

Vision for Jamaica's Inclusive Growth Index Framework (IGIF)

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PRESENTATION NOTES

SLIDE 1

All protocols observed. Good morning, Everyone.

My name is Kellie-Ann Murray (Economist Specialist within the Growth Inducement Programme (PIOJ) and IGIF Contract Supervisor) ...and I am pleased to share with you the Vision of Jamaica's first Inclusive Growth Index Framework.

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[NO SUPPLEMENTARY NOTES]

SLIDE 3

Over many years, Jamaica has benefited from widespread consultations with key stakeholders on matters relating to economic growth and development. These efforts have produced publications, strategies, initiatives and programmes that have and continue to chart the path for Jamaica's progress - some of which are listed here. In addition to those, we also assessed international best practices on a wide cross-section of related areas.

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What did we find?

...

We concluded that the Inclusive Growth Index Framework would satisfy many of the needs arising from our extensive assessment of the economic and development landscape.

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[NO SUPPLEMENTARY NOTES]

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Now we will look at the 3 main components of the IGIF ...

To date, our Consultant has completed Components 1 and 3 and they will elaborate in a later Presentation. However, due to data limitations the second component has not been fully fleshed-out but I will share the vision with you here.

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[NO SUPPLEMENTARY NOTES]

SLIDE 8

[NO SUPPLEMENTARY NOTES]

SLIDE 9

[NO SUPPLEMENTARY NOTES]

SLIDE 10

...and that process involves varied iterations of these and other elements, shown here – **NONE** of which will be explored today: Yes, You're welcome!

What I will instead do is simplify the econometrics models to demonstrate the benefits.

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[NO SUPPLEMENTARY NOTES]

SLIDE 12

[for Model Simplified: Trade Offs]

Here is our example of trade-offs as per our simplified model.

The equation shows the relationship between the IGI and the 7 pillars.

We note an increase in the IGI is driven by an increase in the Wealth Pillar **BUT** it is possible that the increase in IGI occurred with a reduction in Environmental Quality Pillar.

So, a decision-maker can now consider whether the increase in Wealth justifies the degradation in the environment. Is it responsible use of resources or not?

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[for Model Simplified: Deeper Understanding]

This example shows how the model can provide deeper understanding into the workings of the economy.

Here's the same equation as before and now we note a reduction in the Wealth Pillar and increases in all the other Pillars.

The result: an increase in the overall IGI.

Now with the information (integrated and in one place) we can explore whether:

1. Low to no GDP growth is necessarily bad – within the context of inclusive growth.
2. Staying the current course will bring about improvement in Wealth in the near-term.
3. A trade-off with another Pillar is in order to have favourable outcomes for all Pillars.

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[for Model Simplified: 360-degree Assessment & Strength/Impact of Indicators]

Here you will note that this equation shows the relationship between Human Capital Pillar and 4 other Pillars. This is an example of the 360-degree assessment of Pillars where any Pillar can be the dependent variable and relationships are explored.

These letters in pink (a, b, c and d) represent coefficients and are produced from econometric (specifically regression) analyses. They explain (for example, using “b”) how much Human Capital (HC) sub-index will improve if Poverty Reduction (PR) improves by 1 unit. So, if $b = 2$, then HC will increase by 2 if there is a 1 unit increase in PR (i.e. $2 * 1$). So, this is how econometrics can help in assessing the strength or impact of a pillar/indicator on a select dependent variable.

To drive this point home, I have a Question for you. [READ POP-UP].

The answer is “d” as a \$1 investment in the Safety & Security Pillar will be multiplied by the coefficient of 20 – increasing HC by 20 (i.e. $\$1 * 20$). The same investment in the other 3 Pillars would have only increased HC by between 1 and 5. Investing in the Safety & Security Pillar would yield the best ‘bang for buck’.

I hope you are intrigued by the opportunities that this component can provide (when fully developed) and I use this illustration to stress the need for increased data collection and advocacy.

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[NO SUPPLEMENTARY NOTES]

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...This concludes the overview of the vision of the IGIF. Now...

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.... On behalf of the GIP, I would like to acknowledge and thank the esteemed members of the Core Technical Team (Technical Oversight Body for the IGIF) who have given selflessly of their time and expertise to ensure the success of the IGIF.

I would also like to thank the other experts who have given valuable insights and support. THANK YOU, ALL!

SLIDE 18

... **Statistical Relationships Component & Data Advocacy:** The fully developed version of this component holds great prospects for Jamaica – as such data advocacy will be paramount. Thankfully:

1. We do have sufficient data to carry out similar analyses, albeit on a smaller scale,
2. Data collection has increased significantly over the last 15 years and the trajectory suggests it will continue. So full-scale development may not be many years away.

The IGI will evolve: As more data emerges, statistical analyses are refined and there are significant shifts in the local and global economy, the IGI is expected to evolve.

The IGI will evolve and we look forward to your participation on this journey. And on that note,

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I thank you for your time and attention.

-END-