9	0.64	1.00
Vietnam	30.7	74.3	47.0	1.56	1.00
Yemen	10.9	7.4	19.9	0.70	0.19
Zambia	6.2	77.7	25.2	0.45	1.08
Zimbabwe	3.1	42.7	15.4	0.32	0.72

Source: BCG analysis.

Note: Long-term sustainability focuses on the enablers that help foster or sustain gains over long periods of time in each of the ten dimensions measured in assessments of current levels of well-being. The resulting long-term sustainability score is indicative of how well a country is positioned to foster well-being improvements or to sustain them through the next generation.

TABLE 2 | CURRENT-LEVEL SEDA INDICATORS PER DIMENSION

Dimension	Indicators	Primary data sources
Income	GDP per capita, purchasing power parity (current \$)	International Monetary Fund, World Economic Outlook Database
Economic stability	Inflation, average consumer prices (absolute percentage change)	International Monetary Fund, World Economic Outlook Database
	Inflation-rate volatility (log standard deviation)	International Monetary Fund, World Economic Outlook Database; BCG analysis
	GDP growth volatility (log standard deviation) ¹	International Monetary Fund, World Economic Outlook Database; BCG analysis
Employment	Unemployment, total (% total labor force)	World Bank, World DataBank International Monetary Fund, World Economic Outlook Database
	Employment rate, population ages 15–64 (%)	World Bank, World DataBank; BCG analysis
	Self-employment rate (% of total labor force)	International Labour Organisation: Key Indicators of the Labour Market
Income equality	Gini index (0–100)	World Bank, World DataBank Eurostat, statistics database
Civil society	Level of civic activism (0–1)	Indices of Social Development, Data Access Indices of Social Development
	Interpersonal safety and trust index (0–1)	Indices of Social Development, Data Access Indices of Social Development
	Intergroup cohesion measure (0–1)	Indices of Social Development, Data Access Indices of Social Development
	Level of gender equality (0–1)	Indices of Social Development, Data Access Indices of Social Development
Governance	Control of corruption ² (–2.5 to 2.5)	Worldwide Governance Indicators dataset
	Rule of law ² (–2.5 to 2.5)	Worldwide Governance Indicators dataset
	Political stability and absence of violence/terrorism (–2.5 to 2.5)	Worldwide Governance Indicators dataset
	Voice and accountability ³ (–2.5 to 2.5)	Worldwide Governance Indicators dataset
	Press freedom ³ (0–100)	Freedom house, Freedom of the Press, global and regional rankings
	Property rights index (0–100)	Heritage Foundation, 2013 Index of Economic Freedom
Education	Access to education	
	School enrollment, tertiary (% gross)	World Bank, World DataBank
	Years of schooling, primary to tertiary (years)	World Bank, World DataBank
	Quality of education	
	Pupil-teacher ratio, primary	World Bank, World DataBank
	Average of math and science scores	OECD, Program for International Student Assessment, Results and Analysis

Dimension	Indicators	Primary data sources
Health	Mortality rates	
	Life expectancy at birth, total (years)	World Bank, World DataBank
	Mortality rate, under age 5 (per 1,000 live births)	World Bank, World DataBank
	Morbidity levels	
	Prevalence of HIV, total (% of population, ages 15–49)	World Bank, World DataBank
	Incidence of tuberculosis (per 100,000 people)	World Bank, World DataBank
	Prevalence of undernourishment (% of population) ⁴	World Bank, World DataBank
	Population obesity (% BMI > 30, age-standardized estimate) ⁴	World Health Organization, The WHO Global InfoBase
	Access to health care	
	Immunization, diphtheria, pertussis, and tetanus (% of children ages 12–23 months) ⁵	World Bank, World DataBank
Environment	Immunization, measles (% of children ages 12–23 months) ⁵	World Bank, World DataBank
	Physician density (per 1,000 people)	World Bank, World DataBank
	Hospital beds (per 1,000 people)	World Bank, World DataBank
	Air pollution, effects on human health (0–100)	Environmental Performance Index (Yale University) data files
	Terrestrial and marine protected areas (% of total territorial area)	World Bank, World DataBank
Infrastructure	Carbon dioxide intensity (kg per kg of oil-equivalent energy use)	World Bank, World DataBank
	Electricity generation from renewable sources (excluding hydro) (% of total electricity generated)	U.S. Energy Information Administration, International Energy Statistics; BCG analysis
	Communications infrastructure level	
	Internet users (per 100 people)	World Bank, World DataBank
	Mobile cellular subscriptions (per 100 people)	World Bank, World DataBank
	Transportation infrastructure level	
	Quality of roads network (1–7)	World Economic Forum, Global Competitiveness Reports
	Quality of railroads infrastructure (1–7)	World Economic Forum, Global Competitiveness Reports
	Utilities infrastructure level	
	Improved water source (% of population with access)	World Bank, World DataBank
	Improved sanitation facilities (% of population with access)	World Bank, World DataBank
	Quality of electricity supply (1–7)	World Economic Forum, Global Competitiveness Reports

Source: BCG analysis.

Note: Recent progress tracks the five-year change of the same indicators used in the current-level analysis (except for the dimension of health, where HIV prevalence and incidence of tuberculosis are excluded owing to a lack of historical data).

¹Calculation based on this IMF World Economic Outlook Database indicator: gross domestic product based on purchasing-power-parity valuation of a country's GDP.

²SEDA model uses a composite of the corruption and the rule of law indicators.

³SEDA model uses a composite of the voice and accountability and the press freedom indicators.

⁴SEDA model uses a composite of the undernourished population and the obese population indicators.

⁵SEDA model uses a composite of the immunization against measles and the immunization against diphtheria, pertussis, and tetanus indicators.

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