

THE POSITIVE
ECONOMY
INSTITUTE

POSITIVE
ECONOMY
INDEX
NATIONS

INDICE
DE POSITIVITÉ
DES NATIONS

2019

THE POSITIVE
ECONOMY
INSTITUTE
Accelerate
the positive transition

|| *Positive economy
aims at reorienting
all nations
towards the
integration
of long term
challenges.
Altruism
toward future
generations is
a much more
powerful incentive
than selfishness
which is supposed
to steer
the market
economy* ||

JACQUES ATTALI, CHAIRMAN OF THE SUPERVISORY BOARD
POSITIVE ECONOMY INSTITUTE

TOWARDS A POSITIVE PLANET

The current crisis and leaders' myopia are indicative of the urgency to take into account the future generations' interest in the decision-making process both in the private and public sphere. Only if we are capable of thinking long-term, only then can we develop innovative, concrete and helpful solutions to solve the environmental, social, economic and demographic challenges looking ahead to 2030.

Positive economy is an economy that cares about the next generations and suggests a new model where creating wealth is not an end in itself but rather a means to generate a positive, sustainable and inclusive growth. In order for this new paradigm to become the reference, it is of utmost importance to transform our development modes into models that combine the economic, environmental and social dimension in a balanced and harmonious manner.

The construction of a positive society is a collective project and cannot be done without the involvement and commitment of all stakeholders. It is everyone's responsibility to act in order to build the world we want for the present and future generations in 2030.

To support all actors in their positive transition, in early 2019 Positive Planet created the Positive Economy Institute. The Institute relies on Positive Planet's accomplishment since 2012 for a positive economy (publications, positivity indices, forums, citizen consultation) to develop new know-how and accelerate the movement for a positive economy.

WHY DESIGNING 3 INDEXES ?

The emergence of a positive society will be made possible only on the condition that values of rational altruism and making the future generations' interest a top priority are the core of our action principles. This results in a number of consequences, especially when it comes to **the measurement of wealth and assessment of the performance generated by the wide variety of private and public players**. The hegemony of financial criteria is no longer valid in the positive economy model, which necessarily integrates a wider assessment scope. **The dialogue on positive performance should take on board the largest number of actors and areas** so that awareness-raising and advocacy can have important impact.

Generally speaking, we know how to “count what counts” and effectively manage what we can measure. Most of the time, it has to do with elements which can be valued and quantified. These are used to produce statistics that sometimes are meaningless and interpreted in an inaccurate way. The Positive Economy Institute has developed positive economy indexes which analyze the capacity of stakeholders to put future generations at the center of their priorities.

Presented in the report “A Path to a Positive Economy” submitted to French President in 2013, these indexes aim at providing new criteria to monitor progress made in terms of performance. **These new tools should serve as benchmarks to better guide decision-making and stakeholders' action around common objectives**. Positive economy indexes apply to three areas: positive economy index for nations, positive economy index for companies and positive economy index for cities.

THE POSITIVE ECONOMY INDEX FOR NATIONS

GUIDING EVERYONE'S ACTION TOWARDS NEXT GENERATIONS' INTEREST

On the one hand, economic forces lead increasingly to decentralizing decision-making whether it means working closely on the ground to implement public action (in terms of support and advice for job seekers, professional training, learning etc.) or help businesses adapt to an ever-changing world. On the other hand, issues related to security, climate, technology... become global and require extensive cooperation amongst countries in the absence of a global governance. In regards to these two forces moving in the opposite direction –towards the local or towards the international – each country must be united and identify ways that allow for **integration of the long term view and interest of the future generations at all levels of public policy**. The positive economy index for nations aims at defining this framework in order to guide decision making processes and everyone's action.

This index is not intended to replace other tools which measure economic activity, but to complement them with a 360-degree approach to performance measurement.

The flaws in the Gross Domestic Product (GDP) are well known. However, it is not about quantifying a production nor an amount of wealth exchanged. This index aims at getting everyone to take responsibility. It acts as an incentive **to raise awareness about the collective game in which all of should take part**.

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For this reason, the positive economy index for nations analyses all opportunities allowing to guide everyone's action towards future generations' interest. Everyone must have an interest in cooperating and taking into account the impact of one's action on the long-term. This «rational» altruism should be the inspirational force to maintain social cohesion while giving impetus to move forward. Hence, the positive economy index for nations attempts to provide an essential tool to guide our action by highlighting promising achievements but mostly by making us realize there is still a long way to go.

THE POSITIVE ECONOMY INDEX FOR NATIONS: FOR WHICH OBJECTIVES?

- I **PROMOTE** a reference framework to proceed to international comparisons and foster the diffusion of best practises;
- II **IDENTIFY** areas for progress and improve them gradually each year (principle of continuous improvement);
- III **GIVE** new meaning to public action beyond a mere measurement tool.
- IV **BRING TOGETHER** all stakeholders wishing to achieve positive progress;
- V **PROMOTE** a global approach to performance measurement and an inclusive governance

HOW WAS THE POSITIVE ECONOMY INDEX FOR NATIONS BUILT UP ?

Since the first edition of the index in 2013, the tool has been pursuing an objective that is unique: putting future generations' interest at the heart of public action. To that end, the index analyses the capacity of a nation to take that goal into account from three standpoints or dimensions :

1. Educating and financing future generations ;
2. Preparing adequate infrastructures for future generations ;
3. Building a consensus for future generations.

Each of these three dimensions breaks down into a number of sub-dimensions that are themselves measured by two to five core indicators. This architecture is intended to be both concise and comprehensive in order to capture all the aspects of the positive economy. Among all the selected indicators, some are objective measures covered by official statistics (weight of the interest charges on public debt, percentage of women in parliament...). Some indicators are subjective measures resulting from questions asked to representative samples of the population (trust in others, index of corruption perception...). Above all, **the positive performance of a country's economy is based on the balance of these two types of indicators: there could be no progress over the long term if the discrepancy between what is achieved and what is perceived is too great.**

In the end, a global rating for each country is calculated as the weighted average of each sub-dimension's results.

**3 DIMENSIONS,
9 SUB-DIMENSIONS, 30 INDICATORS**

**EDUCATING AND
FINANCING FUTURE
GENERATIONS**

- + POSITIVE FINANCE
- + POSITIVE EDUCATION
- + POSITIVE SOLIDARITY

**PREPARING ADEQUATE
INFRASTRUCTURES FOR
FUTURE GENERATIONS**

- + POSITIVE CONNECTIONS
- + POSITIVE RESOURCES

**NEXT GENERATIONS'
INTEREST**

**BUILDING A CONSENSUS FOR
FUTURE GENERATIONS**

- + POSITIVE GOVERNANCE
- + POSITIVE INCLUSION
- + POSITIVE PARTICIPATION
- + POSITIVE DYNAMICS

List of indicators used to analyze global performance of nations positivity

EDUCATE AND FINANCE FUTURE GENERATIONS

POSITIVE FINANCE	POSITIVE EDUCATION	POSITIVE SOLIDARITY
- 1 - Debt	- 5 - Youth integration	- 10 - International Aid
- 2 - Capital investissement	- 6 - Student empowerment	- 11 - Openness and generosity
- 3 - Demographics and employment	- 7 - Perpetuation of social inequalities	
- 4 - Growth	- 8 - Teachers'attitude	
	- 9 - Attractiveness for foreign students	

PREPARING ADEQUATES INFRASTRUCTURES FOR FUTURE GENERATIONS

POSITIVE CONNEXIONS	POSITIVE RESOURCES
- 12 - Quality of infrastructures	- 16 - Climate change
- 13 - Connectivity of citizens to internet	- 17 - Water quality
- 14 - Quality of housing	- 18 - Sustainable energy mix
- 15 - Urban concentration	

BUILDING A CONSENSUS FOR FUTURE GENERATIONS

POSITIVE GOVERNANCE	POSITIVE INCLUSION	POSITIVE PARTICIPATION	POSITIVE DYNAMIC
- 19 - Democracy	- 23 - Tolerance	- 26 - Senior wellbeing	- 29 - Freedom of choice
- 20 - Quality of institutions	- 24 - Income inequality	- 27 - Parity	- 30 - Trust
- 21 - Press freedom	- 25 - Health	- 28 - Duality of the labor market	
- 22 - Participation in the elections			

FOCUS

METHOD OF CALCULATION

The ambition of the index is to be universal, applicable to all nations. It is composed of quantitative indicators (debt, capital investment, GDP growth, etc.), and qualitative indicators (students' empowerment, perception of tolerance, perception of health, etc.).

The index is divided in three dimensions:

- Educating and financing future generations (3 subdimensions, 11 indicators);
- Preparing adequate infrastructures for future generations (2 subdimensions, 7 indicators);
- Building a consensus for future generations (4 subdimensions, 12 indicators).

In each subdimension, all the indicators have the same weighting.

For a given indicator I , the score of a country is normalized using the scores of other countries according to the following formulae:

1. When a high score in indicator is negative :

$$I_{norm} = \left(1 - \frac{I - I_{min}}{I_{max} - I_{min}} \right)$$

2. When a high score in indicator is positive :

$$I_{norm} = \frac{I - I_{min}}{I_{max} - I_{min}}$$

With:

- I the score of the country for a given indicator;
- I_{min} and I_{max} the minimum and maximum among all the nations' scores for the indicator;
- I_{norm} the normalized score of the country for the indicator.

Once the above calculation is finalized, the score for each subdimension consists in the average of the corresponding indicators. Similarly, for each dimension, the score is the average of the corresponding subdimensions, and the global score is the average score of all three dimensions.

In order to build a more inclusive index in which the largest number of indicators can be calculated for the largest number of countries, the indicator which assesses the quality of Housing (14) is now calculated by the percentage of people satisfied with the availability and affordability of housing (in replacement of the number of rooms per person). The figures are based on the information provided by Gallup Poll.

Lastly, if updated data had been released for all countries since the latest calculation of the 2018 OECD positivity barometer, the corresponding indicators were updated accordingly.

RESULTS FOR THE 2018 EDITION OF THE POSITIVE ECONOMY INDEX FOR NATIONS, INCLUDING THE UNITED ARAB EMIRATES FOR THE FIRST TIME

Since 2013, the Positive Economy Institute has published the annual positivity index for 34 OECD countries. The 2018 results are in line with those published over the past 5 years. Three groups of countries can be outlined: a leader group composed of 8 countries with positivity scores above 60 out of 100 (mainly including the Northern European countries: Iceland, Sweden, Norway, Denmark, the Netherlands and Finland, plus Switzerland), followed by an intermediate group of 11 countries with scores between 50 and 60 (with France ranking 19th), and 16 countries with scores below 50, with a significant progress margin (with Greece, Hungary and Mexico closing the ranking).

For the first time since the creation of the Positivity Index for Nations, a non-OECD country also voluntarily approached the Positive Economy Institute in 2018 in order to assess its positivity score: The United Arab Emirates (UAE). Engaged in several projects on happiness, positivity and well-being (a national program for happiness and positivity sets a reference framework for the Government), the UAE created in 2016 the Ministries of Happiness, Tolerance and Youth (50% of the population is under 30), these Ministries being placed under the responsibility of women. The UAE are also the host country of the annual World Government Summit and work in close partnership with OECD on innovation in the field of public policies.

As an exploratory and pilot initiative [1], the UAE positivity score was therefore included in the 2018 positivity barometer for OECD countries, revealing a score of 61%, which places the Emirates between Switzerland and New Zealand in 8th place in the overall ranking. This exploratory initiative illustrates the will of the Positive Economy Institute to progressively open the Positivity Index, beyond OECD countries. In fact, the index is aimed at becoming a tool at the service of any Nation wishing to place the interest of future generations at the core of its public policies, fostering the development of a positive economy.

[1] For non-OECD countries, where statistical tools and available data differ from those used with OECD countries, we have used equivalent data, which are subject to credibility and independence verification. For the UAE 2018 ranking in particular, equivalent data have been used for 8 indicators, as well as a proxy for one other indicator.

POSITIVITY OF OECD COUNTRIES AND UNITED ARAB EMIRATES



AUDREY TCHERKOFF
CEO

CAMILLE JURY
HEAD OF DEVELOPMENT

CÉDRIC BAECHER
MANAGING PARTNER NOMADÉIS
RAPPORTEUR & TECHNICAL ADVISOR FOR POSITIVE
ECONOMY INDEXES

THÉO LACOSTE
CONSULTANT NOMADÉIS
TECHNICAL ADVISOR FOR POSITIVE ECONOMY
INDEXES

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