Measuring development without reproducing inequalities: a Global South contribution to the Elements Paper of the Beyond GDP intergovernmental process

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Plataforma CIPÓ is a Brazil-based research institute dedicated to promoting international cooperation to advance climate action and sustainable development, with a focus on the needs and priorities of the Global South. This submission was prepared within the New Economy Brazil initiative, a joint effort of Plataforma CIPÓ and Transforma. It addresses the consultation's guiding questions through a single argument: the value of a Beyond GDP framework will depend less on the number of indicators it includes than on who shapes the framework and how it is used. The central question is whether developing countries gain greater ownership over how development is defined and measured and how financing priorities are set, or whether GDP is simply replaced by a broader, externally defined framework that continues to condition access to finance and constrain national policy space.

1. The limits of GDP as a core metric of development measurement

Much of the case for going beyond GDP rests on what the measure leaves out: unpaid care, environmental degradation, inequality and well-being. This critique is well-founded and has already been set out in detail in the High-Level Expert Group's report. For countries of the Global South, however, GDP also functions as an instrument of assessment: the benchmark against which countries are judged solvent or risky, promising or failing, and deserving of finance or not.

The criteria used to measure development already shape who receives credit, on what terms and how much policy space countries retain. Whoever shapes these criteria exercises direct influence over the fiscal space of others. In economies with histories of hyperinflation, debt crises and conditional lending, GDP has acquired a symbolic weight that goes well beyond its technical content. Although its underlying methodology remains poorly understood outside specialist circles, growth or contraction is widely interpreted, in the media and in public debate, as a verdict on whether a country is doing well or badly and whether it will prosper or fall into crisis again. This has real consequences. GDP performance has historically been invoked to support or undermine governments, shape perceptions of who is a reliable partner and to condition access to international finance.

This creates an asymmetry that no new dashboard, however sophisticated, could easily carry forward. If the metrics that emerge from this process become one more instrument through which the Global North assesses the Global South – judging countries' performance and tying that assessment to access to development and climate finance – then the exercise will have changed the indicators while leaving the underlying relation of subordination intact. This is a fundamental design constraint: any measure intended to complement or replace GDP must be grounded in countries' own understanding of development; otherwise, it risks becoming a new external scorecard under a different name.

2. Linking Beyond GDP to financial architecture reform

Several ongoing multilateral processes already provide entry points for linking Beyond GDP to the wider reform of the international financial architecture. Few refer to Beyond GDP directly, but together they raise the same underlying question: what metrics and information should guide decisions about who receives financing, on what terms and for what purposes. The Beyond GDP process should therefore build explicit links with these efforts rather than develop a parallel agenda.

The *Compromiso de Sevilla*, adopted at the Fourth International Conference on Financing for Development, established a more structured follow-up architecture – periodic reviews, national focal points – designed to track financing and implementation commitments. Its effectiveness, however, depends on reforms beyond the reach of any technical report, beginning with the practices of credit rating agencies headquartered in the Global North. Their risk assessments are often harsher than the economic fundamentals of most developing countries would justify, raising the cost of capital and narrowing fiscal space precisely where it is scarcest. The use of such assessments to determine financing conditions illustrates how measurement can become subordination in practice. For the Beyond GDP process, the lesson is clear: reforming metrics without reforming the financial architecture through which they are applied would change little.

Other processes reach similar conclusions. The 2024 report *A Green and Just Planet*,[1] prepared for the G20 under Brazil's presidency by a group of experts co-chaired by Mariana Mazzucato and Vera Songwe, argues that green industrial strategies capable of generating long-term prosperity will not materialise unless development banks reorient long-term capital and the global financial governance and rules are reformed. A Beyond GDP framework could help guide this structural reorientation by assessing whether financial flows build productive capacity, reduce inequality and advance environmental goals, rather than simply increasing the value of goods and services produced, as captured by GDP.

Decision 2/CMA.7[2] on just transition, adopted in Belém during the 30th Conference of the Parties to the United Nations Framework Convention on Climate Change (COP30), similarly recognises the need to avoid measures that worsen countries' debt burdens and to create fiscal space for low-emission pathways. This points to the need for a framework that captures how debt burdens and financing conditions affect countries' capacity to pursue just transitions, rather than assessing climate outcomes without regard to the constraints under which they must be delivered.

The UN Framework Convention on International Tax Cooperation, now under negotiation, addresses another dimension of the same challenge: how international tax rules affect countries' ability to mobilise the public resources needed to pursue their development priorities. This is directly relevant to Beyond GDP, since development outcomes cannot be meaningfully assessed without considering the fiscal capacity available to achieve them.

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[1] G20 (2024) A Green and Just Planet: The 1.5°C Agenda for Governing Global Industrial and Financial Policies in the G20. *Independent Report of the G20 TF-CLIMA Group of Experts.* Available at: https://cebrapsustentabilidade.org/assets/files/AF3_tf-clima_report-g20_en_digital.pdf

[2] UNFCCC (2025) *Decision 2/CMA.7: United Arab Emirates just transition work programme*. Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA), Belém. Available at: https://unfccc.int/sites/default/files/resource/cma2025_19a01E.pdf

Taken together, these processes show that Beyond GDP cannot be treated as a stand-alone statistical exercise. It must be connected to the institutions and rules that determine the availability, cost and allocation of finance, as well as countries' capacity to mobilise public resources. Building explicit links with ongoing processes on development and climate finance, international financial architecture reform and international tax cooperation would help avoid duplication and ensure that new indicators influence how development is financed, rather than merely broadening the basis on which countries are assessed.

3. Vulnerability and inequality as core dimensions

Correcting the ways in which conventional development metrics have historically penalised the Global South requires treating vulnerability and inequality as core dimensions of the framework from the outset, rather than as emerging dimensions awaiting methodological maturity. Two existing efforts offer foundations that this process should build on rather than duplicate. The Multidimensional Vulnerability Index[3] – developed at the initiative of small island developing states and endorsed by the UN General Assembly to capture structural vulnerabilities that income and GDP miss – already performs part of this role; the Beyond GDP framework should therefore be designed to complement the index, avoiding any perception that it might compete with or displace it – a concern vulnerable countries have raised publicly. On inequality, the report of the Extraordinary Committee of Independent Experts on Global Inequality,[4] convened under South Africa's G20 presidency, provides an equivalent basis. It recommends treating inequality as a global emergency and identifies indicators for tracking it.

Treating vulnerability and inequality as core dimensions of prosperity measurement has practical implications for implementation. A dashboard with dozens of indicators can be technically demanding, making statistical capacity a central constraint on implementation: a framework that only wealthier states can implement would recreate the very divide between those able to "meet" the new metrics and those left outside it.

Brazil's experience provides concrete evidence that such an approach is feasible. The Social Progress Index (IPS Brasil)[5] assessed all 5,570 Brazilian municipalities in 2025 based on 57 social and environmental indicators, illustrating that multidimensional measurement can be produced at national and territorial scales, and can inform public decisions, even in a developing country. For the Beyond GDP intergovernmental process, the implication is that uneven statistical capacity must be treated as a central design constraint. A framework will only be usable by the countries that most need it, rather than only by those already equipped to measure themselves, if it is designed from the outset to account for the uneven statistical capacity of the Global South.

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[3] High-level panel on the development of a Multidimensional Vulnerability Index (2024) *Final Report*. United Nations President of the General Assembly's High-Level Panel on the Development of a Multidimensional Vulnerability Index. Available at: https://www.un.org/ohrlls/sites/www.un.org.ohrlls/files/final_mvi_report_1.pdf

[4] G20 Extraordinary Committee of Independent Experts on Global Inequality. (2025) *G20 Extraordinary Committee of Independent Experts on Global Inequality: summary and full report*. Commissioned by the G20 South Africa Presidency. Available at: https://www.gov.za/sites/default/files/gcis_document/202511/g20-global-inequality-report-full-and-summary.pdf

[5] IPS Brasil (2025) *Índice de Progresso Social Brasil*. Available at: https://ipsbrasil.org.br

4. Brazil's experience: potential and limits

Brazil's experience demonstrates that adopting measures beyond GDP is only the first step. For those measures to influence development outcomes, they must be translated into legislation, embedded in public institutions, connected to durable financing mechanisms and supported by the capacity to assess results at the sub-national level.

Brazil's Green GDP illustrates the institutionalisation challenge. Although provided for by law since 2017, with an explicit requirement of international comparability, the System of Environmental-Economic Accounts established under the same statute remains unregulated nearly a decade later.[6] This gap shows that legal recognition of an alternative measure does not by itself ensure its implementation. A Beyond GDP framework also requires clear institutional mandates, adequate technical capacity and arrangements for the regular production and use of data in public decision-making.

Brazil's National Climate Fund illustrates a different but related challenge: translating broader development priorities into sustained financing. Created by law in 2009 to finance climate mitigation and adaptation projects, it operates through two modalities: reimbursable financing managed by the Brazilian Development Bank (BNDES) and non-reimbursable financing administered by the environment ministry. Between 2019 and 2022, its budget was reduced to a fraction of its original level through executive budgetary decisions, without any change to the law that created it. The Fund was reformulated in 2023, and R$10.4 billion was subsequently budgeted for its reimbursable modality, partly financed through Brazil's first sovereign sustainable bonds. The Fund's trajectory offers an important lesson: establishing a financing mechanism in law does not by itself ensure that development priorities will be implemented.

The implication for Beyond GDP is therefore twofold: financing mechanisms must be sufficiently durable, and the institutions that shape and allocate finance – including finance ministries, national development banks and multilateral development banks – must be engaged in the process from the outset. This would help translate new measures of development into concrete investment criteria, financing decisions and projects.

Building and implementing Beyond GDP frameworks in countries without a statistical office as well established as the Brazilian Institute of Geography and Statistics (IBGE) will require funding structured differently from the short-term technical-assistance grants that have typically supported indicators' development work: predictable, multi-year finance tied to the institutions responsible for national accounts, rather than pilots that end once indicators are published. Such support must also extend beyond the production of national indicators to strengthen the collection and analysis of sub-national data.

A further gap – one that the intergovernmental process has barely registered – concerns the distinction between using indicators to guide the allocation of finance and assessing the results that this financing produces. In many developing countries, substantial public resources are allocated at the sub-national level, yet governments frequently lack the data and institutional capacity needed to track their effects in the territories receiving them. The design of a Beyond GDP framework should therefore consider

[6] Brazil's Green GDP (*Produto Interno Verde*) is a measure whose calculation should take the national ecological heritage into account alongside conventional economic data. It should be published by the Brazilian Institute of Geography and Statistics (IBGE), the same body that calculates GDP; its methodology, however, was never developed.

measures to strengthen sub-national data and institutional capacity, enabling governments to better assess whether financing produces the intended development outcomes in the territories where resources are allocated.

5. Recommendations for the intergovernmental process

The intergovernmental process should therefore commit, from the outset, to establishing a concrete implementation pathway for how any indicator framework will feed into the decisions in which GDP and related macroeconomic indicators remain dominant, including debt-sustainability assessments, the allocation of finance and the methodologies used by credit rating agencies. These are issues that the High-Level Expert Group has already noted, but for which concrete implementation mechanisms remain undefined. Developing them will require the early and sustained engagement of national statistical offices, finance and planning ministries, national development banks and multilateral development banks, as well as dialogue with credit rating agencies and relevant standard-setting bodies. Their participation would help translate new measures of development into investment criteria, financing decisions and policy design and evaluation.

The process should also establish explicit links with ongoing multilateral efforts on development and climate finance, just transition, international financial architecture reform and international tax cooperation. It should build on, rather than duplicate, existing measurement initiatives – particularly the Multidimensional Vulnerability Index and the indicators identified by the G20 Extraordinary Committee on Global Inequality. Such coordination would help incorporate vulnerability, inequality, fiscal capacity and financing conditions into the framework while maintaining coherence across processes.

Implementation capacity must be treated as a design requirement rather than addressed only after the indicators have been agreed. The framework should combine common principles and international comparability with sufficient flexibility to reflect national priorities and circumstances. It should also be accompanied by predictable, multi-year support for national statistical institutions and sub-national data systems. This support should enable countries not only to generate data, but also to integrate the framework into planning, budgeting and policy evaluation and to assess development outcomes in the territories where resources are spent.

The more fundamental test, however, is the one identified at the outset of this submission. A multidimensional set of indicators that continues to function as an external verdict – through which developed countries assess developing countries or condition access to development and climate finance depending on compliance with externally defined benchmarks – would reproduce the same asymmetry it was intended to correct, regardless of how sophisticated its methodology. The success of the Beyond GDP process should therefore be evaluated by whether developing countries can shape the framework's design and retain ownership over its implementation. The framework should reflect their own development priorities within an agreed common architecture, connect measurement with finance and decision-making, and avoid becoming a new source of conditionality. This distinction, more than the number of indicators the framework ultimately contains, will determine whether the Beyond GDP agenda changes how development is understood and financed.