European Stability Mechanism

How programme evaluations can benefit from quality of life considerations

This study considers to what extent quality of life criteria, as defined in the Organisation for Economic Cooperation and Development (OECD) well-being framework, could be applied in evaluations of financial assistance programmes. Examining the impact of programmes on the social fabric, the environment, and governance arrangements can broaden the measure of successes and failures of assistance programmes beyond economic performance. Giving prominence to quality of life criteria sheds new light on the unintended consequences of crisis resolution measures and encourages the reconsideration of programme evaluations' boundaries. Where underpinned by longitudinal data, this approach could provide insights to address new policy challenges such as climate change and social inequalities.

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Foreword

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Being ready to quickly react to address euro area crises is at the core of the European Stability Mechanism's (ESM) mission. Though future crises may differ from previous ones, learning from our experiences thus far, as well as those of peer institutions, is critical to our mission. This requires continued efforts to follow all relevant developments and risks that may impact the euro area's financial stability.

The role of the ESM, and its predecessor the European Financial Stability Facility (EFSF), in providing financial assistance has been the subject of independent evaluations conducted under the auspices of two high-level evaluators reporting directly to the ESM Board of Governors – Ms Gertrude Tumpel-Gugerell and Mr Joaquín Almunia. In addition to external experts and consultants, an internal ESM evaluation team comprised of staff members from different departments supported the work of the high-level evaluators.

This discussion paper was written by three members of the ESM evaluation team with the objective to examine, based on a limited set of public data, if an additional lens could be useful in future programme evaluations. Adding a focus on quality of life in such evaluations has the potential benefit of putting us – the euro area citizens – as well as our communities and our environment at the centre of evaluation exercises. At the same time, this carries certain challenges that the authors outline in detail.

This exercise marks another contribution towards our resolve to remain agile and continuously learn from our experiences to improve future practices. It also provides a contribution to the broader evaluation community on potential ways to strengthen the traditional frameworks for assessing financial assistance. I invite you to read the following pages with an open mind as we continue to reflect on the interconnectedness of various factors at play when ensuring macroeconomic and financial stability in the euro area.

Introduction

Financial assistance programmes supported by the ESM typically focus on stabilising public finances and the financial sector to improve macroeconomic outcomes. Programmes include widespread reform commitments that, once agreed and legislated, are then expected to be implemented. The subsequent effectiveness is judged by economic and financial outcomes that solicit strong programme ownership and the generation of collaboration towards effective policy execution, the development of strategic plans, and the ability to adapt to changing conditions or unintended consequences. The emphasis lies on restoring sustainable growth and financial stability during crises, so evaluating the success of the programmes tends to rely on assessing economic and financial variables. But this focus on macroeconomic performance indicators might risk overlooking the way reform programmes affect people's lives, particularly social and distributional aspects relevant to individuals' quality of life. Any excessive macroeconomic focus could widen the gap between economic improvements on one hand, and social and environmental sustainability on the other.

This discussion paper, based on experiences from ESM-supported assistance programmes, considers if a quality-of-life factor could be integrated in the programme evaluation framework, how to incorporate it, and its implications on the evaluation process. Building upon the OECD's established and widely used well-being framework to measure the evolution of quality of life, the paper assesses how the inclusion of quality-of-life considerations could strengthen ESM evaluations that aim to support informed decision-making and enhance its ability to tackle future crises. The authors recognise that the definition of quality of life is evolving, and therefore tailor it specifically to crisis resolution while bearing in mind the need for a systematic and efficient approach. This paper follows on from a European Evaluation Society contribution to the debate on the relevance of quality of life within the overall set of criteria that judges interventions, such as ESM programmes, by establishing what should be valued, guiding data collection, and suggesting ways to draw appropriate conclusions (OECD Development Assistance Committee, 2019; Patton, 2021).

Evaluations need to be conducted according to the mandates of the institutions involved. The ESM's primary goal of ensuring financial stability is a fundamental prerequisite for sustaining quality of life in the euro area. Assistance programme evaluations are specific to the nature of the crisis and mission of the institutions involved. This paper focuses on the resolution of macroeconomic and financial crises that largely fall within the domain of the International Monetary Fund (IMF) and regional financing arrangements, such as the ESM, that support their respective member states.

Experiences at the IMF and ESM, garnered from their independent evaluations of financial assistance, demonstrate that strong national reform ownership is a major determinant of programme success, and the alignment of a programme's policies with national preferences plays a key role in ensuring such ownership (Boughton, 2003; Khan & Sharma, 2001)**.** While sources of ownership are multifaceted, a quality-of-life consideration could shed new light on stakeholders' perceptions of programme benefits or shortcomings. This in turn could help in understanding trade-offs between national preferences and programmes' long-term sustainability, thus limiting the risks of political backtracking and any unwinding of reform efforts. The objective of this paper is to discuss to what extent a well-being framework[1] could

[1] Unless otherwise specified, throughout the paper the 'well-being framework' refers to the OECD frameworks, as applied in the 'How's Life 2020: Measuring Well-Being'.

provide relevant considerations and indicators to evaluate programmes. It explores how to measure broader conditions in which crisis assistance is provided and its impacts emerge, while recognising problems associated with attributions given the many potential causal pathways – ambiguous and even circular at times – and multiple simultaneous policy initiatives at play.

To date, such programme performance indicators have not been formally set, yet they could provide a way to show whether welfare or quality of life has improved or worsened in the run up to, during, and at different points in time after a crisis, and how persistent such changes might be. The distribution of such objective welfare indicators across populations, countries, and over time might well help when examining the outcomes of a crisis intervention beyond any aggregate macrofinancial results. The analysis presented in this paper relies solely on publicly available data.

The rest of this paper is organised as follows. Chapter 1 connects the OECD well-being framework with the quality-of-life concept. Chapter 2 considers how to apply the well-being framework's dimensions to programme evaluations, largely drawing lessons from the Greek crisis. Chapter 3 discusses the main lessons and data-related challenges that can arise from applying quality of life indicators in programme evaluation. The paper also suggests some areas for further work, and the last chapter summarises the conclusions. We find that the OECD framework dimensions can offer useful information about the relevance and effectiveness of financial assistance, subject to time series availability of pertinently disaggregated indicators. The data findings should nevertheless be duly joined with primary crisis case evidence, and further research on cause-and-effect relationships would boost confidence in any conclusions that arise under certain dimensions.

1. Quality of life concept

The standard way to gauge national wealth as a proxy for well-being has been to plot the evolution of real gross domestic product (GDP) per capita and compare countries' GDP, measured in purchasing power, despite recognised measuring issues (e.g., Callen, 2020; Pitkovskiy & Sala-i-Martin, 2018; World Bank, 2021).

The OECD framework concentrates on measuring well-being and extending the measures beyond the purely economic, although it categorises income, wealth, housing, and employment as material living conditions and tags other features as quality of life, which are all considered to carry a more intrinsic value (OECD, 2011). International institutions do strive to promote the well-being of citizens, and work to promote sustainable development based on balanced economic growth, competitiveness, high employment, social progress, and environmental quality, which echoes some of the EU's integration goals.

When countries undertake reforms that impact public budgets, performance comparisons across different areas and the identification of policies for improvement, including resource allocation, become particularly relevant. Various composite performance indicators, beyond narrow metrics, have been developed (e.g., United Nations Development Programme, 1990; Stiglitz et al., 2008; Schuknecht, 2020; Afonso et al., 2006) and efforts to combine assessments of economic performance with personal well-being and overall sustainability have led to the creation of multidimensional indices measuring quality of life or (individual experience of) well-being. One example is from Eurostat (2015), which combines objective indicators with individuals' subjective perceptions. The development of more holistic metrics has advanced alongside a more intense focus on the way economic activities and financial market operations affect environmental, social, and governance considerations.

The metrics of the OECD's well-being framework cover 41 countries (including all euro area countries except Malta and Cyprus) with 80 different indicators gathered into 11 groups called dimensions. Table 1 summarises the 24 headline indicators of the OECD well-being framework on which we assembled our assessment, with most indicators expressed as averages or inequalities between different groups, or between top and bottom performers in each country.

For the sake of brevity, our assessment primarily applies this framework to the ESM's most recent euro area financial assistance efforts, notably the Greek programmes implemented between 2010 and 2018. The latest OECD release (OECD, 2020a) is based on 2018 data (or the latest available) and presents developments from 2010, which provides a suitable timeframe to discuss the Greek programmes.[2]

We also consider complementary indicators and alternative data sources to address any lack of, or considerable delay in, the publication of relevant data – and occasionally where country coverage is not available. Where feasibility constraints arise, we expand to other relevant euro area countries for which available data offers guidance.

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[2] Appendix 1 lays out the evolution of the euro area assistance programmes and Appendix 2 provides a summary of the ESM's independent evaluation of the Greek programmes.

Table 1

OECD well-being framework: key dimensions and indicators

Dimension	Indicator	Indicator Type
Income and wealth	Household net adjusted disposable income	Average
	Household median net wealth	Average
	Ratio of average (equivalised) household disposable income of the top 20% of the income distribution to the average income of the bottom 20%	Inequality
Housing	Housing affordability: Disposable income after housing costs	Average
	Overcrowding rate	Inequality
Work and job quality	Employment rate	Average
	Gender wage gap	Inequality
	Employees working very long (paid) hours	Inequality
Health	Life expectancy at birth	Average
	Gap in life expectancy among men with low (no schooling, primary, and lower secondary educational attainment) and high (tertiary) education at age 25	Inequality
Knowledge and skills	Student skills in science: Cognitive skills of 15-year-old students in science	Average
	Students with low skills: Share of 15-year-old students with low scores in maths, reading, and science	Inequality
Environmental quality	Access to green space	Average
	Population exposure to outdoor air pollution by fine particulate matter above World Health Organization Guidelines	Inequality
Subjective well-being	Life satisfaction	Average
	Negative affect balance	Inequality
Safety	Homicides: deaths due to assault	Average
	Gender gap in feeling safe at night	Inequality
Work-life balance	Time allocated to leisure and personal care	Average
	Extra minutes of total time spent working (paid and unpaid) that women work, relative to men (aged 15–64)	Inequality
Social connections	Time spent interacting with friends and family as primary activity	Average
	Perceived lack of social support	Inequality
Civic engagement	Voter turnout	Average
	Having no say in government	Inequality

Source: OECD

2. Application of OECD's well-being criteria to crisis resolution programmes

This chapter reflects on the structure of the OECD's well-being framework to assess the benefits of its inclusion in any programme evaluation toolkit, thereby contributing to the development of a framework for transparent and accountable programme evaluations that would paint a fair picture of the effects of crises and resolution efforts. Our analysis relies on available disaggregated data for Greece – and in some cases other ESM beneficiary countries – to test the data's ability to offer insights to promote concrete findings. We package the well-being dimensions in six clusters, and under each dimension, we discuss some ways to enhance the framework for more effective future application.

Income, wealth, and housing

The well-being framework proposes five headline indicators to assess the income, wealth, and housing categories. For income, the indicators are the household net adjusted disposable income, and the ratio of average (equivalised) household disposable income of the top 20% of the income distribution to the average income of the bottom 20% (income disparity), which complements more traditional Gini coefficient. For wealth, the indicator is household median net wealth. For housing, the indicators are the disposable income available after housing costs, and the overcrowding rate.

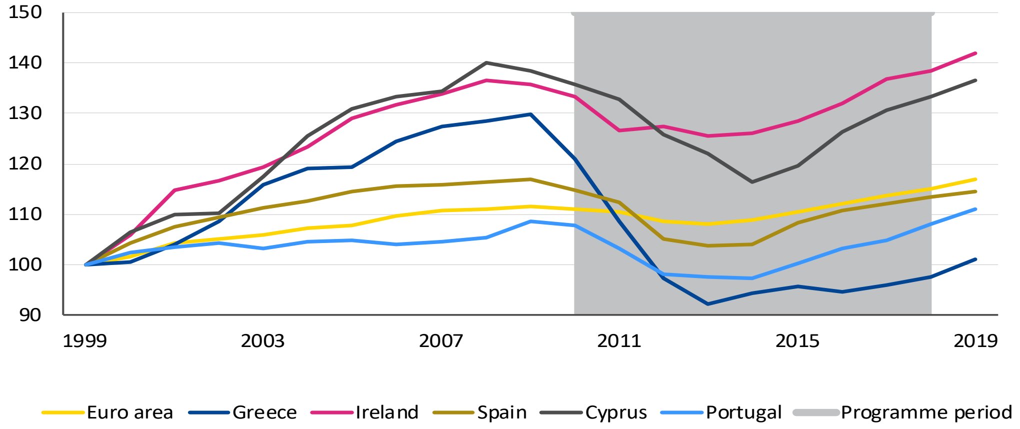
Income and wealth

Income indicators are informative for programme evaluations. The traditional measure of GDP depicts growth momentum across the whole economy, but household income refers to one specific real-economy sector that is more relevant when assessing quality of life and the distribution of well-being across society. Despite being a key measure, it has often been sidelined in discussions about programme design and therefore also in post-programme evaluations. During the Greek crisis, household income declined more dramatically than in peer countries because of the internal devaluation required for economic adjustment, and until now still remains below the pre-crisis level. In fact, the crises widened income disparities in all the beneficiary countries (Figure 1), but this was most marked in Greece and Spain, despite high social protection spending (World Bank, 2019). Nevertheless, programme measures reduced some income disparities over time (Figure 2) when the economic recovery, increased public expenditure, and better-targeted social policies improved the circumstances of lower income groups.

Figure 1

Adjusted gross disposable income of households in real terms per capita

(index 1999=100)

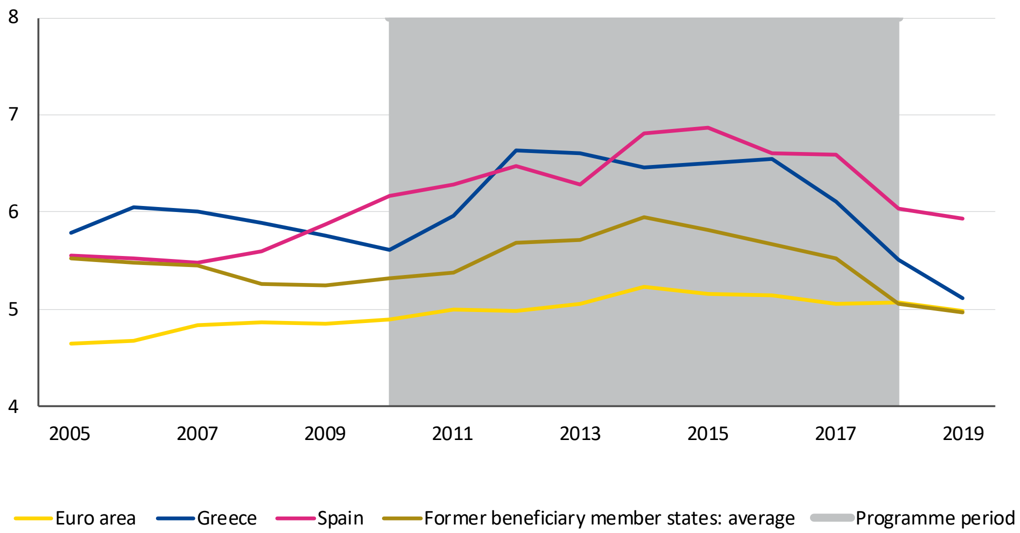


Note: Across the charts, programme period refers to the years 2010–2018.
Source: Eurostat

Figure 2

Income quintile share ratio S80/S20 for disposable income for total population

(share)



Note: Across the charts, programme period refers to the years 2010–2018. The income quintile share ratio refers to the ratio of the share of the 20% of persons with the highest household income in the total household income of all inhabitants to the share of the 20% of persons with the lowest household income in the total household income of all inhabitants.
Source: Eurostat

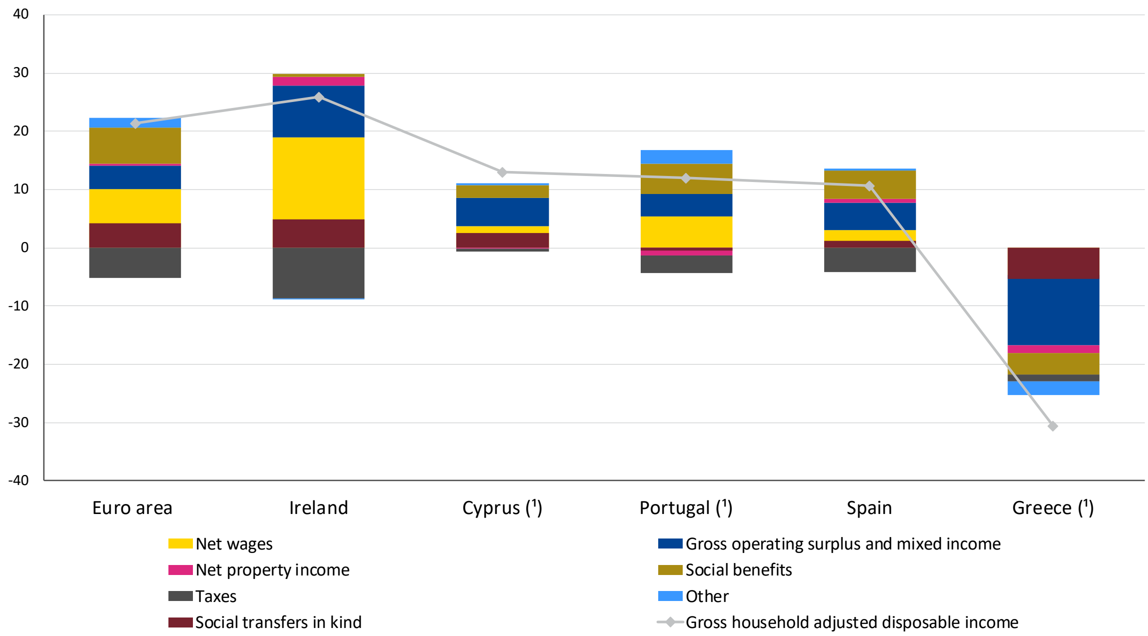
A crisis-related drop in income for the most vulnerable households proved persistent in some countries. In Italy, Spain, and France the at-risk-of-poverty rate remained elevated, even in 2019. Professional activity represents the most common source of income, especially for lower income households, and unemployment during the crisis pushed such households into poverty, particularly in countries where social security safety nets did not exist, or coverage was insufficient. Despite high social protection spending, the crisis severely impacted poorer households, especially in Italy, Spain, and Greece – where social assistance coverage for the poorest 20% was below euro area peers (World Bank, 2019). Portuguese households with dependent children and no working adults were 80% more likely to face poverty than households with two workers, even in 2019 (OECD, 2019c). Income changes between 2009 and 2019 confirm the persistent consequences of Greece's internal devaluation and it is the only country where income is still more than 20% below 2009, while other ESM beneficiary countries have recorded income increases since the crisis. In Cyprus the main driver was the gross operating surplus and mixed income generated from business activity, while in Spain the largest share of the overall gain can be attributed to increased social benefits, which underlines the importance of redistribution and effective social spending (Figure 3).

Income distribution indicators beyond pure country aggregates help to analyse social vulnerabilities, especially the distributional effects of fiscal policy changes and consequences for the most vulnerable. The Peterson Institute for International Economics (2020) identifies Greece as an outlier, where income inequality shrank between 1983 and 2013, with the Gini coefficient measuring income inequalities for the whole population on a downward path despite a slight increase during the programme years between 2011 and 2017. An analysis by Andriopoulou et al. (2020) highlights the fact that until 2007 most Greek poor were living in households headed by pensioners and private sector employees, but by 2014 households headed by the unemployed became the lead contributor to poverty. However, this research was based on indicators within the Eurostat database, the EU Statistics on Income and Living Conditions survey, and national statistics that included more varied and granular indicators than the OECD database. Differences in national definitions mean country coefficients available across OECD countries are not always comparable. Deeper examination of such data, together with the well-being framework would help the ESM evaluation extend beyond the analysis of aggregate macroeconomic data and the general impact of selected policies, because multidimensional poverty indicators uncover vulnerabilities beyond just material poverty.

Figure 3

Contribution of the income components to the change in gross household adjusted disposable income in 2019 with 2009 as a baseline

(in %)



Note: (1) Provisional data.
Source: Eurostat

Pensions played an important role in mitigating poverty even during the crisis. In both the euro area as a whole and in the former ESM programme beneficiary countries, pensions play an important role in reducing inequality and redistributing wealth. In general, the Gini coefficient including pensions is about 10 points lower than the Gini coefficient excluding pensions (Eurostat database). Despite cuts to Greek pensions during the crisis, extreme poverty was not recurrent among retirees because pensions fell less than median income, and retirees continued to score relatively better in terms of income (Andriopoulou et al., 2020).

Income distribution analysis can be complemented by assessing the proportion of people at risk of in-work poverty, and the gender wage gap. Despite progress in reducing income inequalities, Greece is still home to a high share of employed[3] people living in 'income-poor' households[4] compared to the EU and euro area averages. Ziomas et al. (2019) note that internal devaluation reduced wages and salaries, including a 22% reduction in the statutory minimum wage/salary in 2012. A below-minimum wage/salary was introduced in 2012 for young people under 25, set at 12% below the minimum. A decline in salaries caused by the internal devaluation went hand in hand with lower work intensity, which fell throughout the 2012–2017 period. In-work poverty rates are much higher in households with dependent children at all levels of household work intensity, except for the very highest. These findings are corroborated by an increase in the rise of low-wage earners as a proportion of all employees. The rapid increase in the in-work at risk-of-poverty rate in the 18 to 24 age group could partly explain a brain drain during the crisis years. Yet another working-age poverty indicator is the proportion of low-wage earners in employed society as a whole. Eurostat data show how the wage adjustment increased this proportion in Greece, peaking at more than 15% in 2012. And in 2019, it still remained above euro area average (Figure 4 and Figure 5).

Figure 4
In-work at risk-of-poverty indicator, employed people aged 18–24
(in %)

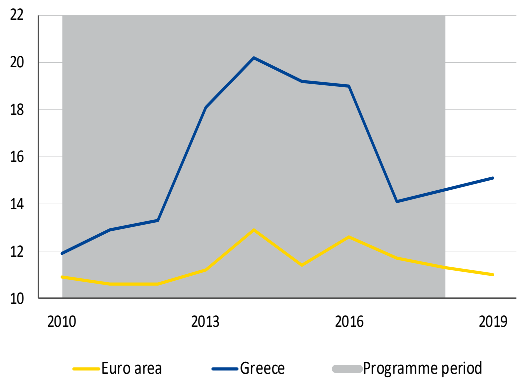
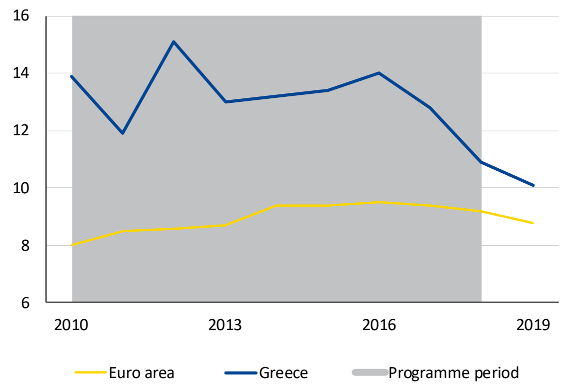


Figure 5
In-work at risk-of-poverty rate indicator, employed people aged 18–64
(in %)



Note: The scale is in % of people in the total population who declared to be at work (employed or self-employed) who are at-risk-of-poverty i.e. with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60% of the national median equivalised disposable income after social transfers.
Source: Eurostat

Household wealth promotes financial security and helps cushion economic shocks, by extension OECD statistics on household median and mean wealth (defined by the balance

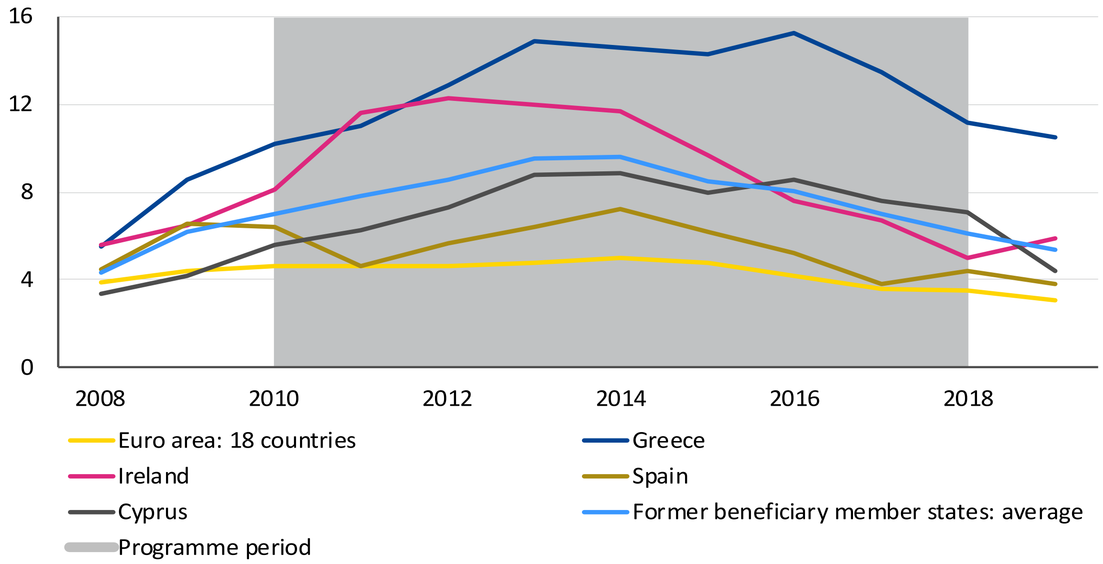
[3] A person is in employment when he/she has worked for more than half of the income reference year. Employed individuals can be waged employees or self-employed.

[4] Those with equivalised disposable income below 60% of the national mean.

between their assets and liabilities), shed light on households' shock-absorption capacity. This data is accompanied by percentages depicting wealth distribution.[5] Increased unemployment and lost income often lead to an accumulation of new debt, assuming access to additional financing is available, which might also occur through the non-bank sector. The share of the population in payment arrears is one way to identify the size of distressed population in society (Figure 6 and Figure 7), and such an expansion in household debt increases the risk of higher deliquencies and bank losses. The crisis depleted Greek households' assets considerably, with the savings rate falling 11.9% on average every year between 2009 and 2014. Unlike in other countries, Greek households dissaved throughout the programme period, until 2019.

Granular data on the households' arrears could help design better-targeted policies to prevent negative repercussions. So far, Eurostat data on arrears has been collected through the EU Statistics on Income and Living Conditions survey, highlighting persisting difficulties for ESM beneficiary member states, especially Greece, despite the programme measures. More granular data, similar to that published by the Central Bank of Ireland (2021), including the number of past due days for repayments, could help identify trends and the main drivers. Also, such data would promote more granular analysis of repayment capacity depending on incomes, employment status, age, and household composition – and help define possible ideal resolution options (Kelly et al., 2021).

Figure 6
Share of population in arrears on mortgages or rent
(in %)



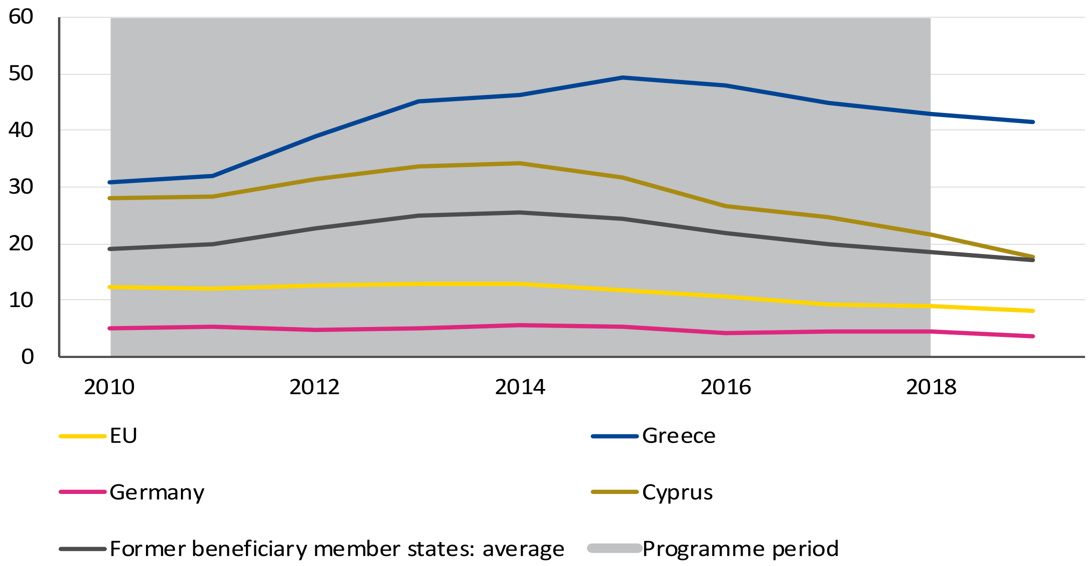
Notes: Share of population in arrears is defined by responses to the EU Statistics on Income and Living Conditions Survey. Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

[5] Household net wealth shares held by the 10%, 5% and 1% of households at the top of the distribution and by the bottom 40% and 60%.

Figure 7

Share of population in arrears on mortgages or rent, utility bills or hire purchase

(in %)



Notes: Share of population in arrears is defined by responses to the EU Statistics on Income and Living Conditions Survey. Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

Housing

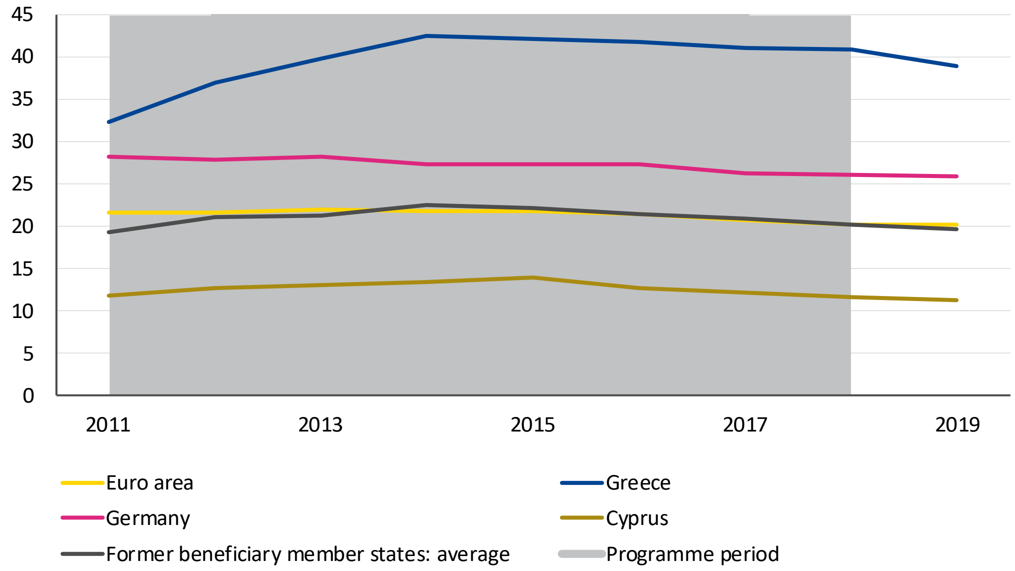
Two housing indicators, affordability and overcrowding, are closely linked and provide insights into assessing the impact of any crisis on quality of life. Housing, a basic human need, is a key factor of well-being. Housing affordability is depicted by the share of disposable income remaining after deducting housing costs. The euro area trend reflects issues stemming from rising house prices and rents that have begun to absorb ever-higher shares of household incomes. This, in turn, limits access to quality housing, increasing the number of people living in overcrowded households and therefore deteriorating living conditions, especially for disadvantaged groups, with more pronounced effects in Southern Europe where household incomes dropped significantly after 2010. The Greek median household recorded a 40% decline in income.

In the euro area, housing costs represent around 20% of average household income, and the overall average of ESM former programme beneficiaries does not differ from the euro area trend. However, Greece remains an outlier, with elevated housing costs as a share of disposable income. Greek housing expenditure as a share of total household spending has increased since the beginning of the sovereign debt crisis and fell only slightly after peaking in 2014 (Figure 8). An overall drop in household income together with an increased share taken by housing costs has translated into a rise in the housing cost burden, mainly in the lower income groups, which has exacerbated housing insecurity; the housing cost overburden measures the share of households in the bottom 40% of the income distribution who spend more than 40% of their disposable income on housing rent or mortgage costs. Greece and Spain have the highest overburden rates, with Greece showing the most pronounced rates among the disadvantaged. The post-programme period demonstrates the position of lower income households below 60% of median income and young people between 18 and 24 (Figure 9). The OECD 2020 survey has confirmed the findings on the housing insecurity of young Greeks and Spaniards (OECD, 2021b).

Figure 8

Share of housing costs in disposable household income

(in %)

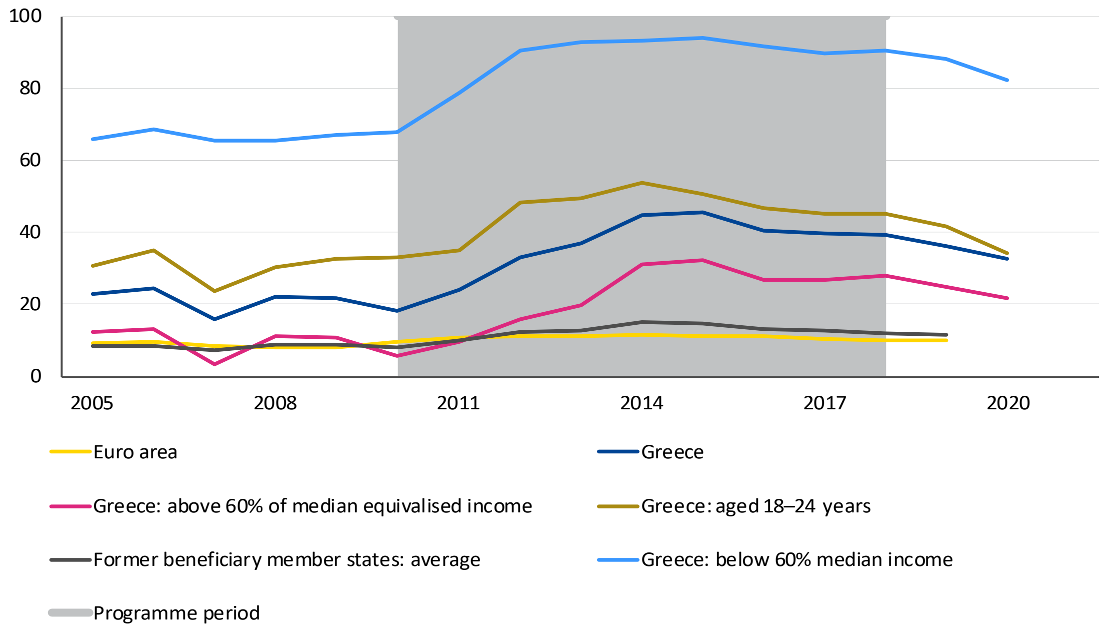


Note: Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

Figure 9

Housing costs overburden in selected countries

(in % of population living in households where more than 40% of disposable income is spent on housing, for respective groups)

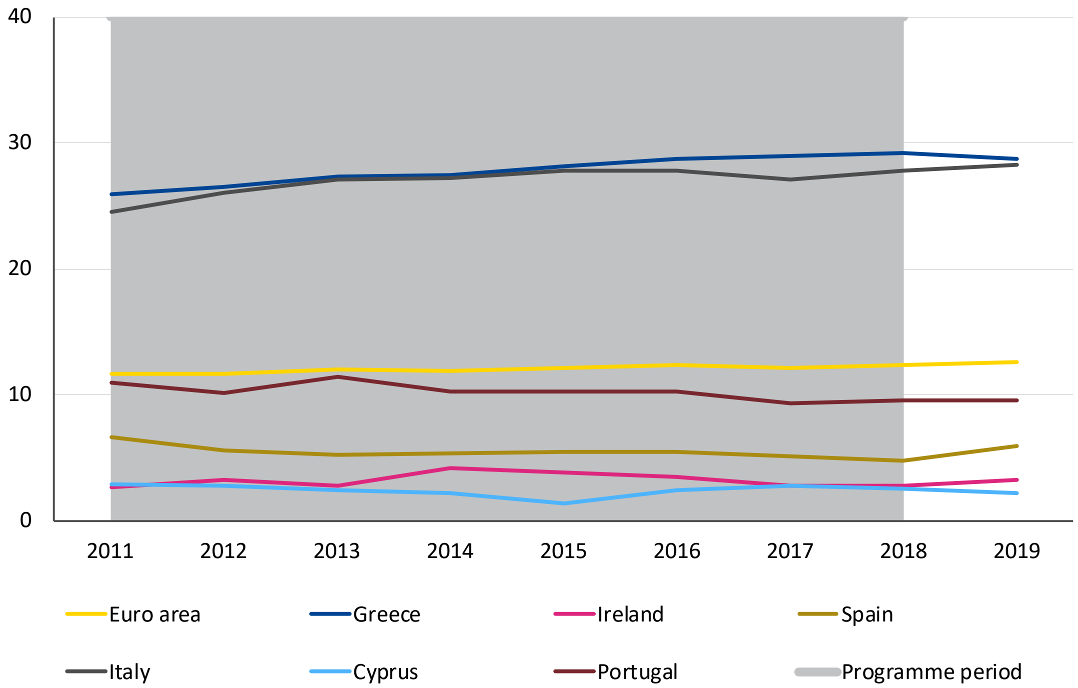


Notes: The housing cost overburden rate is expressed as the percentage of the population living in households where the total housing costs ('net' of housing allowances) represent more than 40% of disposable income ('net' of housing allowances). Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

In Southern Europe, housing costs overburden households despite a drop in house prices and rents since 2010. Investment and structural factors have steadily raised the euro area house price index since 2013, (Eurostat, 2021), although Cyprus, Greece, Italy, and Spain recorded declines. Sixteen euro area member states recorded rent increases between 2010 and 2021Q1, with the Baltics and Ireland registering the largest rises, by 63%, while two countries recorded a decrease – Cyprus by 3.8% and Greece by 25.2%. These developments have worsened the plight of low-income households now finding it difficult to save for deposits and down payments. Consequently, spending on housing often tends to crowd out other expenditures.

A slight increase in overcrowding rates over the assistance programmes period points to a deterioration in housing conditions during that time. Already higher Greek and Italian overcrowding rates compared to euro area peers (Figure 10) worsened even further during the crisis. Structural problems related to dissatisfaction with the quality of affordable housing and an increase in perceived housing insecurity points to the need for further policy intervention. The OECD 2019 data (OECD, 2021c) suggest that more than 30% of lower quintile households in Cyprus, Portugal, and Greece face challenges in adequately heating their homes.

Figure 10
Overcrowding rate
(in % of total population)



Notes: For details see Eurostat definition of the overcrowding rate. Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

Deeper evaluation highlights the impact financial assistance programmes might have on social and economic policies that affect trends in housing quality. European countries recording the highest rates of home ownership financed by housing loans also tend to offer generous social benefit schemes, thereby reducing the likelihood of default in times of stress.[6] Nevertheless, the changing dynamics of the housing market tend to strike lower income groups most. Restructuring institutions that have evolved as a result of deeply engrained social values can be

[6] The housing market is highly regulated, including dwellings availability and safety (European Systemic Risk Board ,2019).

problematic in a crisis, especially when it requires modifications to fiscal and tax policies that affect households' quality of life.

Employment and education

The well-being framework considers access to employment and job market insecurity, comprising exposure to precarious jobs and potential entrapment in low-paid employment. It tracks these using employment rate, gender wage gap, and long working hours. Our approach would connect employment to education, which largely determines the human capital available in a country or region and plays a crucial role in the potential for long-term economic growth through productivity enhancements, creativity, a propensity for entrepreneurship, and technological advances. Education, therefore, contributes to improvements in income opportunities and offers paths to social progress. The framework relies on Programme for International Student Assessments (PISA) surveys to chart aspects of education, especially education quality.

Work and job quality

Improving overall job quality contributes to inclusive growth in society. In contrast, unemployment, the main component of job insecurity, strongly depresses happiness as a measure of life satisfaction (Frey & Stutzer, 2000). Any enduring risk of job loss in the absence of efficient safety nets is even associated with a risk of low subjective well-being during retirement and may cause lasting health concerns (Barrech et al., 2016). We complement the OECD framework with the rate of those not in education, employment, or training – and a vulnerable jobs indicator – that both reflect job-market conditions. The long-term unemployment rate encapsulates the consequences of lengthy adjustment. The risk of job loss generally declines in line with any higher achievement in the level of education. However, Greece's unemployment data exhibits different dynamics, with the long period of labour market stress helping to explain governance challenges that the country's reform programmes faced.

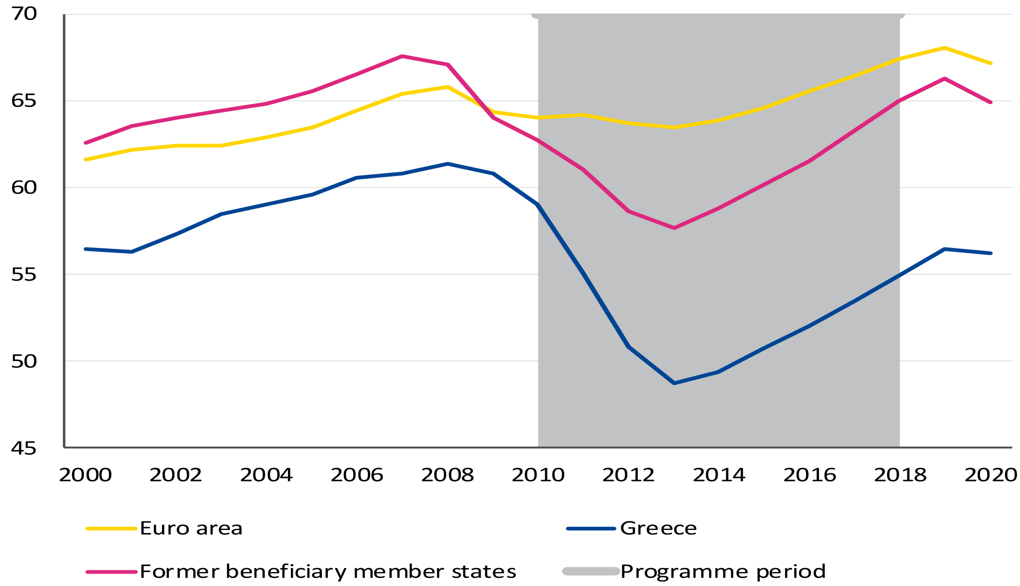
The main indicators depict high, prolonged periods of unemployment and aggravated labour market insecurity. After 2010 the Greek overall employment rate fell sharply to below 50% (Figure 11). Although macroeconomic stability helped foster economic recovery and revived labour demand, by 2018 the activity rate still represented a 4.3 percentage points decline, and the Greek job markets were the weakest in the euro area.

Rapid adjustment during the first programme led to a 2013 peak youth unemployment rate at 58.3% for 15-to-24 year olds and 43.3% for 25-to-29 years olds (Figure 12), with Spain and Greece standing in stark contrast to peer economies. Spain stood 34 percentage points above the euro area averages and Greece 26 percentage points higher. Then the programme reforms – and a brain drain – reduced youth unemployment faster than for any other age group, but that still left youth unemployment in 2019 above the 2010 position. These dire conditions in the Greek job markets outdid the broader euro area weakness caused by the 2008 global financial crisis when job quality also declined, to be followed by a modest net improvement at the regional level by 2015 – while divergences among the euro area countries increased (Piasna, 2017).

Gender comparisons for Greek employment and unemployment rates display large persistent gaps that disadvantage females. The recession severly impacted younger women in particular, initially through an increase in an already high female youth unemployment rate (Figure 13). When those not in education or training were included, the male inactivity rate deteriorated more abruptly than that for females in the early years of the crisis. This change is particularly striking when compared to the euro area averages for both genders. From 2015 onwards, developments for both genders became more equal (Figure 14). Across the OECD countries, young men are less likely than women to fall into the category of those not in education, employment, or training (OECD, 2018a). Portugal was the only crisis country where that rate did not increase markedly during the global financial crisis or the euro sovereign debt crisis.

Gender wage gaps persisted across Europe in the early 2010s. Various sources such as the OECD, Eurostat, the European Institute for Gender Equality (2021) statistics, and Boll and Langemann (2018), suggest relatively different figures but identify similar trends. The Greek wage gap looks small in any European comparison, having fallen since the start of the 2008 global financial crisis when it stood at 22% to 15% in 2010, 12.5% in 2014 and 10.4% in 2018, a faster reduction than the euro area average. A workforce allocation between industries emerged as the main explanation for the remaining gender difference (Boll & Langemann, 2018). A similar picture emerges from European Institute for Gender Equality statistics when examining the gross hourly wage pay for fulltime workers in Cyprus, Greece, and Spain. In Portugal, the wage gaps grew until 2014 before declining. However, OECD and Eurostat gender wage gap indicator time series are incomplete, with only scarce data points available for a number of countries, so extracting conclusions requires support from other sources – although the OECD does cover the first and ninth deciles and median wages.

Figure 11
Employment rate for people aged 15–64 years
(in %)

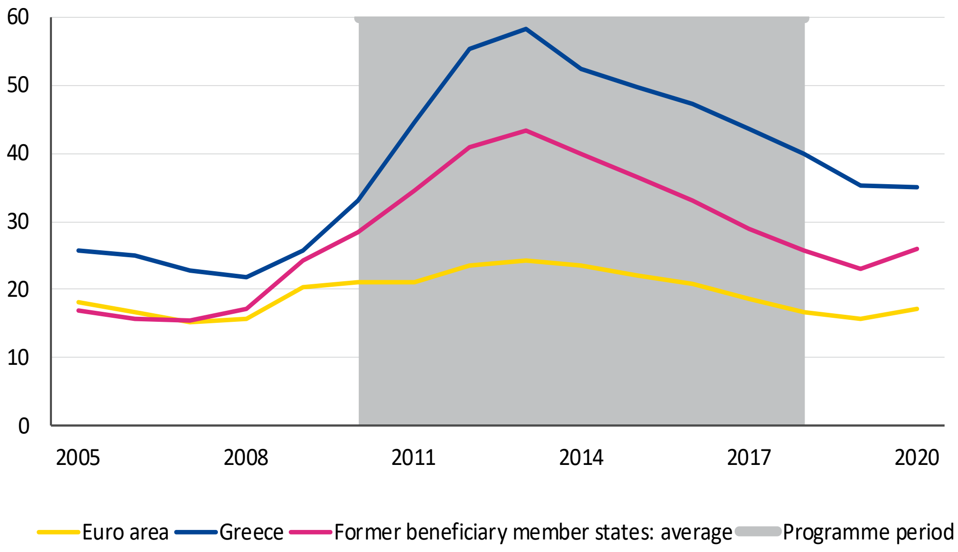


Note: Self-calculated unweighted average for the former beneficiary member states.
Source: OECD

Figure 12

Unemployment rate for people aged under 25 years

(in %)

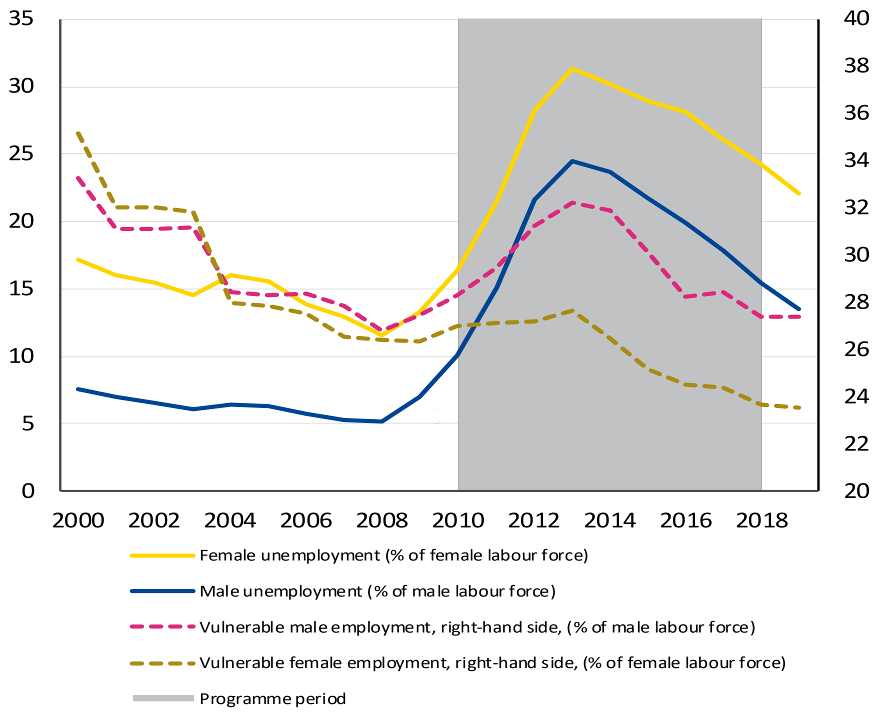


Note: Self-calculated unweighted average for the former beneficiary member states.
Source: Eurostat

Figure 13

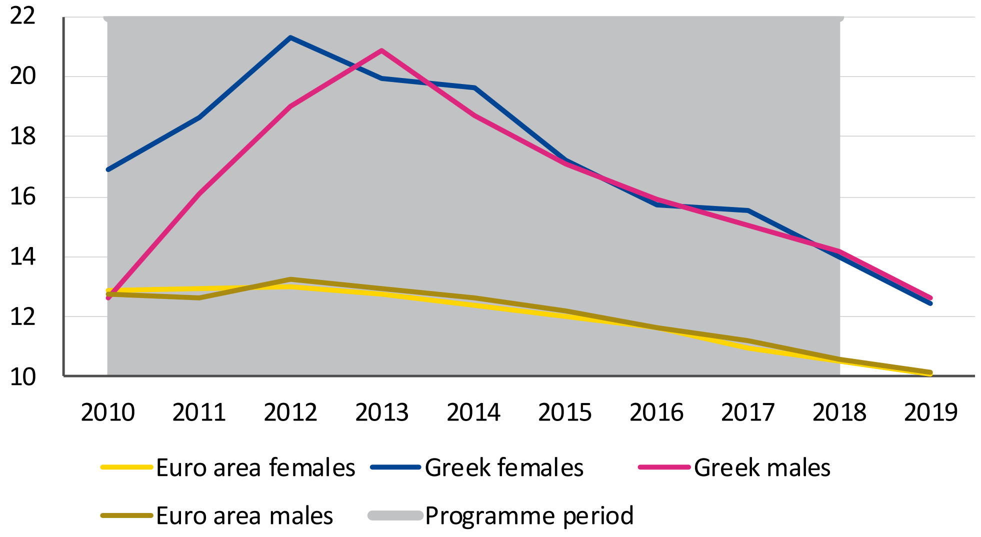
Greek unemployment and vulnerable jobs by gender

(in %)



Note: Percent of female and male labour force (modelled on International Labour Organization estimate).
Source: World Bank World Development Indicators

Figure 14
Youth not in education, employment, or training
(in %)



Source: World Bank World Development Indicators

Jobs for Greek females do appear less vulnerable than those of males, who were exposed to more vulnerable jobs as the crisis resolution progressed (Figure 13). The relative position of women in the job markets has improved considerably since the start of the century.

Long working hours, captured in the third OECD framework indicator, seem to be a male phenomenon across the OECD dataset. These do not appear to be an important crisis-related phenomenon in Greece according to Eurostat data, although any assessment is complicated by a considerable degree of labour market informality.[7] An above-average proportion of employed Greeks do work long hours, particularly managers and workers in informal jobs such as the self-employed and contributing family workers. Informality tends to accompany an incidence of elevated poverty, tax evasion, or the lack of any coverage offered by safety net.[8] In 2018, overtime hours were more frequent for workers in the 55-to-64 year and and 15-to-24 year age ranges compared to mid-aged employees (OECD, 2020), and controversially, the unemployment rate for the younger population was the highest. A very high unemployment rate for 25-to-29-year olds suggests job market entry difficulties. However, the older age group benefitted least from job opportunities offered by the economic revival, and the unemployment rate for the eldest had doubled by 2013, peaking much later – in 2016 – than for the younger population.[9]

Globally, informality tends to explain many inequalities. The rate of informal employment tends to fall with higher education, the difference in wages between the non-educated and secondary-school educated tends to be wide, and within the low-educated worker population women are more likely to be employed informally (Bonnet et al., 2019; Elgin et al., 2021; Quiros-

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[7] Wage and salaried workers are estimated to have accounted for only 63 to 66.5% of total employment during the programme years against the euro area average, exceeding 85% in 2018 (World Bank World Development Indicators database).

[8] Eurostat data shows the burden increased for contributing family members once the Greek economy started recovering, but World Bank gender statistics show numbers in this category maintained a long-run decline. Actually, in Portugal a more general rise in the proportion of people working long hours coincided with the assistance programme.

[9] To some extent this may reflect the reprogramming of EU structural funds in 2012, policies outside the crisis programmes, to improve focus on support to youth employment and small and medium-sized enterprises.

Romero et al., 2021).

Long-term unemployment symbolises the consequences of adjustments crisis countries had to implement, although unemployment periods lengthened throughout much of the euro area in early 2010s. This triggers important consequences for quality of life, especially in countries where social safety nets and labour market policies do not adapt well to such events, although experiences differed considerably (Cazes et al., 2016):

- Greek job losses accumulated from incidences of long-term unemployment over a five-year period, reaching almost three quarters of the unemployed, with particularly large increases from 2012 onwards.
- The Greek female long-term unemployment rate markedly exceeded the rate for males.
- In Ireland, Cyprus, and Spain, unemployment periods expanded rapidly and in both Ireland and Cyprus, this was very much a phenomenon in the male workforce.
- In Portugal the substantial increase took place towards the end of the assistance programme.

Also, important regional diversity of unemployment emerged in Greece (Karafolas & Alexandris, 2015), mainly linked to the economic structure of Greek municipalities and regions; in the early stages of the crisis, those where economic activity concentrated on agriculture and tourism experienced less impact than the more industry-oriented.

Knowledge and skills

Good quality education, including lifelong learning, provides the tools and attitudes that support individuals in life. Children learn social and basic skills, then youth education provides the general knowledge and technical skills for further education and integration into job markets, after which adult education concentrates on job-specific or managerial skills to support income generation. Motivations driving old-age education address personal interests, counter any risks of marginalisation or exclusion, and support the ability to remain active. Such skill development generates self-esteem and expectations of well-being or a ‘good life’, so supporting material welfare (Escuder-Mollón & Cabedo, 2016; Goczek et al., 2021). High-quality education and health services also promote longer-term perspectives when supported by well-functioning institutions (Hanushek & Woessmann, 2020; Goczek et al., 2021).

The OECD well-being framework measures knowledge and skills using two headline indicators – student skills in science and the share of low skill students – obtained through the OECD’s PISA survey. The dataset for the OECD’s Better Life Initiative[10] also tries to assess adult skill levels by measuring upper secondary education attainments among young adults, and adult numeracy skills. PISA survey results are rich in content and since 2009 have covered a broad range of countries, with Cyprus included from the 2012 release. However, the survey is only conducted every three years, and much of the data is released after a considerable delay, so interpreting test scores is a challenge for our purposes because time lags between the effects of an economic crisis and related policies are not evident, and the nature of policy effects may be dependent of the degree of financial stability.

In Greece, the economic adjustment period coincided with a decline in the Greek PISA test scores for science.[11] Given that a score of 40 points is considered the equivalent of a full year of schooling, the 2009 to 2018 evolution would represent a lost semester. From the outset, the

[10] See https://www.oecd.org/wise/better-life-initiative.htm.

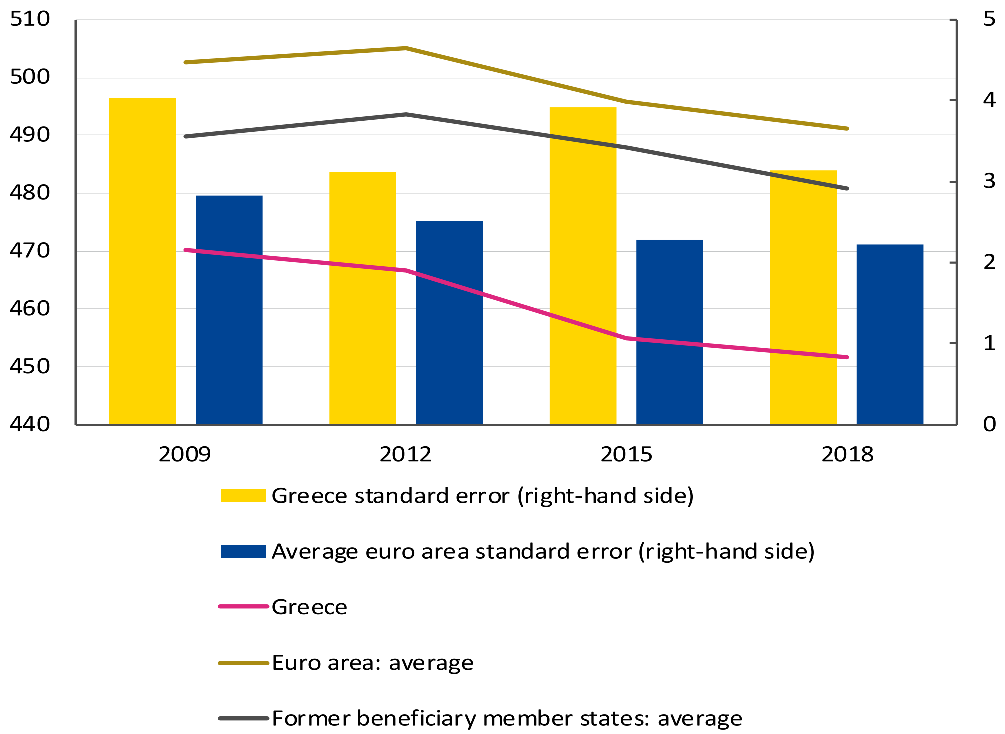
[11] The PISA overall science scores declined for three beneficiary countries, while one improved.

Greek starting position was already below the peer country average and disparities measured by standard errors were more amplified than the peer country average (OECD, 2000–2018), with a large increase in the 2015 survey when Greece experienced particular political uncertainties (Figure 15).

In addition, disaggregate data suggests a female vulnerability. The relative performance of male average scores improved in in most euro area countries from 2012 to 2015, but female average scores declined more substiantially, although the variance in the male scores was clearly larger.

Another indication of the way the crisis affected young people was an increasing percentage of low achievers in schools, an inequality indicator measuring the knowledge and skills dimension in the well-being framework (OECD, 2016). Their average share in the beneficiary countries continued to stand above the euro area average, even when Greece exited the programme. And an exceptionally forceful decline in Greek learning outcomes coincided with the 2012 and 2015 events, before PISA test results improved in 2018 – the year of programme exit.[12] The share of low achievers among Greek pupils exceeded that of the best peers by over 20 percentage points (Figure 16).

Figure 15
PISA science score for 15-year old students
(points scores and standard error)



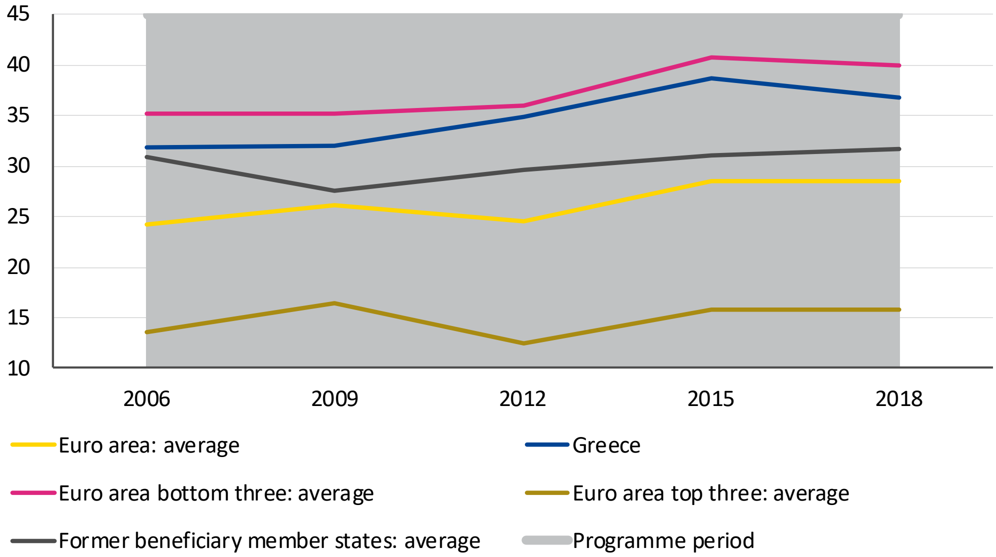
Notes: Cyprus missing from 2006 and 2009 data; Malta missing from 2006 and 2012 data. Averages calculated by the author are unweighted. All euro area 19 members included when data available.
Source: OECD PISA surveys

[12] Nevertheless, the share of low achieving beneficiary country pupils in the three domains of reading, mathematics, and science remained higher than the euro area average in 2018.

Figure 16

Percentage of low achievers in science among all 15-year olds, 2009–2018

(in %)



Notes: Cyprus missing from 2006 and 2009 data; Malta missing from 2006 and 2012 data. Averages calculated by the author are unweighted. All euro area 19 members included when data available.
Source: OECD PISA surveys

Various school attendance and education attainment indicators can be informative, despite many breaks in the time series of available statistics. The attainment of at least an upper secondary level education for people aged 25 to 34 has improved widely across the euro area from 2010 to 2018, including in Greece with a recorded gain of 12.2 percentage points and Portugal with a 19 percentage point enhancement. However, Spanish attainments stagnated for both genders between 2010 and 2016, while Cyprus backtracked before the country received financial support (Eurostat, EU Labour Force Survey data, 2020). Greek indicators suggest a deterioration emerged after the euro area sovereign debt crisis erupted, with females worse affected than males:

- Primary school completion rates declined, with ‘persistence to last grade of primary’ indicator dropping 2.2 percentage points for the 2011 cohort. However, school attendance recovered after 2013 and both genders had exceeded the euro area average by the end of 2018.[13]
- Secondary vocational school attendance rates declined. Female enrollment in secondary vocational education dropped sharply in three of the crisis countries when the economies stumbled. The year of Greek disruptive political uncertainty scored particularly low (Table 2).

[13] A third indicator also shows the impact of the crisis in two other countries: Over-age primary school students as percentage of enrollment rose considerably in Portugal and Spain in 2013 having registered a declining trend for a number of years; Portugal requested assistance in April 2011 and Spain in June 2012.

Table 2
Secondary education, enrolled vocational pupils
(in % female)

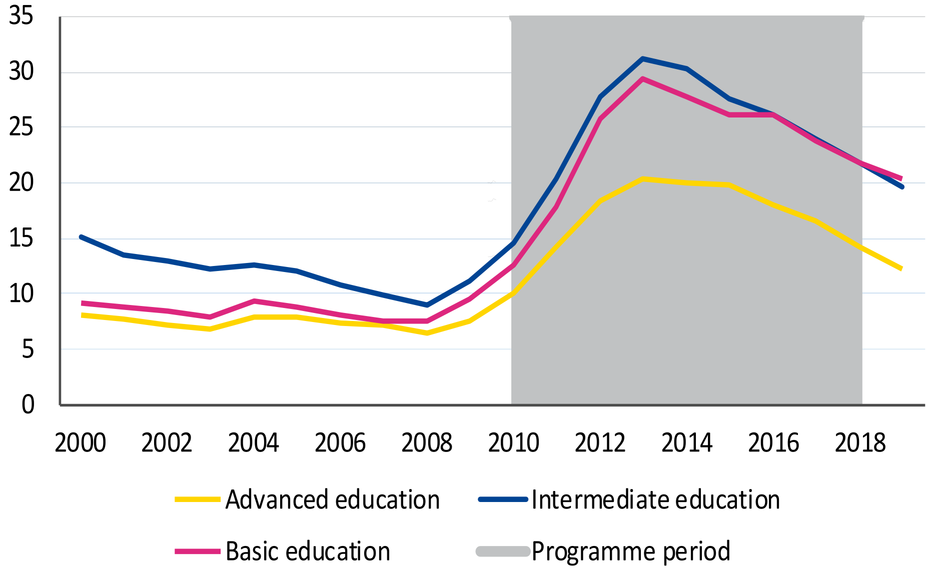
Entity	1990	2000	2010	2012	2015	2017
Ireland *	63.8	55.2	52.6	51.6	N/A	33.1
Greece	32.0	43.2	35.1	37.8	31.5	34.4
Spain	48.5	51.3	46.6	45.9	45.3	46.4
Cyprus	15.7	15.7	16.5	16.9	21.8	23.3
Portugal	33.1	44.5	42.1	41.4	42.1	42.3
Euro area	45.8	45.1	43.0	42.8	42.3	41.9

Notes: Ireland 2015 not available. Ireland 2000 is 1997. Data as of February 2020. Secondary vocational pupils are the number of secondary students enrolled in technical and vocational education programs, including teacher training. Percentage of female enrollment is calculated by dividing the total number of female students at a given level of education by the total enrollment at the same level, and multiplying by 100.
Source: UNESCO Institute for Statistics (http://uis.unesco.org/)

We include vocational education because of its relevance for youth integration in job markets. It is designed to promote learner acquisition of the knowledge, skills, and competencies needed for a particular trade or class of occupations. Successful completion of such programmes, including apprenticeships, leads to labour-market qualifications that authorities and employers recognise.[14] The attraction of secondary vocational education weakened among Greeks, arguably reflecting job market pressures (Table 2; European Commission, 2019). And the unemployment rate for Greeks with intermediate education constantly exceeded that of the least educated until 2016 (Figure 17). Where possible, young Greek adults, particularly females, extended studies into tertiary education. Attainment differences between native and foreign-born children were apparent and widening (European Commission, 2019). Caution is required when reaching conclusions because educational attainment measures education quantity, and the quality of education differs from country to country and across time (Goczek et al., 2021).

[14] Goczek et al. (2021) interpret the results as confirming the importance of quality primary and secondary education for economic development.

Figure 17
Greek unemployment by education level
(in % of labour force in each category)



Source: World Bank DataBank (International Labour Organization statistics database)

Tracking of adult skills would benefit from improvements. The OECD well-being framework's cognitive skills of adults in numeracy indicator identifies a low Greek score compared to the other covered countries, but the difference between the mean scores of younger and older Greek adults is not significant, unlike in Ireland and Spain where older adults are clearly disadvantaged. The indicator's usefulness is hampered by being limited to a snapshot of data from 2012, the early years of the euro crisis. However, the survey results identify advances in skill levels and career developments for Greeks during the crisis years to 2015 (Piasna, 2017).

Hanushek and Woessmann (2020) and Hanushek (2021) point out that countries differ widely in the way economic rewards link to higher skills. While workers in the sampled countries were estimated to receive 23% higher income with one standard deviation of higher test scores, the typical worker in Greece gains just 11% more income with one standard deviation of higher test scores. Also, adult numeracy skills have been found limited compared to most other covered countries (OECD Programme for the International Assessment of Adult Competences, 2015), and an aging population's ability to remain active and self-sufficient would be important in a changing society. The European Commission (2019) represents the task of increasing adult participation in education and training as a challenge.

Health

The well-being framework proposes the mapping of health status using two indicators based on a population's life expectancy – the mean number of years expected to remain at each point in life. Life expectancy at birth, which assumes constant future mortality conditions, reflects expected changes in the population structure in terms of age, but masks possible gender and other disparities. The second framework indicator focuses on the effect of education differences on the life expectancy of young men. Our assessment of the health dimension shows the assisted countries faced challenges in their healthcare sectors, and inequalities by gender and by socio-economic status were prevalent. All the assistance programmes addressed changes to healthcare policies to some extent, with the programme for Portugal involving the largest number of measures.

We review the usefulness of three approaches to generate findings in this section. We find that life expectancy developments drawn from mortality registers can shed light on the living conditions of the overall population and socio-economic inequalities in health, although the assigned indicators are inherently slow moving. However, they can be complemented by a life expectancy for old age, typically calculated for a regular retirement age – usually at the age of 65 – together with child mortality measurements. Perception-based indicators drawing on self-assessment are an alternative approach to such experience-based indicators,[15] and a healthy life years approach adds both a forward-looking perspective and enhances policy relevance because active and healthy aging is one of the goals for European health policy.

Global trends in life expectancy, especially at birth, exhibit a strong increase in longevity over the decades, despite some country divergences. Following the global financial crisis and the euro sovereign debt tremors, the World Health Organization (WHO) highlighted growing gender gaps in Europe in favour of females, particularly in countries with lower overall life expectancy. Long-term unemployment and lower disposable income in Greek households negatively affected child health, although the effects manifested with a time lag (WHO World Health Data Platform, 2021; Zilidis & Hadjichristodoulou, 2020). However, the gender gaps narrowed over the programme period from 2010 to 2018.[16] This overall picture nevertheless disguises a decline for Greek females born during the first and second assistance programmes, and a stagnation for males during the first assistance programme between 2010 and 2012. The rise in life expectancy also slowed for Cypriot and Spanish females during the programme years (Table 3).[17]

The social, economic, and environmental conditions children faced during the crises can be further assessed using the under-five mortality rate. The Greek incidence of under-five mortality for boys increased 13.2% by 2015 and for girls slightly less, within a generally declining euro area trend. Once the economic recovery established itself, the rate fell back close to the 2010 level, according to the WHO World Health Data Platform (2021).[18] Other indicators such as the share of low-birth-weight babies charted similar child health developments with Zilidis and Hadjichristodoulou (2020), finding long-term unemployment and a reduction in disposable income mainly generated negative developments in Greek households between 2009 and 2016,[19] but noting the effects manifested with a time lag. They found that Greece diverged from other countries, although Portugal also experienced a deterioration. More generally, studies (e.g., Case et al., 2005) have found that children in poor health tend to exhibit much lower educational attainment, more health issues and a lower social status when they become adults, which underlines an intergenerational transmission of economic status, although opportunities for social mobility vary by country.

[15] Other evaluation frameworks have included access to health services and incidence of disability or depression and anxiety (Labonté 2011).

[16] Although the 27 EU countries' gender gap in life expectancy at birth shrank by 0.7 years by 2018.

[17] Gains in old age life expectancy were smaller across countries that also had smaller gender gaps.

[18] Although the increase is very small compared to impressive child health improvements since 1970s.

[19] For less developed countries income shares have been found to be a clear determinant of under-five mortality.

Table 3

Life expectancy, total population and gender gap

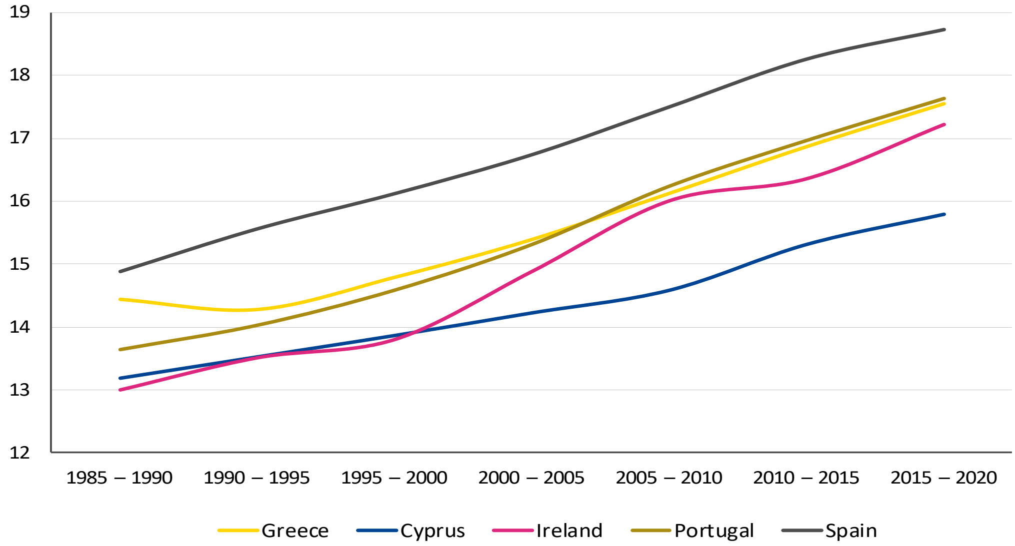
(in years)

Country	2010	2018	Change	Gender gap 2010	Gender gap 2018	Change
		Overall life expectancy at birth				
Ireland	80.8	82.2	1.4	4.6	3.6	-1.0
Greece	80.6	81.9	1.3	5.3	5.1	-0.2
Spain	82.4	83.5	1.1	6.3	5.6	-0.7
Cyprus	81.5	82.9	1.4	4.7	3.9	-0.8
Portugal	80.1	81.5	1.4	6.4	6.2	-0.2
		Overall life expectancy at age 65				
Ireland	19.3	20.4	1.1	3.1	2.5	-0.6
Greece	19.7	20.6	0.9	2.8	2.8	0.0
Spain	20.9	21.6	0.7	4.3	4.0	-0.3
Cyprus	19.7	20.5	0.8	2.7	2.7	0.0
Portugal	19.3	20.3	1.0	3.8	3.8	0.0
		Healthy life years at birth				
Ireland	66.4	69.4	3.0	1.0	2.1	1.1
Greece	66.9	65.4	-1.5	1.6	0.9	-0.7
Spain	64.2	68.0	3.8	-0.7	0.0	0.7
Cyprus	64.7	62.2	-2.5	-0.9	0.4	1.3
Portugal *	58.0	58.6	0.6	-2.6	-2.3	0.3
		Healthy life years at age 65				
Ireland	11.0	12.9	1.9	0.2	1.8	1.6
Greece	8.5	7.3	-1.2	-0.5	-0.2	0.3
Spain	9.3	11.4	2.1	-0.5	-0.2	0.3
Cyprus	8.8	7.5	-1.3	-1.8	-1.2	0.6
Portugal *	6.4	7.3	0.9	-1.3	-0.9	0.4

Notes: Figures for Ireland are estimates. *Portuguese data quality suffers breaks. Positive/negative gender gap denotes longer life expectancy for females/males.
Source: Eurostat

The crisis periods affect genders differently. Female life expectancy estimates offer another insight into healthcare in Ireland, suggesting improvement in female life expectancy decelerated considerably, indicated by the flattening slope, during the euro crisis, a particularly apparent data trend for 70-year-olds (Figure 18).

Figure 18
Female life expectancy at age 70
(in years)



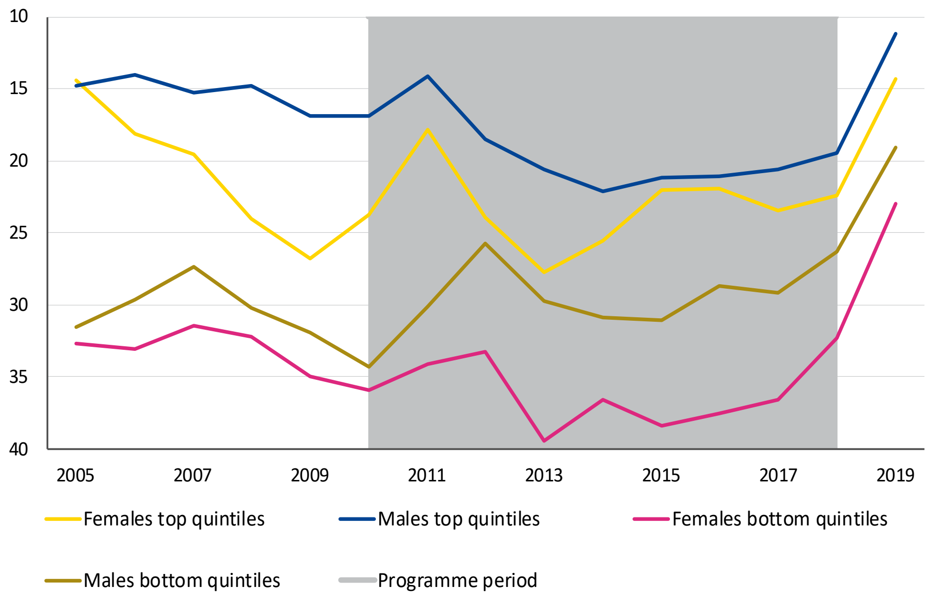
Sources: United Nations, Department of Economic and Social Affairs, Population Division (2019); World Population Prospects 2019, custom data acquired via website

Education attainment, the second framework indicator, offers information on health, similar to that from the employment cluster. As noted earlier, the Greek crisis greatly affected young people, especially due to a very high unemployment rate. The gap in life expectancy between men with low educational attainment and high (tertiary) education at age 25, is available for Greece (2013–2017) and Portugal (2010–2017) because of a special targeted Eurostat survey, which exposed these findings:

- Well-educated males recorded a higher life expectacy than the less-educated when life expectancy for the whole Portuguese population improved between 2010 and 2017. However, the 2017 health prospects were less beneficial for tertiary- and secondary-educated Greek males than at the beginning of the short data period, against a close-to-constant life expectancy trend across the overall Greek population.
- Among the Portuguese, irrespective of gender, those with a secondary education experienced a sharp drop in life expectancy when the financial assistance was ending, and the least educated benefitted more extensively from policy support.
- The health conditions for better-educated Greek females deteriorated from 2013 to 2016, with tertiary-educated women's life expectancy dropping to the bottom of the education categories, while that for the least-educated improved slightly, indicating some effects of policy support. A longer time series could enhance understanding of this phenomenon.

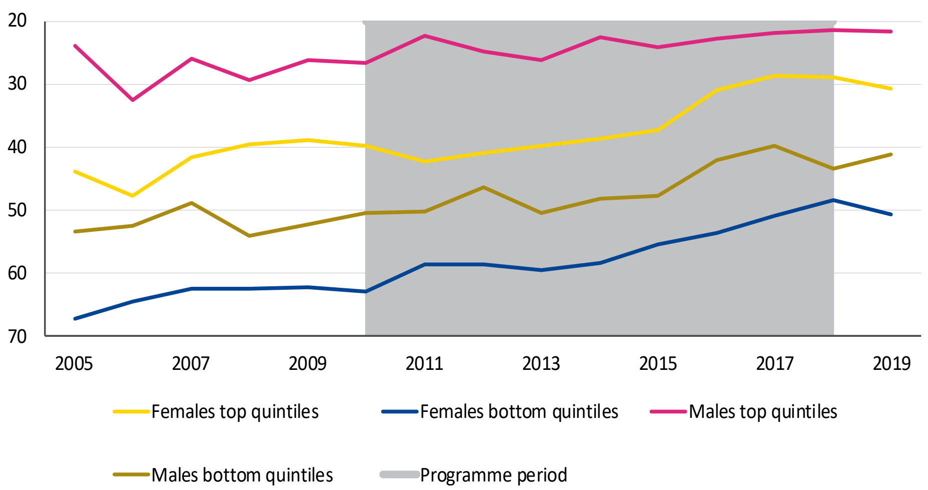
A perception-based approach has the advantage of considering different health assessments alongside demographics. But self-assessments are undertaken in a complex context with psychological, institutional, political, and other factors affecting individual perceptions of health that hamper their validity for cross-country comparisons. Also, time series statistics can carry relatively large annual variations that inhibit interpretations. We employ Greece and Portugal to test this data. Eurostat survey data (2021) profiles more than half of the Greek working-age population of 16- to 64-year-olds as very healthy – among the healthiest in the euro area – although the proportion shrank during the assistance period. At the same time, only one in 10 Portuguese citizens rated their health as 'very good', but the proportion of those feeling 'bad' also shrank. Age tends to be a major determinant of a weaker health assessment, with elderly Greek women expressing more concern than men, and the poorer quintiles assessed their health as 'bad or very bad' to a greater extent than the richer. However, long-term effects seem to have been more limited because the overall perceptions across gender and income categories improved rapidly as Greece exited its assistance programme, while in Portugal health gaps from the euro area average persisted. Nevertheless, after the third (females) and fourth (males) programme years, the scores started to improve (Figure 19 and Figure 20).

Figure 19
Greece self-perceived health 'bad or very bad', by gender, 65 years and over, top and bottom quintiles
(in %)



Note: Self calculated averages of first and second quintiles (bottom), and fourth and fifth quintiles (top).
Source: Eurostat

Figure 20
Portugal self-perceived health as 'bad or very bad', by gender, 65 years and over, top and bottom quintiles
(in %)



Note: Self calculated averages of first and second quintiles (bottom), and fourth and fifth quintiles (top).
Source: Eurostat

OECD (2019a and 2019b) **health profiles for Greece and Portugal argue that out-of-pocket costs established the main barrier to accessing care, particularly for people with low incomes.** The share of out-of-pocket expenditure in total Greek health expenditure per capita increased more than in other euro area programme countries or the regional average, but in purchasing power parity terms this expenditure grew slower than in the euro area reference countries (World Development Index database, 2020). Portuguese out-of-pocket fees were also high, despite broad exemptions, until end-2018 when they were abolished (OECD, 2019b).

The healthy life years indicator (Eurostat, 2019)**, a mix between the two earlier approaches, introduces an economic or productive factor. It describes the extent to which individuals are free from long-term activity limitations in old age, expressed in years or as a percentage of remaining life expectancy.** It indicates considerably smaller gender gaps than overall life expectancy. But this indicator for Greece also diverged from a considerable improvement in the regional average for 65-year-olds during the programme years. The proportion of healthy years in male life expectation at the age of 65 fell roughly eight percentage points in Greece from 2010 to 2018, while the EU average rose roughly six percentage points, having started from very similar levels. For Cypriot men, the share of healthy years shrank by about 10 percentage points. Cypriot female health also deteriorated, especially after the programme exit. This approach suggests several country-specific nuances existed during the crisis period, but data breaks mean this deserves further analysis:

- Irish women benefitted from a strong improvement over the whole period, yet data for men in Ireland and Spain only identified rapid increases in health quality after the completion of their country programmes.
- Portuguese women over 65 tend to live a greater proportion of their lives with health problems than men, although the difference shrank by two percentage points, improving male relative position.
- The at-birth indicator showed an even more important deterioration in Greek female health prospects until 2015, after which there was some recovery, indicating more amenable policies during the last Greek programme. It also identifies stagnant conditions for Cypriot males, while the Irish health prospects improved constantly from 2010 to 2018.

Future evaluations might find it useful to concentrate on those whose health is most at risk – 'bad or very bad' self-assessments – and who might benefit most from public policy support, i.e. the poorer quintiles. But drawing strong conclusions would be risky without a better understanding of the time lags involved when examining which measures affect health, and access to more reliable information about just when surveys were conducted.

A bridge with job market and education should also be considered. Lenhart (2017) found that a broad negative shock – such as German unification – generates health consequences that are greater for individuals who lose their jobs or represent a lower income group. His study found the link to health satisfaction strongest among 25 to 50-year-olds rather than the eldest or youngest. Links between health and financial crises have been established more broadly than in our countries of interest; for example Ruckert and Labonte (2014) established the direct effects of the global financial crisis in Canada, detailing labour market and education effects and the implications for housing and social assistance. Gender differences are also informative in crisis studies.

Environmental quality

In the well-being framework, quality of life also encompasses environmental conditions that contribute to how well people feel and how healthy their surroundings are. Assessing environmental quality focuses on a population's access to green space[20] and exposure to air pollution, which are not easy to apply as evaluation criteria when assessing macroeconomic programmes, other than in references to a broader context.

Long-term exposure to air pollution can cause significant health problems. Across the OECD countries, close to two-thirds of the population are exposed to dangerous levels of fine particulate matter PM2.5, an air pollutant that can cause serious health problems, including respiratory and cardiovascular diseases (OECD, 2020a).[21] The WHO considers air pollution above 10 micrograms/m^3 of PM2.5 as harmful to human health. Variations in exposure to air pollution among OECD countries are dramatic. In Europe, for example, less than 1% of residents in Estonia and Finland experience an average annual exposure above the threshold level, yet in Greece, the Netherlands, Slovakia, and Slovenia all, or almost all, of the population is exposed to dangerous air pollution (OECD, 2020a).

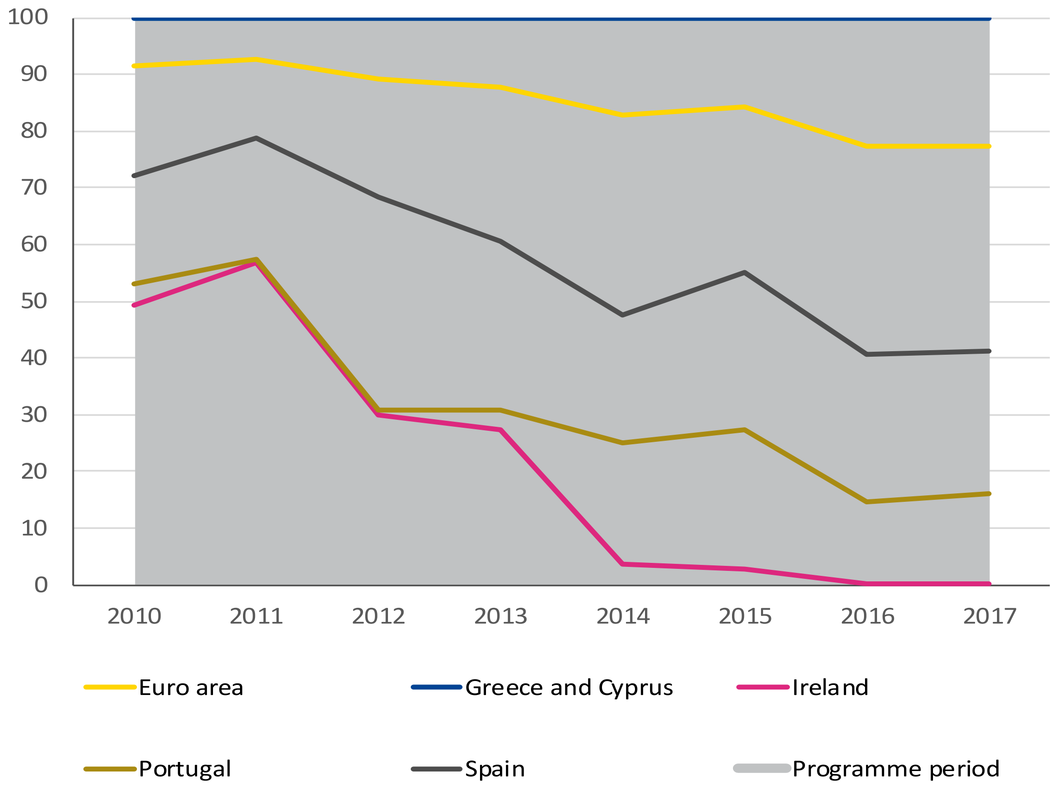
Among the five countries that benefitted from ESM assistance, only Greece's whole population is exposed to air pollution, whereas the experience in the other four countries is better than the euro area average and has been improving since 2011 (Figure 21). In this group, Ireland stands out as a success story because of the way it has reduced the percentage of its population exposed to dangerous air pollution over the last decade. In terms of data availability, Eurostat also records urban population exposure to air pollution by coarse particulate matter PM10[22] while the World Bank tracks the WHO standard for exposure to PM2.5 air pollution. These studies show that, apart from Greece, other euro area programme countries have been able to considerably reduce their population's exposure to air pollution. As for the data on access to green space, the OECD's 2020 report on quality of life includes only data from 2012.

[20] Access to recreational green space in urban areas refers to the share of the urban population lacking access to recreational green space within 10 minutes' walking distance from home. The OECD's 2020 report on quality of life includes only data from 2012. This indicator is not scheduled for regular updates.

[21] Lleras-Mulney et al. (2021) demonstrate links to health. Pollution events and extreme weather shocks result in high mortality peaks among the frailest individuals in a phenomenon called harvesting. However, the results become structural only when children are affected.

[22] PM10 refers to fine and coarse particulates whose diameter is less than 10 micrometres, while PM2.5 fine particulates are those whose diameters are less than 2.5 micrometres. Smaller particles can be more harmful because they can enter human blood system. High concentrations of the two particulate matters increase mortality through respiratory diseases.

Figure 21
PM2.5 air pollution, population exposed to levels exceeding WHO guideline value
(in % of total)



Note: Data not available beyond 2017.
Source: World Bank World Development Indicators

The way the Covid-19 pandemic reduced air pollution has received some attention as a positive externality to restrictions on movement and travel. However, the positive impact was only temporary, and a sustained effort is needed to transform major systems to the point where they reach net zero in carbon emissions, reduce air pollution, protect biodiversity, and achieve other long-term sustainable environmental goals. As noted by Patton (2021), the Covid-19 pandemic rendered more urgent the need for a green transition across all areas of human activity. According to one survey, 43% of people globally are more concerned about climate change than before the pandemic (Celasun et al., 2021). When assessing existing OECD Development Assistance Committee evaluation criteria and practices for evaluating transformations, Patton (2021) proposes six alternative approaches:

- Assessing the extent to which transformational change[23] initiatives match transformational aspirations and rhetoric
- Applying complex frameworks
- Assessing the costs and benefits of system transformations, including economic, social, and environmental dimensions
- Assessing transformational sustainability

[23] van den Berg et al. (2019) define transformational change as deep, systemic, and sustainable changes with large-scale impacts in a significant area of concern.

- Assessing the extent to which such engagements enhance systems-level diversity, equity, and inclusion
- Identifying, understanding, and evaluating interconnections that can support and enhance transformations.

Also, Patton (2021) challenges any over-reliance on indicators where there might be difficulties in testing causality relationships with interventions under assessment.

In ESM programmes, applying traditional evaluation criteria is still pertinent. At the core of the ESM's mandate is ensuring euro area macroeconomic and financial stability. Reforms agreed within a financial assistance package typically focus on restoring stability, which means that traditional evaluation criteria are still relevant. But the ESM is a long-term lender, so it has a special interest in ensuring the economies of its borrowers are steered onto sustainable trajectories. For example, loans to Greece provided by the ESM and its predecessor the EFSF have the weighted average maturity of 42.5 years and, as of August 2018, the two institutions held more than 55% of Greece's public debt. Therefore, ensuring Greece's repayment capacity over the coming decades requires a holistic approach, which includes a broader set of indicators, including those related to the environmental conditions that impact the quality of life.

Reforms mandated by ESM programmes focus on priority areas to address accumulated macroeconomic imbalances, but these could lead to policy decisions that affect the environmental quality, a country's commitments to climate action, and its resilience to climate change. Therefore, it would be prudent to consider the impact on these considerations when designing and implementing crisis programmes. Such programmes should at least avoid any negative effects on the environment and climate action commitments. Optimally, reforms should also aim to develop and reinforce resilience to the increasing risk of climate change-related emergencies and promote changes that would help the country meet climate commitments and long-term environmental objectives. However, more work is needed to identify and develop adequate indicators and establish causal pathways between programme reforms and environmental outcomes. While some multilateral development bank indicators related to project financing are becoming more readily available, challenges remain in collecting actionable indictors for policies at a national level.

Using the ESM financial assistance programme database, ESM staff analysed the conditionality of past programmes and found that five of the six programmes' conditionality included reforms related to environmental quality, embracing 48 conditions. Among the objectives, Ireland and Cyprus were tasked with overhauling their taxation system towards environmentally friendly principles, including carbon tax increases. Cyprus was encouraged to meet EU targets for energy efficiency, renewable energy, and carbon emissions. The two Greek programmes and the Portuguese programme were the most specific, covering about 15 topics each. In these programmes, conditionality included the simplification of environmental regulation and licensing, and incentive schemes to sponsor renewable energy projects. Several reforms were specifically classified as so-called prior actions.

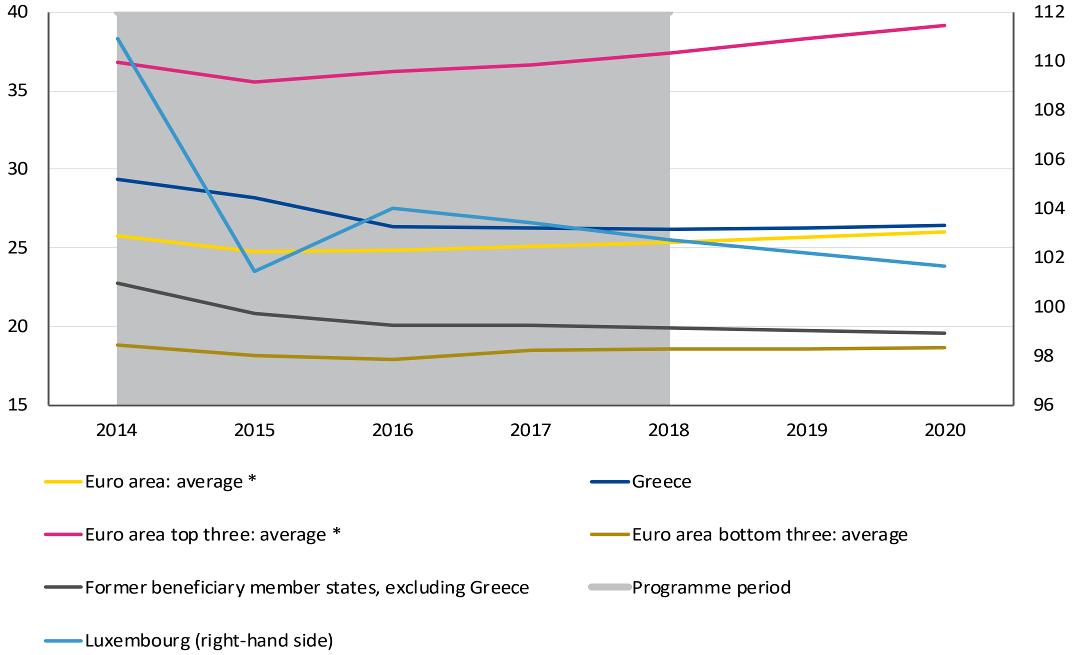
One commonly used indicator to describe a country's relationship with the environment is material footprint per capita, which refers to the global material extraction to meet the final demand of a country. The material footprint per capita varies widely across the euro area (Figure 22), which speaks to their different income levels and environmental policies. While the euro area countries on average recorded a small increase in the material footprint per capita, Greece gradually reduced its figure between 2014 and 2020, coinciding with the economic recession and an internal devaluation that reduced consumption and imports.

Other indicators can offer a broader picture of environmentally-friendly performance. For example, the Sustainable Governance Indicators' (SGI) composite measure for environmental policy encompasses energy productivity, greenhouse gas emissions, particulate matter, bio-capacity, waste management, material recycling, biodiversity, renewable energy, and material footprint (SGI, 2020).[24] Using this measure, four out of the five countries that benefitted from ESM assistance improved their performance between 2014 and 2020, in line with the average euro area trend (Figure 23).

Figure 22

Material foot print per capita

(in tonnes per capita)



Notes: *Denotes Luxembourg excluded as outlier; data (tonnes per capita) not available before 2014. Self-calculated unweighted average for the former beneficiary member states, euro area top three, euro area bottom three, euro area.
Source: SGI from OECD and World Development Indicators

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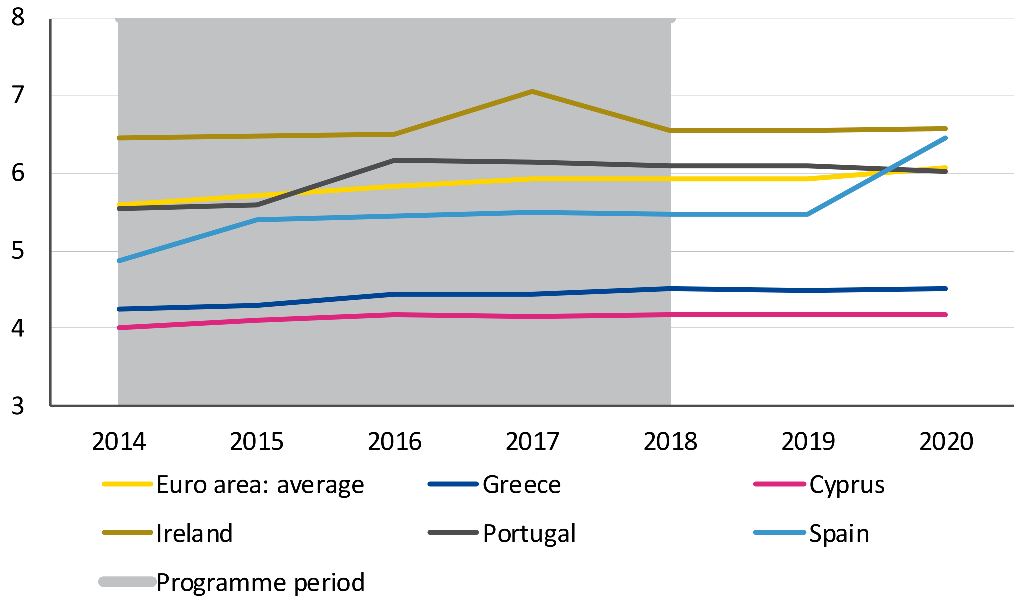
[24] See https://www.sgi-network.org/2020/.

Figure 23
SGI's environment score
(scale 0 to 10)



Note: Self-calculated unweighted average for the euro area.
Source: SGI

A good life quality for all can only be sustained over time when the necessary resources are preserved and risks to economic, natural, and societal systems are recognised and managed appropriately. The well-being framework incorporates these aspects in a future well-being dimension called natural capital, one of the main four forward-looking categories of the OECD framework – the other three being economic capital, human capital, and social capital. The main natural capital considerations are biological resources and biodiversity, climate change, soil quality, freshwater resources, and waste (OECD, 2020a).

Even though environmental issues and climate change were not among the causes of the euro area debt crisis in 2010, policy measures adopted in response to it are likely to have translated into the countries' long-term environmental policies needed to adapt to and mitigate climate change. Further studies are needed to better understand such links, including systems-level approaches to the transformational initiatives proposed by Patton (2021), and to extract lessons to be applied in the design and implementation of financial assistance programmes and their evaluation frameworks.[25]

Life satisfaction, work-life balance, and social connections

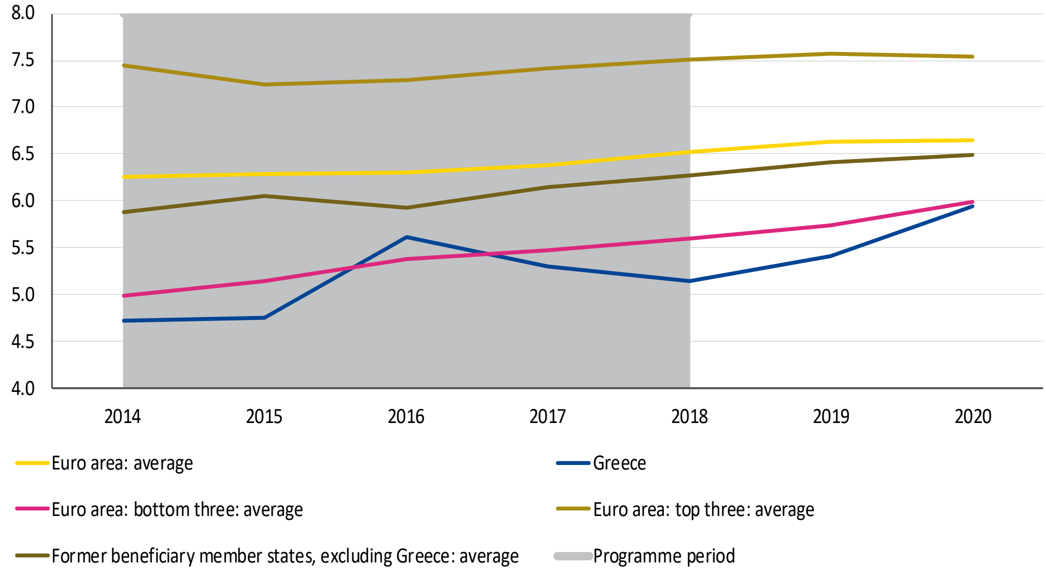
Like most frameworks quantifying quality of life the OECD framework also includes a component that focuses on life satisfaction or subjective well-being. How people experience life is an important element for any quality of life assessment, despite it being entirely subjective. In addition, work-life balance and social connections are included in the well-being framework because of the importance of family connections, leisure, and work for overall well-

[25] Databases such as the IMF's climate change dashboard (https://climatedata.imf.org) and International Energy Agency's data products (https://www.iea.org/data-and-statistics/data-products) can facilitate such research.

being. As for life satisfaction, the euro area debt crisis can be seen against the broader OECD background that identified a slight increase in average life satisfaction from 2013 to 2018, with variations according to gender, age, and education – and lower-than-average scores in countries with greater inequalities (OECD, 2020a).

Zooming in on the euro area and ESM beneficiary countries shows that from 2014 to 2020 life satisfaction in Greece was improving gradually, but was still the lowest in the group despite starting to catch up after its programme ended in 2018 (SGI, 2020) (Figure 24)**, a pattern similar to the evolution of the health self-assessments.** This accords with the fact that accumulated imbalances across all the programme countries were highest in Greece, so necessary reforms were more demanding and took longest to implement. Subjective indicators and challenges associated with using them are further discussed in Chapter 3.

Figure 24
Life satisfaction
(score 0 to 10)



Note: Self-calculated unweighted average for the former beneficiary member states, euro area, euro area bottom three and euro area top three.
Source: SGI

In this cluster, we also consider the dimensions of work-life balance and social connections. The indicators to measure these dimensions are: the average time spent on leisure and personal care by the full-time employed; the share of the population working long hours in unpaid work; average satisfaction with time use; the quantity and quality of time spent with others; and perceptions about support from family and friends (OECD, 2020a). However, problems arise with each indicator when applied to the ESM country focus and to the programme period.

The focus of reforms mandated by ESM programmes was mainly on measures aimed at cost savings, raising revenues, and increasing resilience to future economic fluctuations, but reforms were often far-reaching and impacted work-life balance and social connections to a varying degree. The programmes generally aimed to guard against social hardship, although in some cases only in the later stages of the adjustment. Nevertheless, some groups remained more vulnerable and were more adversely affected by macroeconomic adjustments, particularly in the short term.

The programmes also placed strong emphasis on social security reforms. By analysing the conditionality clauses of all the former ESM assistance programmes, ESM staff found that, for example, in Portugal tax reforms were designed in a progressive way, with the lowest-income groups retaining their income levels, including pensions, while Cyprus introduced several social benefits targeted at vulnerable groups during its adjustment period. Similarly, in Greece, pension cuts tried to safeguard the incomes of the poor, targeting of social benefits was improved and the tax system was made more progressive while reducing tax avoidance.

As regards work-life balance, in terms of time allocated to leisure and personal care among the people in full-time employment, Greece, Ireland, and Spain were not outliers (OECD, 2020a), although the 2018 data does not cover all euro area countries and OECD data is not available for most years of the ESM programmes**.** Another non-recurrent survey that captured an earlier snapshot from the programme period was the 2015 National Work-Life Balance Index (Fernandez-Crehuet et al., 2015) that combined more indicators grouped into five broader dimensions around time use, employment, family policies and characteristics, and health.[26] This contrasts with the OECD work-life balance dimension, which focuses on time off and gender gap in hours worked. Using this National Work-Life Balance Index, Fernandez-Crehuet et al. (2015) found Greece ranked by far the lowest in the EU and euro area, while the other four ESM beneficiary countries also stood below the euro area average. Establishing regular surveys would help evaluate work-life balance in future assistance programmes.

Safety at work is another aspect of job quality with broader implications. Greece experienced a downward trend in workplace accidents, as did other euro area countries, but from the start of the crisis accidents resulting in permanent incapacity increased much more in Greece than in the rest of euro area.[27]

As for social connections, the OECD framework relies primarily on social support and time spent in social interactions. Social support is measured as the proportion of survey respondents who indicate that whenever needed in times of trouble, they have relatives or friends they can count on for help (OECD, 2020a). The share of people responding positively to this question was the lowest in Greece among all euro area countries, based on the OECD data. This survey data is available for 2012, alongside a three-year average for 2013–2015 and 2016–2018.[28] Since 2012, the share of respondents in Greece reporting that they have social support has dropped below the average of the next bottom three euro area countries (Figure 25). This reflects evaluation findings that show official social safety nets tended to be ineffective until specific programme measures were implemented (Almunia, 2020). The implications for policymaking are important, particularly during a crisis when the fiscal policy space is facing numerous constraints. Herrmann et al. (2008) found that the efficacy of Greek public expenditures to reduce poverty was among the lowest in Europe even before the euro crisis. However, the relationship with the well-being outcomes deserves further research. In terms of social interactions, the OECD data show that in 2018 people in Greece spent an average seven hours a week interacting with friends and family as a primary activity, slightly above the euro area

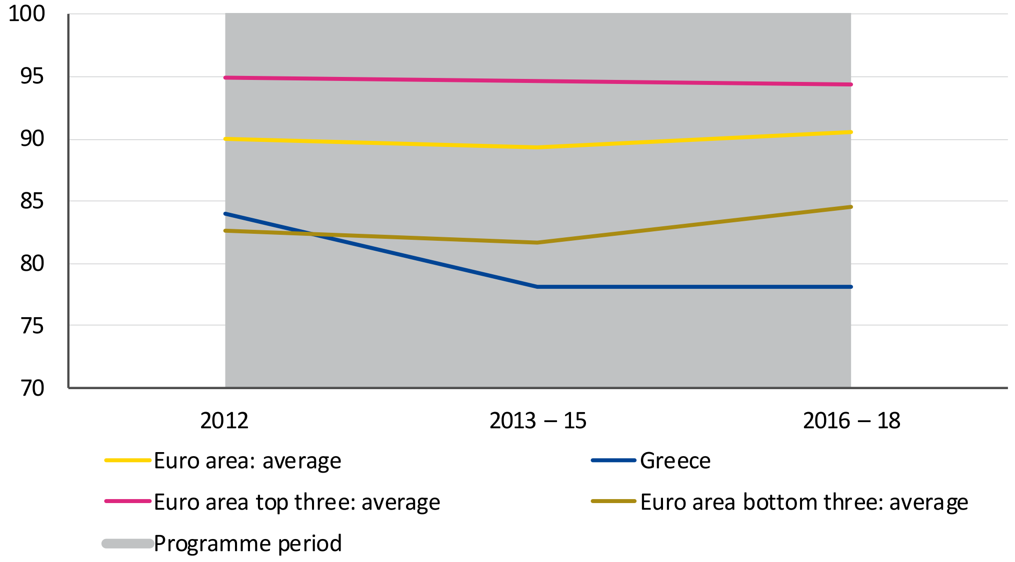
[26] More specifically: (1) *Time/schedule* – weekly hours in work, commuting time per day; flexibility to change work schedules; flexibility to accumulate hours of work; flexibility to take a day off; and average annual holidays). (2) *Work* – unemployment rates; long-term unemployment rates; female employment rates; percentage of people working part time; labour productivity; self-employment rates. (3) *Family* – ideal number of children for females; ideal number of children for males; mean average earnings; average gender wage gap; percentage of children under three in formal education. (4) *Policy* – duration of maternity leave; average payment during maternal leave; percentage of GDP spent on family benefits; debt as percentage of GDP. (5) *Health* – frequency of participation in care activities; frequency of participation in chores.

[27] See Eurostat, Accidents at work by days lost and NACE Rev. 2 activity.

[28] Social support refers to the proportion of people responding yes to the question: “If you were in trouble, do you have relatives or friends you can count on to help you whenever you need them, or not?” For country averages, data are pooled across all available years for a three-year period (e.g., 2016–2018) to improve the accuracy of the estimates. For reporting inequalities, data are pooled over a longer time period (2010–2018). The source for these data is the Gallup World Poll, which samples around 1,000 people per country, per year. The sample is designed to be nationally representative of the population aged 15 or over, including respondents in rural areas.

average of 6.4 hours per week (OECD, 2020a).

Figure 25
Share of respondents reporting having friends of relatives to count on in times of trouble
(in %)

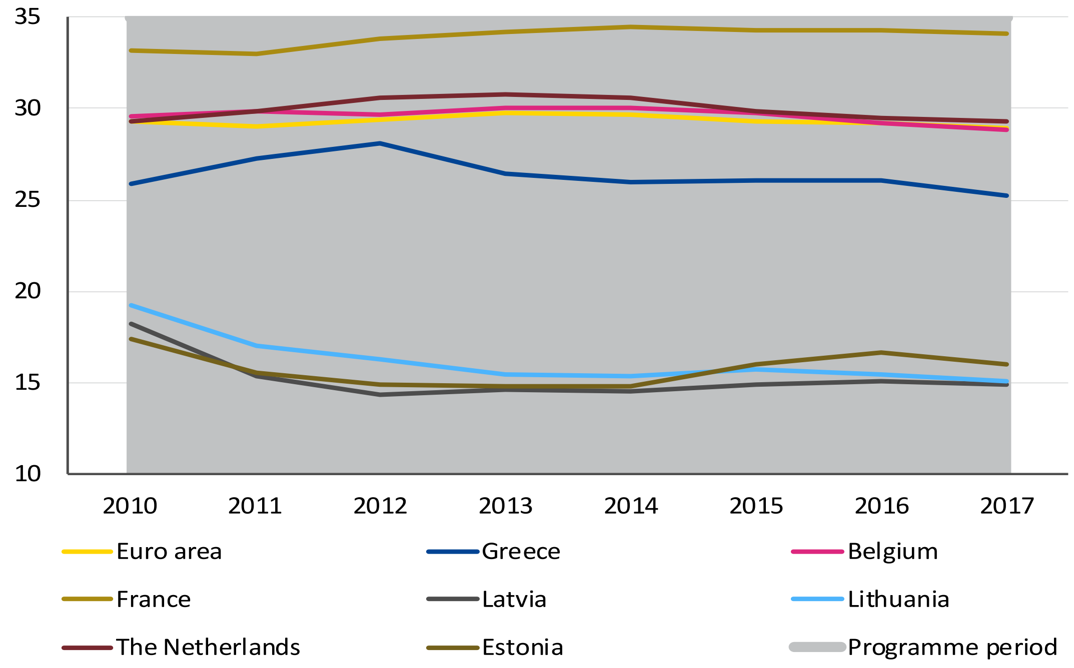


Note*:* **Self-calculated unweighted average for the euro area, euro area top three, euro area bottom three.**
Source: OECD

By contrasting data about a perceived lack of social support with the data for public expenditure on social protection (Figure 26)**, we observe that Greece's social protection spending fell slightly after 2012.** During the period from 2010 to 2017 for which Eurostat data is available, Greece's spending on social protection as a percentage of GDP ran below the euro area average, but was well above that of the Baltic countries, for example. However, social protection spending as a percentage of GDP does not display the full picture about how effective or well-targeted such spending was. Applying cross-country comparative analysis, Herrmann et al. (2008) found that in terms of euro area social spending efficiency,[29] Finland, the Netherlands, and Slovenia were examples of the highest efficiency of public expenditures in reducing poverty – extracting the biggest 'bang for the buck' – whereas Italy, Spain, and Greece were Europe's worst performers.

[29] The authors used the European Commission's definition of efficiency of social spending, from the 2008 paper on the Efficiency and Effectiveness of Social Spending, according to which the effectiveness of social spending can be defined by the degree to which the realised allocation approaches the socially desired outcome. For more, see European Commission (2007).

Figure 26
Expenditure on social protection 2007–2019
(in % of GDP)



Sources: Eurostat and European Commission

Governance

This section clusters the governance-related quality of life aspects of civic engagement, safety, and the capacity of institutions to respond to citizens' needs. Having a say in society and an ability to shape the way it functions is a key indicator and important factor influencing individual quality of life. But it also demands capacity at various levels of government to engage with citizens, define adequate policy responses to address their needs, and ultimately implement those measures in an efficient, timely, accountable, and transparent manner. And being engaged as a citizen with institutions that can deliver important services is more easily accomplished when people are free from harm, so a safety dimension features in this cluster as well.

The OECD's two main indicators of civic engagement focus on voter turnout and having a say in what the government does. While turnouts in OECD countries have remained relatively stable since 2010, less than half of the population across OECD countries trust their institutions, and only one in three people feel they have a say in what government undertakes (OECD, 2020a). However, the attitude varies among the different age and education groups, with older people more likely to vote and the middle-aged feeling they have more say in government's work (OECD, 2020a).

Trust in the institutions relates to the issue of institutional capacity, and more broadly prosperity and quality of life. The World Bank (2019) notes that:

> *… higher trust levels improve overall economic efficiency. In general, trust lowers the transaction costs of economic agents' market participation by lowering the costs of information, contracting, and enforcement. Low trust results in higher user cost of capital, putting a damper on capital expenditures. And with a low level of trust, the cost of business transactions can be very high, even*

if there is a legal system in place that can enforce contracts. Even stock market participation is lower in countries with a lower level of trust (Including Institutions: Boosting Resilience in Europe. EU Regular Economic Report 5, World Bank, 2019).

High levels of trust in institutions should be distinguished from strong trust in family ties. In societies where trust in family is high, there may be less general trust in institutions. By the same token, when formal institutions function well, measures of general trust also tend to increase (World Bank, 2019). Nevertheless, despite the importance of this distinction between interpersonal trust and trust in institutions, particularly when measuring trust, both types of trust have critical impact on economic growth, governance, and quality of life (OECD, 2017c). Trust is key for individual well-being because people feel more comfortable as members of a community where other members can be trusted (OECD, 2017c). Trust among various social actors enables more efficient daily transactions, and so supports economic prosperity (World Bank, 2019; OECD, 2017c). Trust in institutions – parliament, public administration, the judicial system and the police – also supports positive social and economic outcomes, but requires competently-run effective institutions accountable to the citizens (OECD, 2017c).

The more trust exists within a society, the more resilient that society becomes, which has implications for resilience to economic shocks (World Bank, 2019). A jump in the unemployment rate in countries with higher levels of trust in institutions becomes shorter-lived than in countries where trust in institutions is low or declining (World Bank, 2019). A World Bank study on the EU concludes that a protracted recession can undermine trust; the Southern European countries hit the worst by the 2010–2015 euro area debt crisis experienced less trust in institutions before the crisis, and then also suffered a further deterioration in trust levels as the crisis evolved (World Bank, 2019).

The quality of institutions deserves a strong emphasis in any assessment of a crisis where the ESM typically provides assistance (Almunia, 2020) **because it carries quality of life implications.** Trust in institutions generally stands higher in countries with stronger institutional capacity and, according to the OECD, high levels of integrity, fairness, and openness within those institutions contributes to public trust.[30] The quality of governance is also important for subjective well-being resilience during periods of crisis, as confirmed, in research by Arampatzi et al. (2019), and in Frey and Stutzer (2000). Arampatzi et al. (2019) combined individual-level data on life satisfaction from Eurobarometer for 2005 to 2014 with macroeconomic indicators and regional quality governance data to find that the effects of increased regional unemployment and financial stress on subjective well-being were less negative in regions where governance quality was higher. In other words, the negative effects of adverse macroeconomic conditions are dampened by the ability of high-quality governance to generate trust and provide a safety net (Arampatzi et al., 2019). Frey and Stutzer (2000) also found that institutional conditions can have systematic and sizeable effects on individual well-being, in addition to other factors.

The OECD's trust in government indicator (Figure 27) **and the SGI's executive capacity score are informative about country differences and the confidence of the population in positive prospects.** As depicted in Figure 28, executive capacity in countries that received ESM financial assistance experienced only a gradual improvement from 2014 to 2020. Greece and Cyprus scored below the euro area average, while Ireland and Spain, which exited their programmes first, scored slightly above the average. The short time series prevents the drawing of more definitive conclusions about any pre-crisis evolution of capacities. And executive capacity usually refers to national governments, while effective implementation of any comprehensive reforms often also requires adequate capacity at local level too.

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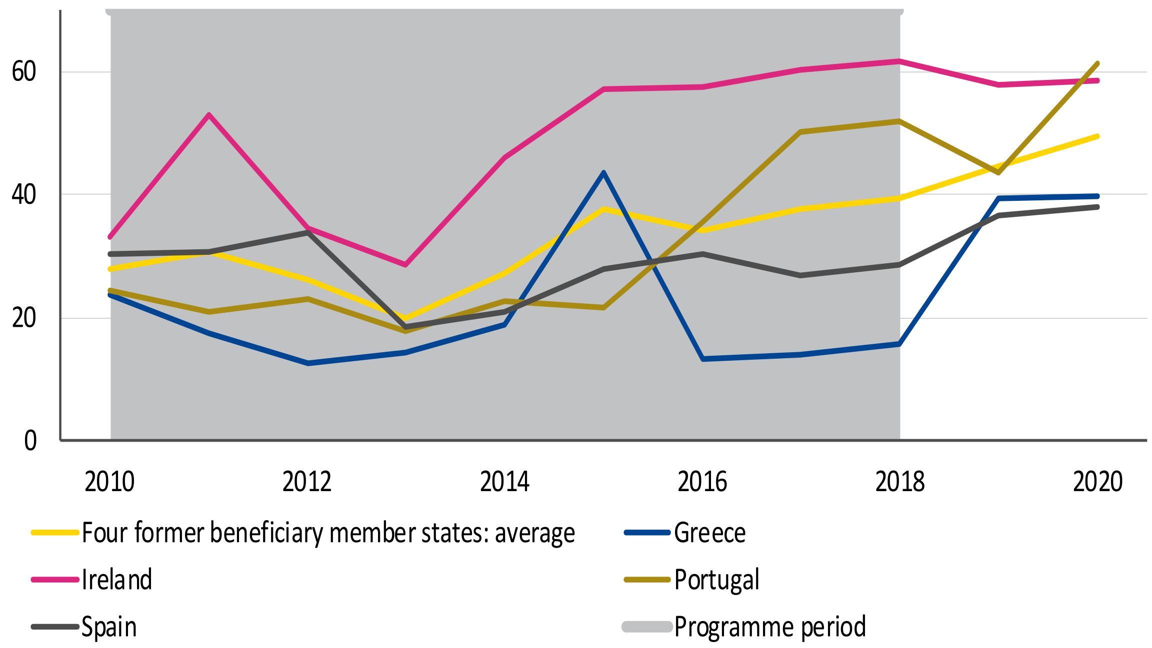
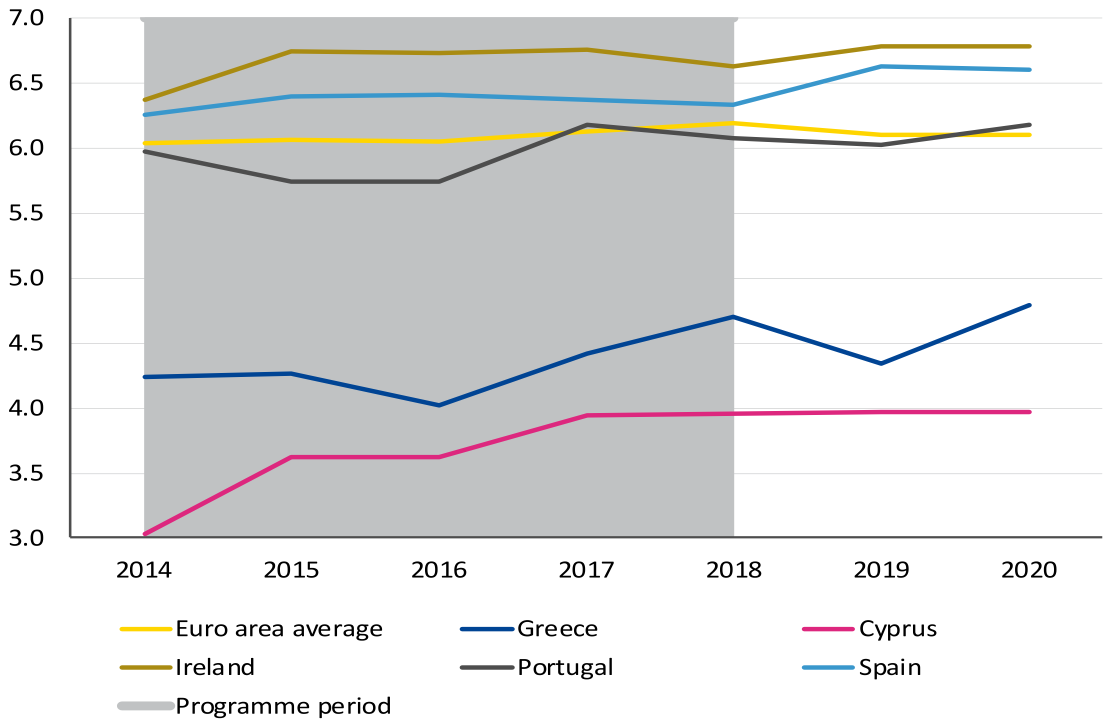
[30] For more see, https://www.oecd.org/gov/trust-in-government.htm.

Figure 27
Trust in government, 2010–2020
(in %)



Notes: Data for Malta and Cyprus are not available. Self-calculated unweighted average for the four former beneficiary member states.
Source: OECD

Figure 28
Executive capacity score
(score 0-10)



Note: Self-calculated unweighted average for the former beneficiary member states.
Source: SGI

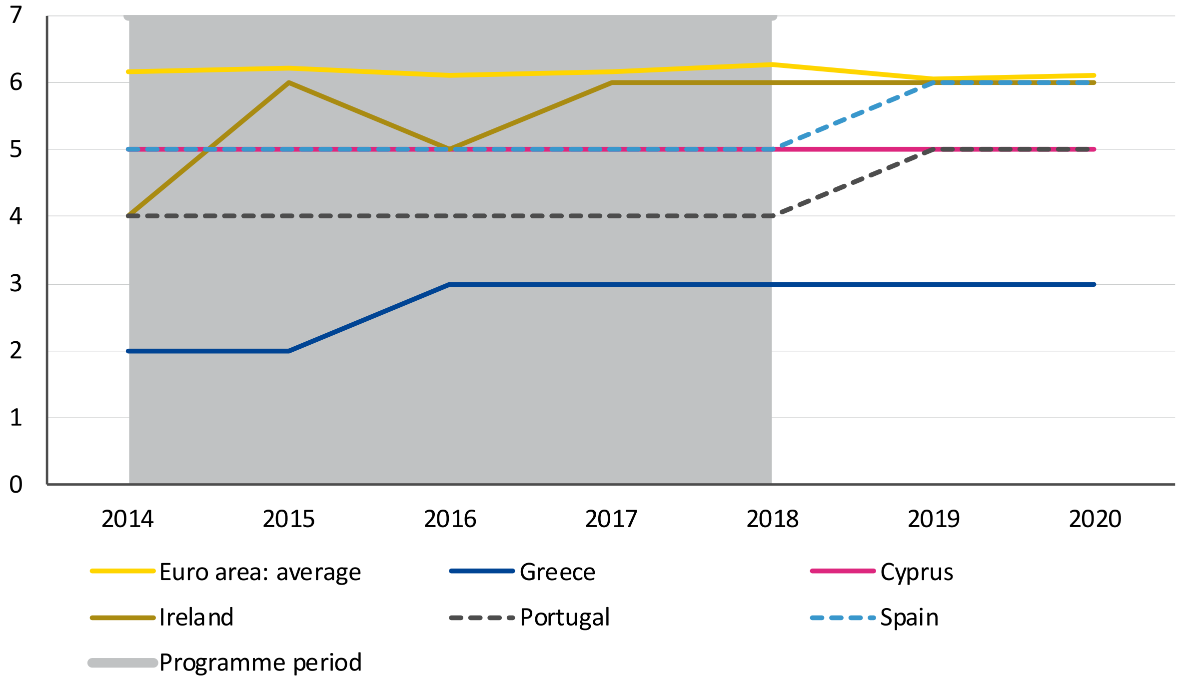
Considerations about public trust in government and institutional capacity are relevant for the ESM when providing stability support to countries affected by financial stress and potentially a useful complement to any quality of life framework for ESM evaluations. The two ESM independent evaluation reports, as well as evaluation reports by the IMF's Independent Evaluation Office and other institutions, found that early euro area financial assistance programmes paid insufficient attention to the capacity of national institutions to implement programme reforms. As shown in Figure 28, executive capacity for the five countries that received ESM financial assistance demonstrated only gradual improvements between 2014 and 2020 (SGI's executive capacity score).

Eventually, capacity issues were recognised as critical to the success of the financial assistance programmes. When ESM staff used the organisation's financial assistance database to analyse conditionality clauses in the Cypriot, Portuguese, and the Greek programmes, they identified programme measures that did focus on accountability, notably establishing independent fiscal councils, improving public procurement processes in Portugal and Greece, promoting anti-corruption reforms in Greece, and reinforcing the accountability requirements for state-owned enterprises and private-public partnerships in both Cyprus and Portugal.

Also, the findings of ESM programme evaluations show the issue of institutional capacity is closely linked to issues around the effectiveness of public communication and consultation processes, and active citizenship. These considerations would be a useful supplement to the OECD's framework when using quality of life in assessments of sovereign crisis lending. For example, the ESM independent evaluations found the Greek government did not communicate well enough to citizens and various social and economic actors in society on the rationale for the programme's necessary reforms. Parliamentary debate was scarce, and the reforms were typically accelerated through the legislature under emergency procedures. Also, a somewhat weak civil society even before the crisis may have contributed to such developments (Hoskins et al., 2006).

The ESM independent evaluation of the Greek programmes acknowledges that an urgent need to calm financial markets during protracted negotiations with programme partners afforded little time for an adequate national consultation across the country (Almunia, 2020). The absence of an adequate consultative process contributed to the accumulation of grievances among various social groups that at times triggered social unrest, threatening to derail economic recovery and risk Greece's position within the economic and monetary union. The SGI's public consultation score for Greece during the period 2014–2020 remained the lowest in the euro area, despite an improvement after 2015, contrasting with Ireland and Spain which reached the euro area average by 2019 (Figure 29). Similar trends are observed in other euro area government efforts to coordinate policy communication (Figure 30). Greece and Cyrus were among the lowest scoring countries in policy communication during the period 2014–2020, while Portugal improved its score only after the programme exit. Spain and Ireland scored above the euro area average.

Figure 29
Public consultation score: Does the government consult with economic and social actors in the course of policy preparation?
(score 0 to 10)



Note: Self-calculated unweighted average for the former beneficiary member states.
Source: SGI network

Box 1. Recommended evaluation questions on programme governance aspects

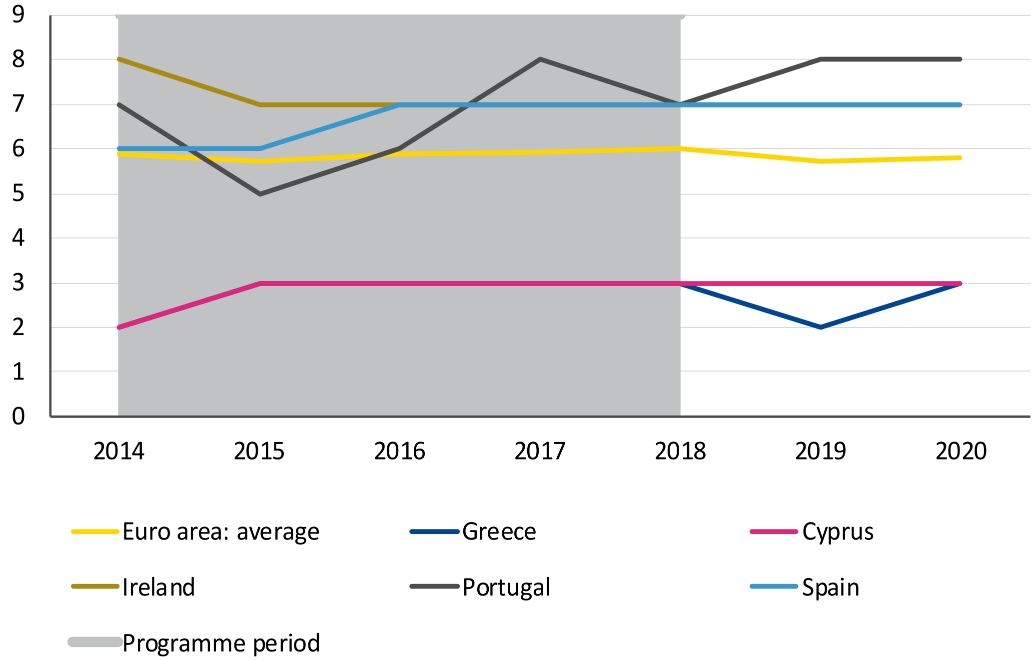
The United Nations Evaluation Group review (2020) of the guidance to support the evaluation of social and environmental consideration suggests incorporating such evaluation questions:

- Was a stakeholder analysis performed on key policies in the programme design phase?
- Were effects on stakeholders of different socio-economic groups incorporated in the design and implementation of the intervention?
- Were adequate consultation mechanisms in place?
- How were the views of the marginalised and potentially disadvantaged groups considered?
- How did programme practices contribute to access to information, laws, administrative bodies, and support trust-building and conflict resolution processes?
- To what extent have changes occurred in participation in community-level activities and leadership?
- To what extent have changes occurred in the empowerment of individuals, the quality of grass-roots institutions and organisations, vulnerable groups' individual and collective capacity?

Figure 30

Policy communication score: Does the government coordinate policy communication to ensure statements align with government strategy? (Coherent communication)

(score 0 to 10)



Note: Self-calculated unweighted average for the former beneficiary member states.
Source: SGI

Another approach to assess civic engagement would be to employ the concept of active citizenship. For example, Hoskins et al. (2006) developed an Active Citizenship Composite Indic ator across 19 European countries. The composite indicator was based on 63 measurements, most drawn from the European Social Survey of 2002. It showed that in the period before the financial crisis the degree of active citizenship varied across Europe, with Nordic countries in the overall lead. Southern European countries did well in terms of values and political life but lagged in civil society and community life dimensions (Hoskins et al., 2006). The authors also explored the relationship between the Active Citizenship Composite Indicator and other social and economic indicators and found a high negative correlation with the Corruption Perception Index, and a high positive correlation with the GDP per capita and the Human Development Index.

Next under this section we consider another component of the OECD's framework, that of safety. The OECD broadly defines safety as freedom from harm, including harm caused by crime, conflict, violence, terrorism, accidents, or natural disasters (OECD, 2020a). Given that the ESM typically provides assistance in times of crisis, it is worth considering the implications for safety and, therefore, for well-being.

During the euro area crisis, the ESM assistance was at best the subject of heated debates and at worst a cause for large demonstrations, which on a few occasions involved violence and damage to public and private property. We link the OECD safety definition of freedom-from-harm to incidences of social unrest that often arise in a crisis.[31] Most reforms, though beneficial in the long-run, involve sizeable short-term political costs, and any requirement to implement demanding fiscal adjustments is rarely popular domestically (Henriksson, 2007). Hadzi-Vaskov et al. (2021) concluded that social unrest has an adverse effect on economic activity due to

[31] Other evaluation frameworks also attach discrimination to the safety dimension (Labonté et al., 2011).

contractions on both the supply and demand side. The authors found that unrest reduces confidence and amplifies uncertainty, although strong institutions and appropriate policies can mitigate against the adverse effects of such pressures. Episodes motivated by socio-economic developments initiate sharper GDP contractions compared to those associated with political events such as elections, but events triggered by a combination of both factors bring about even sharper contractions (Hadzi-Vaskov et al., 2021). In the context of the ESM financial assistance, more widespread social unrest emerged in countries that also experienced issues with programme ownership.

Therefore, further research is merited into the relationship between weak ownership and social unrest, into any interplay with programme reforms, and into the potential impact on the speed of economic recovery, because all these issues could have implications for programme design.

3. Key takeaways and challenges in applying OECD well-being framework in programme evaluation

This paper has reviewed the 11 dimensions of the OECD well-being framework to assess their adaptability to crisis programme evaluations. Overall, the framework indicators provide informative data about our set of euro area economies. The need for multidimensional considerations is important for institutions such as the ESM that support sovereigns and tend to focus on achieving financial stability, because such action inevitably touches on people's lives with consequences stretching beyond purely financial stability considerations. Embedding quality of life criteria into standard financial assistance evaluations would prompt beneficial attention to challenges that stem from changes to economic structures, including adjustments to the labour market and institutions that affect income distribution, quality of skill mismatches, and modifications to governance mechanisms. Reaching beyond traditional macrofinancial metrics would promote richer evaluations of interventions and their actual (and potential) effects on populations that could be disadvantaged. However, such an approach will encounter obstacles to overcome.

Relevance of well-being approach for programme assessment

Crisis resolution strategies need to be well-informed. ESM programme evaluations are strategic assessments for the organisation's governing bodies and senior management. Evaluation criteria exercised for the Greek programme (Almunia, 2020) reflected international institutions' best practice at the time. Using mixed methods, the evaluation exercise specifically addressed the following:

- relevance of the intervention, using an assessment of the key programme strategies[32]
- effectiveness of those strategies
- measures taken to support sustainable outcomes
- lessons learned from cooperation with participating institutions, including communications

Implications of key programme measures should be considered when enhancing the institution's capacity to design effective and relevant programmes, despite difficulties in quantifying with a high degree of precision the impact of structural reforms. The Greek evaluation exercise did include some elements relevant to measuring quality of life changes, but they were perhaps not addressed in the sort of integral manner that would constitute evaluation criteria. Elements such as employment, income distribution, social safety nets, the healthcare system, governance interaction and public communication of policies, the payment culture, and access to finance were seen important for programme relevance and effectiveness.

Ultimately, all public institutions aim to improve some aspects of life quality, and the logic of integrating a quality of life component into crisis programme evaluations stems from concerns about the potential for any deterioration in quality of life that might arise from financial instability. Yet, it is a struggle to establish clear causal pathways from programme measures to many of the well-being framework indicators. The IMF's Independent Evaluation Office (2021) attributes unforeseen growth shortfalls in programmes to lower-than-intended income protection, reform fatigue, and public opposition to any reform agenda. Programme action taken to restore financial stability might also entail high social costs, which in turn can undermine reform sustainability, and ultimately financial stability. High social costs arising from policy trade-offs, possibly triggered unintentionally, could then lead to political instability or

[32] The evolution of public finances; developments in the payment culture; achievements of structural reforms; efforts to promote inclusive growth; strengthening public institutions; and restoration of financial stability and confidence in the banking sector.

a populist backlash. Evaluations of such complex programmes need to be prepared to consider indirect effects, non-linear relationships and identify feedback loops, potential thresholds and tipping points (Centre for the Evaluation of Complexity Across the Nexus, 2020).

Critics may question whether any quality of life evaluation criterion might clash with the objective of programmes to focus on macro-critical reforms. Ideally, crisis programmes do concentrate on the most acute issues surrounding macroeconomic stability and the reforms needed to buttress a country's shock-absorption capacity. The IMF's policy establishes a benchmark whereby a topic is considered macro-critical if it significantly affects a country's present or future domestic or external stability (IMF, 2021a). Therefore, fiscal and financial sector polices are always macro-critical, while other policies could be considered as such when adequately identified as affecting stability. For example, issues relating to social cohesion and climate change are increasingly recognised as meeting the macrocriticality definition, given their potential for systemic effects. Our research suggests that a better grasp of the evolution of quality of life before and during crises can inform programme risk management without automatically reprioritising programme objectives.

Quality of life frameworks, given their multidimensional nature, do provide secondary data to facilitate mixed-method approaches in evaluations. The benefits of cross-referencing information from different sources include an ability to answer a broader range of questions and examine underlying relationships between cross sections of an economy and society (Asian Development Bank, 2021). Together with other inputs, through a process that evaluators call triangulation, the well-being framework can provide insights on drivers of public support and processes that could improve social contract sustainability. Using a desk review, data can relate to further secondary data and documents, such as risk reports, with informative indicators helping topical evaluation interviews to focus on specific events or programme stages, and so identify any drivers of success or weakness.

Findings from the headline indicators covered here can prove especially important for so called ex-post evaluations that happen with an adequate delay after programme completion, when combined appropriately with primary case evidence. But their utility in real-time evaluations or programme monitoring could be enhanced were publication lags reduced and data definitions unified across countries and time periods to lessen data constraints; and some dimensions could benefit from further research on causal pathways.

A key question is whether the evaluated intervention, in this case a programme, is really making a difference to the larger picture given multiple stakeholders. Citizens are increasingly informed and concerned on new policies in an era when dissemination of misinformation and disinformation, especially through social media, is introducing new impediments to comprehension. Understanding what values are important in societies, especially those facing severe problems, helps make evaluations more relevant and reliable for all stakeholders (van den Berg et al., 2019). This raises an expectation that employing quality of life concepts in programme evaluations could increase trust because it would more directly assess any effects and impacts the interventions might entail for citizens.

To optimise the learning objective of evaluations, they should consider both actual and potential effects. Better programme results in institutional, social, and environmental policies can translate into greater public support and stronger programme ownership (for comparison see United Nations Development Programme, 1991), helping to reduce fiscal and financial stability risks. The experiences from ESM crisis programme evaluations suggest issues around public trust in government and institutional capacity tend to be closely linked to the effectiveness of public communication, consultation processes and active citizenship. Such considerations would be a useful supplement to the OECD's framework when applied to sovereign crisis lending. Issues such as social inequality and climate change are increasingly influencing domestic policy debate on expenditure and taxation. Disaggregated data shows wealth distribution can change dramatically across different groups, with indicators derived from the EU Statistics on Income and Living Conditions database able to contribute to data granularity on this topic. Similarly, financial data on arrears would complement indicators of the household wealth and housing to help identify drivers of household financial conditions. For housing, data remain scarce and less comparable, hampering the expansion of granular cross-country analyses that could supplement conventional macrofinancial focus in programme evaluations.

Even indicators that depict the structure of an economy or population reveal their relevance in crises. In some dimensions, such as knowledge and skills, policy effects might show macroeconomic relevance with decade-long lags, given the time needed to affect labour force quality. Also, while the health indicators based on life expectancy are by their nature slow moving, they demonstrate that assisted countries faced many healthcare sector problems. Also, inequalities of gender, education, and socio-economic status were prevalent and deteriorated during stressful periods in major programmes.

Environmental issues and climate change have become an area of particular concern, and the OECD framework's environmental quality dimension does offer a useful starting point to incorporating such considerations into crisis programme evaluations. However, Uitto (2021) says evaluations should combine theory and empirical evidence, while paying special attention to the drivers of underlying developments and taking note of the policy environment and economic incentives and opportunities. Evaluation approaches should not limit themselves to the immediate realm of a programme. For example, national and regional policies may interact, even overlap. Another consideration is that the impact often emerges along indirect channels with long and different time lags, as is the case for many social policy dimensions. And programmes tend to impose trade-offs between environmental and socio-economic objectives and between short- and long-term goals. Mickwitz et al. (2021) underscore the need to focus evaluations in this area on relatively long-term transitions, recognising both path dependencies and any potential rebound effects.

But like policy makers, evaluators would benefit from policy-relevant models. ESM programme-mandated reforms emphasise priority areas that address accumulated macroeconomic imbalances, but they could lead to policy decisions that affect environmental quality and a country's resilience to climate change. Establishing causality between the mandated policies and environmental and climate change indicators would call for the development of complex frameworks and models, work on which has started within the Coalition of Finance Ministers for Climate Action (2021).

As an initial step, the ESM evaluations could consider programme design practices and policy strategies aimed at identifying environmental and climate risks – both physical and transitional – and the transmission channels involved, to raise resilience and capacity and so counter any adverse consequences and strengthen disaster preparedness. Evaluations could also examine the potential interaction of programmes with established climate policy scenarios and national commitments. More specific evaluations would be necessary to assess how much programme measures might contribute to the protection and rehabilitation of natural resources and the environment, and to climate change adaptation and resilience – probably with the cooperation of other institutions. However, any assessment of actual environmental impacts and second-round social effects would be a different challenge because even the largest international organisations' evaluation offices lack any established framework to assess such interaction (United Nations Evaluation Group, 2020), although a list of recommended questions defining evaluation focus has been drawn. Box 2 lists a selection of those questions.

Box 2. Recommended evaluation questions to assess sustainability aspects

Evaluation of crisis programmes that draw on the well-being framework could further be complemented with qualitative and quantitative examinations, particularly on a selection of the following questions from the United Nations Evaluation Group used by other international institutions to address sustainability issues:

- How did the programme concerned contribute to policy, legal, regulatory, and institutional set-up in terms of changes in relevant capacities (awareness, knowledge, skills, infrastructure, monitoring systems) and governance structures (access to information, laws, administrative bodies, trust-building, and conflict resolution processes)?
- What is the likely resilience of the economy to continuity of policies, progressive exposure, or additional shocks? What actions mitigate in favour of maintaining benefits?
- What are the government expressions of commitment and capacity to sustain the results, and ensure continuity of policies? What is the commitment among stakeholders? To what extent do socio-political factors support the continuation of programme results?
- Has adequate consultation been undertaken?
- How did the programme consider social inclusion and climate resilience and risk reduction? Have environmental implications been taken into consideration?
- Did programme monitoring incorporate adequate disaggregated data collection to allow measurement of effects to various socio-economic groups?
- To what extent did the programme financer(s) take the necessary follow-up to resolve critical implementation bottlenecks?
- What is the catalytic effect of the programme? To what extent did programme promote sustaining, mainstreaming, replication, scaling up, and market development? Were programme related practices, approaches, financing instruments, legal frameworks, and information or knowledge management systems adopted without direct support beyond the immediate programme areas and objectives?
- Have the ESM and the stakeholders together with government contributed to planning an exit strategy to ensure continued sustainability of results?
- To what extent was the programme able to diversify funding sources?

Source: United Nations Evaluation Group, 2020

To further this approach, one challenge becomes the need to identify appropriate boundaries for any crisis programme evaluation. As with other evaluations, one should consider the interaction of policies when they arise at different governance levels, such as community-level, and whether they are relevant for the primary audience. Still, evaluation processes need to be accessible beyond the primary audience, in line with United Nations Evaluation Group (2020) guidelines (e.g., Mickwitz et al., 2021).

Contrasting objective data and perception data

Objective datasets support cross-country assessments (Cazes et al., 2016). The OECD approach to measuring well-being is based on objective data, complemented by selected subjective measures. Trust remains essential for engagement in, and relevance of, surveys that generate perception data. Given the varying level of trust in institutions and among individuals even in European societies, a question arises about the adequacy of using perception data for cross-country comparisons unless cross checked against other types of data.

Survey data-based subjective indicators can act as important pointers for further discussion on inclusive and sustainable programme measures. For example, in Greece the application of subjective indicators using perception data revealed a low level of life satisfaction, female health vulnerabilities, and inadequate social support during the programme period. Also, Eurostat datasets on health – available consistently for the euro area – offer opportunities to broaden analysis to cover more vulnerable population groups, although the healthy life years dataset that offers an informative indicator suffers several structural time series breaks.

For decades, research into quality of life and well-being reviewed the importance of employing subjective indicators and associated problems. Objective indicators can measure various states of healthcare and education, the state of labour markets, the environment, economy, and government institutions that have a bearing on individuals and social groups, but the way people experience well-being is ultimately a subjective condition (Schneider, 1976, p. 298). And a correlation between objective and subjective conditions is not always easy to establish, so assumptions that aggregate descriptive social indicators reflect the quality of life people feel should be avoided (Schneider, 1976, p. 299).

Unfortunately, several perception-based indicators only present data snapshots, representing only a point-in-time view on a reality that is subject to changes (Alesina et al., 2020)**.** Any relevant evaluation depends on longitudinal data to extract the evolution of key indicators, which demands the supply of frequent pre-existing series of statistical surveys of adequate completeness, or the imposition of a specific continuous practical monitoring framework on the participating institutions or country authorities. Initiating wide-ranging surveys capturing large populations for specific evaluations would risk the commitment of excessive resources. And it is questionable as to whether it would be politically appropriate for crisis resolution institutions to engage in ad hoc surveys during any ongoing crisis. But perhaps they could develop the resources that would financially support a higher frequency of surveys intended to promote better-informed decision-making and post-programme evaluations.

Data issues and implications for the evaluation process

An indicator's usefulness is determined partly by its ability to mirror the underlying change, by the degree of methodological modifications over time, by its publication frequency, and by consistent country availability. The OECD selected the well-being framework indicators for their conceptual soundness and data quality, applying the metrics of its framework to all the euro area countries, other than Malta and Cyprus – although the two countries have participated in the latest Programme for International Student Assessment (PISA) tests. But then, drawing lessons from conceptually sound indicators such as social connections and work-life balance has been difficult because of a lack of time series to support the framework's evolutionary aspects. By implication, this raises the need to combine different sources, which might well challenge the credibility of the concepts involved.

For our application of the framework, the OECD data at times required supplementary information to fill gaps and ensure comparability, all provided by Eurostat (mainly from EU Statistics on Income and Living Conditions database), the World Bank, UNESCO and the WHO databases, as well as the SGI network datasets. The data can serve to establish a baseline and to conduct before/after comparisons to establish what happened during the programmes, but ideally the data needs incorporating into an established platform to ensure efficient evaluations. In many cases, the time series available, independent of the source, also suffer from frequent breaks.

Broadening the scope of crisis evaluation beyond strictly financial stability issues implies

increasing the frequency of data collection and expanding the datasets collected. The well-being indicators might though be less useful for real-time assessments during crisis interventions because the data tends to be annual and published after a time lag. As examples, low test frequency and long data release delays limit the utility of the content-rich PISA data, while less-than-ideal release timetables and a lack of comparability hamper the use of income, wealth, and housing data. Table 4 presents key data quality issues encountered in our research.

Table 4
Examples of data quality findings

Type of quality issue	Dimension
Data limited to irregular surveys	Work-life balance, social connections, education (adult skills), environment (green space), health (education gap in life expectancy), income (gender pay gap)
Non-unified definitions	Income, wealth, housing
Time series breaks	Long working hours, health (healthy life years), education attainment
Incomplete country coverage	Health (education gap in life expectancy), housing, work-life balance, wages
Release frequency	Education (PISA results); Perceptions of social safety nets; Income, wealth, and housing

Source: Authors' assessment

Possible areas for further research

Future research could shed more light on social capital and key growth-related aspects of financial assistance. Embedding quality of life criteria into standard crisis programme evaluations using well-being indicators could help improve the examination of the social and distributional implications and programme relevance, charting circular relationships between cause and effect. The effectiveness and efficiency of social spending, a subject of frequent debate, have important implications for policymaking, particularly in crises where fiscal policy faces numerous constraints. However, links between spending on social protection and outcomes for well-being deserve further research.

As regards improving the OECD database, more granular indicators on income and income distribution – based on the example provided by the EU Statistics on Income and Living Conditions database – could foster deeper analysis. The supporting dataset, broadened with financial data on arrears, would help identify influences that drive household financial conditions and complement indicators of household wealth and housing. Broader coverage could help facilitate the definition of policies that target intergenerational mobility and sources of inequalities (e.g., IMF, 2021b; Stantcheva, 2021). Supporting analytics with data on pre-market interventions such as childcare, education, skills training, access to finance, or social mobility could ultimately help mitigate underlying causes of inequality in market incomes and reduce pressure on social security and other safety nets as well as fiscal planning in the longer term (OECD, 2017b). All this would contribute to maintaining the predictability of social transfers.

Regular opinion surveys could help grasp people's perception of how economic policies affect their quality of life and why they support different approaches. As this paper highlights, objective indicators and statistics may be more or less accurate, but perception data may still vary extensively from country to country and across population groups. So, the use of comparable opinion surveys could help understand links between subjective and objective indicators.

While this paper has concentrated on the main dimensions of the OECD well-being framework, its forward-looking elements could deserve further elaboration particularly in cases where the assessment of policy sustainability might prove to be the central and most contested themes, given that various evaluation reports do highlight such concerns in the resolution of the euro area debt crisis.

4. Conclusions

Multidimensional considerations are important for institutions that support crisis-affected sovereigns because when they focus on achieving financial stability they inevitably touch upon many areas of people's lives and can trigger unintended consequences beyond purely financial stability transformations. The OECD well-being approach this paper adopted demonstrates that during the programme interventions women, youth, and the less-educated population groups were typically affected disproportionately. Income differences between social groups and pressures on household budgets tended to widen initially in the crisis, although they began to reverse as reforms progressed. Education results deteriorated during the crisis and personal health assessments of the poorer and elderly recovered at a slower pace. However, in some countries, environmental policies did succeed in improving living conditions.

A quality of life focus offers pertinent additional metrics that could more clearly demonstrate that the ultimate objective of interventions is to ensure more equally shared prosperity, stability, and well-being. This in turn could increase trust in institutions, improve governance, and strengthen reform programme ownership, thereby rendering the interventions more effective, efficient, and sustainable. However, there are indications that countries scoring low in governance tend to struggle more substantially in other aspects examined in this paper.

Embedding a quality of life element into standard evaluations of financial assistance would allow for better reflection on country-specific dilemmas, including those affecting the local social fabric, the environment, and any governance conditions, all of which affect economic performance. Stepping beyond the traditional evaluation criteria would allow for an elaboration on the relative successes and failures of crisis resolution interventions and, in particular, the impact on segments of the population that might have been adversely affected in a disproportionate way – often called unintended consequences.

The OECD framework nevertheless raises an expertise requirement and operational challenges to existing evaluation processes. An availability of disaggregated data would be imperative to address these aspects, in many ways common also to evaluations examining progress in the attainment of sustainable development goals supported by monitoring frameworks. In particular, adopting a more transformational lens would entail attention to longer-term perspectives and broader scopes, potentially through a whole series of evaluations.

The OECD framework dimensions offer useful information about the relevance and effectiveness of complex interventions such as financial assistance alongside primary crisis case evidence. We nevertheless note that the evaluation profession would benefit from advances in the understanding of the sometimes complex causal pathways, including through further research and policy-relevant models.

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Appendix 1 – Euro area financial assistance programmes

Institution	Country	Formal request	Agreement entered on	Completion	Partners
Greek Loan Facility	Greece	23 April 2010	2 May 2010	Replaced	Euro area countries (except Slovakia); IMF, European Commission, European Central Bank (ECB)
EFSF	Ireland	21 Nov 2010	22 Dec 2010	8 Dec 2013	European Financial Stabilisation Mechanism (EFSM), IMF, the UK; Sweden and Denmark as lenders; European Commission, ECB
EFSF	Portugal	7 Apr 2011	27 May 2011	18 May 2014	EFSM, IMF as lenders; European Commission, ECB
EFSF	Greece	8 Feb 2012	15 Mar 2012	Expired 30 Jun 2015	European Commission, ECB, IMF
ESM	Spain	25 Jun 2012	24 Jul 2012	31 Dec 2013	European Commission, ECB, IMF (not financing)
ESM	Cyprus	25 Jun 2012	8 May 2013	31 Mar 2016	European Commission, ECB, IMF
ESM	Greece	8 Jul 2015	19 Aug 2015	20 Aug 2018	European Commission, ECB, IMF

Notes: A commitment letter dated 11 April 2010 preceded the formal Greek request for the initial assistance programme. A detailed crisis timeline can be found for example in ESM (2020) Lessons from financial assistance to Greece – Technical appendix, Chapter 9.
Sources: European Commission and ESM

Appendix 2 – Summary of ESM evaluation of the financial assistance to Greece

Crisis programme evaluations by the ESM are strategic evaluations based on a mixed methods approach and addressed to the organisation's governing bodies and senior management. The evaluation mandate set an objective to seek lessons from financial assistance provided to Greece in the period from 2012 to 2019 to enhance the ESM's ability to tackle potential future crises and support effective and informed policy decision-making, while assessing the implications of preceding support activities and a protracted accumulation of imbalances in the country. A further area of interest was transition to recovery. The applied evaluation criteria reflected best practice of the international institutions and the key values backing the assessment: relevance, effectiveness, efficiency, sustainability, and cooperation and partnerships. A programme intervention logic[33] reconstructed by the evaluation team in cooperation with experts (Almunia, 2020, Figure 2.2) guided the operationalisation of key evaluation questions.

The economic and financial crisis that erupted in Greece was a national – and to many a personal – emergency, while also generating a parallel incident of regional fragility. Effective assessment of crisis resolution requires a holistic approach. Given the need for many fundamental reforms in this context, an understanding of the factors that affect power relations and institutions leading implementation is crucial in the evaluation approach. Still, like in other evaluations, the institutional focus and the terms of reference defined its boundaries. The ESM mandate to focus on the provision of financing framed many of the evaluation questions, while key programme partners led the design of most structural reform requirements. During the programme period, the EFSF and ESM lent over €200 billion to Greece, funds primarily channelled to support debt restructuring and service, rebuild the banking sector, and provide budget support for the state to maintain public services. A sustainable fiscal position aimed to facilitate the recovery of sovereign market access and help finance further reforms that would among other things ensure the sovereign's repayment capacity.

The evaluation exercise included several elements related to quality of life, but they rather informed an assessment of the main evaluation criteria. Background papers prepared by experts examined various aspects pertinent to quality of life: the OECD background paper[34] examined effects of programme strategies and policy options from the perspectives of women, low-income wage-earners and households, poorly skilled workers, and a number of inter-generational issues; Ramaswamy (2020)[35] highlighted issues related to access to finance, and Andersen (2020)[36] highlighted women and youth unemployment and shortcomings in business and governance culture that affect people's daily lives and future opportunities. Administrative effectiveness and public confidence in the functioning of the state were also covered in the OECD contribution.

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[33] See pages 31-32 in ESM (2020) Lessons from financial assistance to Greece, available at: https://www.esm.europa.eu/sites/default/files/document/lessons-financial-assistance-greece.pdf#page=31.

[34] OECD (2020) OECD contribution to the evaluation of the ESM financial assistance programme for Greece. ESM Discussion Paper Series No. 12. June 2020.

[35] Ramaswamy, S. (2020) Restoring growth and financial stability: how Greek banks contributed. ESM Discussion Paper Series No. 10. June 2020.

[36] Andersen, B. (2020) The crisis in Greece: missteps and miscalculations. ESM Discussion Paper Series No. 9. June 2020.

The evaluation took into account cuts in productive spending, public investment, and an increase in environmental energy taxes. Lower public investment negatively impacted supply by eroding the economy's capital stock. In parallel, the increase in energy tax penalised low-income households more than higher income ones, reflecting the higher weight of transport services and heating fuel in the consumption basket of low-income groups.

Structural reforms under the ESM programme were considered to be partially effective, given the gradual nature of the improvements achieved. Labour market flexibility was improved but gains from product market reforms were less effective due to the strategy of granular interventions. The evaluation found that the reforms mainly benefitted the middle class and poorest households, with the decentralisation of wage negotiations boosting the employment of women and low-skilled workers, which more than offset the consequent variation in wages across the economy. Despite these improvements, Greece suffered the euro area's highest unemployment rate. While overall unemployment declined since 2012, it remained structurally higher than in other post-programme countries. Moreover, gains in employment came with a large expansion of part-time and temporary contracts, and female and youth unemployment remained the highest of all the post-programme countries at the end of the evaluation period.

Lacking public service capacities impinged on efficient solutions to Greece's economic and social crisis. Shortcomings in the public sector increased obstacles to the effective adoption of reforms. The evaluation noted efforts to enhance institutional arrangements, for example in the judiciary and public administration in general areas, affecting people's quality of life. The quality of statistics benefitted from several technical assistance projects.

The crisis impacted the financial sector, especially the capacity of banks to finance economic growth. Programme measures addressed financial sector weaknesses and restored financial stability, but the system remained fragile. Credit scarcity and compressed demand led to a sharp drop in private investment. The availability of bank lending to various business fields evolved at a varied pace. Non-residential consumer lending also shrank sharply. Banking sector problems were found partly related to a weak social safety net which compelled the authorities to accept loan moratoria and a gradual resolution of non-performing loans.

Before the crisis, an array of Greek welfare programmes existed without means testing. Greece traditionally spent almost 25% of GDP on social protection, mainly to provide pensions, with very low social assistance expenditure programmes for the most vulnerable. After the sovereign debt restructuring, the crisis started hitting the bottom of the income distribution array. Unemployment, poverty, and inequality intensified when labour and product market reforms affected the low-to-middle income population. Poverty indices kept rising.

Greece had entered the crisis with high income inequality, which worsened further during the early years of the crisis. The unequal fiscal burden (Giannitsis & Zografakis, 2017[37]) and rise in unemployment contributed to an increase in income inequality before 2014. After that year, labour market improvements and the strengthening of the social welfare system led to a fairer income distribution. The evaluation found that signs of a stabilisation in both poverty and income distribution resulted from the work on guaranteed minimum income, which better targeted disposable income in the lower-income distribution deciles. With its narrow targeting, it did reduce extreme poverty. The improvements coincided with falling long-term unemployment. Although Greek income inequality declined to pre-crisis levels, it remained

[37] Also referred to in Giannitsis et al. (2017): Crisis management in Greece: The shaping of new economic and social balances, IMK Study, No. 58, Hans-Böckler Stiftung, Institut für Makroökonomie und Konjunkturforschung, Düsseldorf. Available at: http://hdl.handle.net/10419/191721.

above the euro area average.

The employment rate remained below the euro area average, with the country exhibiting a persisting high gender gap.[38] The social safety net strengthened by the guaranteed minimum income scheme, together with family and rental benefits, operated as an unemployment assistance scheme for the long-term unemployed deprived of regular unemployment benefits. Finally, the evaluation noted that a brain drain followed the crisis-related sharp increase in unemployment.

The high-level evaluator made five headline recommendations with several supporting points for action.

[38] European Commission (2020), Country Report Greece 2020, 26 February 2020.