

Policy Brief on Well-being Frameworks and Policy Practice for the green transition in LAC

How can well-being approaches to policy support economic resilience, social inclusion and a just and green transition in LAC?

Key highlights

- Centring well-being in policy making can inform more effective whole-of-government and sectoral responses for a just and green transition. The approach can allow to identify synergies more easily for “triple win” solutions – (1) boosting environmental sustainability at the same time as (2) economic resilience and (3) social cohesion, rather than treating economic, social and environmental policy goals as separate or conflicting. This brief focuses on the first dimension.
- Many LAC countries have developed well-being-focused National Development Plans, which have the potential to guide more effective and integrated action for a just and green transition. Nevertheless, stronger links are generally required between the use of well-being frameworks in planning documents, and their implementation in practice to guide national and international policy decisions.
- Experiences in OECD countries can provide lessons and case studies for more strongly embedding well-being evidence and priorities in LAC policy processes, including through budgeting (e.g., New Zealand), legal frameworks (e.g., Wales), long-term continuity (e.g. Costa Rica), and through applying a systemic well-being lens to sectoral policy (e.g., [Redesigning Ireland’s Transport for NetZero](#)).

Applying a wellbeing approach to policies for a just and green transition in Latin America and the Caribbean

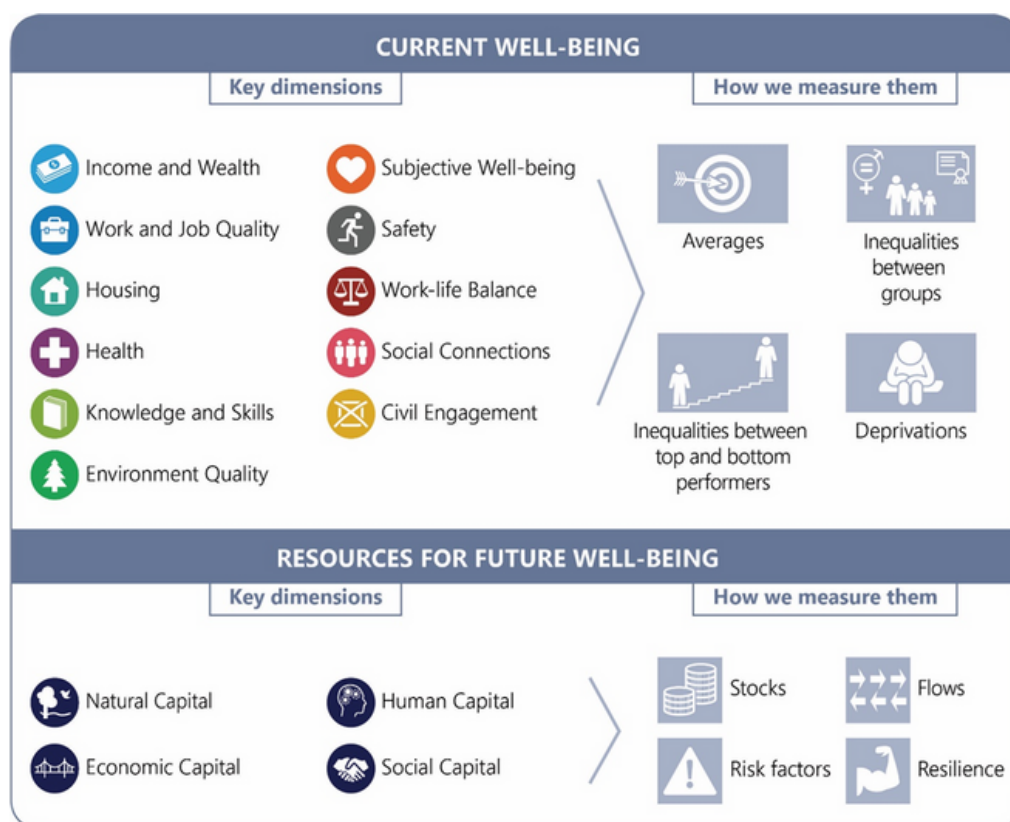
From 2018-2022 the OECD WISE Centre, OECD Development Centre, European Commission and UN ECLAC joined forces with 11 countries in Latin America and the Caribbean on a project to deliver [Metrics for Policies for Well-being and Sustainable Development in Latin America and the Caribbean](#). Centering policy making around well-being can inform more effective whole-of-government responses that identify synergies or “triple win” solutions for (1) boosting sustainability, (2) economic resilience and (3) social cohesion (OECD, 2021[3]; OECD, 2019[4]). Many OECD countries, including multiple LAC countries, employ multidimensional well-being frameworks to establish a clear, shared, and measurable vision of what matters most for people’s lives (OECD, 2021[3]). The OECD Well-being Framework (Figure 1) provides a good approximation of the common elements across many national approaches. It includes:

A focus on the well-being of people today and for future generations;

- Taking into account the natural resources that underpin well-being alongside human, social and economic systems;
- Measuring inequalities and deprivations in multidimensional well-being outcomes (not only income); and,
- Considering both objective and subjective aspects of people’s lives and collective well-being resources.

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Figure 1. OECD Well-being Framework

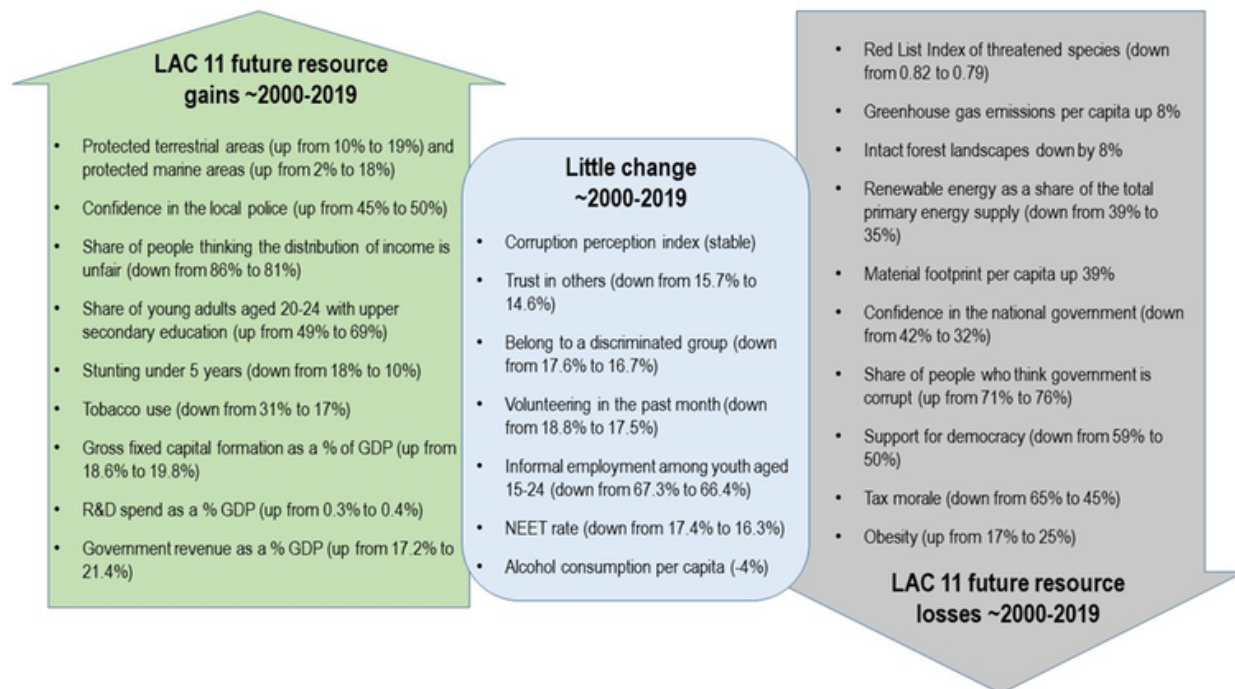


Source: (OECD, 2023[5])

The LAC region faces a disproportionate exposure to the impact of climate change, especially for its most vulnerable groups (OECD, 2022[1]). Climate change actions, responses and impacts are intrinsically linked to people's well-being, equitable access to sustainable development opportunities, and the eradication of poverty. The OECD thus sees development as a multi-dimensional, non-linear, and reversible continuous process and highlights the importance of preparedness for future shocks (OECD, 2019[5]). Despite strong overall GNI per capita growth and improvements in many dimensions that matter for future well-being in the two decades prior to 2019 across LAC countries on average (Figure 2), structural social, distributional, and environmental challenges persist – in many cases, tied to deep pre-existing vulnerabilities and inequalities (OECD, 2021[2]).

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Figure 2. Summary of average gains and losses in resources for future well-being 2000-2019, in 11 LAC countries



Note: Time horizon is from 2000 (or the earliest available year) to 2019 (or the latest available year prior to 2019). The 11 LAC countries are Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Paraguay, Peru, and Uruguay.
Source: (OECD, 2021[2])

Well-being approaches in strategic policy processes (including development planning)

Achieving a just, green transition impacts virtually every dimension of well-being, and requires a truly multi-dimensional approach that creates jobs, rethinks institutions, reforms public finance and ensures equality of opportunity across all aspects of material conditions, quality of life and collective resources. Applying a well-being approach to national planning can help reshape public action to achieve a just and green transition.

Internationally, well-being frameworks are increasingly used to inform strategic processes, such as budgeting, whole-of-government coordination and planning, and policy appraisal and evaluation (OECD, 2021[2]) (OECD, 2023[6]). In the LAC region, several countries[1] have developed a well-being framework to identify national priorities in the context of National Development Plans (NDPs) for the 2030 Agenda[2] and beyond. (OECD, 2021[2]). However, while well-being-focused NDPs have the potential to guide more effective and integrated action in LAC countries, stronger links are generally required between the use of well-being frameworks in planning documents and their implementation at the national and international levels (OECD, 2021[2]).

[1] Colombia, Costa Rica, Ecuador and Paraguay

[2] The Sustainable Development Goal (SDG) framework itself embodies many aspects of a well-being approach, with a vision of progress that is multidimensional and centred on inclusive and sustainable outcomes for people and the planet.

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Applying a systemic well-being lens to sectoral policies for just and green transition

Well-being approaches can also be used to address specific policy issues or sectoral challenges (OECD, 2019[4]). This can facilitate systems thinking and new ways of understanding, analysing, and tackling problems to overcome policy silos. This is particularly important in addressing climate mitigation policies, which are likely to be easier to implement politically, economically and socially and in a more cost-effective manner when there is two-way alignment between climate action and broader goals of human well-being and sustainable development, such as reduced air pollution and improved health (OECD, 2019[4]).

The examples below describe some concrete ways this can be done in practice.

Examples from OECD countries and/or LAC countries

New Zealand: Using budgeting to prioritise action on well-being for people and planet

Since 2019, the New Zealand government has been applying a ‘Well-being Budget’ process that systematically integrates well-being evidence in each stage of their budget decision-making. For example, the Treasury’s Living Standards framework[3] and accompanying dashboard has been used alongside expert consultation and cross-Ministry deliberation to inform the selection of five budget priority areas: transitioning to a sustainable and low-emissions economy; harnessing the social and economic opportunities of digital technology; lifting Māori and Pacific incomes, skills, and opportunities; reducing child poverty and improving child well-being; and supporting mental well-being for all New Zealanders (New Zealand Government, 2018[19]). As a result, the government has been prioritising investment around these five areas since 2019, including significant investment in low-emissions actions such as national railway improvement, sustainable land use programmes, and investment in low-carbon innovation (New Zealand Treasury, 2019[9]).

The New Zealand government also implemented a number of reforms to enable cross-departmental collaboration and ensure longer-term financial responses. These included legislation for greater legitimacy and accountability, such as the Zero Carbon Act, which enshrined in law the long-term target to reach Net Zero by 2050 (New Zealand Ministry for the Environment, 2019[10]), as well as the establishment of a long-term, multi-year ‘Climate Emergency Response Fund’ (CERF) in 2021 (New Zealand Treasury, 2021[11]). To date, the CERF has allocated USD 5.7 billion in climate-related spending, prioritising resources according to where they are likely to have the greatest impact. For example, investments made in the 2023 Budget directly support households to reduce emissions, help accelerate a transition to a low-emissions and climate-resilient economy and build resilience to climate change and its impacts. The support to households, for example, focused on insulation and heating retrofits to low-income households, helping to mitigate energy hardship, reduce emissions, and improve the health and wellbeing of families (New Zealand Government, 2023[11]).

In addition, the 2022 Well-being Budget piloted a “Cluster” approach to facilitate joint agency action for key well-being policy areas, with an initial focus on the Justice and Natural Resources sectors. The Clusters are intended to support inter-agency collaboration, help Ministers to collectively direct spending and make trade-offs across related areas, support medium-term planning, and put a greater focus on value for money. New Zealand’s well-being approach also emphasises that policies for an equitable transition need to include inputs from the communities they affect, including Indigenous Māori perspectives (New Zealand Government, 2022[13]).

[3] The Living Standard Framework was initially based on the OECD Well-being Framework and adapted for New Zealand priorities.

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New Zealand's well-being focused climate actions are explicitly designed to bring positive synergies for economic resilience and social cohesion, by moving the country towards energy independence and reducing reliance on volatile global oil markets, improving territorial security and ability to deal with extreme weather events through investments in climate infrastructure and allowing households to reduce their costs through better transport options (New Zealand Government, 2022[13]) – all areas of high priority for LAC countries also. The New Zealand example shows how legislation (including a well-being amendment to the Public Finance Act in 2020) and organisational reforms within government can support a deeper integration of well-being priorities.

Wales: Using well-being legislation to build long-term sustainability into decision-making

Wales' 2015 Well-being of Future Generations Act is legislation requiring public bodies in Wales to consider the long-term impact of their decisions, to work more closely with the public, communities and each other, and to prevent persistent problems such as poverty, health inequalities and climate change. It sets out seven national well-being goals (encompassing prosperity, resilience, health, equality, cohesion, culture/language and global responsibility) and five ways of working to ensure that the needs of future generations are taken into account in decision making, alongside current needs (comprising collaboration, integration, involvement, and emphasising long-term and preventative policy action). It also created the role of the Welsh Future Generations Commissioner who is tasked with advocating for the needs of future generations in Welsh policy and ensuring that government takes a long-term view of policy impact (Future Generations Commissioner for Wales, 2023[14]).

The Act has been used to reshape decision-making and working methods to promote more sustainable policy making across the Welsh government, leading to sometimes strikingly different outcomes to traditional prioritisation processes. For example, a proposed 1.4 billion GBP motorway expansion was challenged by the Future Generations Commissioner on the basis that it would exacerbate many of the societal and environmental challenges facing Wales. The Commissioner proposed an alternative, and more socially and environmentally stable package of transport solutions which led to a pause on new road building, a 63% increase in active travel investment in the 2022 budget, and a plan to increase public transport, walking, and cycling to 45% by 2045 (Future Generations Commissioner for Wales, 2022[7]). The total cost of the package was less than half of the original motorway expansion cost and, in addition to alleviating traffic congestion, the alternative proposal helped local authorities better meet their decarbonisation targets, reduce inequalities and transport poverty, improve physical and mental health and help reduce noise and air pollution (Wales Future Generations Commissioner, 2018[16]).

The Wales example shows how taking a systems-level approach focused on well-being can provide more synergistic and integrated solutions designed to strengthen economic resilience, social cohesion, and environmental sustainability simultaneously. It also shows the value of a legal framework and strong accountability mechanism (in this case the role of the Future Generations Commissioner) to ensure that the evidence related to more sustainable policy options are taken seriously, and translate from rhetoric into actual policy choices and implementation.

Costa Rica: Ensuring long-term continuity

Centring policy around people's well-being is a continuous process and long-term shift in decision-making, rather than an objective that can be 'achieved' by a single administration. Embedding a strong long-term focus in national development strategies is important to ensure that national plans foster more sustainable development. For example, in 2018, Costa Rica launched a long-term multidimensional plan to achieve Net Zero carbon emissions by 2050 (2050 Pathways Platform, 2018[14]). The decarbonisation strategy was developed with the involvement of various stakeholders, including the government, private sector, civil society, and academia and includes measures to promote the use of renewable energy sources, increase energy efficiency, promote sustainable mobility, and reduce emissions from agriculture and industry. Despite a change of administration in 2022, the latest medium-term plan includes decarbonisation as a priority alongside other well-being objectives, and considers the long-term plan (MIDEPLAN, 2022[15]).

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Ireland: Applying a systemic well-being lens to transport policy to reach net-zero

The Irish Climate Change Advisory Council collaborated with the OECD to identify ways to trigger deep systemic change in the Irish surface passenger transport sector. The focus was on getting the sector on track with its goal of halving transport-related emissions by 2030 in a way that pursues well-being objectives (e.g., environmental quality, safety, subjective well-being, social connections) and ensures equitable and safe access to places and opportunities for all. The project was developed following the Systems Innovation for NetZero process and included the categorisation of distinct policies according to their transformative potential.

Among the main recommendations are to: a) redefine the goal of the transport system as sustainable accessibility, b) Prioritise the up-scale of transformative policies: namely road space reallocation and street redesign, mainstreaming of shared mobility services (in complement to public and active travel infrastructure expansion), and communication strategies focused on changing engrained car-centric mindsets; c) Embed the electrification strategy in the goal of sustainable accessibility and reduced car travel, and make sure the strategy prioritises walking, cycling, micro-mobility and high occupancy and shared travel where larger vehicles are the only option; and d) Embrace a systemic approach to policy decision-making across government departments (OECD, 2022[18]). The recommendations complemented the actions included in the recently issued (2022) Sustainable Mobility Policy and were reflected in the Climate Action Plan 2023.

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Suggested Policy Actions

Well-being approaches are particularly suited for complex challenges that span multiple policy areas - such as achieving a just and green transition. Better integrating systemic well-being frameworks into development planning processes could help LAC countries achieve more collaborative working methods across government departments and sectors of society and apply a more systemic and longer-term view that identifies synergies across policy areas and considers the needs of future generations alongside current priorities. However, well-being frameworks are not a simple add-on to existing policy processes, and their long-term impact, use and effectiveness requires a number of supportive factors and processes. Emerging practices in OECD countries and beyond indicate that there is no one-size-fits-all approach, but examples of mechanisms to better embed well-being priorities in policy decision-making and implementation, with relevance for Latin America include:

- **Establishing clear goals and indicators** (underpinned by a shared well-being framework) to define priorities, make concrete connection between well-being and just and green transition priorities and resource allocations, support cross-departmental coordination, monitor progress and identify knowledge gaps. In the LAC regional context, it is recommended that these elements are incorporated into NDPs. As a just and green transition involves complex and interconnected policies, NDPs can help link short-term policies with longer-term objectives and support consistent implementation over time;
- **Applying a systemic, multi-dimensional well-being lens** to the analysis, appraisal and evaluation of specific policy and sectoral challenges (e.g., in decarbonisation of the transport sector) reflecting the multifaceted nature of countries' development challenges and better consider social, environmental and economic goals, as well as inclusion and sustainability issues. More concretely, it is recommended that the NDPs have a multi-dimensional lens so they can also help guide a whole-of-government approach to raising societal well-being and implementing a just and green transition;
- **Establishing a legal framework** to give the approach greater authority and long-term continuity. It is recommended to do so by e.g., providing a clear and comprehensive logic to evaluate policy spillovers on the just and green transition and by setting cross-cutting objectives to orient actions across levels and sectors of government;
- **Including public consultation, sub-national engagement and participatory planning processes** to enhance legitimacy and democratic engagement. **The opinions, expertise and approval of civil society and local communities** are crucial for the successive steps of the green policy cycle because many effects and solutions will be very local. Hearing citizen views and including them throughout the policy cycle may prevent future setbacks and strengthen policy design. Peer learning and benchmarking among local governments can also help improve policy design and avoid potential conflicts;
- **Incorporating well-being evidence and frameworks in the monitoring and evaluation (M&E) system** (independent from political cycles and government turnover) which is key for assessing policy impacts and implementation and for enabling learning and improvement over time. Given the complexity of green policies and the multi-level co-ordination they require, the M&E phase is crucial to identify potential setbacks and improvements. The **development of a digital dashboard of monitoring and control for green M&E** would allow easier exchange of information among levels of government. By implementing an accessible system of control, centres of governments can follow the evolution of the policy without having to be physically present in every jurisdiction, while providing constant guidance to the local executive levels of government.
- **Using a systemic, multi-dimensional well-being framework for guiding partnerships for a just green transition in LAC countries.** Undertaking a just green transition requires important support from development partners, not only to help countries advancing their NDCs but also to avoid negative spill overs such as loss of tax revenues, job losses, or the effects of new green standards on their imports. An integrated and multidimensional well-being framework can serve to place the just green transitions within the broader context of sustainable development, establishing long-term win-win partnerships with LAC country to provide long-term revenue stability, facilitate technology transfer and provide capacity building to accelerate the simultaneous achievement of climate and development priorities (OECD, 2022[1]).

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