

## Executive summary

Since the 2000s, economic growth in developing countries generally has been robust, contributing to the phenomenon of *shifting wealth* – the increasing economic weight of developing countries in the world economy – and improved livelihoods. Despite this shift in the global economic centre of gravity, several middle-income countries are not growing fast enough to converge with advanced countries by 2050. Slowing convergence is one factor contributing to a gloomier development prognosis for the next 15 years. Weakening global demand, partly caused by slowing growth in the People’s Republic of China (hereafter, China), is hampering the growth prospects of many developing countries. Rising interest rates could fuel volatility in emerging economies’ currency, bond and stock markets, and as rates rise, debt-service costs increase. Access to international finance may become increasingly difficult for many developing countries. These challenges will be exacerbated by rapid demographic transitions, urbanisation, premature deindustrialisation, digitalisation and automation, and the rising incidence of climate-related shocks.

Situated within this context, and the ambitious 2030 Sustainable Development Goals (SDGs) agenda, the Development Centre devised this anthology to stimulate discussion on the new global environment. The anthology collects the perspectives of thought leaders from developing and emerging economies, offering their views and solutions on the most pressing global development challenges over the next 15 years.

### Perspectives and key findings

Four major global risks emerge as particularly pressing for developing countries: diversifying economies in the context of a more constrained macro environment; the spectre of jobless growth in a period of rapid demographic change and inequality; transitioning to low-carbon economies as energy demands increase and energy security risks intensify; and generating new and improved forms of development co-operation.

#### *Structural transformation in a new macro environment*

Diversifying developing economies that are over-reliant on extractives and agriculture will be a major challenge, especially in the context of premature deindustrialisation.

- **Alan Hirsch** contends that growth in sub-Saharan Africa has slowed in recent years because of two main economic policy risks: capital account and fiscal deficits, and high levels of inequality. Several positive signs exist however, including rising agricultural productivity in many sub-Saharan African countries, the growth of small and medium-sized enterprises (SMEs), the recent surge in infrastructure investment, and improvements in health and education.
- Writing about structural transformation in the United Republic of Tanzania (hereafter, Tanzania), **Donald Mmari** calls on policy makers to focus on improving farm-level productivity and strengthening agricultural markets; prioritising budgets and policy incentives to agro-industry and value addition to primary production; and implementing policy measures to raise the productivity of informal enterprises by enhancing their access to resources and markets, and legal identity and rights.
- **Neuma Grobbelaar** outlines five key game changers for Africa that will help accelerate progress toward the SDGs: managing the impact of climate change and moving away from a carbon intensive growth path; addressing the infrastructure gap and the role of domestic resource mobilisation; tackling the digital divide; accelerating land reform; and using migration as a positive driver of development.

- **Vugar Bayramov and Ahmad Alili** note the dependence of Azerbaijan on natural oil and gas reserves over the past 15 years. Falling commodity prices jeopardise its development model. To forge a bright future, they argue Azerbaijan must lessen its dependency on commodities and larger neighbours by increasing its activity within the EU Eastern Partnership and liberalising its economy.

#### *Inclusive societies*

Building inclusive societies – in the context of rapid demographic change, jobless growth, rising informality and growing inequality – will be a major challenge facing emerging and developing countries.

- **René N’Guettia Kouassi** contends that growing inequality between countries is the key development challenge over the coming 15 years. Such inequality perpetuates various problems such as conflicts and the migration crisis. Countries should improve social protection programmes to reduce inequality.
- **Gilbert Houngbo** recommends a variety of policy options to encourage the transition of youth from the informal to formal economy, including pro-employment macroeconomic policies; education and training that facilitate the school-to-work transition and correct skills mismatches; and labour market policies that favour employment of disadvantaged youth.
- **Samir Saran and Vivan Sharan** stress India’s rapidly growing working-age population and encourage policy makers to leverage a “new formality” to absorb these workers into gainful employment. To achieve this, they highlight such factors as the potential of technology to digitally identify each worker, the need to guarantee a reasonable level of income and security, and the importance of the availability of health and life insurance coverage as well as safe working conditions.
- **Hussein Al-Majali** argues that the critical challenge for the Middle East and North Africa (MENA) region is to channel the energy of disaffected Arab youth into “active citizenship”. This must be predicated on meaningful employment. Al-Majali recommends that policy makers engage in “prototyping and scaling of solutions customised to local environments” as blanket policies will not work in this increasingly complex policy environment.

#### *Energy and environment*

Climate change is the greatest existential threat to humanity in the 21<sup>st</sup> century, the burden of which falls disproportionately on developing and emerging countries. This topic explores the risks and challenges associated with reconciling growing energy demands, energy security and the transition to low-carbon economies.

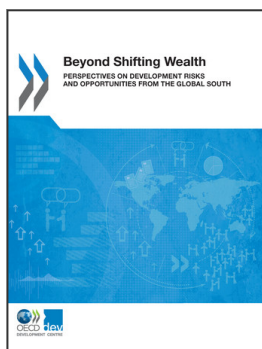
- **Sanjayan Velautham** outlines the ASEAN community’s challenge of overcoming the “energy trilemma”: finding the optimal balance between energy security, environmental sustainability and economic competitiveness. Diversifying energy options will be crucial to achieving this balance.
- **Tian Huifang** argues that the BRICS (Brazil, the Russian Federation, India, China, South Africa) should take policy action in several areas to transition to a low-carbon future, including: following through on the Paris Agreement and regularly renewing nationally determined contributions; promoting strong climate mitigation policies to incentivise the private sector to move to renewables (carbon pricing, targeted investment incentives, etc.); and integrating green finance measures into national development strategies.

### *New forms of development co-operation*

One of the major challenges developing countries face is finding new and improved forms of development co-operation in the context of the SDGs. This topic explores whether Official Development Assistance (ODA), as currently determined, remains fit for purpose, and the risk Least Developed Countries (LDCs) face in being left behind in the SDGs agenda.

- To mitigate the risk of LDCs being left behind, **Debapriya Bhattacharya and Sarah Sabin Khan** propose three key policy areas on which to focus: increased financial resources and access to technology and support for capacity building from the international community; enhanced protection from various systemic risks; and enabling domestic reforms to complement international support measures.
- **Andrea Vignolo and Karen Van Rompaey** argue that ODA will continue to play a role in development co-operation but graduation criteria should be broadened to include other multi-dimensional measures of well-being and sustainability beyond gross national income (GNI) and an alternative timeframe, according to the universality of the 2030 Agenda.





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