



# Beyond GDP for Jamaica's Sustainable Development



Gross Domestic Product (GDP) per capita has served as a fundamental measure of economic performance and development need. However, questions arise over the adequacy of GDP per capita as an indicator of development progress, particularly in capturing sustainable development. This JEP discussion paper questions and explores the potential for moving beyond GDP as a measure of sustainable development in Jamaica.

## Relevance of GDP per capita in Jamaica's Development

Since its introduction by economist Simon Kuznets in the 1930s, GDP per capita has served as a cornerstone of economic measure of development. It measures the monetary worth of all production within a country's borders over a specific timeframe, typically a year. For Jamaica, this measure has proven invaluable in gauging economic processes. However, the multidimensional nature of development has cast a shadow over the utility of GDP as a measure of sustainable development progress.

A prominent example in Jamaica is traffic congestion because it highlights how GDP fails to capture the full economic and environmental costs. While GDP will increase due to increased economic activity, more vehicles on the road leading to higher fuel consumption and vehicle purchases, it does not account for the negative externalities of traffic congestion such as time costs, environmental costs, infrastructure costs to name a few. As a result, GDP per capita is not adequate as a measure of Sustainable Development.

The question regarding the relevance of GDP in measuring Jamaica's Sustainable Development was posed to the JEP, the majority of panellists agreed that there are stark limitations of GDP per capita as the sole or primary measure of sustainable development.

The panellists highlighted that the main limitations of GDP per capita include: environmental sustainability, social inclusion and equity,

human development, sustainable infrastructure and urban development and governance and institutional quality.

## Moving Beyond GDP per capita for Jamaica's Development Needs

Given these limitations of GDP per capita, an alternative measure is needed to capture Sustainable Development progress in Jamaica. The Government's Planning Institute of Jamaica has leveraged a comprehensive measurement tool, namely the "Inclusive Growth Index Framework." This tool accounts for the interconnectedness of economic growth with social and environmental considerations. The Inclusive Growth Index assesses not just conventional economic measures such as GDP but also factors like living standards, equality, and environmental sustainability.

Pushpam Kumar, Senior Environmental Economist at UNEP highlights that "The Inclusive Wealth paradigm demonstrates that future economic possibilities depend on the current management of all forms of wealth. This includes human health and skills, physical infrastructure, sustainable natural resource and ecosystems management (including air quality, biodiversity, and climate systems). Combined, these assets determine an economy's inclusive wealth, and are the building blocks for achieving the Sustainable Development Goals. UNEP's Inclusive Wealth Report is an attempt to demonstrate the evidence on how changing inclusive wealth help keeping track of sustainability and well being."

## Obstacles to Moving Beyond GDP and Practical Measures for Better Capturing Jamaica's Development Needs

Introducing a new tool for measuring development in Jamaica is not without its challenges. The JEP panellists highlighted that insufficient data on non-economic factors and difficulties in measuring intangible assets, resistance from established institutions and policymakers accustomed to GDP-centric approaches, and limited awareness among policymakers, stakeholders, and the public about the limitations of GDP and the benefits of alternative measures, pose obstacles to the wider uptake of these measures. Brianne Houston, Economic Intern at the British High Commission highlighted that “A lack of consistently reliable data on wealth, a general resistance to change by certain policymakers and stakeholders, and a lack of technical resources and expertise on the adoption of these kinds of systems” are some of the main obstacles that could hinder the transition beyond GDP.

Furthermore, Economist Keenan Falconer noted that “There is a great unfamiliarity with the concept of inclusive wealth and broad-based development beyond income measures. It might be difficult to engender sufficient understanding of how all these inter-related variables ultimately affect holistic wellbeing for persons who are accustomed to headline metrics on poverty and economic growth as key indicators of progress.”

JEP panellists were asked to recommend practical measures to improve the assessment and monitoring of Jamaica's sustainable development progress. Falconer, noted that “Issues with data quality and availability need to be rectified by revising data collection instruments in national surveys.” He further explained that “enhanced frameworks of monitoring and evaluation should be developed in order to better track progress.” Similarly, Dr. Christine Clarke, Senior Lecturer, Department of Economics UWI Mona noted that there needs to be “expanded data collection that can provide more insights into the development challenges.” Additionally, Dr. Kevin Williams, Economist, SALISES highlighted the need for Jamaica “to build its institutional capacity and expertise to better capture non-tangible assets.”

While improving performance indicators is crucial, it is equally important to reflect on how global frameworks, such as the Sustainable Development Goals (SDG) Index represents Jamaica's unique circumstances as a Small Island Developing State (SIDS).

Priyanka Mais, Junior Professional Officer at the United Nations Resident Coordinator's Office noted that “because of Jamaica's vulnerability to external shocks, particularly economic and environmental shocks common to SIDS, refining the SDGs should prioritize measures to prevent and mitigate these shocks.”

In addition, Dr. Patrice Whitely, Head Department of Economics at UWI Mona, expressed that SIDS like Jamaica are “highly susceptible to shocks caused by climate-related events such as hurricanes and droughts, thus, further emphasis should be placed on resilience to shocks. Furthermore, the JEP panellists identified 'clean water and sanitation' and 'decent work and economic growth' as the SDGs that best highlight Jamaica's progress on sustainable development currently.

## Advantages of Adopting a Wealth-Based System

As countries increasingly recognize the multifaceted nature of wealth, encompassing produced capital (buildings, factory machinery, infrastructure etc.), natural capital (including land, forests, fish, minerals etc.) , human capital, and foreign assets, the shift towards advancements in wealth accounting offers a pathway to move Beyond-GDP in understanding and evaluating development.

With wealth underpinning a nation's income generation across various dimensions, exploring the advantages of adopting a wealth-based system in national development planning becomes imperative. The JEP panellists highlighted some of the key advantages, including that a wealth-based system allows for a comprehensive assessment of a country's assets, providing a more holistic understanding of development beyond GDP; it ensures the preservation and responsible management of natural capital for future generations; it highlights disparities in asset distribution and promote policies that address income inequality, improve access to education and healthcare, and enhance social inclusion; it optimizes resource allocation and investment decisions to maximize societal well-being and long-term prosperity; and it enhances a country's resilience to economic, environmental, and social shocks by reducing dependence on any single source of wealth.



## Enabling Factors for Moving Beyond GDP in Jamaica

Jamaica's transition towards Beyond-GDP will involve some essential supporting measures for facilitating this shift. The JEP panellists were asked to discuss these measures.

Brianne Houston noted that "Jamaica would need to strengthen its data collection to gather information on various socio-economic indicators within the country, collaborating with various international organizations and development agencies that possess the technical skills and prior knowledge on the successful implementation of Beyond-GDP measures, a general investment in the research and development of new tools and methodologies by both the public and private sector." In addition, Dr. Kevin Williams posited that "Jamaica needs to build its institutional capacity and expertise" to enable it to move beyond-GDP.

Additionally, the JEP panellists agreed that in delving into the necessary shifts towards Beyond-GDP frameworks, internal and external actors would be essential in bolstering support for this transition. They felt that the transition would require the expertise of specialists in fields such as environmental science, social science and public health. Universities and research institutions can contribute by conducting research, developing methodologies and providing training programs. Furthermore, multilateral institutions can provide technical assistance, funding, and coordination support. Additionally, public awareness can be raised through journalists, bloggers and media outlets to further support the transition.

### Dr. Stuart Davies further explains:

**'Recent advances in wealth accounting, which go beyond GDP, can enable a better understanding of not only the quantity but also the quality of growth and development. Development planners, decision-makers, and practitioners can now better understand the interlinkages and trade-offs between national assets, and reflect these in their policies, projects and programmes to achieve sustainable development more effectively. For small island developing countries, like Jamaica, these new wealth accounting tools enable more nuanced approaches to development that enhance not just future prosperity but also resilience in all its forms.'**



**DR. STUART DAVIES**  
Senior Economist, UN Jamaica

### Dr. Nadine McCloud states:

**'There is broad consensus that using GDP per capita as a metric for economic performance and development is tantamount to viewing a country and its citizens through a narrow and severely biased lens fraught with many ills. The Beyond-GDP measures designed by the PIOJ and the UNEP have addressed some of these problems. Yet, the most critical input to the production of any useful data-driven measure is data, which are subjected to, for example, institutional and governmental barriers. These barriers have limited our ability to become active knowledge donors in our sphere. Thus, we must address these barriers to achieve the feat of a useful, broad-based Beyond-GDP measure. Jamaica needs a government-backed national data repository to amass primary and secondary data from various government agencies, ministries, and institutions for data-driven research. This imperative will help provide an invaluable national research infrastructure that we can leverage to design a Beyond-GDP measure that caters to our needs and has external validity.'**



**DR. NADINE McCLOUD**  
Senior Lecturer, Department of Economics, UWI Mona

## Conclusion

The reliance on GDP per capita as the primary measure of progress has faced scrutiny for its failure to capture the complexities of societal well-being and sustainable development (UNCTAD, 2022). While GDP is useful for measuring economic activity, it overlooks critical aspects such as income inequality, environmental degradation, and social exclusion, resulting in skewed assessments of development. This narrow focus poses significant challenges for countries like Jamaica striving for sustainable and equitable growth. In response, there's a growing push for more comprehensive measures like Inclusive Wealth, which considers economic, natural, human, social, and financial capital. By recognizing the intrinsic value of these assets, countries like Jamaica can gain a holistic understanding of their development trajectory and make informed policy decisions. Inclusive Wealth provides a broader lens for evaluating progress, accounting for the long-term implications of economic activities on human welfare and environmental sustainability.

