



THE FUTURE OF PROGRESS

A FORESIGHT REPORT ON
THE GLOBAL TRANSITION
BEYOND GDP

SEPTEMBER 2024

SUMMARY



Data, signals, trends, benefits and risks mentioned in this report are non-exhaustive and were based on information available at hand at the time of publication.

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SUMMARY

Based on the value of goods and services produced and consumed, savings and investments, government expenditure, tax revenues, and net exports over a period of time, gross domestic product (GDP) has been an indicator of economic health since it was first adopted nearly 80 years ago, at the Bretton Woods Conference in 1944 (Dickinson, 2011). Since then, GDP has evolved into a global standard for determining national progress and development, and it forms the basis of monetary and fiscal policy, the policies and approaches to global economic participation, and access to international finance (including development aid and debt).





THE CASE FOR 'BEYOND GDP'

A universal and transparent measure of economic activity based on a solid statistical system that is clearly defined through guidance for all countries around the world, GDP indicates the general health and size of an economy, determines whether an economy is growing or experiencing a recession, and allows for cross-country comparison. Nevertheless, GDP – as an indicator of socio-economic progress – has not evolved in line with the development of new economies, environmental imperatives, technological advances and redefined social forms of value, such as well-being. **By 'progress', we refer to the pursuit of integrated economic, social and environmental betterment for people and planet today and in the future.**

SUBSTANTIAL GLOBAL EFFORTS

As a result, it is not surprising to see that what has emerged in the past decade and a half, since a seminal report by Stiglitz, Sen and Fitoussi in 2009, is a growing call – and associated action – to measure and report on national progress in a way that is inclusive of societal and environmental factors for today and for future generations. There was already a growing number of global indices aimed at assessing and ranking countries and cities beyond economic growth; nevertheless, some global non- and intergovernmental organisations have

Because it is based on a static, linear and historical view of the world, GDP has not kept pace with aspects such as sustainability, resilience and the interests of future generations. Along with concerns related to measurement, such as ones related to aggregation, trade-offs and weights applied to dimensions, the way GDP has evolved to be relied on as a proxy for national progress provides an incomplete picture of prosperity. Given its static nature, GDP in its current form does not accommodate for further evolving societal expectations about how success might be measured. **Although it's been the best measure economists have had for eight decades, the way progress is assessed and reported will need to evolve.**

now started to shift their focus towards more inclusive measures of growth. New and evolved agreements, alliances, indices, comprehensive frameworks, reports and assessments have been formed to cover elements such as subjective well-being, inclusive wealth, innovation and global competitiveness. **Some regions, countries and even cities around the world have adopted one or more of the established indices or started to publish and implement new indicators and narratives of their own progress beyond GDP.**



BARRIERS TO MOVING BEYOND GDP

Despite these advances, **there is still no internationally agreed upon standard for moving beyond GDP. By ‘beyond GDP’, we are referring to the adoption of a new or evolved measure (or measures) of progress that provides a clear view of how economies are truly doing, encompassing people and planet and how prepared they are for the future.**

Efforts to develop new indicators for ‘beyond GDP’ have mostly remained secondary and complementary to GDP, and have been limited to some countries and cities, with none of the efforts having been adopted or scaled globally. Developing and small economies that have just built up the capacity to capture measures and proxies for GDP have – understandably – hesitated to consider or adopt new standards. This is largely because it has proven difficult to develop a metric or framework that integrates all relevant dimensions, that all countries would agree to, that would be easy to implement, and that would enable measurement at the national level to allow global comparability.

Considerable effort has been made by academics, research institutions, think tanks and non-governmental organisations to come up with a framework that can overcome the main barriers to the transition beyond using GDP as the sole standard for determining national progress and development. Two of the main barriers are non-trivial.

The first is the lack of agreement around the concept of progress and theoretical underpinnings of economic growth.¹ Besides the practical aspects of how, what and when dimensions are incorporated (including trade-offs, weights and pricing – where applicable) and different levels of buy-in concerning moving beyond GDP, the second concerns whether it would be best for new measures to complement, replace, or both extend and improve GDP.

¹ Also referred to as the growth debate.



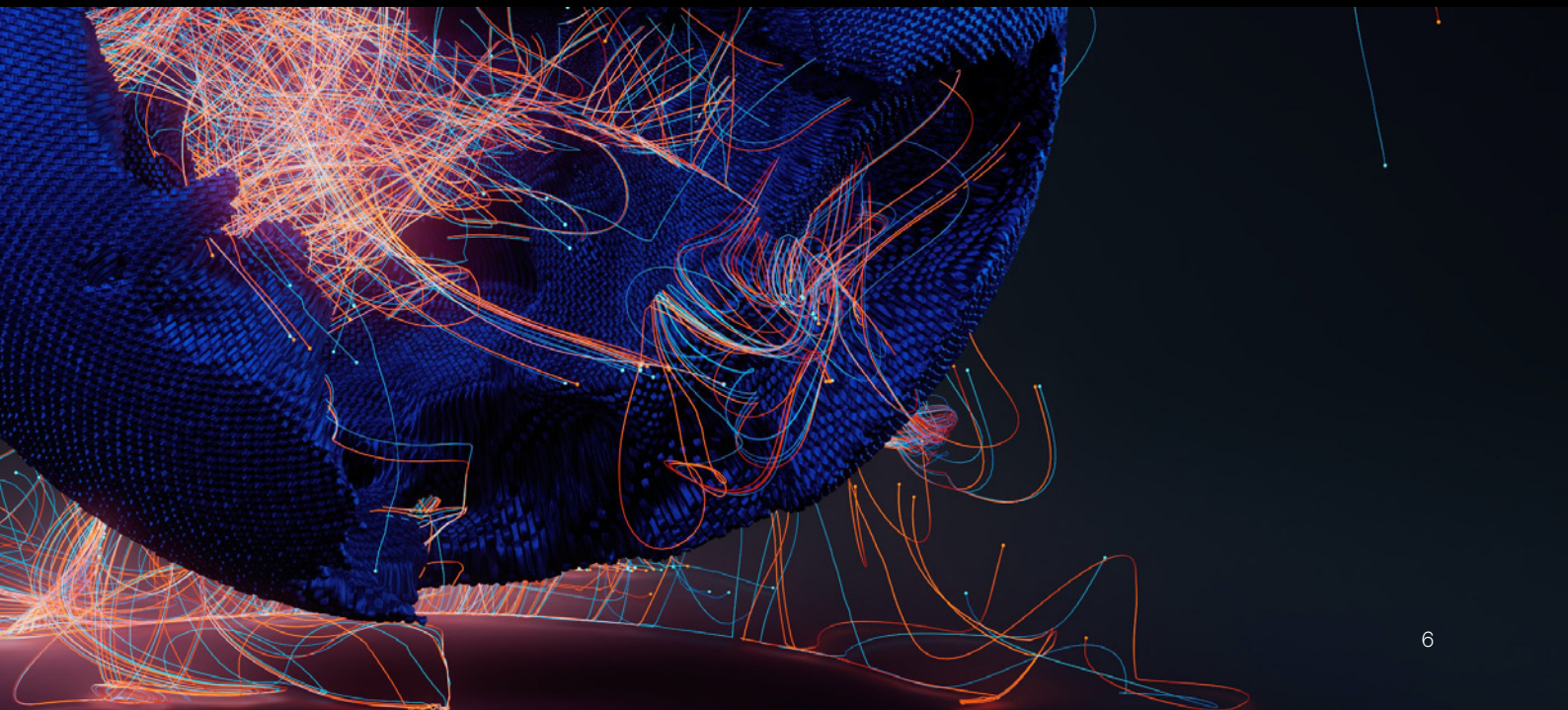
THE GLOBAL TRANSITION BEYOND GDP

Moving beyond GDP is a significant shift from existing narratives and includes the adoption of an interdisciplinary approach to conceptualise and implement a more inclusive approach to global progress measurement and reporting. Using backcasting to explore how the global transition beyond GDP might be realised, the aim was to chart a roadmap² that could navigate the main challenges of the global transition beyond GDP. The roadmap includes six key phases: establishing a clear definition and a shared set of principles for progress to lay the groundwork for global dialogue and enable a unified, compelling global narrative on moving beyond GDP; reaching a consensus on addressing GDP's limitations and challenges; creating a framework for progress that is built on a clear definition of progress, agreed shared set of principles for progress, and a consensus on GDP's challenges and limitations; evaluating dimensions and

metrics with a comprehensive framework for progress measurement; implementing unified progress-centric criteria as the basis for accessing to international finance, aid and debt; and all culminating in an effective system of reporting.

Based on our research and engagement with global experts, the preferable future is one where progress beyond GDP is measured and reported on in a manner that is practical and feasible for all countries to implement; is adaptable to technological and societal shifts; resonates with and is relevant to the global community; and encompasses the future through reporting on financial, human and natural assets and not just goods and services produced and consumed. While it might not be perfect, it is better than GDP alone.

² This represents one of several potential roadmaps that a foresight professional might define based on a set of strategic options.



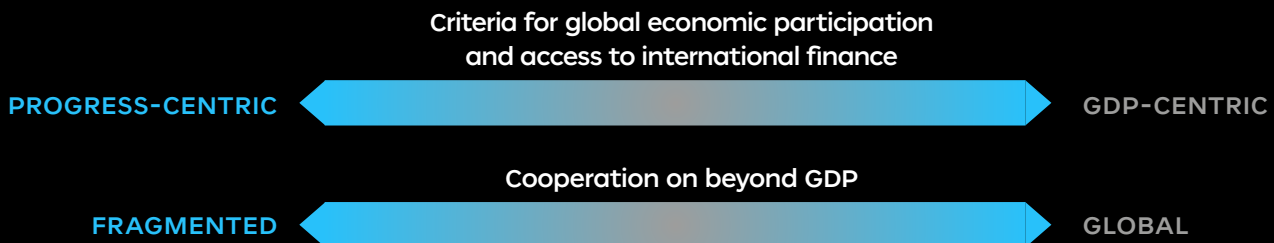
SCENARIOS FOR THE GLOBAL TRANSITION BEYOND GDP

Concerning the transition towards the preferable future on beyond GDP, we developed four scenarios driven by two key uncertainties: the level of global cooperation on moving beyond GDP, and the extent to which the requirements for global economic participation and access to international finance will depend on GDP. Starting from the baseline today (stagnation), signs to look for include global agreements on moving beyond GDP and changing policies and requirements for global economic participation and access to global aid, debt and financing.

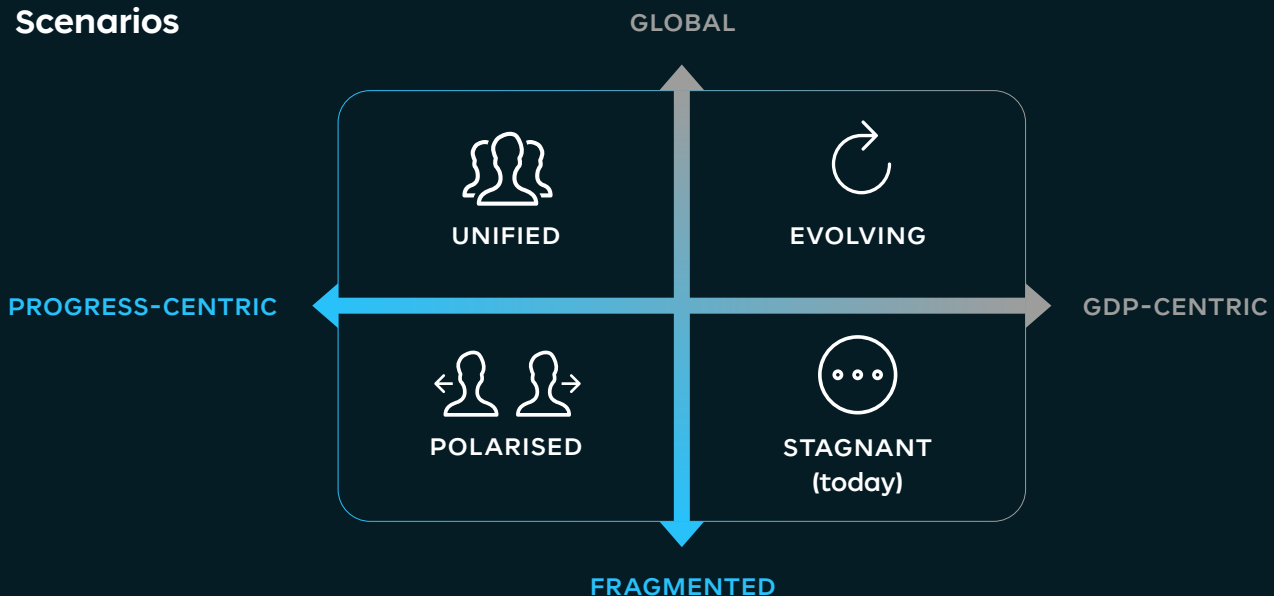
All of the scenarios are underpinned by **five assumptions**. The **first assumption** is that there will be no predetermined perspective on whether the future of ‘beyond GDP’ will include GDP. The **second assumption**, which assumes that globalisation will continue to advance, is

that progress measurement and reporting will remain a national priority. The **third assumption** is that the global transition beyond GDP will have at least two tiers: global, national and possibly – in some contexts – regional. The tiers may or may not overlap. As a result, the recommendations below do not include detailed guidance on how regions and nations should approach the transition beyond GDP. The **fourth assumption** is that some dimensions will differ across contexts and will change over time as global values and research on social phenomena evolve. The **final assumption** is that while there will always be challenges associated with advances in behavioural science and technology (including artificial intelligence and automation), technology will enable, and not hinder, the transition beyond GDP.

Critical Uncertainties



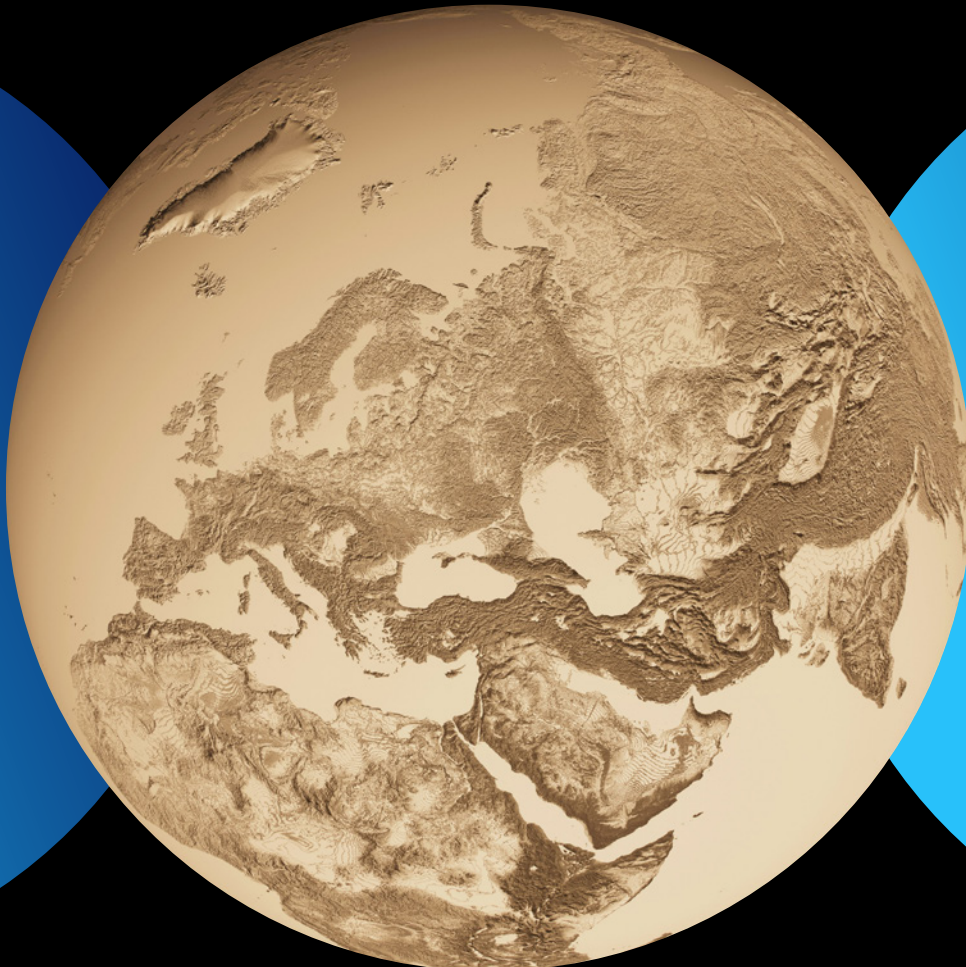
Scenarios



GLOBAL RECOMMENDATIONS

There are a number of interesting approaches, frameworks and indices today that will influence the future direction of the transition beyond GDP. With several upcoming developments, the world is at a junction where something that is meaningful and comparable across geographies and stages of economic and social development can serve as a foundation both for the transition beyond GDP and for collaborative arrangements to align aims, understandings and approaches to moving beyond GDP.

By defining a preferable future and exploring possible scenarios on the transition beyond GDP as a foundation for collaborative arrangements and global recommendations, we hope to add our voice to the many significant efforts and considerable global advances that have been achieved on 'beyond GDP' so far. The following recommendations are intended to foster the establishment of such a foundation.





1

A Global Definition for Progress

Convene a diverse group consisting of representatives from academia, international financial institutions, governments, and development-focused organisations from various geographies and at different levels of economic development to settle on a global definition of progress that encompasses the economy, people and the planet irrespective of positions on the future of economic growth, or the growth debate.

2

Common Principles for Global Progress

Expanding on the group above, establish and agree principles of progress based on the definition of progress it has settled upon. These principles would serve as a foundation for the global community and would be validated through a process of public consultation with global societies.

3

A Global Working Group for Progress

Establish a global working group to co-design a preliminary framework for a new measure, or dashboard of measures, for monitoring and reporting. Also diverse, this working group would include researchers from diverse disciplines and geographical locations and, more importantly, existing associations and alliances³ that have been discussing and working towards a new measurement of progress. The working group would determine an appropriate set of dimensions to be measured based on the common definition and principles for global progress preceded by agreement on how to approach existing challenges with GDP.

4

Global Pilot Locations

Select one or more pilot sites around the world to test, assess and refine each dimension with the aim of co-creating a robust framework for progress based on the common principles of progress and framework for progress. This process would be overseen by the global working group and would ensure that the approach is practical, adaptable and relevant.

³ Examples include the International Association for Research in Income and Wealth, the International Input-Output Association, the Society for Economic Measurement, the Well-being Economy Alliance and the What Works Centre for Well-being. the Society for Economic Measurement, the Well-being Economy Alliance and the What Works Centre for Well-being.



CONCLUSION

There has been a growing imperative globally to rethink the standard measure of national growth and prosperity – in other words, to move beyond GDP. As a solid statistical system that has been in place for decades, GDP – used alongside the internationally agreed System of National Accounts to measure economic activity and progress and enable reporting – has served its purpose as a universal and transparent measure of economic development since the Second World War. However, the world has changed, as seen in swift advances in technology and the emergence of global imperatives that highlight emerging limitations in GDP, both today and for the future.

Despite many global efforts, books and reports, there is still no internationally agreed standard for moving beyond GDP. Cities and countries have undertaken highly localised approaches, with different decisions on which metrics are deemed to be relevant, and there has been limited international consensus or comparability.

In 2022, the Dubai Future Foundation (DFF) shared an opportunity in The Global 50 report (DFF, 2022) posing a question for the future: *What if we could measure the true value of our economies?* We subsequently asked in

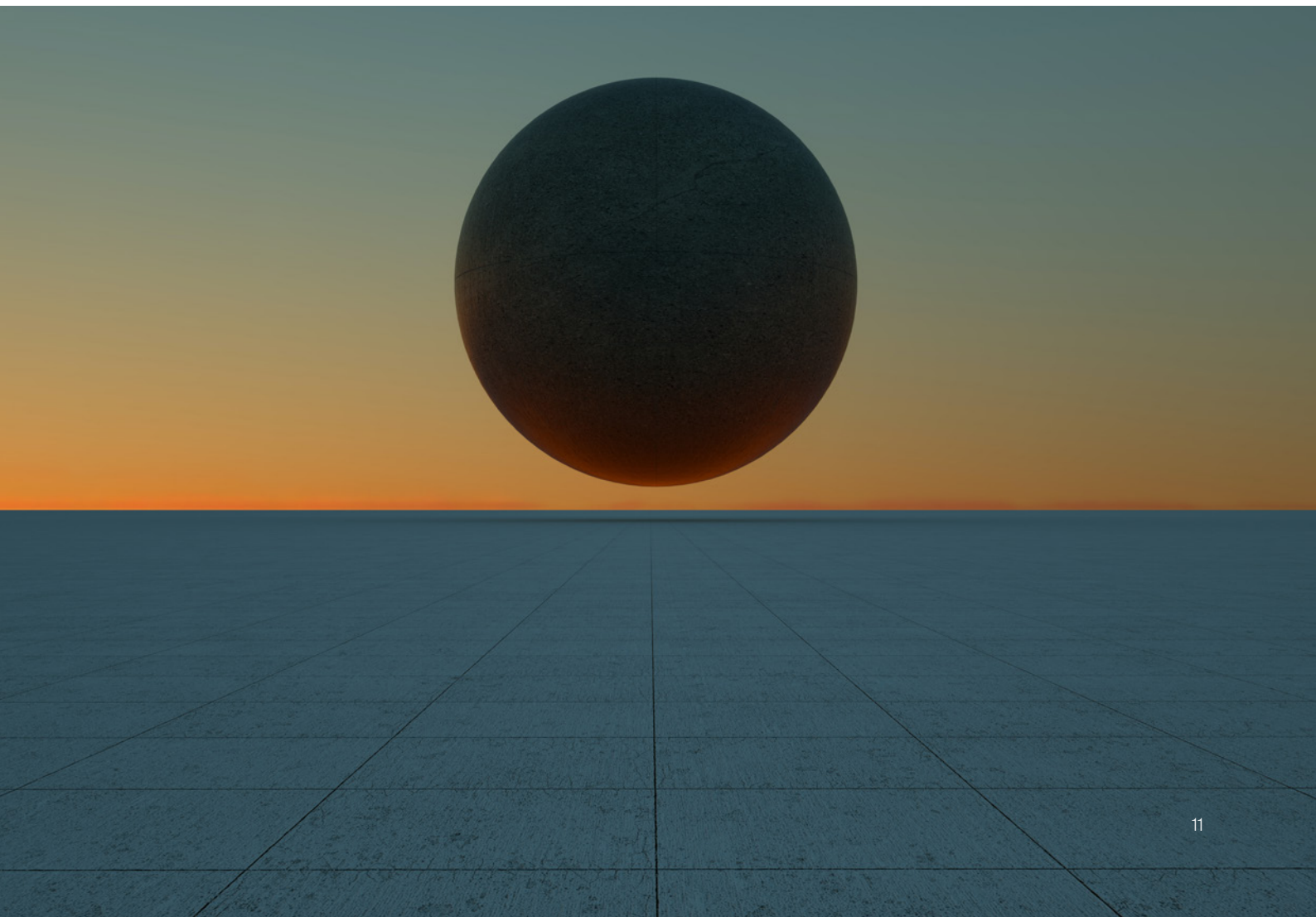
2023 (DFF, 2023a): *What if future potential was reported alongside GDP?* Through the ‘Future of GDP’ initiative, along with the insights and scenarios included in this foresight report, we aim to provide some answers to these questions.

As the world continues to pursue common initiatives, such as the Sustainable Development Goals (SDGs) and climate commitments, the global transition beyond GDP will be inevitable. Over the next 10 to 20 years, an alternative measure of progress – more reflective and inclusive of new and future economies, environmental imperatives and societal developments – will emerge. Whether or not the transition will leave GDP behind is unknown.

Over the next 50 years, people will see their needs evolve and will seek greater prosperity and well-being (DFF, 2023b). People will face very different futures depending on where they live and the challenges facing their countries and communities. Some countries and societies will excel at managing uncertainties and challenges, whereas some will not. **What we know is that economic growth – while critical – will not be enough.**

This research was undertaken by the Dubai Future Foundation's Dubai Future Institute. The Dubai Future Foundation produces insights and foresight reports using evidence-based analysis and imagination that enable stakeholders to anticipate and better navigate the future.

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The Dubai Future Foundation (DFF) aims to realise the vision of His Highness Sheikh Mohammed bin Rashid Al Maktoum, Vice President and Prime Minister of the UAE and Ruler of Dubai, for the future of Dubai and consolidate its global status as a leading city of the future. In collaboration with government entities, international companies, start-ups and entrepreneurs in the UAE and around the world, the DFF drives joint efforts to collectively imagine, design and execute the future of Dubai.

Under the supervision and with the support of His Highness Sheikh Hamdan bin Mohammed bin Rashid Al Maktoum, Crown Prince of Dubai, Chairman of the Executive Council of Dubai and Chairman of the Board of Trustees of Dubai Future Foundation, DFF works on a three-pronged strategy: to imagine, design and execute the future. It does this through developing and launching national and global programmes and initiatives, preparing plans and strategies for the future, issuing foresight reports, and supporting innovative and high-quality projects. These contribute to positioning Dubai as a global capital for the development and adoption of the latest cutting-edge solutions and practices to serve humanity.

The DFF focuses on identifying the most prominent challenges facing cities, communities, and sectors in the future and transforming them into promising growth opportunities by collecting and analysing data, studying global trends, and keeping pace with and preparing for rapid changes. It is also looking at future sectors, their integration and the reshaping of current industries.

The DFF oversees many pioneering projects and initiatives, such as the Museum of the Future, Area 2071, the Centre for the Fourth Industrial Revolution UAE, Dubai Future Accelerators, One Million Arab Coders, Dubai Future District, Dubai Future Solutions, Dubai Future Forum and Dubai Metaverse Assembly. Its many knowledge initiatives and future design centres contribute to building specialised local talents for future requirements and empowering them with the necessary skills to contribute to the sustainable development of Dubai.

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