

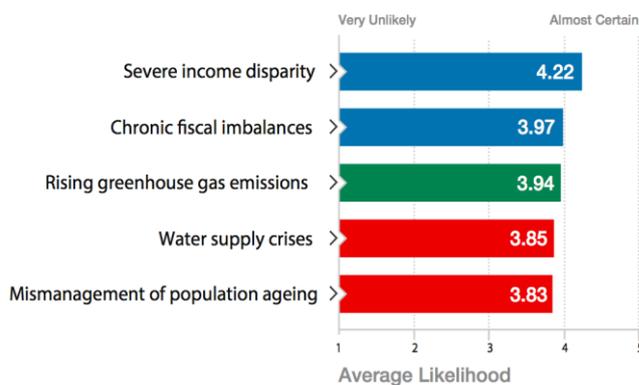


The Challenges of a New Development Agenda

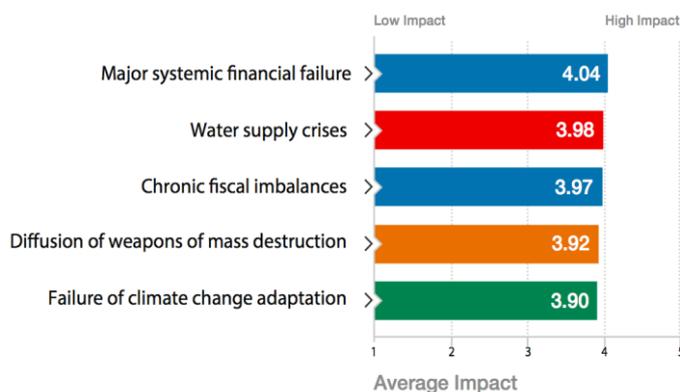
Pressure continues to mount on both global economic and environmental systems. Rising global temperatures and climate change are testing environmental resilience, while fiscal and monetary policies and the possibility of future shocks are challenging global economic resilience. Any change on one front is certain to affect the other.

Figure 1: Top 5 Global Risks by Likelihood and Impact

Likelihood



Impact



Source: World Economic Forum, Global Risks 2013

Development cooperation has been continuously evolving over the past decades and there is a constant need to adapt to new actors, contexts and issues. Poverty is increasingly becoming a middle-income and fragile state phenomenon. Poor countries are more and more seeking to reduce their aid dependency. Meanwhile, the development community is diversifying as middle-income countries become donors themselves and new private actors enter the aid scene. These changes are rearranging the structure of development cooperation and finance, suggesting that a number of challenges lay ahead.

Figure 2: MDG Progress

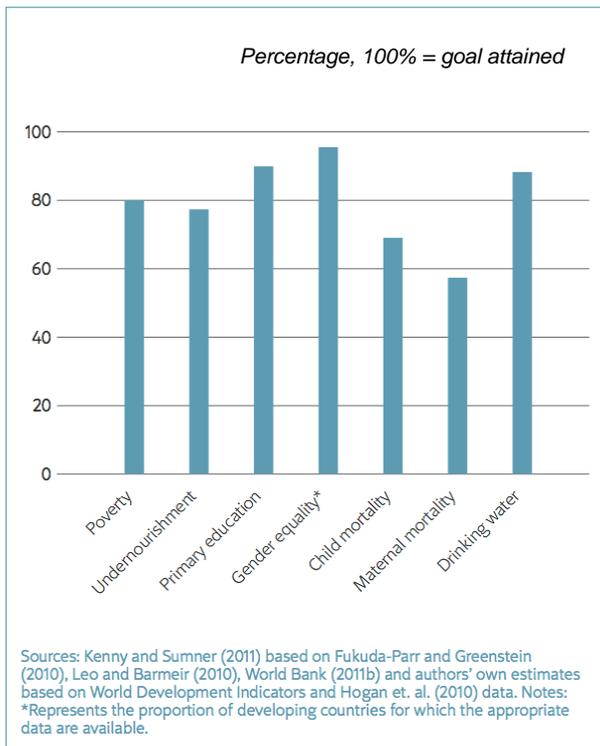
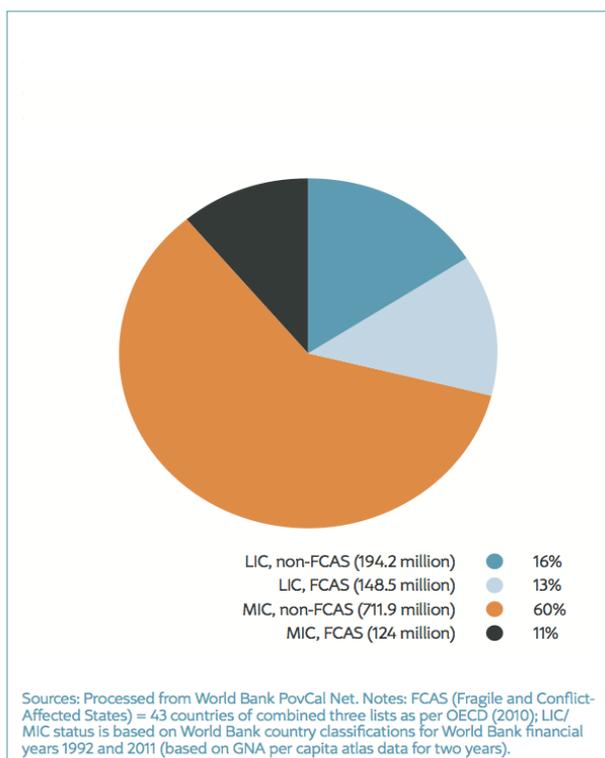


Figure 3: Proportion of the world's poor living in middle-income countries and Fragile and Conflict Affected States (FCAS) has risen



Poverty Eradication

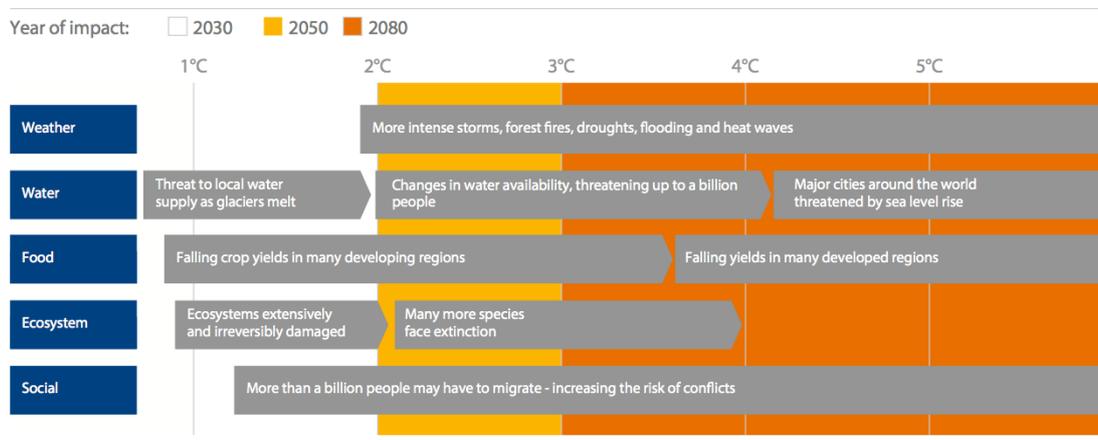
Global poverty has significantly declined over the past few decades due to economic growth and demographic changes, while social indicators, such as health and education, have steadily improved. There has been substantial progress towards meeting most MDG targets at a global level. Results, however, have not been equally distributed within and across countries and regions - the question of how to effectively address deep-rooted forms of deprivation will therefore continue to be a valid one.

Environmental Sustainability

Given the impact of the projected trends in CO₂ emissions, global average temperatures could increase by about 3.5°C by 2100 (Climate Action Tracker, 2012; IEA, 2011) - well above the 2°C of global warming commonly considered the threshold for triggering dangerous climate change and consequences. Moreover, the 2°C scenario is now considered unobtainable, even if there is rapid decarbonisation and a green growth revolution (though it remains a target for political negotiations). Climate change is already among the priorities on the international agenda and is likely to have a fundamental influence on future development cooperation.

During the Rio+20 Summit in June 2012, countries signed off on a plan to set new global sustainability goals, but future progress is likely to face big obstacles. On the one hand, climate change presents tangible environmental and economic threats; on the other, its urgency is constantly challenged by the more short-term priorities of job creation, growth and economic stability concerns.

Figure 4: Possible Impact of Global Warming on Different Sectors



Source: World Economic Forum, Global Risks 2013

Peace and Security

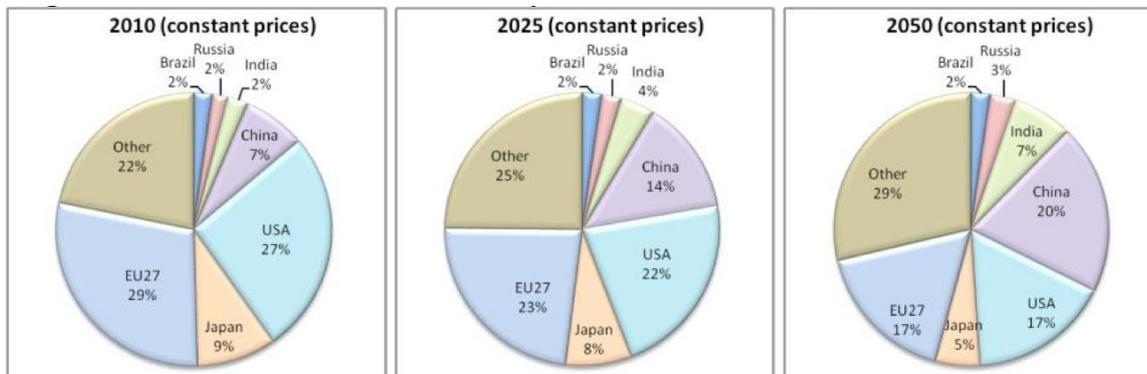
Security and stability are themselves preconditions for achieving sustainable development objectives, and it is generally believed that development cooperation can help improve security, thus creating the necessary conditions for long-term institutional change. However, making stabilisation efforts a development priority raises concerns about the 'securitisation' of development (i.e. development aid being used entirely for security or foreign policy purposes), which can potentially undermine the legitimacy of humanitarian action.

Countries are often trapped in cycles of violence, which erodes economic opportunities and results in low levels of human development. According to World Bank estimates, 1.5 billion people live in countries affected by repeated cycles of violence and conflict (World Bank,

2011). Even though deaths caused by civil war have fallen considerably since the 1980s, a quarter of the world's population still lives in conflict-affected countries and over 40 million people have been displaced from their homes.

The Geography of Wealth

Figure 5: Shares in the world economy, 2010, 2025 and 2050, (in % of world GDP)



Source: Fouré et al., 2012

The development cooperation discourse is continuously evolving, corresponding to a shifting geography of wealth – from the ‘East Asian Tigers’ of the 1980s and 1990s, through the ‘BRICS’ (Brazil, Russia, India, China and South Africa) from the late 1990s, to the current trend of middle-income countries catching up with OECD countries. Economic growth rates in sub-Saharan Africa have also shown considerable improvement after decades of stagnation or decline. Over the past two decades, developing countries were for the first time growing faster than high-income economies (OECD, 2011). An estimated 83 developing countries managed to double OECD per capita growth rates in the 2000s, compared to only 12 countries in the 1990s.

This general and accelerating trend towards global economic convergence is producing a major shift in the balance of global economic and political powers: global inequality is dropping as inter-country inequality is reduced. Country-level inequality is however rising and is re-emerging as a source of concern.

Issues for discussion

- Does the ‘new’ agenda imply that traditional donor agencies have to be reconfigured?
- Given the likelihood of future financial crises and natural catastrophes, are there ways to build resilience in the economic and environmental systems at the same time?
- Should more or less aid be directed to middle-income countries?
- Apart from the challenges ahead, what opportunities does climate change action present for future sustainable development?

Further Reading

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World Bank 2011: World Development Report on Conflict Security and Development

World Economic Forum 2013: Global Risks