

Beyond GDP

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Background of beyond GDP

Gross Domestic Product (GDP):

- Total value of goods and services produced in an economy in a certain time period.

Stiglitz, Sen, Fitoussi committee (2009):

- Change the focus from measuring the size of economic production alone based on GDP.
- Complement GDP with dashboard of indicators of the distribution of well-being and its sustainability across its social, economic and environmental dimensions.



Inclusive growth

- **OECD:**
Economic growth that is distributed fairly across society and creates opportunities for all.
- **World Bank:**
Growth that is sufficient to lift a large number out of poverty and growth that includes the largest part of the country's labor force in the economy.
- **World Economic Forum:**
A strategy to increase the extent to which the economy's top-line performance is translated into the bottom-line result society is seeking, i.e., broad-based expansion of economic opportunity and prosperity.

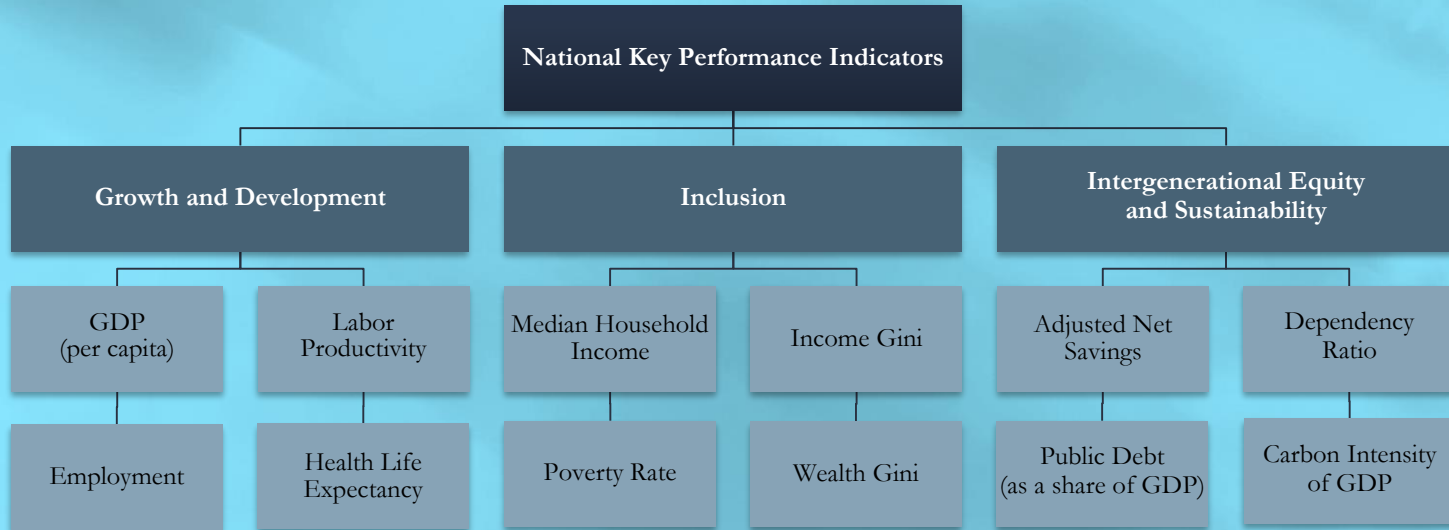


Inclusive growth: metrics

- Human Development Index (United Nations)
- Happiness Index (United Nations)
- Better Life Index (OECD)
- Inclusive Development Index (World Economic Forum)



Inclusive Development Index





Inclusive Development Index (IDI)

1. Conversion of each indicator in a 1 – 7 score (worst to best)

$$6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 1$$

2. Calculate for each pillar a score based on the total scores of the indicators

$$6 \times \frac{(\text{country score} - \text{sample minimum})}{(\text{sample maximum} - \text{sample minimum})} + 1$$

3. Calculate the IDI through arithmetic mean

$$IDI = \frac{(\text{score pillar 1} + \text{score pillar 2} + \text{score pillar 3})}{3}$$



Inclusive Development Index 2018

- Calculated for 103 countries
 - 29 advanced economies and 74 developing economies
- Advanced economies
 - Norway 1st place
 - The Netherlands 7th place
 - The United States 23th place
- Developing economies
 - Lithuania 1st place
 - Top 3 Western Hemisphere: Panama (6th), Uruguay (8th), Chile (9th)



Inclusive development index for Curaçao and Sint Maarten

- Calculated for 4 countries
 - Curaçao
 - Sint Maarten
 - Aruba
 - Barbados
- Based on 2017 data or the most recently available data going back to 2010.
- Results should be interpreted with caution as data of some indicators are not available, outdated or have different definitions.



Inclusive development index for Curaçao and Sint Maarten

Pillar 1. Growth and Development

	Growth and Development	GDP per capita	Labor productivity	Life expectancy	Employment
Curacao	3 (2.82)	3 (1.83)	2 (1.15)	1 (7.00)	4 (1.00)
Sint Maarten	2 (6.89)	2 (5.11)	3 (1.12)	2 (5.20)	1 (7.00)
Aruba	1 (7.00)	1 (7.00)	1 (7.00)	4 (1.00)	3 (3.63)
Barbados	4 (1.00)	4 (1.00)	4 (1.00)	3 (1.30)	2 (4.36)



Inclusive development index for Curaçao and Sint Maarten

Pillar 2. Inclusion

	Inclusion	Median household income	Income Gini	Poverty rate	Wealth Gini
Curacao	3 (1.98)	\$1955	0.42	3 (1.98)	n.d.
Sint Maarten	4 (1.00)	\$1433	n.d.	4 (1.00)	n.d.
Aruba	1 (7.00)	n.d.	n.d.	1 (7.00)	n.d.
Barbados	2 (6.29)	n.d.	0.32	2 (6.29)	n.d.



Inclusive development index for Curaçao and Sint Maarten

Pillar 3. Intergenerational equity and sustainability

	Inter-generational equity and sustainability	Adjusted net savings	Debt-to-GDP ratio	Age Dependency ratio	Carbon intensity per capita
Curacao	4 (1.00)	n.d.	2 (6.00)	4 (1.00)	4 (1.00)
Sint Maarten	1 (7.00)	n.d.	1 (7.00)	1 (7.00)	3 (4.29)
Aruba	2 (4.62)	n.d.	3 (4.23)	2 (3.69)	2 (6.30)
Barbados	3 (1.93)	n.d.	4 (1.00)	3 (1.61)	1 (7.00)



Inclusive development index for Curaçao and Sint Maarten

Overall index

	Inclusive Development Index	Growth and development	Inclusion	Inter-generational equity and sustainability
Curacao	4 (1.94)	3 (2.82)	3 (1.98)	4 (1.00)
Sint Maarten	2 (4.96)	2 (6.89)	4 (1.00)	1 (7.00)
Aruba	1 (6.21)	1 (7.00)	1 (7.00)	2 (4.62)
Barbados	3 (3.08)	4 (1.00)	2 (6.29)	3 (1.93)



Recommendations for Curaçao

- Implement active labor market policies to increase the number of employed; This will:
 - Reduce unemployment
 - Reduce number of economically inactive
- Invest more in education, skill development and lifelong learning
- Besides pro labor also pro business policies
- Reduction of carbon emission



Recommendations for Sint Maarten

- Improve fiscal policy framework
 - More reliance on progressive tax
 - Better tax compliance
 - Better targeting of social safety nets
- Besides pro labor also pro business policies
- More investments in human resources, skill development and training to increase labor productivity.



Conclusion

- Complementary indicators need to be developed to promote a greater synergy between economic growth and social inclusion.
- Statistical capabilities need to be improved to be able to compute multidimensional complementary indicators.
- Indicators should be anchored in the process of identification, design, execution and evaluation of policy actions.



Thank you