

Country deep dive on the well-being economy

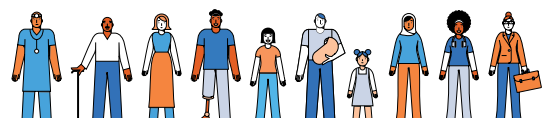
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Iceland



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Iceland



Abstract

The WHO Regional Office for Europe's series of deep dives are part of the technical documentation supporting the WHO European Regional High-level Forum on Health in the Well-being Economy (1–2 March 2023). Each publication in the series is developed by combining academic and grey literature with narratives from semi-structured interviews conducted with key stakeholders in government and public health institutions, with the aim to demonstrate concrete country experiences in advancing and implementing well-being economies. This deep dive focuses on the Icelandic approach. It gives context for Iceland's commitment to the well-being economy agenda, and identifies key concepts and strategies, governance structures and mechanisms, the role of (public) health, and approaches to measuring and monitoring progress. It highlights both the drivers and barriers Iceland has encountered on the path towards a well-being economy. While Iceland's experience is not representative or all-encompassing, countries that are considering or in the process of shifting to a well-being economy can look at these key findings and take-home policy messages for inspiration.

Key words

Iceland
Social determinants of health
Health inequities
Wellbeing economy
Sustainable development
Quality of life

Document number:
WHO/EURO:2023-7415-47181-69111

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Suggested citation. Country deep dive on the well-being economy: Iceland. Copenhagen: WHO Regional Office for Europe; 2023. Licence: CC BY-NC-SA 3.0 IGO.

Cataloguing-in-Publication (CIP) data. CIP data are available at <http://apps.who.int/iris>.

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Acknowledgments

The main authors of this report are Dina von Heimburg (Norwegian University of Science and Technology), Ottar Ness (Norwegian University of Science and Technology), Isaac Prilleltensky (University of Miami), Gabriele Pastorino (WHO Regional Office for Europe), and Anna Stielke (Public Health Wales).

The WHO Regional Office for Europe is grateful to the country representatives and focal points for their support and valuable inputs throughout the project development, particularly to:

Finland: Heli Hätönen, Taru Koivisto, Satu Leino, Riikka Pellikka (Government of Finland) and Tuulia Rotko (Finnish Institute for Health and Welfare).

Iceland: Dóra Guðmundsdóttir (Directorate of Health, Iceland).

Scotland: Joanne Briggs and Jenny Hogan (Scottish Government).

Wales: Nicola Evans, Joanna Charles, Brendan Collins (Welsh Government) and Mariana Dyakova (Public Health Wales).

The Regional Office would like to thank the following individuals for kindly contributing to this publication through the insights they provided during the interviews process:

- Eggert Benedikt Guðmundsson (Prime Minister's Office, Iceland)
- Ásta Bjarnadóttir (Prime Minister's Office, Iceland)
- Dóra Guðrún Guðmundsdóttir (Directorate of Health, Iceland)
- Rósa Guðrún Erlingsdóttir (Prime Minister's Office, Iceland)
- Gígja Gunnarsdóttir (Directorate of Health, Iceland)
- Ásthildur Knútsdóttir (Ministry of Health, Iceland)
- Sigríður Haralds Elínardóttir (Directorate of Health, Iceland).

Special thanks go to the following individuals for providing comments during the external review of this document:

- Christine Brown (WHO Regional Office for Europe)
- Dóra Guðrún Guðmundsdóttir (Directorate of Health, Iceland)
- Sigríður Haralds Elínardóttir (Directorate of Health, Iceland)
- Gígja Gunnarsdóttir (Directorate of Health, Iceland)
- Monica Lillefjell (Norwegian University of Science and Technology)
- Píroska Östlin (WHO Regional Office for Europe).

The WHO European Well-being Economy Initiative is led by the WHO European Office for Investment for Health and Development of the WHO Regional Office for Europe, based in Venice, Italy.

The series of country deep dives on the well-being economy is edited by Gabriele Pastorino, WHO Regional Office for Europe.

List of abbreviations

OECD	Organisation for Economic Co-operation and Development
PMO	Prime Minister's Office
SDGs	Sustainable Development Goals
WEAll	Wellbeing Economy Alliance
WEGo	Wellbeing Economy Governments

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Background

The WHO Regional Office for Europe is developing a series of deep dives capturing countries' experiences in shifting to well-being economies in the WHO European Region. The series started off with Finland, Iceland, Scotland and Wales, which have committed to becoming well-being economies and are leading this agenda at European and global levels.

The findings from these deep dives contributed to the technical documentation supporting the WHO European Regional High-Level Forum on Health in the Well-being Economy (1–2 March 2023).

About the deep dives series

The Regional Office's deep dives series shares country experiences in advancing and implementing well-being economies. It aims to:

- document and showcase new policies and approaches supporting countries in their shift to well-being economies;
- provide a rapid stocktake on the evidence for policy;
- support national-level discussions and foster cross-sector policy dialogues;
- support international exchange, learning and collaboration; and
- provide evidence for advocacy-building.

Individual country deep dives are developed by combining academic and grey literature with narratives from semi-structured interviews conducted with key stakeholders in government and public health institutions. While these experiences are not representative or all-encompassing, countries that are considering or in the process of shifting to a well-being economy can look at these key findings and take-home policy messages for inspiration.

Each country deep dive showcases:

- drivers of the country's shift towards a well-being economy;
- key concepts and strategies characterizing the well-being economy approach at a national level;
- governance structures and mechanisms supporting the implementation of reforms;
- monitoring and metrics designed to measure results and successes;
- the specific role played by (public) health in the well-being economy; and
- enablers and barriers for advancing and implementing the well-being economy.

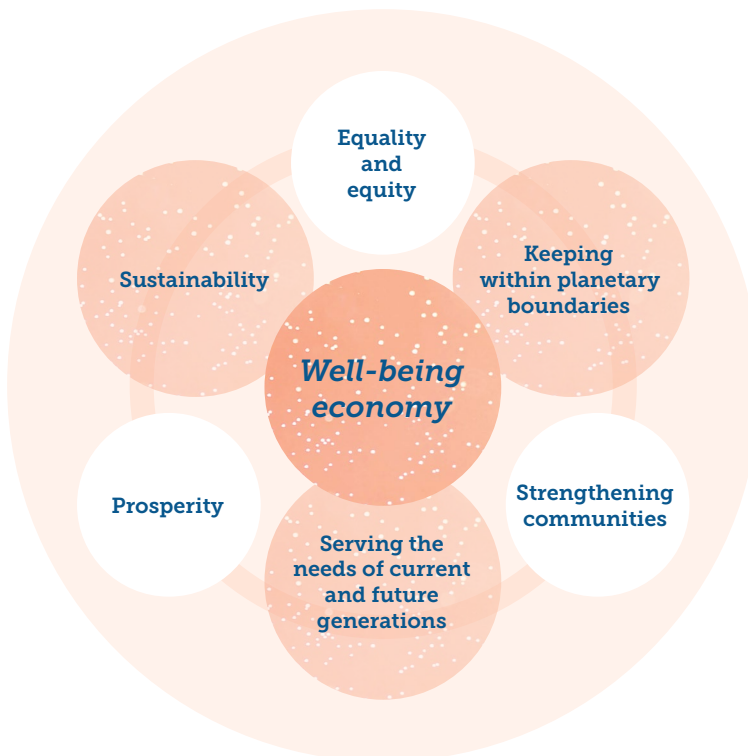
The target audience of the deep dives includes leaders from the health sector, policy-makers and stakeholders from the development and economic sectors – both those who are newly acquainted with the well-being economy approach and those from champion countries who want to advance this agenda at the European level.

What is a well-being economy?

Well-being economies are economies that prioritize human, social, planetary and economic well-being, which constitute the well-being “capitals” (1). These include important assets such as trust, social cohesion, participation, environmental sustainability and quality employment, which are crucial for developing healthy, fairer and prosperous societies where people can thrive (2).

Findings from deep dives on Finland, Iceland, Scotland and Wales show that these countries implement and advance well-being economies differently, yet all strive to **put people at the heart of decision-making processes and share the goal of well-being – to create prosperous, sustainable and fair societies for current and future generations (2).**

Fig. A: Common elements framing the well-being economy approach in Finland, Iceland, Scotland and Wales.



Key findings

The following are the key findings from the review of the Icelandic approach to the well-being economy.

Drivers of Iceland's shift towards a well-being economy

- **Pressing policy challenges related to the sustainability of society and the welfare state, the environment and the economy** have been the main drivers, particularly in addressing the consequences of the 2008 financial crisis and its impact on societal resilience and well-being.
- **Efforts to achieve gender equity and to implement the United Nations Sustainable Development Goals (SDGs) (3)** have catalysed the well-being economy agenda.
- **The election of women into key political and decision-making functions** and the attention they have brought to this agenda have accelerated the shift towards a well-being economy.

Key features of the Icelandic well-being economy approach

- **Definition of well-being:** Common elements of the well-being economy approach in Iceland are equality and equity, sustainability, prosperity, strengthening communities, serving the needs of current and future generations, and keeping within planetary boundaries. Well-being is approached as a holistic concept, encompassing subjective dimensions (feeling well, finding meaning in life, experiencing joy) and objective dimensions (having adequate income, access to services, economic equality). It also includes functioning well, which is the result of having the necessary capabilities to perform well as individuals and as a collective.
- **Policy focus on well-being:** Post-financial-crisis interventions have focused on returning to the traditional Nordic model that aims to protect people's well-being through a strong welfare system while also protecting the environment.

Main policy objectives are currently focused on advancing an equitable and sustainable welfare system; prioritizing early childhood development and family support; empowering healthy communities, educational institutions, leisure initiatives and workplaces; including young people in the labour market; securing a more sustainable work–life balance; and improving equal opportunities for women, girls and minority groups.

- **National and local commitment to global agendas on human rights and sustainable development:** Creating sustainable well-being for all requires not only domestic action across the whole of society, but also commitment to universal values and international agendas. The Icelandic well-being economy agenda is therefore in line with the Universal Declaration of Human Rights (4) and strongly connected to the implementation of the SDGs (3).

Governance structures and mechanisms

- **Whole-of-government and whole-of-society approach:** The dominant perspectives and strategies to promote well-being for all are focused on well-being as an organizing principle for societal development. The well-being discourse is not owned by any one sector, which motivates a broad, diverse and inclusive response.
- **Overall coordination and commitment at the highest political level:** Recognizing that advancing a well-being economy and pursuing a sustainable future on a healthy planet are intertwined agendas that run across all sectors and levels of government, the Icelandic Government decided to place the overall coordinating responsibility for advancing the well-being economy agenda with the Prime Minister's Office (PMO). The Council for Sustainable Iceland – a platform involving representatives of local governments, industry, businesses, labour unions, Parliament and nongovernmental organizations (NGOs), together with all government ministers – is chaired by the Prime Minister.



- **People-powered and co-created governance for well-being:** Engaging with the public and providing opportunities for citizens to actively engage in their communities and locally rooted economies have been key to developing national strategies such as *Iceland 2020 (5)*, measuring well-being, and enabling and legitimizing public priorities and strategies. Citizens are considered as rights bearers as well as contributors to welfare and well-being.
- **Organizational change agents:** The well-being economy approach is supported and championed by various governmental organizations, NGOs, platforms and networks, all acting as organizational change agents. In particular, Iceland has paid attention to the voices of young people in creating a sustainable future (for example, through the Youth Council for the SDGs), and on promoting and protecting social security (for example, through the Welfare Watch platform).

Role of (public) health in the development of the well-being economy agenda

- **The health sector as an advocate and change agent in a system-wide approach to the well-being economy:** The Directorate of Health works under the authority of the Ministry of Health and plays an important role in pushing the agenda forward through national public health strategies, which are based on protecting and promoting well-being.
- **Co-benefits with health:** Well-being contributes to positive health outcomes and is thus also as a means to relieve pressure on the health and welfare services. The Icelandic approach recognizes that high levels of well-being for all will reduce the burden of disease while yielding co-benefits for society, such as increased entrepreneurialism and active citizenship – values that in turn benefit the social, economic and environmental dimensions of sustainable development and well-being for all (6).

Monitoring and metrics

- **Measuring and monitoring progress towards a well-being economy:** Iceland has developed a well-being economy indicator system (7), with Statistics Iceland systematically monitoring progress towards the SDGs. The system is complemented by regular public health and well-being surveys delivered in collaboration with the Directorate of Health.

Key policy messages from the Icelandic experience¹

- **High-level political commitment** is key to advancing the well-being economy agenda nationally and internationally. In Iceland, the agenda is led by the PMO.
- **Leveraging international collaboration** is important for building political support and fostering innovation, for instance, through the Wellbeing Economy Governments (WEGo) partnership (8), in which Iceland plays an active role.
- **The (public) health sector** in Iceland is a driver, co-creator and beneficiary of well-being economy policies.
- **Legislation and politically binding commitments**, such as Iceland's fiscal framework (9), play an essential role in implementing policies that are aligned with the well-being economy.
- **Indicators and metrics systems** are key to defining what is measured and to monitoring well-being. Iceland has developed a data-driven approach and systematic monitoring to inform and evaluate policies on a regular basis.
- **Fiscal and budgeting strategies/tools** support cross-sector work and foster collaborative discussions among various players, including public health bodies, and shape policies that aim to maximize well-being, such as the fiscal strategy for well-being priorities in Iceland (10,11).
- **Innovative policy tools** such as gender budgeting (12) are key to sparking and sustaining change.
- **Disruptive change-makers**, such as exceptional individuals with high motivation who are keen to lead change, catalyse change and participation.
- **Challenges to implementation** include:
 - **balancing short-term and long-term thinking**, particularly the need for governments to produce quick results for their constituencies while acknowledging that the positive effects of some policies will not be visible for years;
 - **refining and implementing indicators and metric systems** that must be agreed across government sectors;
 - **addressing the fragmented division of labour** between sectors and ministries;
 - **working towards an overarching policy for well-being** with legally binding commitments across sectors; and
 - **increasing public awareness** about the ongoing transition by **engaging the private sector and civil society in the conversation.**

¹ The key policy messages shared here are adapted from those presented in WHO Regional Office for Europe's Deep dives on the well-being economy showcasing the experiences of Finland, Iceland, Scotland and Wales: summary of key findings (2). This text expands on the Icelandic experience.



• **Key governance mechanisms** for sustaining Iceland's efforts to implement and advance a well-being economy approach include:

- a whole-of-government approach and whole-of-society mobilization in joint actions;
- organizational structures such as cross-ministerial platforms and coordination mechanisms (for example, the Council for Sustainable Iceland); and
- participatory processes that support discussion, exchange and co-creation while involving the public, civil society organizations and key stakeholders (for example, the constitutional review dialogues that laid the foundation of the Icelandic well-being economy objectives and goals), and active roles for communities, municipalities and third-sector organizations (such as the Wellbeing Economy Alliance (WEAll) (73)).



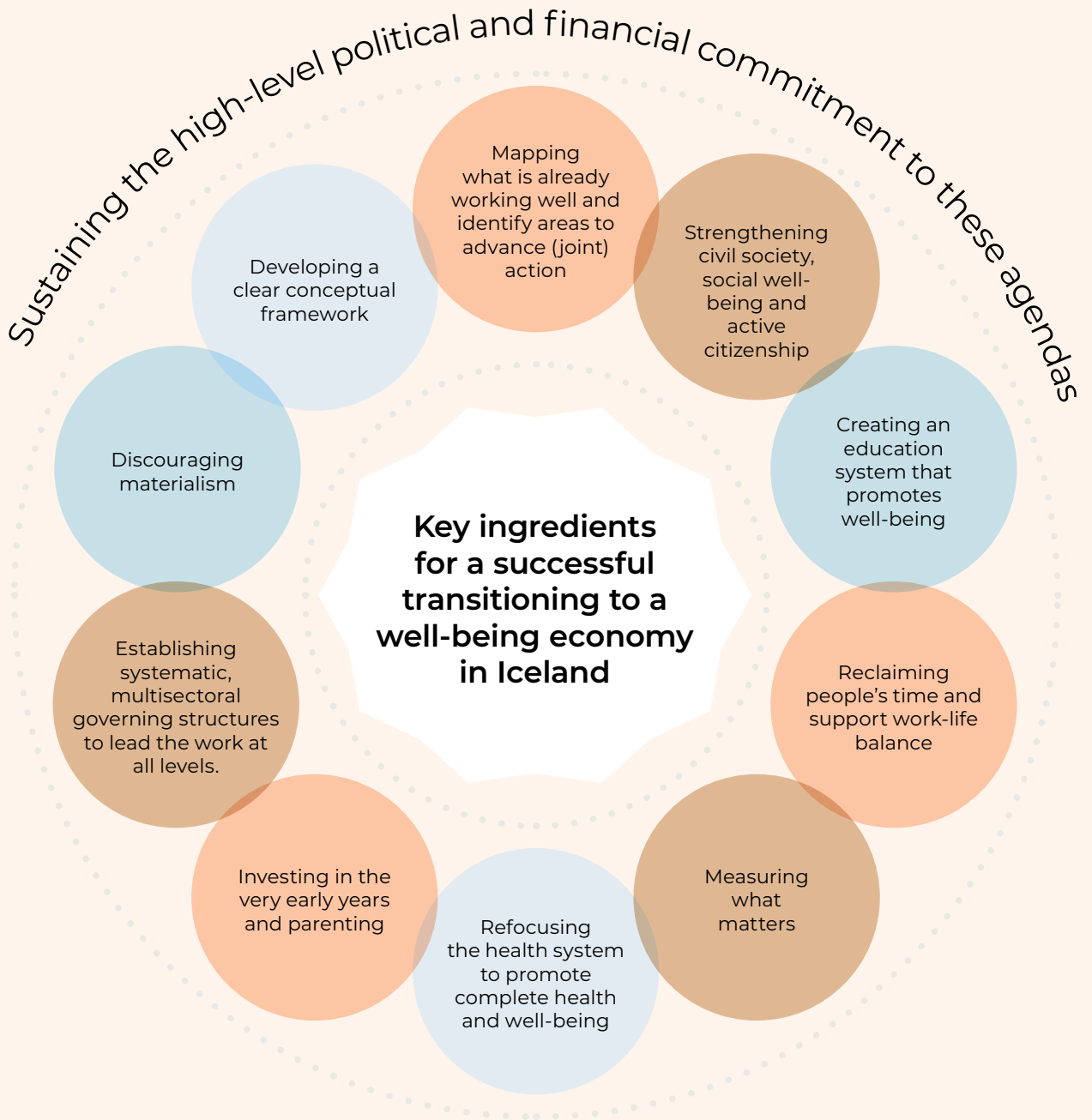
• **Long-term commitment is key**, which means looking beyond election cycles and securing commitment and accountability by working in a system-wide manner with strong steering mechanisms and transparent governance to nurture public support.



• **Future-shaping ambitions** consider the effects of all decisions and actions on generations to come, while unleashing creativity and innovation, building capacity by investing in human development, and supporting a wide range of well-being outcomes.



Fig. B: Key ingredients for a successful transitioning to well-being economy according to Icelandic stakeholders



The Icelandic approach shows that **shifting to a well-being economy requires placing people at the heart of decision-making processes and well-being at the centre of policy decision-making.**

The Icelandic context

Due to its relatively small size and its open and transparent governance system, Iceland provides a unique opportunity to study the shift to a well-being economy approach in terms of its origins, successes and lessons learned. To provide a context for understanding how and why Iceland has accelerated its transition to a well-being economy, this deep dive into the Icelandic experience starts with a brief outline of the national context.

Iceland, known as a “land of fire and ice”, is a Nordic island country replete with volcanoes and glaciers bordering the Arctic Circle where the North Atlantic Ocean meets the Arctic Ocean. Iceland is a prosperous country, with a long history of nurturing social cohesion and happiness. A high per capita income, high degree of income equality, and well-developed universal health and education systems are key pillars on which a well-being economy is being built. Accordingly, Iceland is characterized by a comprehensive welfare state system, where the public sector invests in securing social infrastructure such as health care, social welfare and education for all citizens (14). **The welfare state system is key to addressing current challenges and preparing for future ones, providing current and future generations of Icelanders with capabilities to achieve well-being.**

As of January 2023, there were 387 758 registered residents in Iceland, spread across a total area of 103 000 km² (15). Reykjavik is Iceland’s capital and largest city, and the region where most Icelanders live: about 63% of all Icelanders live in Reykjavik and its surrounding areas, while the rest are spread across the island (16). Iceland is arguably the world’s oldest parliamentary democracy, with the Parliament (Althingi) established in the year 930. Iceland is a constitutional republic with a multiparty system. The Government exercises executive power, where the President is the head of state, supported by a cabinet of ministers holding responsibilities for sector areas.

There are two administrative levels in Iceland: the state (national government) and municipalities (local governments). Although national legislations give citizens legal rights to welfare, key measures are the distributed responsibility of local governments. As of June 2022, there were 64 municipalities in Iceland (17). The Icelandic municipalities act as local governments, with a wide range of responsibilities for planning and public service provision. The Local Authorities Act defines rights and obligations for municipalities (18), while detailed requirements are defined in various items of separate legislation. The municipalities provide a number of important services for their citizens’ health and well-being, such as kindergartens, elementary schools, waste management, social services, public housing, public transportation, care for older people and services for people with disabilities. The Icelandic Constitution guarantees the autonomy of municipalities over their own matters, while also committing them to follow national legislation (19). Some of the municipalities have very few residents (the smallest have under 100 citizens), but are large in terms of geographical area, which makes it challenging for some local governments to cover the municipalities’ total range of formal tasks. Accordingly, collaboration and partnerships among municipalities to provide legal rights to welfare and to solve other challenges are quite common in Iceland.

Providing economic and social security for citizens has been one of the fundamental features of state activity in Iceland in the 20th century. Since 1945, Iceland has developed into a comprehensive democratic welfare state, similar to the other Nordic countries, but at a slower pace and with episodes of retrenchment (20). Since the increased marketization of the welfare system and welfare cuts throughout the financial crisis, Iceland seems to have returned to its traditional Nordic model. In the wake of the recession that began in 2008, it has reoriented towards rebuilding a strong, tax-financed and redistributive state, with universal welfare and constraints on the growth of income inequalities (20,21).

Contemporary and future challenges in Iceland

Most Icelanders enjoy good health, high levels of well-being, high living standards and high levels of social connectedness. In 2021, the average life expectancy in Iceland was among the highest in Europe: 80.9 years for men and 84.1 years for women (22). According to the Organisation for Economic Co-operation and Development (OECD) Better Life Index, Icelanders not only live longer than the OECD average, they also live better lives: when asked to rate their general satisfaction with life on a scale from 0 to 10, Icelanders, on average, gave it a 7.6 grade, which is significantly higher than the OECD average of 6.7 (23).

Compared to other OECD countries, Iceland outperforms the average in life satisfaction, health, social connections, civic engagement, safety, jobs and environmental quality (23). However, it underperforms in work-life balance and education (23). Tobacco and alcohol consumption are relatively low among Icelanders, yet obesity rates and mental health issues are currently on the rise (24). Significantly, more adults assessed their mental health as decent or poor in 2020 and 2021 compared to 2019 (25).

While Iceland has gone a long way to achieve gender equality, the country still faces important challenges to ensuring equity in health and well-being. Despite substantial policy improvements, women are still generally the main bearers of the domestic workload (26). Social inequalities in life expectancy and well-being are widening across various measures of socioeconomic status. While it is relatively equitable compared to other OECD countries, Iceland faces persistent income inequalities (27–29). The effect of wealth accumulation among those who are most well off needs to be better understood, and efficient measures and policy responses to tackle poverty, financial difficulties, insecure housing and social exclusion – some of the factors most harmful to people's well-being – also need to be developed and implemented (23,27,30).

In 2021 6.3% of young people in Iceland were not in employment, education or training; this was lower than the 10.8% average in the other European Union countries (31). According to public health stakeholders in Iceland, a general conception among Icelanders has traditionally been that there are no significant inequities or hierarchical class structures among the population. However, the equity perspective has recently gained traction as the conception of the equal Icelandic society has been questioned by survey data. These data have enabled analyses of social gradients in health and well-being by occupation, income, education and, more recently, migration status.

In 2022 a total of 9764 people immigrated to Iceland, which was twice as many as in 2021. For the first time in Iceland, 2022 saw more immigrants than emigrants in one year (32). People born in Poland, followed by those from Lithuania, Romania and the Philippines, were the largest groups of immigrants in December 2022 (33). According to Icelandic stakeholders interviewed for this report, this rapid increase in migration is challenging the current system and requires new solutions for sustaining trust and social cohesion. Tackling these challenges involves ensuring people's basic needs, seeking ways to welcome migrants as contributors to advancing a well-being economy, and preparing for a more multicultural society.

The interplay between national and local governments in their respective roles in the functioning of the welfare system and the development of a well-being economy creates both opportunities and challenges in Iceland. The health system covers all residents and access to care is generally good. Iceland was less affected by the COVID-19 pandemic than nearly all other European countries because of prompt and stringent containment measures and the country's geography with sparsely populated areas. Despite universal welfare and a rights-based approach to health care, unmet health-care needs are greater among people in lower-income households. In addition, issues related to access to care are important public

health and health system challenges in Iceland (34). Collaboration and allocation of roles and funding between national and local levels can also present difficulties; for example, the fact that the health-care system is run by the state while social services are run by the municipalities can create barriers for those with more specialized needs. Currently, efforts are underway to better meet the needs of children (35) and older people (36), among others. As the most sparsely populated country in Europe, Iceland also faces unique hurdles related to municipal funding and collaboration to enable municipalities to fulfil their roles in the welfare system. As such, the country is particularly concerned with making equitable investments in people and places.

On the road to becoming a well-being economy

Events prompting Iceland's shift to a systematic well-being economy approach

During the last century, Iceland fought its way from poverty to prosperity, and is now one of the most affluent countries in the world. However, this economic fairy tale has been a rocky journey, with shocks that eventually prompted Iceland's shift towards a systematic well-being economy approach. This section highlights key events and policy milestones in Iceland's transition from a traditional welfare state into a maturing well-being economy (see Fig. 1), which are described in more detail through the report.

Today, well-being is understood in Iceland as a collective term for factors other than gross domestic product (GDP) used to assess the quality of life of the population. As mentioned in the opening section of this deep dive, well-being economies prioritize human, social, planetary and economic well-being, which constitute the well-being capitals. These include important assets such as trust, social cohesion, participation, environmental sustainability, secure housing and quality employment, which are crucial for developing healthy, fairer and prosperous societies where people can thrive now and in the future (2).

The Icelandic approach shows that **shifting to a well-being economy requires placing people at the heart of decision-making processes and well-being at the centre of policy decision-making.** Vital to this approach is how key stakeholders have defined well-being and the well-being economy both in formal policy-making and in governance mechanisms and instruments since the initiation of the Icelandic welfare state model. The following section elaborates on some of the most important milestones in recent decades (45).

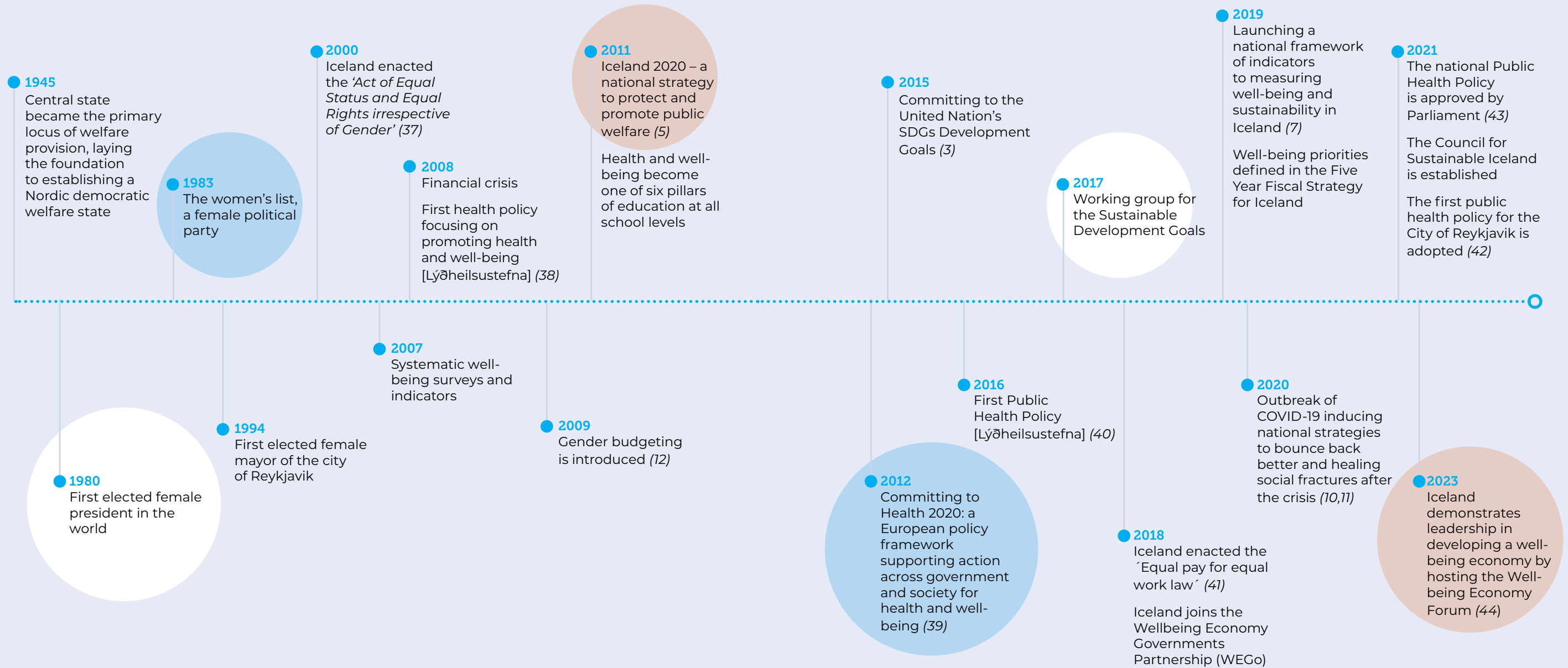
The collapse of the Icelandic economy

Since 2000 Iceland has experienced boom, bust and revival. Throughout the 1990s, various transformative policy reforms were implemented to “modernize” and grow the Icelandic economy. Substantial market liberalization, deregulation, privatization (including a total privatization of the banking sector), and an overhaul of tax policies with large reductions on net wealth tax, capital tax and corporate tax rates totally reorganized the economic system from a fishing-driven to a finance-driven economy. The banking and financial sector rapidly grew. The reforms had an enormous effect on Iceland's economy and made Iceland one of the richest countries in the world. Stock market prices increased by 900% between 2002 and 2003, with the banking sector accounting for 96% of total GDP. When the financial crisis hit in 2008, the new Icelandic economic model largely based on the banking and financial sector suddenly collapsed, pushing nearly every business in the country into bankruptcy (46). **While the impact of the 2008 financial crisis was intense, it was an important driver for Iceland's shift towards a well-being economy.**

Accelerating a data-driven approach to well-being

In 2007, just prior to the financial crisis, **the Government prompted a well-being focus by systematically measuring the well-being of the Icelandic people as an integrated element of a large public health survey.** These surveys and indicators (explained in more detail in the section Monitoring and measuring progress) enabled research and policy entrepreneurship that proved formative for policies and priorities in Iceland. This data-driven approach has allowed Iceland to build strategic capacity and societal learning from events, prompting a more targeted shift towards a well-being economy.

Fig. 1: Key events and policy milestones on Iceland's road towards becoming a well-being economy



The public health effects of the financial crisis that were identified by comprehensive studies, combined with the exploration of strategies to bounce back better, led to new insights that advanced the shift towards a well-being economy in Iceland (47). The availability of pre-crisis data on population well-being allowed for extensive studies on the impact of the crisis on people's well-being. An important finding from one study commissioned by the Directorate of Health was that the mental health and happiness among Icelandic youth did not deteriorate during the crisis. In fact, Guðmundsdóttir and colleagues demonstrated that happiness seemed to increase by 5% in the adolescent population from 2000 to 2010, despite the economic crisis (48). They found that emotional support from parents and time spent with parents had the largest influence on adolescents' happiness, further suggesting that the crisis might have had a positive relational impact in the form of more time spent with children, family and friends. Accordingly, investments in better work–life balance for parents, in meeting places and in leisure activities for children and young people in Iceland were legitimized by data.

Since 2008 these insights have been informing Iceland's public health policies and its focus on well-being as the organizing principle for a whole-of-government and whole-of-society response. Although Iceland has a long tradition of nurturing close collaboration among researchers, policy-makers, politicians, citizens and stakeholders, trust in scientific knowledge has increased as the population has struggled together to cope with societal crises such as COVID-19 (49). Today, politicians and policy-makers consider the acceleration of a data-driven and research-informed approach to be vital to making decisions to support the well-being of citizens.

Reclaiming a strong welfare state system and rebuilding the economy: the Iceland 2020 strategy

Coming out of the financial crisis and aiming to bounce back better, Icelanders and the Government recognized a need to reorient their approach to politics and to economic policies. Iceland had been a welfare state for decades and, according to an Icelandic stakeholder interviewed for this deep dive, the financial crisis presented a valuable lesson that they were getting off track. **The government that took over after the financial collapse was named the “welfare regime”, since their main goal was to protect the welfare system in Iceland through the crisis and to promote well-being for all.** Accordingly, the Iceland 2020 policy statement was developed under the lead of the Prime Minister's Office (PMO) and published in 2011 (5).

Iceland 2020 was co-created through public conversations and collaboration with a wide range of actors and stakeholders. The document contained measurable objectives to enable policy evaluation, and set the explicit goal for Iceland to become a fully-fledged member of the group of Nordic welfare states that guarantee social security and the equality of citizens (5). Its objectives were focused on well-being, and were formulated through discussions and cooperation with hundreds of Icelanders throughout the country and in consultation with regional associations, municipalities, trade unions, trade associations and other NGOs. With *Iceland 2020*, the Government initially had the ambition of changing the Constitution; although these legal propositions did not pass in Parliament, the strategy had a great impact on the transition towards a well-being economy.

Although the 2008 financial crisis hit hard and deep in Iceland, it bottomed out early, largely because of the system-wide and well-being-centred responses made across the whole of society. Since 2010, Iceland has again experienced economic growth. By 2017, pre-crisis employment rates and income levels were regained, supported by spectacular growth in tourism, prudent economic policies and a favourable external financial environment (50). In the context of building a well-being economy, the policy response and priorities made by the Icelandic

Government worked remarkably well. In addition to macroeconomic stimulus, the redistribution strategy was key to recovery (51). Other measures included taxation policies, increased transfers to lower-income groups, debt relief, job creation and labour market inclusion. In other words, **investing in the protection of the most vulnerable households benefited not only people, but the economy as well.**

Moving from a traditional welfare state towards a well-being economy

While protecting and promoting the welfare state system has been an important foundation for building a well-being economy in Iceland, stakeholders interviewed for this deep dive noted that advancing a well-being economy also involves transforming how the welfare system works. Whereas the traditional welfare state works to protect and promote the economic and social well-being of the citizens based on redistributive strategies, building a well-being economy implies the capacity to create virtuous cycles of well-being for both people and the planet over time. **Citizens and a wide range of other stakeholders are seen not only as beneficiaries of welfare, but also as active contributors to advancing a fair and green societal transition, with the overall vision of a sustainable economy that creates the conditions for well-being for all (52,53).**

According to Icelandic stakeholders, **a vital element in the ongoing reimagining of the welfare state as a well-being economy has been rediscovering public purpose and reframing the roles and contributions of various actors – moving from redistribution to pre-distribution of power, wealth, time and income, and from welfare service delivery to co-created solutions.** In this perspective, the public sector is approached as an enabler for joint action across the whole of society, with the ambition to enable the total economy to become a means of producing well-being and thereby enhancing public health.

Gender equity as a driver for advancing a well-being economy

Another key driver for advancing a well-being economy in Iceland has been the focus on gender equity (54). Iceland has a long and proud history of advancing women's rights. In 2000 Iceland enacted the Act on Equal Status and Equal Rights Irrespective of Gender (37). In 2010, a law was passed requiring company boards to have a minimum of 40% women or men, and in 2018, Iceland enacted a law on equal pay for equal work (41). Moreover, Iceland has a flexible and generous parental leave system, with legal regulations to ensure a child's access to both of their parents and to facilitate the integration of work and family life (55). As of January 2021 Iceland extended the parental leave system to 12 months, under which each parent is entitled to six months of leave, with coverage of 80% of their income if they work full time (56).

While acknowledging a need to keep pushing forward, Iceland is repeatedly ranked as the most equal country in the world when it comes to gender (57). Iceland was the first country in the world to democratically elect a female president (Vigdís Finnbogadóttir, who served as the fourth president of Iceland from 1980 to 1996). In 2021 the country reported that about 42% of managerial roles and 48% of parliamentary positions were held by women (58). Today, key stakeholders in Iceland consider their systematic and dedicated focus on gender equity to be a vital driver for advancing a well-being economy in which all citizens are equal contributors and beneficiaries, irrespective of their gender or sexual orientation.

Envisioning a well-being society and joining forces with other well-being economy governments

In the context of its experience of boom, bust and revival, Iceland seems to be generating a new national narrative: the story of becoming a well-being economy. Aligned with a commitment to gender equity and a focus on pursuing an inclusive well-being agenda, Iceland has been rethinking ways to select, prioritize and assess public policies. The Icelandic vision for a well-being economy has been supported by influential frameworks, including Health 2020 (39) and the 2030 Agenda for Sustainable Development (59) and its SDGs (3). Linking national public policies to these international frameworks has accelerated the vision of a well-being society and fostered partnerships with other well-being governments.

In 2018, Iceland joined the WEGo partnership. Katrín Jakobsdóttir, Prime Minister of Iceland, explained that the decision to do so was based on the following philosophy:

“The inclusion and liberation of the many, rather than the few, is the right thing to do not only from a social justice perspective but also from an economic perspective. It is one of the many reasons Iceland is now taking part in the group of Wellbeing Economy Governments, working towards sustainability and well-being for all, within the context of the SDGs” (60).

Joining WEGo in 2018 strengthened the well-being agenda in Iceland. Icelandic stakeholders now acknowledge a need to bounce back better after the outbreak of COVID-19 in 2020, and to advance a just and green societal transition that prioritizes

innovative measures and strategies to promote well-being for all. This transition is all the more urgent due to pressing challenges such as increasing immigration, increasing socioeconomic inequalities, climate change and an ageing population (49). In rearranging the economy, the Government is focusing on growing the population's well-being, not just the economy. It believes that well-being will be best ensured through a sound economy, equal opportunities and action for the benefit of innovation, the environment and the climate.

However, according to stakeholders interviewed for this deep dive, while well-being for all has been a main aim for public policy for years, the notion of Iceland moving towards a well-being economy is not common knowledge among Icelanders. This is one of the reasons why the Prime Minister initiated the Wellbeing Economy Forum in June 2023, gathering stakeholders from Iceland and international collaborators to boost awareness, encourage mutual learning and join forces by examining the conditions (governments, budgets, institutions, businesses and sustainability), experiences (trust, fairness, mattering and inclusion), and outcomes (health, welfare, measurements and well-being) of Iceland's well-being economy (44).

The Government and key stakeholders acknowledge the need to foster public conversations and deliberation among stakeholders about the importance of well-being policies. Stakeholders interviewed for this deep dive highlighted that such dialogue should be held across political parties, organizations, academia, businesses, professional associations, civil society organizations, communities and the media in order to uphold legitimacy and policy continuity. Investments in a healthy country and a healthy planet require long-term planning, coordination and evaluation.

Key concepts and strategies in the Icelandic approach to the well-being economy

To provide a deeper understanding of Iceland's journey to a well-being economy, this section explores how well-being as a value and concept is understood and operationalized in Iceland.

What does Iceland mean by well-being?

In Iceland, well-being is approached as a holistic concept, encompassing subjective dimensions (feeling well, finding meaning in life, experiencing joy) as well as objective dimensions (having adequate income, access to services, economic equality).

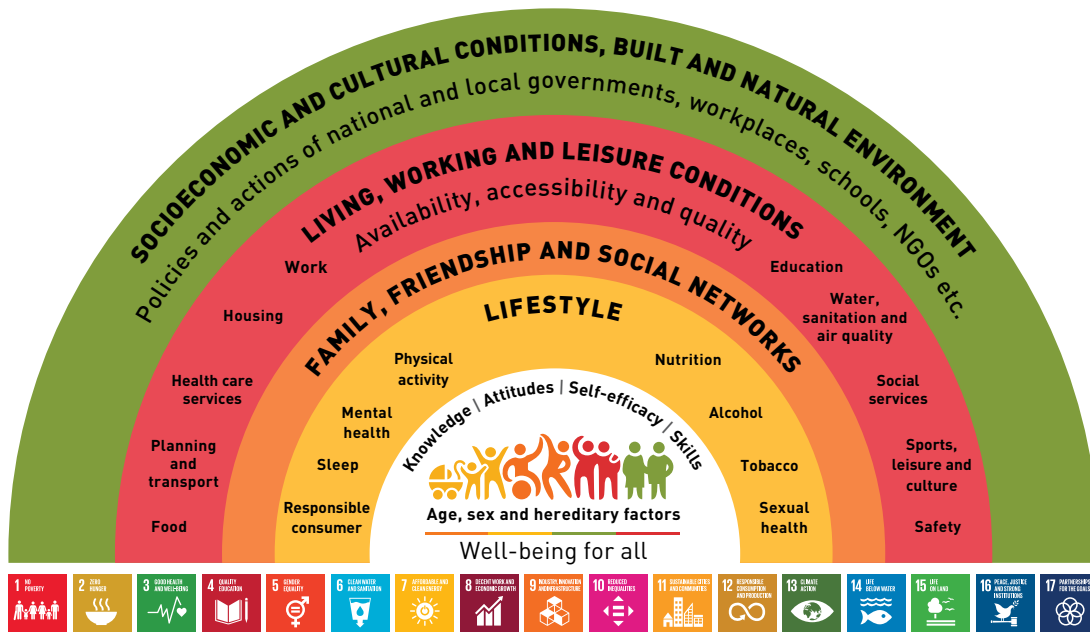
Iceland's approach to well-being also includes functioning well, which is the result of having the necessary capabilities to perform well as individuals and as a collective. Capabilities include the skills required to thrive as individuals and as a society, and the necessary resources to do so. Well-being is thus directly linked to factors in society, the economy and the environment, as expressed by Iceland's comprehensive well-being measurements (7). In particular, the framing of well-being that dominates the discourse in Iceland is inspired by theories of happiness coupled with a focus on the social determinants of health, including the root causes of happy and healthy lives (67).

By adopting a holistic and life-course approach to well-being that includes objective dimensions and living conditions, the Icelandic model resonates with the capabilities framework (62,63) and New Zealand's approach to well-being (64). Iceland focuses on freedoms to achieve well-being, which implies the creation of the necessary conditions and capabilities for people to do and be what they have reason to value. As such, this model acknowledges the reciprocal interaction between people's agency and the conditions of their lives. Conditions enable people to pursue their goals, while agency facilitates the creation of propitious conditions (65). This model views people as having both rights and responsibilities: the right to benefit from prosperous social conditions such as fairness, and the responsibility to contribute to such beneficial conditions.

What are the dominant perspectives and strategies to promote well-being for all in Iceland?

In Iceland, the dominant perspectives and strategies to promote well-being for all are focused on well-being as an organizing principle for societal development across sectors. Stakeholders interviewed for this deep dive highlight that the discourse of well-being is not owned by any one sector, which motivates a whole-of-government and whole-of-society response. In Iceland, the acknowledgement of relational and social assets for well-being has contributed to widen the understanding of relevant measures to promote well-being (66). Fig. 2 presents an adapted version of the Dahlgren–Whitehead's determinants of health model (67) adjusted to the Icelandic context and including Iceland's priority SDGs. It is the backbone for Iceland's health promotion and prevention work in different settings: communities, all school levels and workplaces.

Fig. 2: Rainbow model of determinants of health tailored to the Icelandic context



The UN Sustainable Development Goals and Determinants of Health and Well-being, Dahlgren and Whitehead (1991), adapted version by the Directorate of Health Iceland 2019 (3,0).

Source: Reproduced with permission from the Directorate of Health in Iceland (6).

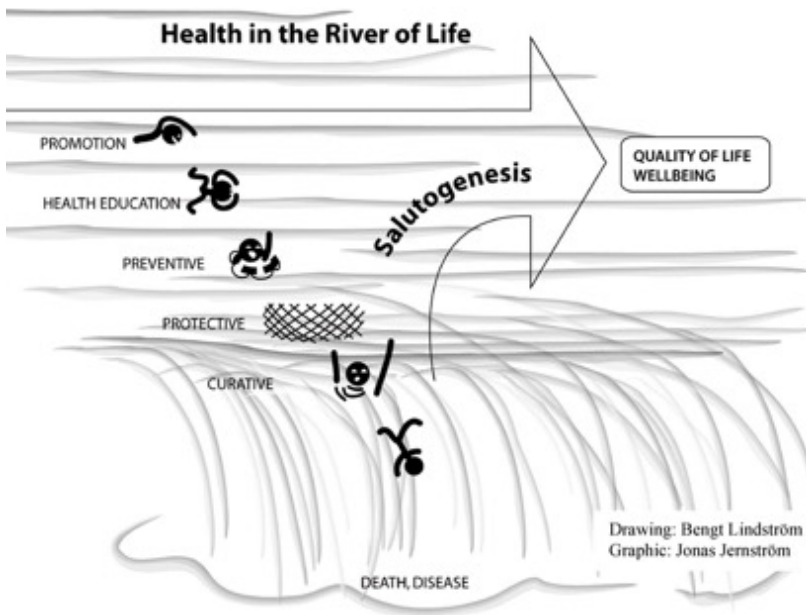
Iceland’s work on well-being is informed by a transdisciplinary approach to merging theoretical and empirical knowledge, especially from the fields of positive psychology, public health and health promotion (6). From positive psychology, the Icelandic approach focuses on what makes life worth living and the strengths and resources in people and places, paying attention to both feeling good and functioning well. Basically, this involves supporting feelings of happiness, sense of purpose and autonomy, which also requires an adequate balance between having the capacity to tackle everyday life and creating the conditions that make coping with life and societal requirements possible (68). This approach to public health is informed by universal strategies to improve and increase the prevalence of health and well-being in the whole population (69), and by an ecologically oriented and whole-of-society approach to public health (6,39).

Iceland’s approach is built on the pillars of health promotion as described in WHO charters since

the watershed 1986 Ottawa Charter for health promotion (70). Accordingly, in advancing a well-being economy, Iceland pays attention to the processes that enable and empower people to influence and improve their own health and to the places and multiple settings of everyday life. People, place and planet are conceptualized as interdependent. Making the healthy choice the easy and accessible choice, irrespective of age, gender or socioeconomic status, is an important element of the Icelandic approach (6).

When Icelandic public officials present their approach to public health and well-being, a much-used metaphor is to empower people to “learn to swim in the river of life”. This is to emphasize proactive and preventive strategies as opposed to reactive ones. In other words, it focuses on salutogenesis (the origin of health) as a complement to a focus on pathogenesis (the origin of disease), as illustrated in Fig. 3 (71,72).

Fig. 3: Health in the river of life



Source: Reproduced with permission from Eriksson & Lindstrom (71) and Oxford University Press page 195

What are the stated objectives and goals of the well-being economy approach in Iceland?

Important goals relate to creating a balance in the coexistence of people and nature, building for the long term, and ensuring the preconditions for the well-being of current and future generations. **Key stakeholders in Iceland have described the well-being economy as one designed with the purpose of serving the well-being of people and the planet first and foremost; in doing so, it delivers social justice on a healthy Earth.**

This approach is linked to Iceland's well-being framework and its 39 indicators (see the section Monitoring and measuring progress for a more detailed description). The outcome of the process of measuring and evaluating these indicators was a set of six well-being priorities, which act as stated objectives for the well-being economy approach in Iceland. Accordingly, in December 2019, the Icelandic Government approved these six well-being priorities to guide the country's five-year fiscal plan (7,10,11) (see Fig. 4).

While the first three priorities (mental health, secure housing and better work–life balance) are framed as impacting all policy areas, the latter three (zero carbon emissions, increased scale and intensity of innovation, and better communication with the public) will impact some policy areas. As such, **the well-being framework in Iceland is by its nature cross-sectoral and seeks the input and participation of all.**

According to Icelandic stakeholders interviewed for this deep dive, these priorities have created a shared sense of commitment towards common goals, while also promoting public trust in democratic and public institutions to serve the common good. **The well-being agenda is also strongly connected to the implementation of the SDGs and the three interlinked dimensions of sustainability: social, environmental and economic (3).** Another important aim has been to bolster Iceland's competitive position and strengthen society to meet rapid technological change and climate challenges (72).

While Iceland still lacks a comprehensive national policy for well-being and sustainability, stakeholders interviewed for this deep dive stated that the framework of 39 indicators and the six well-being priorities in the fiscal strategy provide a foundation on which to build such a policy (10,11). They acknowledge that **transformative policy change takes time, and that building a shared vision for the future is a continuous process.**

National and local commitment to global agendas: human rights and sustainable development

The well-being economy approach in Iceland showcases a multilevel governance approach where national and local strategies and accountability systems are linked to international commitments and global agendas in line with the Universal Declaration of Human Rights and the SDGs (3,4). Accordingly, it recognizes that creating sustainable well-being for all requires not only domestic action across the whole of society, but also firm commitment to universal public values.

Fig. 4: Well-being priorities guiding Iceland's fiscal plan



Iceland actively engages in international commitments at the regional/European level (for example, through the European Union and the WHO Regional Office for Europe), and is working systematically to implement international commitments within the national context. Universal human rights are protected by the Icelandic Constitution (19). The Constitution takes precedence over other legislation, and thus places human rights to health and well-being at the forefront – as rights which the country's citizens are to enjoy. Legislation which fails to adopt universal human rights can be judged invalid by the courts.

Yet Iceland also recognizes that about 65% of the SDG targets cannot be implemented without the involvement of local authorities and popular support from the people. Thus, it is committed to intersecting global agendas with widespread local action – a so-called glocal (global + local) approach. The Government's SDG working group has initiated promotional campaigns to raise public awareness on the SDGs, followed by a repeated Gallup poll measuring public awareness. According to these polls, the proportion of Icelanders who are aware of the SDG's has increased (73).

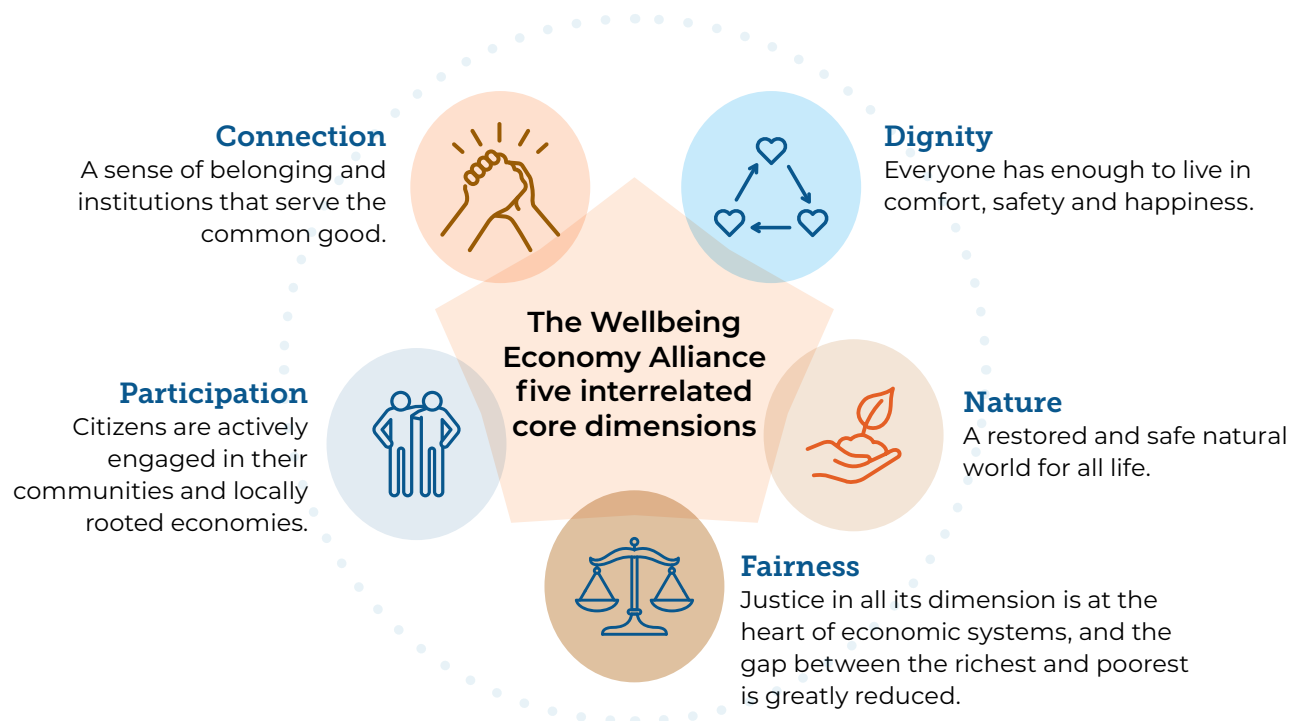
Key elements in Iceland's approach to achieving the SDGs include creating health-promoting communities and involving youth in processes. A particular focus is on promoting children's rights, which has a positive effect on development and well-being and contributes to equal opportunities in life. Taking children's and young people's voices seriously, developing family-friendly policies, and pursuing gender equity are essential elements of the Icelandic approach to achieving well-being and the SDGs. Human rights are also the cornerstone of Icelandic foreign policy (73).

International collaboration to boost national and local progress

Taking inspiration from and cooperating with other countries are vital elements of the Icelandic approach to the well-being economy, which acknowledges that international collaboration contributes to domestic progress. After the financial crisis hit in 2008, the Icelandic Government decided to prioritize well-being further through existing collaboration with the Nordic countries (74), and later by joining WEGo (8) and the Wellbeing Economy Alliance (WEAll) (13).

The Government is dedicated to further developing and strengthening cooperation for well-being. It aims to improve the well-being of Icelanders, to establish Iceland as a world leader in the development of well-being-oriented policies, and to inspire other countries. In particular, Iceland has been an important leader in safeguarding children's rights and gender equity. Icelandic stakeholders interviewed for this deep dive noted that, bolstered by international cooperation, Iceland is building on WEAll's five interrelated core dimensions of a well-being economy (known as the "WEAll needs"), which are aligned with the SDGs and universal human rights (see Fig. 5).

Fig. 5: Core dimensions of a well-being economy according to the Wellbeing Economy Alliance (13)



The well-being economy in practice

Iceland recognizes that a whole-of-government and whole-of-society-approach is a prerequisite for advancing towards a well-being economy. Although stakeholders interviewed for this deep dive recognized that Iceland is still at an early stage in this process, several key governance structures and actions have yielded positive development. This section takes a closer look at some of these governance mechanisms, indicator systems, and participatory and co-creational governance processes, and the specific roles, policies and actions pushed forward by the health sector.

Governance mechanisms

The basic governance mechanisms underpinning the well-being economy in Iceland can be identified through three data-driven stages, all of which are based in the conceptual well-being framework previously described (72):

- 1. monitoring:** tracking the well-being of the population;
- 2. prioritization/strategy:** developing national strategies for well-being, well-being indexes and dashboards; and
- 3. decision-making/valuation:** using well-being data in cost-benefit analyses to enable more optimal resource allocation.

The PMO established the Department of Policy Coordination, and this core group of people work in close collaboration with the Treasury, Statistics Iceland and other stakeholders. Accordingly, several multisectoral and cross-cutting policy issues are anchored and coordinated above the sector-specific ministries to ensure a whole-of-government commitment. The following sections presents key governance mechanisms for advancing a well-being economy.

Working group for the SDGs

Advancing a well-being economy entails aligning the vision of well-being for all with that of a sustainable future on a healthy planet. **As the well-being and SDG agendas run across all sectors and levels of government, the Icelandic Government decided to place the overall coordinating responsibility for achieving the SDGs with the PMO.** In March 2017 the working group for the SDGs was appointed and chaired by the PMO. Originally, the working group included the Ministry for Foreign Affairs, the Ministry for the Environment and Natural Resources, the Ministry of Welfare, the Ministry of Finance and Economic Affairs, and Statistics Iceland. In 2018, it was expanded to include representatives from all ministries, the Association of Local Authorities in Iceland, and observers from the Youth Council for the SDGs and the United Nations Association in Iceland. This working group acts as a board, supported by a department with a small group of dedicated staff (eight to nine people, three of whom work full time) at the PMO.

Core tasks of the working group and staff include managing the analysis, implementation and promotion of the SDGs, and ensuring cross-ministerial involvement. Moreover, the working group established the Sustainable Iceland platform in 2021. **On behalf of the PMO, Sustainable Iceland works to support the co-creation of well-being for all and mobilize partnerships to make progress on the SDGs more measurable and actionable.** It also plays an advocacy role to promote the concept of a sustainable Iceland to relevant stakeholders across sectors and in the wider society. Furthermore, it works closely together with representatives of local governments, industry, businesses, labour unions, Parliament and NGOs.



Over time, the original working group was transformed into the Council for Sustainable Iceland, which includes all government ministers and is chaired by the Prime Minister herself. The first meeting of the Council was held in December 2022. The Council affirms that the three dimensions of sustainable development – social, environmental and economic – provide a structure for developing a well-being economy in Iceland and for merging the well-being agenda with a green and just societal transition. Addressing the need for a comprehensive national policy for well-being and sustainable development in Iceland, the PMO has initiated this work and a policy is now under development. Meanwhile, the systems and frameworks developed for monitoring well-being while attending to the SDGs serve as a common point of reference to inform policy-making and fiscal priorities.

Governance for gender equity

In order to pursue an equitable well-being agenda, Iceland has recognized the need to address gender inequities; better understand the impact of policies on gender; and secure equal rights for women and girls, non-binary individuals and the LGBTQ+ community. Iceland has developed a comprehensive governance structure and steering mechanisms to safeguard equity, such as legislation on equal status and equal rights irrespective of gender, equal treatment irrespective of race and ethnic origin, equal treatment in the labour market, and gender autonomy. Today, the PMO oversees equality affairs, recognizing that equality is a topic that must be considered across all ministries. The Directorate of Equality supports the PMO in cross-sectoral governance for equity together with the Gender Equality Complaints Committee and the Gender Equality Fund.

As mentioned, gender budgeting has been practised in Iceland since 2009, and is approached as an integrated part of building a well-being economy in practice. Gender budgeting has been mandatory at the state level since 2016, responding to the Public Finance Act (75). The work is framed by a five-year plan, and overseen by a steering committee with representatives from all ministries (76). Accordingly, all ministries are responsible for making equality impact assessments on the issues

they oversee, and for undertaking gender analyses of legislative and budget proposals by outlining the potential impact on gender equality targets. This is to make the impact on gender visible, to enable policy evaluation, and to use an equity lens to scrutinize expenditures, investments and sources of income (45,77).

Monitoring and measuring progress

Iceland has put much effort into developing comprehensive systems for monitoring and measuring progress on well-being, recognizing that it is not enough to simply look at economic indicators such as GDP. As stakeholders interviewed for this deep dive noted, this approach reflects economist Joseph Stiglitz's famous dictum from 2009: "If you don't measure the right thing, you don't do the right thing" (78). **Indeed, systematic measurement of the population's health and well-being to inform policy-making while ensuring data-driven accountability systems is a key feature of the Icelandic approach.** Work on monitoring and measuring is led by the PMO, which coordinates sectors and levels of government.

There are currently two main initiatives which contribute to monitoring and measuring population well-being in Iceland: a committee set up by the Prime Minister to identify well-being indicators, and the health and well-being survey regularly carried out by the Directorate of Health (79). An online system for health-promoting communities, schools and workplaces also helps to monitor their progress in creating environments and conditions that promote the well-being of people and the natural environment (66).

The Prime Minister's Committee on Indicators for Measuring Well-being

In 2018 the Prime Minister appointed the Committee on Indicators for Measuring Well-being, which included representatives from the majority and minority parties in Parliament, as well as civil servants from the ministries and Statistic Iceland. The political parties chose their own representatives for the Committee, which was tasked with defining a set of indicators that describe prosperity and well-being in Iceland and are useful for informing policy and for strengthening transparency and accountability. In the end, the Committee submitted a proposal with the following four main recommendations:

1. discuss and approve a set of 39 indicators of prosperity and quality of life (see Fig. 6);
2. direct efforts at rectifying the lack of statistical data on environmental issues and social capital;
3. decide how the Government intends to use the indicators for policy-making; and
4. entrust Statistics Iceland with keeping track of the indicators, as this is compatible with other work being done by the agency.

The Committee's recommendations were adopted by Parliament in 2019 (7), marking an important milestone on the road to becoming a well-being economy.

The well-being indicator framework for Iceland

The 39 well-being indicators provide a framework to measure the country's progress towards universal well-being and sustainable development, while building a common understanding of the most important factors for the well-being of current and future generations (7). They cover all five "WEAll needs" in a well-being economy: dignity, nature, connection, fairness and participation (80) (see Fig. 5).

The well-being indicator framework looks at the broader picture with the intention of informing government policy formulation. It does not rely on composite scores to reach a single outcome, but rather aims to create a comprehensive, research-informed yet manageable overview of the most

important factors for well-being and sustainability in Iceland, which can be used for policy formulation across various state functions (7).

The 39 indicators include metrics on social, environmental and economic aspects, all of which are considered equally significant in measuring progress towards the prosperity and well-being of Icelanders. While they build on the SDG indicator set, they are adjusted to the country's context. As such, the framework encompasses some internationally oriented indicators to enable global comparisons, as well as some indicators that relate more specifically to Iceland. Accordingly, the development of the indicator framework was based on a co-creational process and informed by a wide range of stakeholders.

In line with the recommendations, Statistics Iceland was made responsible for gathering, monitoring, analysing and disseminating data on the well-being indicators on a regular basis. Statistic Iceland keeps track of the indicators on prosperity and quality of life, which fit with similar work it carries out on, for example, social indicators and measurements related to the SDGs. The indicators are for the most part based on Statistics Iceland's data. The office monitors the reality of people's lives and well-being through metrics, enabling scoreboards and systematic assessments of the impacts expected or achieved by policies. These scoreboards are publicly available on Statistics Iceland's webpages, which creates transparency, increases public awareness, and enables use by multiple organizations and stakeholders.

Since the recommendations were adopted in 2019, Iceland's systematic approach to collecting and disseminating data has informed policy-making across sectors. For example, the indicators are being used to inform the process of developing the fiscal strategy. Although the ambition is to monitor progress over time, these indicators are not set in stone. While the framework has been approved by the Government and recognized as a key governance mechanism, the need for improvements and amendments is also readily acknowledged. The intention is to continuously develop and advance the indicator set through co-creation and collaboration with key stakeholders.

Fig. 6: Proposed well-being indicators for Iceland

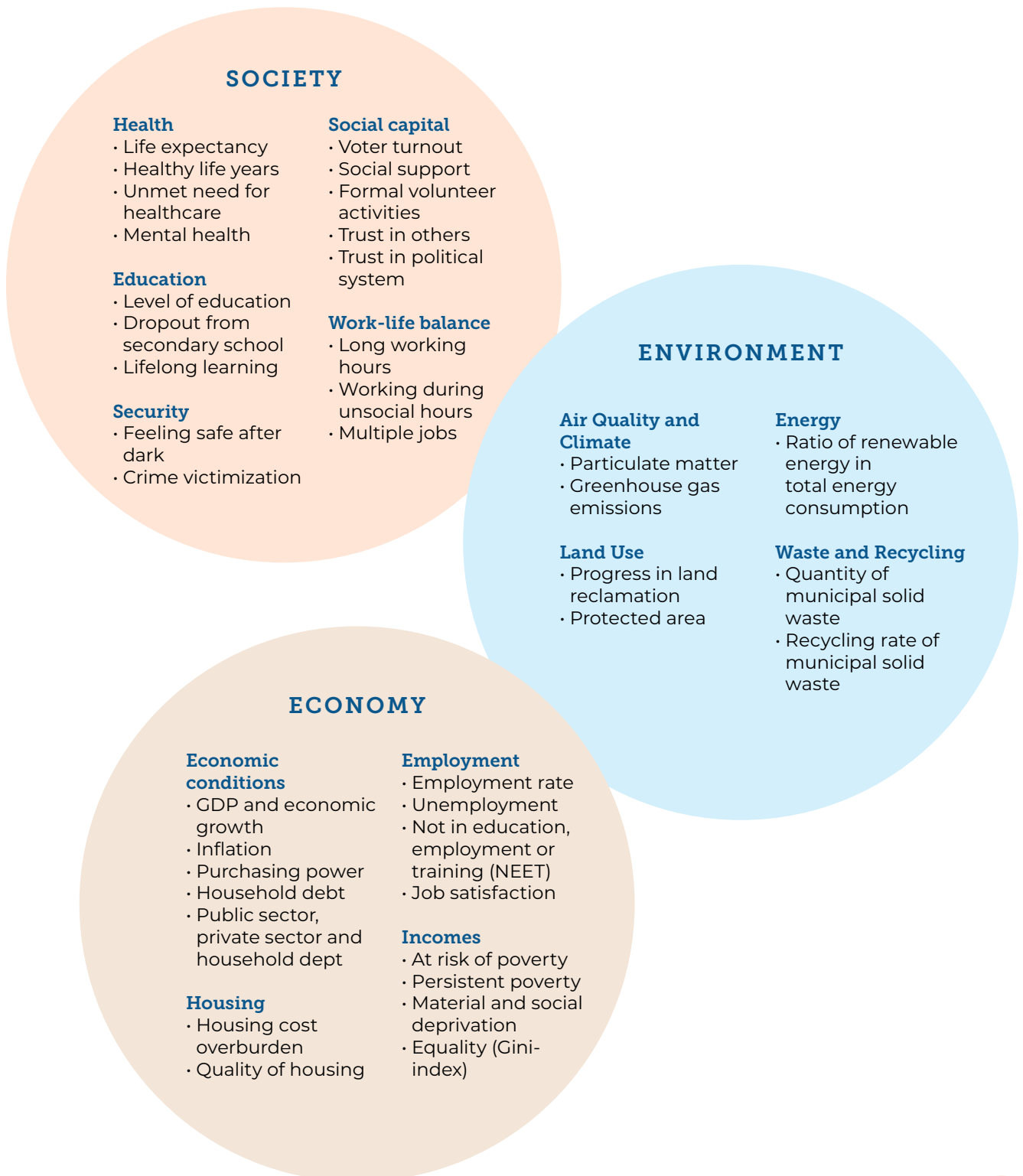










































Fig. 7: Indicators for well-being in Iceland

Indicators for Well-being in Iceland and links to UN Sustainable Development Goals (SDGs)

Proposal by the Prime Minister's Committee on Indicators for measuring Well-being

Society		UN Sustainable Development Goals		SDG targets
Health	• Life expectancy		SDG3: Good Health and Well-being	SDG 3.4
	• Healthy life years		SDG3: Good Health and Well-being	SDG 3.4
	• Unmet need for healthcare		SDG3: Good Health and Well-being	SDG 3.8
	• Mental health		SDG3: Good Health and Well-being	SDG 3.4
Education	• Level of education		SDG4: Quality Education	SDG 4.1, SDG 4.5
	• Dropout from secondary school		SDG4: Quality Education	SDG 4.3
	• Lifelong education		SDG4: Quality Education	SDG 4.4
Social capital	• Voter turnout		SDG16: Peace and Justice	SDG 16.6
	• Social support		SDG3: Good Health and Well-being	
	• Formal volunteer activities		SDG10: Reduced Inequality	SDG 10.2
	• Trust in others		SDG16: Peace and Justice	
	• Trust in political system		SDG16: Peace and Justice	SDG 16.6, SDG 16.7, SDG 16.10
Security	• Feeling safe after dark		SDG16: Peace and Justice	SDG 16.1
	• Crime victimization		SDG16: Peace and Justice	SDG 6.1
Work-life balance	• Long working hours		SDG5: Gender Equality	SDG 5.4
	• Working during unsocial hours		SDG5: Gender Equality	SDG 5.4
	• Multiple jobs		SDG5: Gender Equality	SDG 5.4

		UN Sustainable Development Goals		SDG targets	
Economy	Economic conditions	<ul style="list-style-type: none"> GDP and economic growth Inflation Purchasing power Household debt Public sector, private sector and household dept 	    	SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth	SDG 8.1 SDG 8.1
	Employment	<ul style="list-style-type: none"> Employment rates Unemployment Not in education, employment or training (NEET) Job satisfaction 	   	SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth SDG8: Decent Work and Economic Growth	SDG 8.5 SDG 8.5 SDG 8.6
	Housing	<ul style="list-style-type: none"> Housing cost overburden Quality of housing 	 	SDG11: Sustainable Cities and Communities SDG11: Sustainable Cities and Communities	SDG 11.1 SDG 11.1
	Incomes	<ul style="list-style-type: none"> At risk of poverty Persistent poverty Material and social deprivation Equality (Gini-index) 	   	SDG1: No Poverty, SDG10 Reduced Inequality SDG1: No Poverty SDG1: No Poverty SDG10: Reduced Inequality	SDG 1.2, SDG 10.1 SDG 1.2 SDG 1.2 SDG 10.1, SDG 10.3
	Environment				
Air Quality and Climate	<ul style="list-style-type: none"> Particulate matter Greenhouse gas emissions 	 	SDG11: Sustainable Cities and Communities SDG13: Sustainable Cities and Communities	SDG 11.6 SDG 13.2	
Land Use	<ul style="list-style-type: none"> Progress in land reclamation Protected areas 	 	SDG15: Life on Land SDG15: Life on Land	SDG 15.1, SDG 15.2, SDG 15.3 SDG 15.4, SDG 15.9	
Energy	<ul style="list-style-type: none"> Ratio of renewable energy in total energy consumption 		SDG7: Affordable and Clean Energy	SDG 7.2, SDG 7.3	
Waste and Recycling	<ul style="list-style-type: none"> Quantity of municipal solid waste Recycling rate of municipal solid waste 	  	SDG6: Clean Water and Sanitation, SDG12: Responsible Consumption and Production SDG11: Sustainable Cities and Communities, SDG12: Responsible Consumption and Production	SDG 6.3, SDG 12.3 SDG 11.6, SDG 12.5	

The health and well-being survey

Another important source of information for Iceland's data-driven approach is the national health and well-being survey carried out by the Directorate of Health every five years (79). The study was initiated after key personnel at the Directorate recognized a need to include measurements that were focused not only on health and key determinants, but also on the well-being of Icelanders and what makes life worth living. The first national health and well-being survey was conducted in 2007, and it was repeated in 2009, 2012, 2017 and 2022. The 2009 survey was commissioned as an additional survey to capture the well-being impacts in the aftermath of the 2008 financial crisis.

The main objective of the survey is to assess the health, well-being and welfare of adult Icelanders, and the results enable monitoring of trends and tracking of changes in the public's health and well-being over time. The panel of Icelanders included in the study are identified along two lines of recruitment procedures:

1. individuals who agreed to continue participating in the health and well-being survey in 2017 (approximately 6000 people); and
2. a new stratified random sample of both Icelandic and foreign citizens from the National Registry, aged 18 and older, who live in Iceland, in order to reflect the growing diversity in the population (the survey is translated into English and Polish).

These data form an important basis for policy-making, developing interventions and evaluating progress. According to the Directorate of Health, the results of the study have benefited its work, as well as that of the Government, researchers, universities, and other stakeholders involved in making decisions concerning the health and well-being of residents of Iceland. The quality of data is generally considered to be high, and in 2017 the average response rate was about 68% (87). In addition, well-being is monitored monthly, as information on key indicators from the national survey is collected (82).

Improving monitoring and measurement

The process of establishing a structured system for measuring and monitoring well-being and sustainability has been key to making progress on governance for well-being. The alignment of these indicators with the SDGs represents an important tool for prioritizing human and ecological well-being. Studies comparing the Icelandic framework of indicators to those of Scotland and New Zealand, also participants in the WEGo partnership, suggest that Iceland has a more domestic focus; in particular, the focus on natural capitals is relatively narrow in Iceland compared to other indicators linked to social, human and financial/physical capitals (83). Icelandic stakeholders acknowledge that working with data to inform policies and increase accountability is an ongoing process with room for constant improvement. Some improvements currently being discussed relate to:

- better availability and quality of data for municipalities (better local-level data are needed to inform policy-making and enable local accountability systems linked to national indicator frameworks; however, the collection of granular data is not possible for all municipalities due to their small size);
- greater focus on health equity and social distribution of well-being (more granular data that can be broken down by subgroups of the population are needed to reveal health equity issues);
- increased sensitivity to cultural dimensions as the proportion of Iceland's population of foreign background continues to increase;
- better data on the well-being of children; and
- indicators reflecting environmental sustainability.

People-powered and co-created governance for well-being

Engaging the public and providing opportunities for citizens to actively participate in their communities and locally rooted economies are key elements in a well-being economy. **In Iceland, people-powered and co-created governance for well-being has been important for developing national strategies and measurements, and to enable and legitimize public priorities.** Citizens and stakeholders are involved in local policy processes and decision-making, for example, through the Health Promoting Community initiative and the examples described below. As mentioned, better communication with the public is one of the six priority areas for Iceland's well-being budget, but Iceland can already showcase inspiring examples of how they engage and empower people in practice.

Public deliberation on the indicators for well-being in Iceland

The Prime Minister's Committee on Indicators for Measuring Well-being worked together with various stakeholders to develop the indicator framework and tailor it to the national context. A wide range of actors was involved, including members of the general public, researchers, civil servants and political representatives from various parties (including the opposition). The deliberative process spanned over two years, aiming to reach consensus on the final selection of indicators included in the proposed framework.

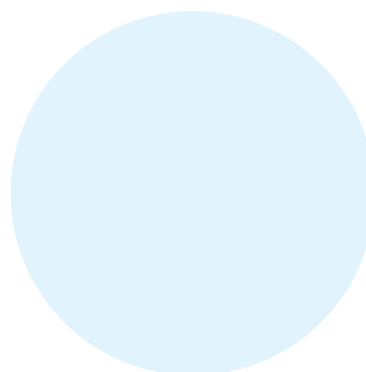
As a part of this process, the Committee commissioned a public opinion poll in 2019 asking what factors were important for people's quality of life. A large majority mentioned health (good health and access to health care) as one of the most important, followed by relationships (with friends, family, neighbours and colleagues), housing (secure housing, cost of housing, supply of housing), making a living (income and assets), and the wider living conditions, environments and participatory opportunities needed for a healthy standard of life (see Fig. 8). **This input from Icelanders on what matters to their well-being has contributed to legitimizing health as an important public value,**

and informed the country's well-being indicator framework. Such inputs have also helped to justify investments in conditions and services that promote and protect health.

Public conversations and citizen-powered legislation

Long before Iceland started to explicitly pursue a well-being economy agenda, policy-makers facilitated broad public conversations aiming to impact legislation relevant for promoting the well-being of Icelanders. As previously mentioned, **Iceland 2020 was co-created through public conversations and in collaboration with a wide range of actors and stakeholders, including regional associations, local authorities, trade unions and economic interest groups (5).** Linked to this policy, an innovative, participatory process of rewriting the Icelandic Constitution was initiated. Through a lottery, 950 people were chosen to deliberate the core values, rights and duties of the Icelandic Government. They identified government transparency, equality, welfare and national ownership of natural resources as key elements in the proposed revision of the Constitution. While the proposed constitutional renewal ultimately did not pass through Parliament in 2011, its core values and priorities – aligned with placing well-being as a top priority for the Government – have become a cornerstone in many of Iceland's policy reforms and initiatives since the financial crisis.

In addition, Iceland has been home to remarkable and intense grassroots mobilization. For example, concerns from parents eventually generated collective "rules" for the upbringing of youth in Iceland, such a common limit on how late young people are allowed to stay out at night (85).

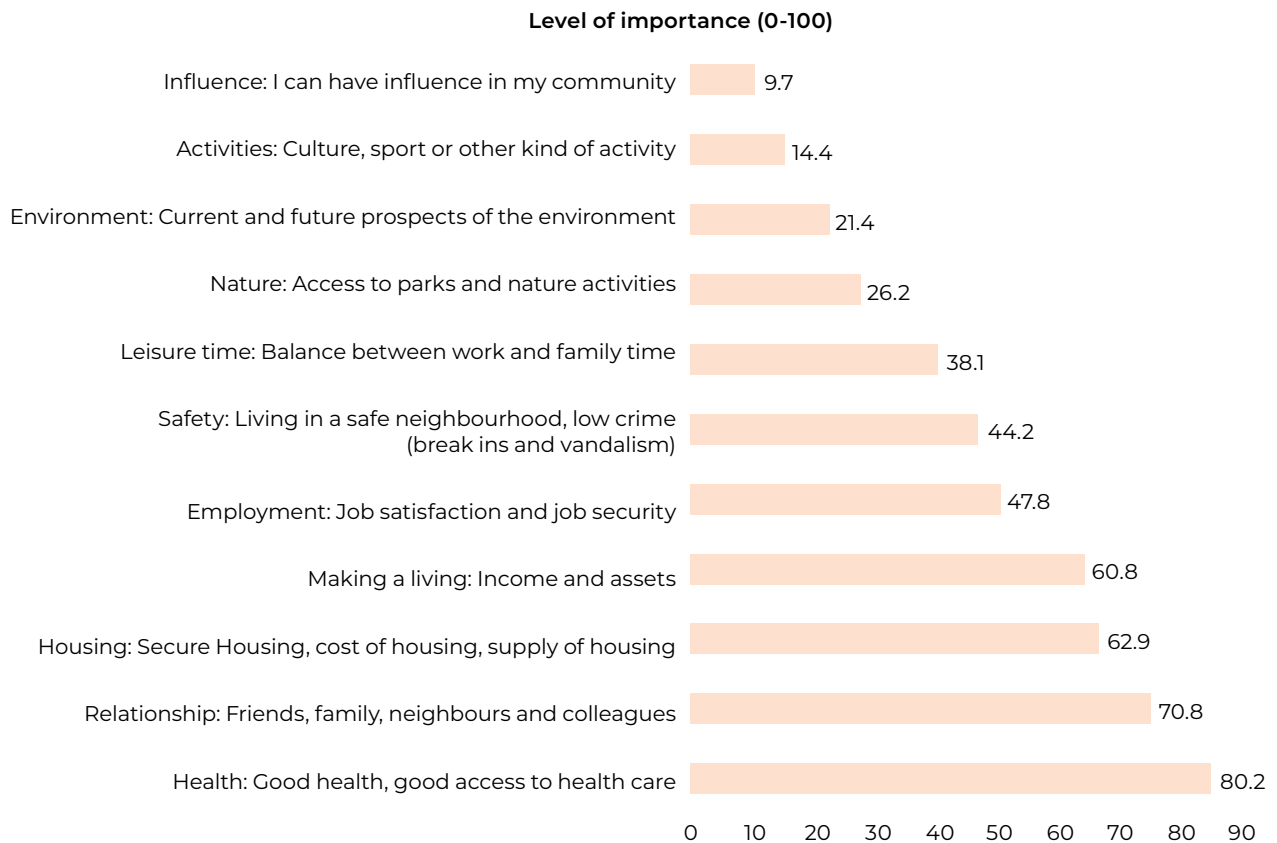


Organizational change agents

Work to develop a well-being economy in Iceland is supported and championed by various organizations, platforms and networks, which act as organizational change agents to advance progress. Iceland has paid attention to the voices of young people in particular. For example, the **Youth Council for the SDGs 2018–2019** handed a declaration to the Government emphasizing the need to support innovation in the education system, support the mental well-being of youth, enhance wetland recovery, and refuse additional development of heavy industries. Their voices were echoed in the voluntary national review for Iceland's implementation of the 2030 Agenda for Sustainable Development in 2019 (73).

Another example is the **Welfare Watch**, a governmental initiative and platform facilitated by the Ministry of Welfare. It works to monitor the welfare and situation of low-income families, particularly single parents and their children, and to provide information on the circumstances of those living in poverty. The Welfare Watch was established following a cabinet resolution in 2009 as a response to the economic crisis to provide advice to the Government. Initially, it had representatives from 19 stakeholders, including six ministries, the Union of Local Authorities, the Directorate of Health, the Directorate of Labour, the Council of Equal Rights of Men and Women, NGOs, social partners and the City of Reykjavik. In 2014 the Welfare Watch expanded to include 35 stakeholders representing all sectors and levels of the society.

Fig. 8: Key drivers for health and well-being and their level of importance



Source: Translated and reproduced from Government of Iceland (84)

When Iceland held the Presidency of the Nordic Council of Ministers in 2014, it launched a three-year initiative divided into three separate projects: the Nordic Welfare Watch in response to crises, the welfare consequences of financial crises and Nordic welfare indicators useful for policy-making (86,87). Accordingly, the Welfare Watch served an important role in promoting and protecting social security, and created stepping-stones for building a well-being economy in the aftermath of the financial crisis. Additionally, the partnership contributed to positive ripple effects across the Nordic countries through cooperation, research and mutual exchange of experience and knowledge (86).

Health in the well-being economy and co-benefits with other sectors

So far, this deep dive into the well-being economy in Iceland has focused on the process of transition and on practical examples of how key stakeholders and institutions are working together to advance the approach. This section looks more closely at the role of the health sector.

As the key value sought by the health sector, health is understood as an integrated part of well-being – the result of complex interactions between individuals and their immediate environments and conditions (88). In the words of Ingibjörg Guðmundsdóttir of the Directorate of Health, it

“is not created by the health care system – it is protected and repaired by the health care system, but it develops in our everyday lives, in our families, our schools, workplaces, simply where we work, live and play” (89).

The health sector therefore has an important role to play in influencing other sectors to protect and promote this precious resource (66).

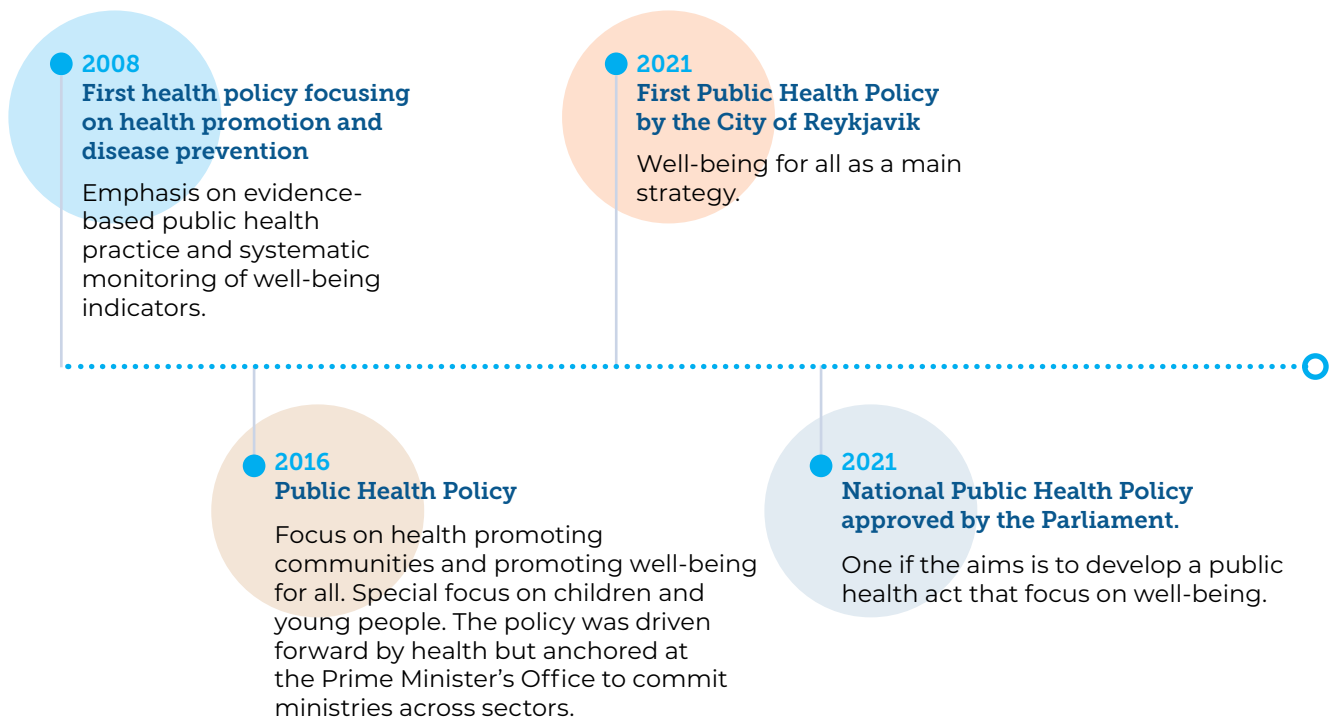
The Icelandic Government has emphasized equal access to health care and supported the wider determinants of health and well-being in its broad sense. A key political objective in Iceland in the last

years has been to ensure equal access to public health care regardless of economic circumstances and geographical location, and to strengthen the role of mental health care (6,90). Importantly, the health sector has actively participated in the establishment of stepping-stones and strategic foundations for the development of a well-being economy. The following policy responses, which reflect insights sparked by the financial crisis, have gradually turned the discourse of public health into one of universal well-being (see also Fig. 2).

- **2008:** Iceland’s first health policy was adopted, focusing on health promotion, disease prevention, evidence-based public health practice and initiation of systematic monitoring of well-being indicators. As this policy was anchored in health and not across sectors, it faced barriers to holding other sectors accountable for joint actions (38).
- **2016:** Iceland’s first public health policy focused on health-promoting communities and promoting well-being for all, particularly for children and young people. This policy was driven forward by health but anchored at the PMO to commit ministries across sectors (40).
- **2021:** The National Public Health Policy was approved by the Parliament. A key strategy is to develop a Public Health Act (43).
- **2021:** The first public health policy for the City of Reykjavik presented well-being for all as a main strategy (42).

The Directorate of Health, in active communication with the health sector, is responsible for important governance tools and accountability mechanisms that underpin Iceland’s transition to a well-being economy, acting as an enabler of a system-wide approach to health. In fact, it was a small group of dedicated professionals in the Directorate of Health and the Public Health Institute that sparked the Icelandic approach to the well-being economy. They first worked to initiate the inclusion of well-being measurements in the national public health surveys, and then prioritized and initiated research projects aiming to build capacity to “measure what matters” to the well-being of Icelanders and systematically develop a data-driven approach to public health work (91).

Fig. 9: Timeline of key steps to advance public health policies towards promoting well-being



The scope of the Directorate of Health was extended in 2011 to include public health measures and health promotion in addition to traditional operational functions of the health sector. Its responsibilities can all directly or indirectly be linked to current developments towards a well-being economy in Iceland:

- advising the Minister of Health and other Government bodies, health professionals and the public on matters concerning health, disease prevention and health promotion;
- sponsoring and organizing public health initiatives;
- promoting improvements in health-care quality;
- supervising health-care services and health-care professionals;
- monitoring prescription medicines; and
- collecting and processing data on health and health-care services and promoting research in the field.

By approaching health as intrinsically linked to the population's well-being, the health sector has made amendments to its budget, and facilitated and supported organizations and networks across the whole of society to co-create health and well-being as core public values. Recognizing that education and human resources are key to sustainable growth, prosperity and well-being for current and future generations, the health sector has also focused on capacity-building, knowledge cultivation and the development of creative solutions to urgent challenges, which are anticipated to unleash opportunities for value creation that will form the basis of a well-being society.

The three main initiatives led by the health sector for advancing the well-being economy are Health Promoting Communities, **Health Promoting Schools (preschools, compulsory schools and upper-secondary schools), and Health Promoting Workplaces** (led by the Directorate of Health in collaboration with Virk rehabilitation fund (92) and the Administration of Occupational Safety and Health

(93)). All three initiatives take a data-driven and settings-oriented approach to health promotion and disease prevention, focusing on structures for good governance, participation, mattering, empowerment and human flourishing (90). Participating municipalities, schools and workplaces have access to their own secure work area on the web-based platform Heilsueflandi, where they can use checklists to assess status and monitor progress (94).

The Health Promoting Community programme

Iceland carries a proud historical record of commitment to creating healthy, sustainable communities. Currently, 96% of the total population lives in a municipality that participates in the Health-Promoting Community programme. The programme, which is also Iceland's national network for WHO Healthy Cities (95), aims to assist local communities in creating supportive environments and conditions that promote the health and well-being of all Icelanders.

The SDGs are a guiding principle of Health Promoting Communities, informing joint learning and capacity-building initiatives. The programme builds on systematic approaches to public health work and creates an infrastructure for multilevel governance and community empowerment. It uses well-being and public health indicators to analyse and assess the local situation and the needs of each community, and to prioritize measures and resources accordingly (73,96). Because successful implementation strengthens all three pillars of sustainability, participating communities play a vital role in advancing a well-being economy. Municipalities that join the Health Promoting Community programme commit to having their top administrative leader sign a partnership agreement with the Directorate of Health, appointing a Health Promoting Community coordinator, and setting up an intersectoral steering group that engages other stakeholders.

The Directorate of Health approached the working group on the SDGs, set up by the Government, with the suggestion of intersecting their work with that of the Health Promoting Community programme. In its role as an enabler and convener, it saw an opportunity to build a place-based and settings-oriented approach to sustainable development, link measures at the local level with those at the national

level, and promote important synergies to the emerging well-being economy. Its suggestion led to formal collaboration beginning in 2018. Joint action was strengthened through the establishment of the Health Promoting Community steering committee and consultation forums discussing the links between the Health Promoting Community programme and the SDGs. This has created further opportunities for coordination across issues and stakeholders, and enabled more integrated systems for collecting and compiling data that can be used to inform policy-making across levels of government (73). With the adapted rainbow model of determinants of health as a backbone (see Fig. 2), seven checklists have been developed for the Health Promoting Community programme that link all criteria to relevant SDGs (66).

The Health Promoting Schools initiative

Iceland has worked systematically to improve health promotion in schools at all levels, linking this to the Health Promoting Community programme and the common objective of creating well-being for all (see Fig. 10). Municipalities run the preschools and compulsory schools in Iceland, while the state runs the upper-secondary schools. The Directorate of Health supports municipalities as well as individual schools across levels of education to advance a holistic well-being agenda and an ecological approach to schooling where educational institutions also function as community hubs (a whole-school approach), working in partnership with children/adolescents, parents, leisure organizations and the wider community. Through the Health Promoting Schools initiative, it provides schools with online information and manuals, an online working area (94), guidance, checklists and support, teaching materials and working tools, workshops and conferences, signs, posters, and flags.

Moreover, Iceland has integrated into the curricula knowledge and skills to impact important drivers for well-being, such as socioemotional learning, democracy and citizenship, and health literacy. Stakeholders interviewed for this deep dive expressed that strengthening the competences and skills of teachers to work with these issues with students, parents and other relevant stakeholders has been pivotal to the success of these efforts.

Fig. 10: Illustration of the key focus areas in the health-promoting community initiative



Source: Reproduced with permission from the Directorate of Health in Iceland (89)

Impact on resource allocation

The Icelandic Government is dedicated to keeping the momentum going, ensuring that well-being for all stays high on the agenda. Based on their experience with gender budgeting, the Government is now in the process of developing a well-being budgeting initiative (46). The main rationale for doing so is to inform the five-year fiscal strategies and annual budgets. The five-year fiscal strategy is based on the state's financial policy and the Public Finance Act (75). As highlighted previously, it includes a detailed elaboration of targets, expands the objectives of the financial policy, and provides an analytic rationale for prioritizing measures to pursue the goals from one year to the next.

A data-driven approach to analysing the potential well-being impact of various policy options is therefore being pursued. This will contribute to the development of a coherent and accountable policy response that prioritizes measures that deliver key conditions for well-being across sectors, levels of government and society as a whole. Iceland has committed to follow up on the well-being priorities in the fiscal strategy (the current action plan) (10,11). In line with the WEGo partnership's focus this year on **child well-being, place-based policies for well-**

being, the future of work, and the private sector and well-being, the Government will address these issues when negotiating priorities and their impact on resources allocation. Main policy objectives are currently focused on advancing an equitable and sustainable welfare system; prioritizing early childhood development and family support; empowering healthy communities, educational institutions, leisure initiatives and workplaces; including young people in the labour market; securing a more sustainable work–life balance; and improving equal opportunities for women, girls and minority groups.

Summary of co-benefits with health identified in the Icelandic approach

Well-being is important for politics in general but also for the health sector, as it has massive positive impacts on various health outcomes. **In Iceland, the dominant logic is that supporting well-being for all will also reduce pressure on the health system and health services** (6). In addition, high levels of well-being will yield co-benefits such as increased entrepreneurialism and active citizenship – values that in turn benefit the social, economic and environmental dimensions of sustainable development and universal well-being.

Conclusions

The Icelandic approach to developing a well-being economy, which places the health and well-being of people and the planet at the heart of decision-making, is taking shape. The goals of creating a socially just and green economy and tackling the climate crisis are currently being incorporated more explicitly into this work, and far-reaching elements such as good childhood conditions, collective wage agreements, better work–life balance, healthy housing and a decent standard of living for all are gaining attention as key components. While the PMO is taking political leadership to galvanize this agenda, the role of the health sector as a driver, co-creator and beneficiary of well-being economy policies is clear.

Challenges and barriers to advancing the well-being economy

Iceland has come a long way on the road to a well-being economy, but the journey is ongoing. Stakeholders acknowledge that learning and evolution will be continual, particularly regarding complex challenges and barriers to implementation such as:

- **balancing short-term and long-term thinking**, particularly the need for governments to produce quick results for their constituencies while acknowledging that the positive effects of some policies will not be visible for years;
- **refining and implementing indicators and metric systems** which must be agreed across government sectors;
- **addressing the fragmented division of labour** between sectors and ministries;
- **working towards an overarching policy for well-being** with legally binding commitments across sectors; and
- **increasing public awareness** about the ongoing transition by **engaging the private sector and civil society** in the conversation.



Enabling factors

Overall, Iceland's experience illustrates how the economy is always both embedded in and functioning as a decision-making system: economic norms and rules, policy frameworks, and governance processes shape behaviours, define incentives and guide collective action, and these in turn influence the economic system. Iceland's approach to shifting these elements to focus on and foster well-being has been largely enabled by the following factors.

- **Holistic concepts and perspectives:** This means recognizing the ecological drivers, root causes and everyday conditions of well-being, and working across sectors, silos and professions with a wide range of relevant actors and stakeholders. Thinking and acting holistically involves engaging all levels and sectors of government and mobilizing the whole of society in joint actions.
- **Data-driven policies and accountability systems:** This requires engaging with and commissioning research to inform policy-making and setting measurable goals for well-being and sustainable development. In Iceland, it has included work with state agencies such as Statistics Iceland and the Directorate of Health as well as academia to select well-being indicators and understand the impact of interventions. Systematic data collection and monitoring using longitudinal datasets, including from representative panel studies, have been key.
- **Long-term commitment:** This means looking beyond election cycles and securing commitment and accountability by working in a system-wide manner with strong steering mechanisms, and promoting transparent governance to nurture public support.
- **People-powered and process-focused societal development:** This entails prioritizing participatory processes, community empowerment and system-wide co-creation to accelerate joint action and legitimacy for public priorities. It can

involve working with media, businesses, NGOs and the educational system to increase public understanding of sustainable development, active citizenship, universal public welfare, and how all of these connect to population well-being.

- **Future-shaping ambitions:** This involves considering the effects of all decisions and actions on generations to come, while unleashing creativity and innovation, building capacity by investing in human development, and supporting a wide range of well-being outcomes.



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WHO/EURO:2023-7415-47181-69111