Chapter 1

Overview: development prospects in a new global context

This overview chapter provides a scan of the major risks and challenges that developing and emerging economies may face looking forward. It first gives an overview of the development context over the past 15 years. The chapter then examines major development trends over the coming 15 years, including: the end of the commodity super cycle, access to financial markets, demographic transitions, job creation, urbanisation, climate change and conflict and security. The chapter finishes with a roadmap to the rest of the anthology that summarises the key messages from the anthology's contributors.

The period from 2000-15 was generally a favourable one for developing countries, marked by the phenomenon of shifting wealth: the increasing economic weight of developing countries in the world economy (OECD, 2014). Despite the financial crisis of 2008-09 and resulting economic recession, most developing countries experienced rapid economic growth, convergence between the advanced and emerging economies speeded up, and global livelihoods improved.

The prognosis for the next 15 years is more pessimistic, however. Weakening global demand, partly caused by slowing growth in the People's Republic of China (hereafter, China) will hamper the growth prospects of many developing countries. The prospect of the United States further raising interest rates fuels fears of volatility in emerging economies' currency, bond, and stock markets, and as rates rise, debt-service costs increase. Twenty-eight developing countries with a total population of over 2 billion are projected to exceed the income threshold for Overseas Development Assistance (ODA) eligibility over the period until 2030, and will need to foster new forms of development co-operation and secure other sources of financing (Sedemund, 2014). These challenges will be intensified by rapid demographic transitions, migration, urbanisation, digitalisation and automation, and the rising incidence of climate related shocks, amongst other trends Furthermore, evidence suggests that traditional, development models, typically export-oriented industrialisation, may no longer be appropriate as premature deindustrialisation becomes the norm across developing regions: South Asia is the only region that has experienced an increase in the share of manufacturing in total employment and in GDP since 1990 (Tregenna, 2015).

These challenges will affect developing countries differently. China's slowdown and the end of the commodity super cycle is particularly damaging for commodity exporters. Least developed countries (LDCs) represent a significant portion of these and are least capable of diversifying their economies. Premature deindustrialisation is especially harmful in Latin America and sub-Saharan Africa, where employment in manufacturing as a share of total employment was already low. Job creation could be problematic for sub-Saharan African countries, where the working-age population will approximately double in the next 15-20 years. The negative effects of climate change pose greatest risks for island nations and low-lying countries such as Bangladesh.

This anthology takes an overtly forward-looking perspective in order to anticipate global risks and challenges over the next 15 years and how they might affect countries' development prospects. A burgeoning literature on global risks exists already, perhaps best characterised by the World Economic Forum's annual Global Risks report (WEF, 2016). This anthology aims to complement and expand on this literature by providing an array of forward-looking perspectives from the global South on global risks and challenges. It assembles the contributions of a variety of thought leaders, development practitioners and policy makers from emerging and developing countries to help inform the OECD and broader global community's dialogue on development. It builds on previous and ongoing Development Centre work conducted on global livelihoods and the shifting wealth phenomenon.

The Development Centre conceives of development as a multi-dimensional process with the ultimate measure being people's well-being. Economic growth of course plays a crucial role in driving certain dimensions of development but other outcomes of well-being are loosely or even negatively related to aggregate incomes (OECD, 2013a). Furthermore, people's subjective evaluations of their prospects do not necessarily correspond with their income levels: people in low- and middle-income countries are actually more optimistic about their futures than those in high-income countries (OECD, 2015a). The Development Centre challenges conceptions of development based solely on country-income categories (OECD, 2016a).

Thus, new approaches to development and development co-operation are needed for developing countries to improve their wellbeing, access finance, create employment, and enhance their resilience. In addition, further progress is needed to re-conceptualise development and how it is measured in this changed context: more holistic and multi-dimensional metrics than GDP, such as the OECD Better Life Index, the UNDP Human Development Index (HDI), and the Social Progress Index, should be iterated upon and promoted.

The remainder of this overview provides the Centre's perspective on the new global context and the challenges it poses. It is intended to stimulate questions, discussion on the new global political economy and on the concept of development, while identifying potential policy solutions across a range of thought leaders from emerging and developing economies. It is structured in four sections: first, it briefly reviews the development context over the past 15 years and how development has been framed over this period; second, it argues that the next 15-year period will be significantly more challenging; third, it provides some thoughts on policy proposals and solutions for these challenges; fourth and finally it provides a roadmap to the remainder of the anthology, including its main messages. Beyond this overview chapter, the articles in this anthology neither represent the positions of the Development Centre nor the OECD, but are solely the authors' own views.

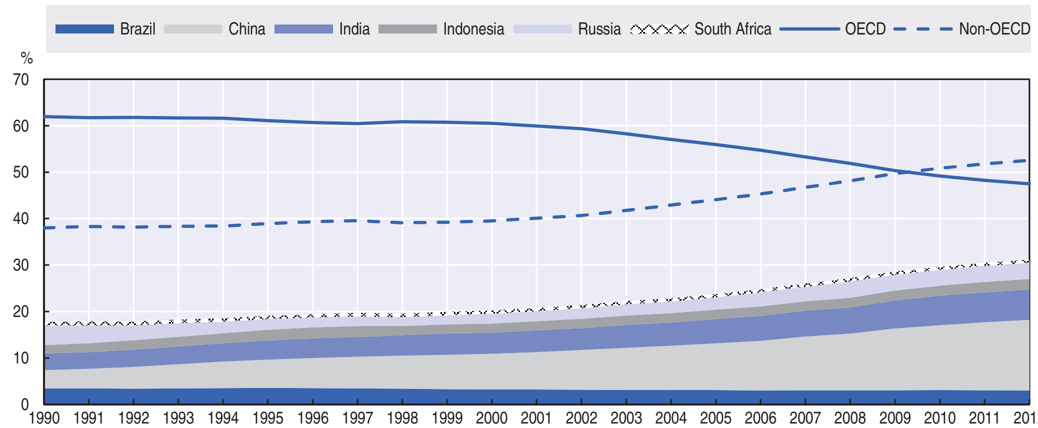
2000-2015: A generally favourable development context

Since the 2000s, economic growth in developing countries has been robust, contributing to the phenomenon of shifting wealth and massively improved livelihoods under the framework of the Millennium Development Goals (MDGs). Many developing economies have been growing faster than advanced countries, leading to a shift in the global economic centre of gravity (Figure 1.1). This shift has been driven largely by China. China's strong demand for commodities – including energy, metals and agricultural products – led to a commodity price boom, fuelling growth in many developing countries that produce these commodities. The resultant growth contributed to strong progress in improving global livelihoods and toward achieving the MDGs. Whilst not eradicated completely, extreme poverty has declined significantly over the last two decades (Figure 1.2). In 1990, nearly half of the population in the developing world lived on less than USD 1.25 a day; that proportion dropped to 14% in 2015 (UNDP, 2015). Life expectancy improved and the global under-five mortality rate declined by more than half, dropping from 90 to 43 deaths per 1,000 births between 1990 and 2015 (Figure 1.3). Productive employment in the developing world expanded massively and unskilled workers saw real increases in their wages. Literacy became more widespread than ever and the primary school net enrolment rate in developing regions increased from 83% in 2000 to 91% in 2015 (UNDP, 2015).

The improved economic performance of developing countries and progress towards the MDGs has stimulated a discussion on what constitutes development in a shifting wealth world. Development is being re-conceptualised as a universal, multi-dimensional process that goes beyond economic growth. Improving the livelihoods and well-being of individuals globally is increasingly viewed as the appropriate objective of development rather than raising GDP. This is demonstrated by the rise in popularity of metrics such as the Better Life Index, the HDI and the Social Progress Index. The recently agreed-upon Sustainable Development Goals (SDGs) embody this multi-dimensional conception and work to further break down the dichotomy between developed and developing countries.

Figure 1.1. **Non-OECD countries' share in the global economy has been rising steadily**

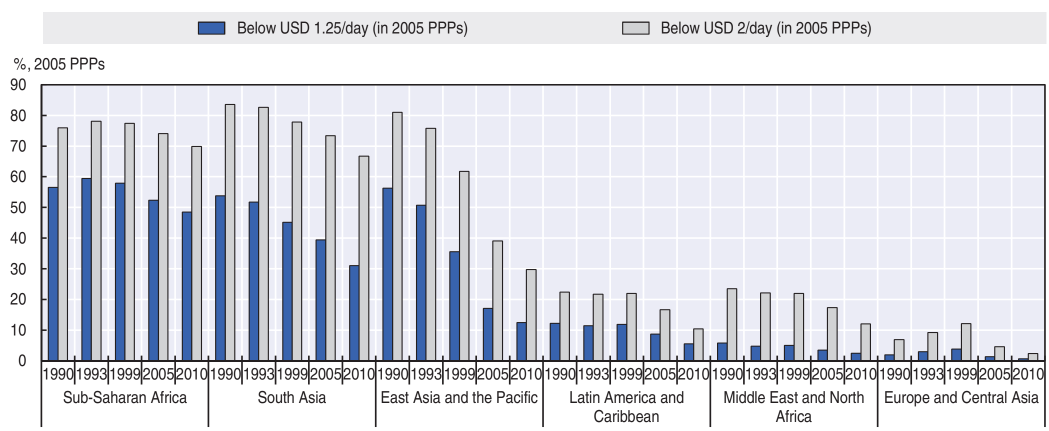
Share of GDP in PPP (current USD)



Source: OECD (2014a), *Perspectives on Global Development 2014: Boosting Productivity to Meet the Middle-Income Challenge.*

Figure 1.2. **All developing regions have reduced the share of their populations living in extreme poverty**

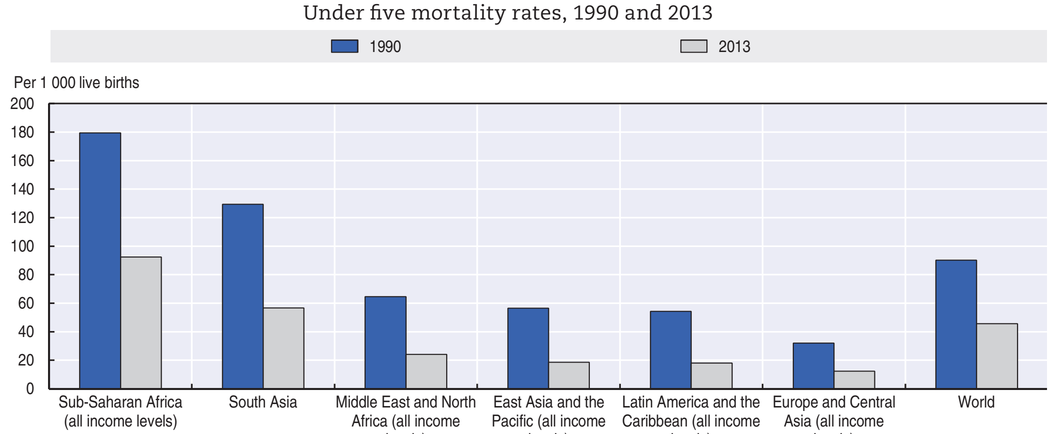
Poverty headcount ratio by region, %, 2005 PPPs, 1990-2010



Source: OECD (2015a), *Securing Livelihoods for All: Foresight for Action.*

Figure 1.3. **There has been robust global progress in reducing under-five mortality rates**

Under five mortality rates, 1990 and 2013



Source: OECD (2015a), *Securing Livelihoods for All: Foresight for Action.*

Is shifting wealth over? A new, more challenging global context

More recently, however, signs suggest that this may have been an exceptional period, and that a new, more challenging global context is emerging. A variety of challenges, including sluggish growth, the end of the commodity super cycle, a more volatile global financial system, demographic transitions and urbanisation, premature deindustrialisation, and environmental shocks, have emerged and will constrain development prospects over the coming 15 years.

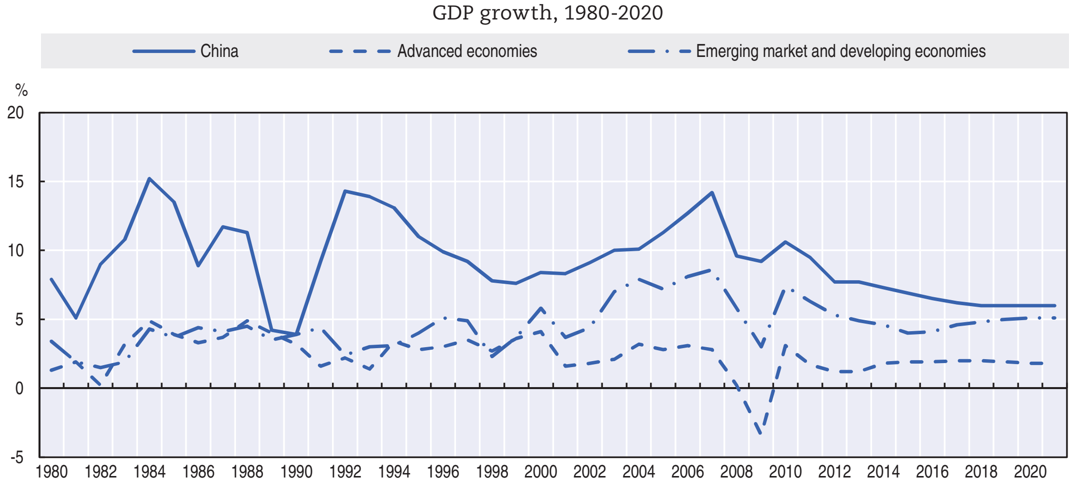
Is shifting wealth over?

The global economy is exhibiting perennially sluggish output growth, below target inflation and low interest rates, to the extent that some commentators are heralding the advent of "secular stagnation" (Summers, et al, 2016). Slowing economic convergence between the advanced economies and developing countries potentially heralds the end of the shifting wealth phenomenon of the last 15 years. The growth differential between OECD and non-OECD countries narrowed recently, after its peak in 2009 during the global financial and economic crisis. At current rates (average growth between 2000 and 2012) several lower middle-income countries (e.g. India, Indonesia and Viet Nam) as well as upper middle-income countries (Brazil, Colombia, Hungary, Mexico and South Africa) will fail to catch up with average OECD income levels by 2050 (OECD, 2015a).

Their challenge is deepened by the slowdown in some large developing economies, particularly China (Figure 1.4). After three decades of extraordinary economic development, China is moving towards a lower growth path: growth slowed from a peak of 14% in 2007 to 7.4% in 2014 (OECD, 2015b). This is mainly due to the slowdown in investment and the lagged impact of earlier measures to restrain credit and the housing market boom.

Figure 1.4. **Economic convergence between advanced and emerging economies is slowing down**

GDP growth, 1980-2020



Note: The figures for 2017 to 2020 are projections.

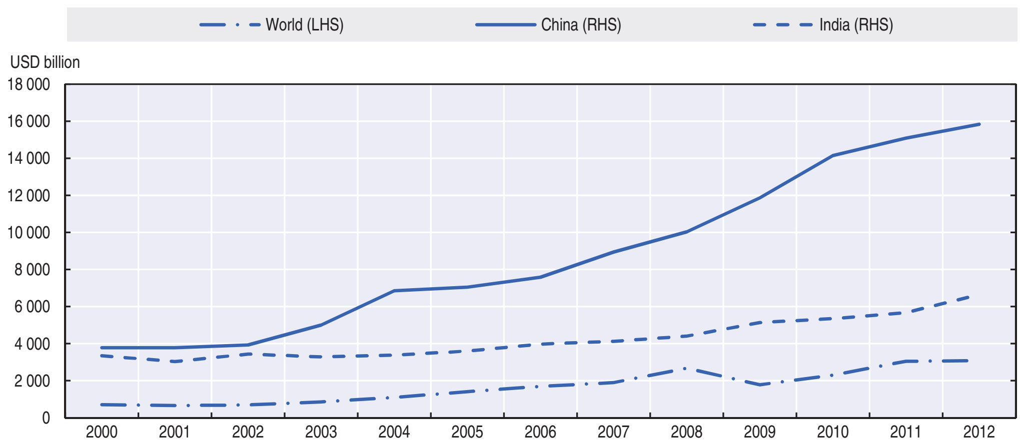
Source: Author's calculations based on IMF (2016), Datamapper.

The commodity super cycle has ended

China is the world's biggest importer of raw materials (Figure 1.5), and as such, its slowdown greatly reduces global demand for raw materials and negatively affects commodity exporters. All commodity price indices, including food, agricultural raw materials, mineral ores and metals, and crude petroleum, declined from 2012 to 2015 (UNCTAD, 2015a). Falling prices were a result of weakening demand, oversupply (following overinvestment during the preceding decade of higher prices), an appreciating dollar and unusually large harvests (World Bank, 2015). Oil prices have been pushed down by decreasing demand from the United States following gains made by fracking and other deposits, and OPEC's decision not to reduce production. The end of the commodity super cycle has been particularly difficult for countries heavily dependent on energy exports: Nigeria and the Plurinational State of Bolivia, for example, suffered large income losses in 2015, ranging from 6% to 12% of GDP, with the Republic of the Congo and South Sudan suffering even larger income declines (IMF, 2015). Pro-cyclical investment strategies pursued by many developing countries have left them vulnerable to price fluctuations. Moreover, the least developed countries (LDCs) are frequently the most dependent on non-renewable natural resources. Almost one quarter of LDCs (11 out of 48) are highly dependent on natural resources rents as an engine of growth and are thus especially susceptible to commodity price shocks (Table 1.1).

Figure 1.5. **China has the largest share of raw material imports**

Raw material imports and China's and India's shares, 2000-12



Note: Raw material is defined as the sum of the categories of A, B and C in ISIC Rev.3 where A. is Agriculture, hunting and forestry; B. is Fishing and C. is Mining and quarrying.

Source: OECD (2014a), *Perspectives on Global Development 2014: Boosting Productivity to Meet the Middle-Income Challenge*.

Table 1.1. **LDCs are highly dependent on non-renewable natural resources**

Country	Non-renewable natural resources rents (% of GDP) 2013
Equatorial Guinea	53.3
Mauritania	41.9
Angola	34.6
South Sudan	25.8
Chad	23.3
Democratic Republic of the Congo	21.1
Eritrea	18.8
Zambia	16.6
Yemen	15.7
Burkina Faso	13.7
Lao People's Democratic Republic	10.3

Source: Author's calculations based on World Bank (2016a), World Development Indicators, data.worldbank.org

Access to financial markets is increasingly difficult

The worsening economic climate for developing countries is matched by an increasingly volatile financial system. A combination of a sluggish economy, fiscal austerity and quantitative easing resulted in excess liquidity in developed economies spilling over to emerging economies. Private capital inflows to developing countries, as a proportion of gross national income, increased rapidly from 2.8% in 2002 to 5% in 2013, after reaching a record high of 6.6% in 2007 (UNCTAD, 2015a). However, capital began swiftly exiting developing countries from mid-2015 as global financial markets became concerned with weakening growth in China, recessions in Brazil, the Russian Federation and South Africa, and projected rising interest rates in the United States. These increasingly large and volatile capital flows are reminiscent of the flows that preceded previous financial crises in the 1980s and 1990s. Although they can give a short-term boost to growth, they also can increase vulnerabilities to external shocks.

This volatility is contributing to a difficult financial climate for developing countries. Domestic resource mobilisation remains a significant problem in many emerging economies. Thus, they are more reliant on private capital flows, including portfolio flows and foreign direct investment (FDI), foreign aid, and remittances as a source of finance.

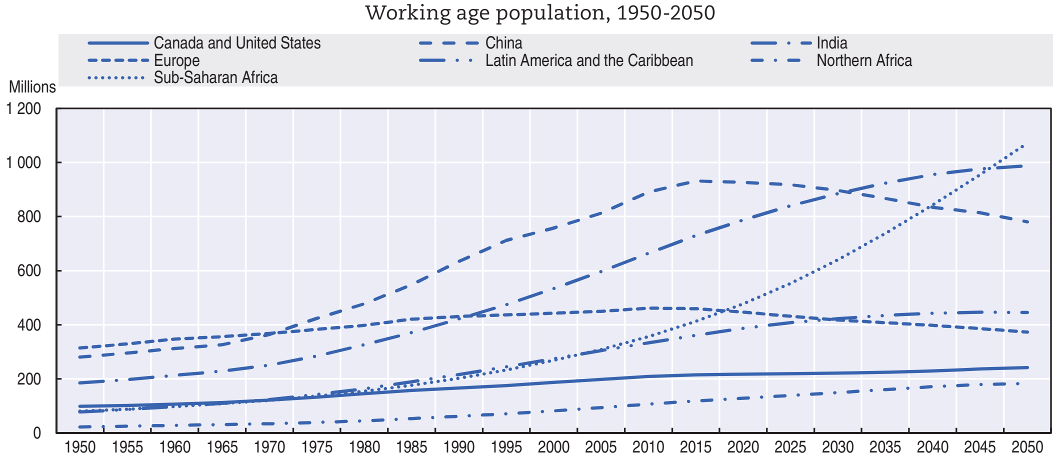
The more constrained global context is making international finance more difficult to come by, however. Portfolio flows are increasingly erratic and speculative, whilst FDI inflows are increasingly concentrated in a few key resource-rich countries: Mozambique, Zambia, Tanzania, Democratic Republic of the Congo, Equatorial Guinea, and Haiti accounted for 58% of total FDI to the LDCs in 2014 (ibid.). Real bilateral official development assistance (ODA) from OECD Development Assistance Committee (DAC) members has stagnated since 2010 (UNCTAD, 2015b). Moreover, over the period until 2030, 28 developing countries with a total population of 2 billion are projected to exceed the income threshold for ODA eligibility (Sedemund, 2014).

Demographic transitions will lead to the rapid expansion of working-age populations in low income regions

These more adverse economic and financial conditions will be exacerbated by large-scale demographic transitions over the next 15 years. Many high and middle-income countries, such as EU member countries and China, will experience population ageing such that their populations will stagnate or begin to decline unless ameliorative policy actions are taken. By contrast, working-age populations will expand rapidly in low-income regions, particularly sub-Saharan Africa and South Asia (Figure 1.6). Africa in particular has experienced a swift decrease in child mortality combined with high fertility rates, contributing to rapid population growth.

Figure 1.6. **Working-age populations are expected to grow substantially in low-income regions**

Working age population, 1950-2050

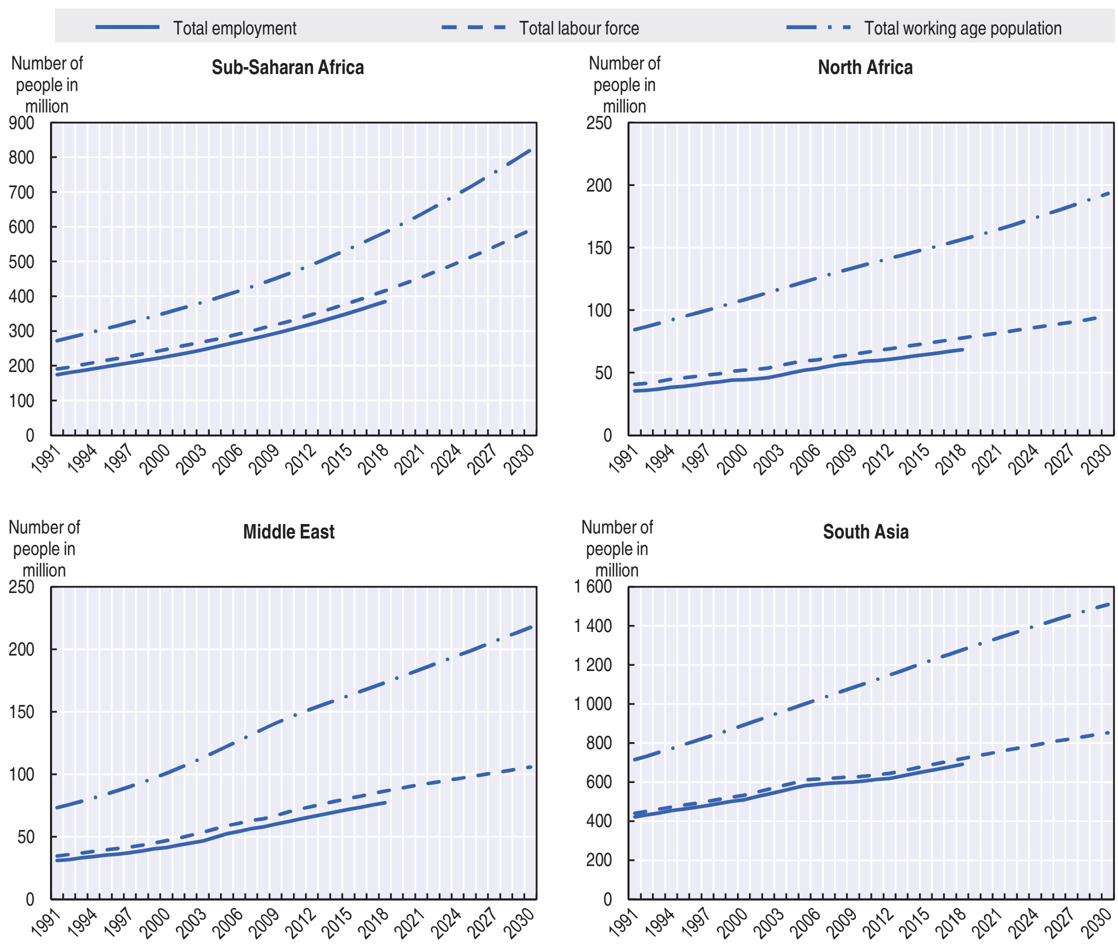


Note: Working-age is defined as 20-64 years old. Figures for 2017-2050 are projections.
Source: UN-DESA (2012a), World Population Prospects: The 2012 Revision.

Creating jobs will be difficult

Countries with large working-age populations can enjoy a "demographic dividend" provided they can create enough jobs. A country's capacity to exploit the demographic dividend relies on its capacity to employ the growing number of young people entering the labour force. Sub-Saharan Africa's labour force is expanding by about 8 million people per year; it will grow by 12 million per year in South Asia (World Bank, 2012). Around 600 million more jobs are needed in 2020 than in 2005 to maintain the world's ratio of employment to working-age population (ibid.). However, the gap between the number of jobs and the working-age population is significant, and is growing in several regions; it may reach about 200 million in sub-Saharan Africa in 2030 (Figure 1.7).

Figure 1.7. **The gap is growing between the number of jobs and the working-age population, 1991-2030**

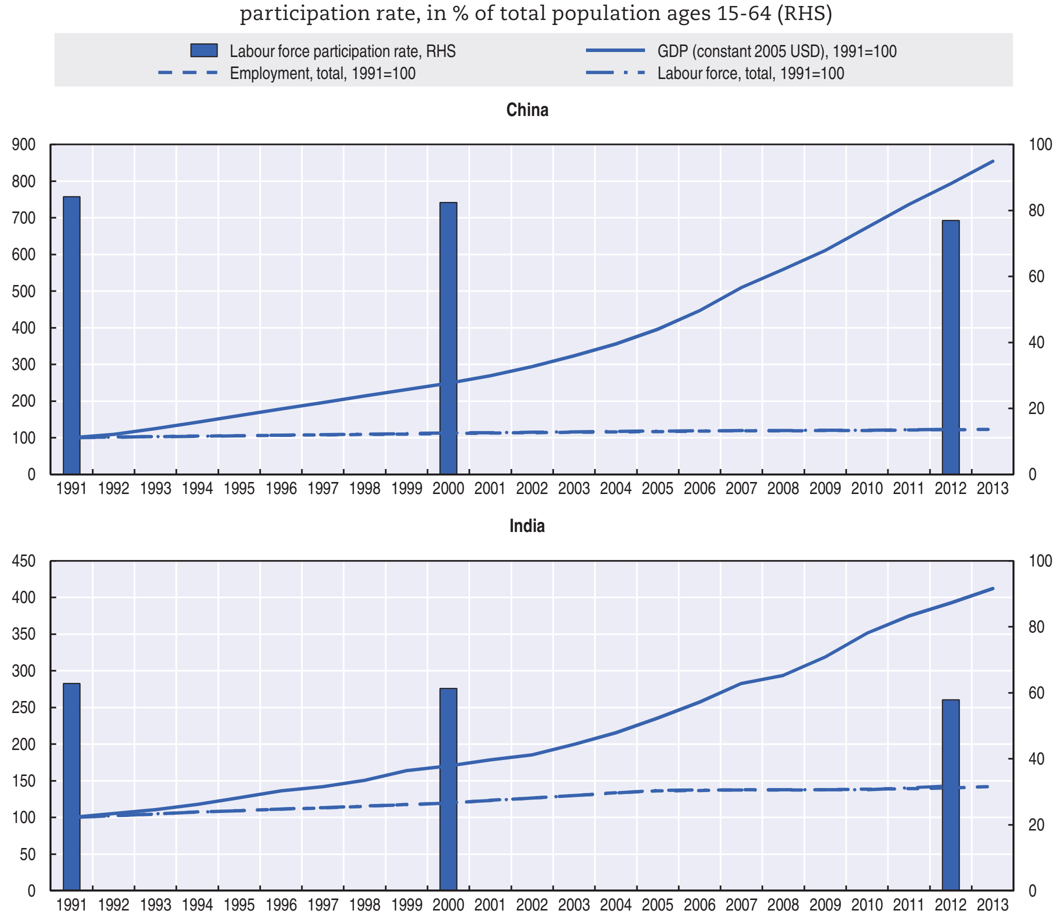


Note: Projections start in 2014. The labour force is the actual number of people available for work. The labour force of a country included both the employed and the unemployed (that is those looking for a job).
Source: OECD (2015a), *Securing Livelihoods for All: Foresight for Action.*

Furthermore, ensuring economic growth itself may not be enough to create jobs. GDP growth and employment growth are decoupling across all countries. This trend has been especially pronounced since the 2000s, reflecting the productivity gains and unemployment problems experienced by a number of countries. Among the BRIICS (Brazil, the Russian Federation, India, Indonesia, China and South Africa), China's case is particularly striking (Figure 1.8): between 1991 and 2012, GDP multiplied by a factor of nine (adjusted for inflation), while total employment remained almost static. Meanwhile, the labour force participation rate diminished by some eight percentage points, from 85% of the 15-64 age group in 1991 to 77% in 2012. The phenomenon is similarly remarkable in India (Figure 1.8), although the labour force participation rate declined less steeply than in China, reflecting the informal economy's greater size. Jobless growth also is occurring in low-income countries such as Bangladesh (Figure 1.9). Rapid population growth in sub-Saharan Africa, in particular, combined with jobless growth, will contribute to growing migration from the South to the North. Global migration is welfare-enhancing overall, in terms of raising labour productivity, generating remittances, and enhancing skill development but there are local winners and losers (OECD, 2016b). Integrating migrants into society is a policy challenge for all countries.

Figure 1.8. **Employment growth is stagnating in China and India**

Indexed GDP (constant 2005 USD), total employment and total labour force, 1991=100 (LHS); labour force participation rate, in % of total population ages 15-64 (RHS)

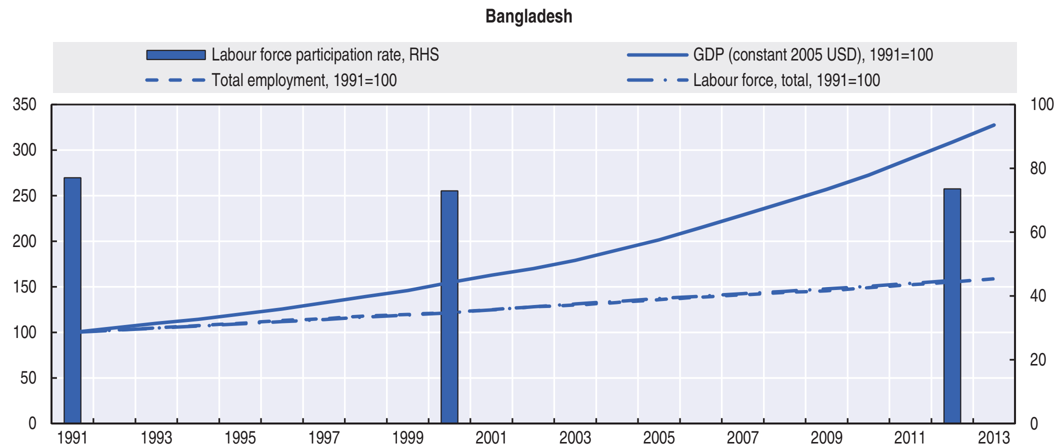


Notes: The labour force is the actual number of people available for work. The labour force of a country includes both the employed and the unemployed (that is those looking for a job). RHS means right-hand side axis. LHS means left-hand side axis.

Source: OECD (2015a), *Securing Livelihoods for All: Foresight for Action.*

Figure 1.9. **Jobless growth is also occurring in low-income countries**

Indexed GDP (constant 2005 USD), total employment and total labour force, 1991=100 (LHS); labour force participation rate, in % of total population ages 15-64 (RHS)



Notes: The labour force is the actual number of people available for work. The labour force of a country includes both the employed and the unemployed (that is those looking for a job). RHS means right-hand side axis. LHS means left-hand side axis.

Source: OECD (2015a), *Securing Livelihoods for All: Foresight for Action.*

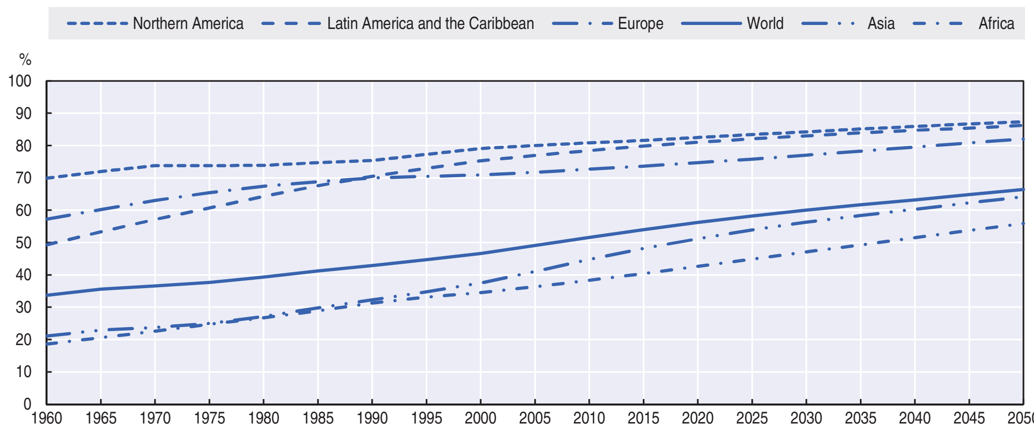
Digitalisation and automation could accelerate these trends. Enhanced processing power, big data analytics and improved robotics are enabling machines to increasing perform both routine manual and routine cognitive tasks more cheaply and effectively than people. Nike used 106 000 fewer contract workers in 2013 than in 2012 because it is "shifting toward automation," even in lower-margin countries such as China, Indonesia and Viet Nam (McAfee, 2014). The rise of 3D printing and additive manufacturing has the potential to re-localise parts of the production process and shorten global supply chains, with significant implications for jobs in low-value added manufacturing activities in developing countries.

Urbanisation is increasing rapidly in developing regions

Furthermore, these demographic and employment challenges are occurring during a period of rapid urbanisation in developing regions (Figure 1.10). While urban population growth is expected to continue in OECD countries, most of the growth of the world's urban population is projected to occur in non-OECD economies. In Asia, for example, the level of urbanisation is forecasted to increase from 45% in 2011 to 64% in 2050, when about 1.4 billion more people will be living in cities. In comparison, urbanisation in North America will rise by less than 10 percentage points to around 89% in 2050, but will still remain more than 24 percentage points above Asia. These rapid urbanisation trends will present significant challenges in terms of mitigating environmental problems, such as freshwater supplies, waste disposal and air pollution, and managing rising infrastructure costs.

Figure 1.10. **Developing regions are urbanising rapidly**

Level of urbanisation by region, 1960-2050 (projected)

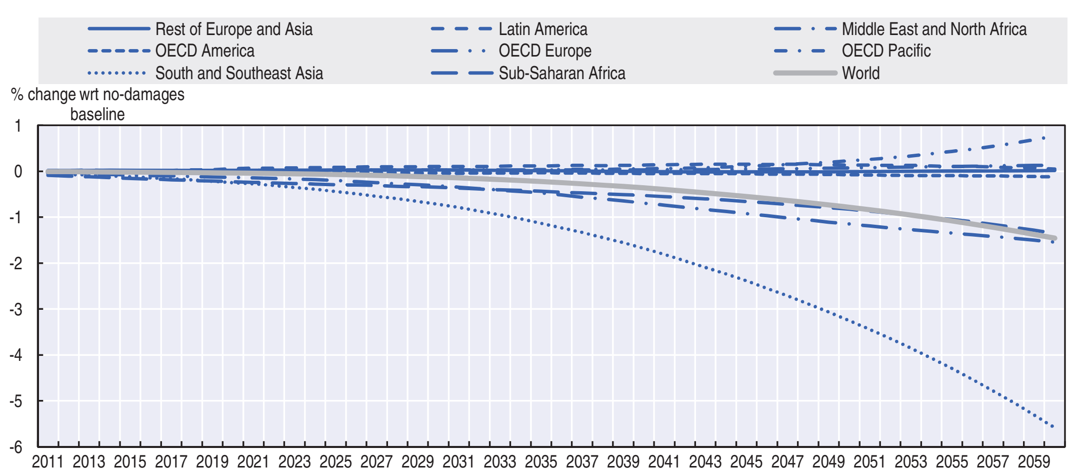


Source: UNDESA (2014), World Urbanization Prospects: The 2014 Revision.

Climate change is expected to reduce economic growth in most regions

Tackling these challenges will be exacerbated by climate-related shocks, the burden of which fall disproportionately on developing countries. Environmental degradation and GDP growth are tightly and negatively correlated (van Zanden, 2014) and climate change is expected to reduce economic growth in most regions (Figure 1.11). The International Panel on Climate Change (IPCC) estimates that the global mean temperature will increase by 0.5-1.2 degrees Celsius between 2015 and 2035 (IPCC, 2014). Significant portions of plant and animal species face extinction risks as a result. The frequency of natural hazards, such as floods, droughts, typhoons and hurricanes, is already increasing because of climate change. The number of people exposed to droughts is expected to increase by 9% to 17% in 2030. The number exposed to river floods is expected to increase by 4% to 15% in 2030 (World Bank, 2016). Coastal systems and low-lying areas are at increasing risk from sea level rise, which will continue for centuries even if the global mean temperature is stabilised (IPCC, 2014). As such, low-lying developing countries, such as Bangladesh and the Philippines, face significant humanitarian problems.

Figure 1.11. **Climate change will reduce economic growth in most regions**



Source: OECD (2014b), *Policy Challenges for the Next 50 Years*.

Climate change poses a significant threat to food security: fisheries productivity and wheat, rice and maize production in tropical regions will be severely challenged. Water scarcity will become increasingly prevalent in light of the projected reduction in renewable surface water and groundwater resources. Climate change also is expected to affect human health by compounding existing health problems and diseases, such as malaria and diarrhoea.

Poorer people suffer disproportionately from climate-related shocks. In the absence of rapid and inclusive development policies, climate change could result in an additional 100 million people, mostly based in developing countries, living in poverty by 2030 (World Bank, 2016b).

Conflict and new forms of security risks are destabilising many states

Peace and security are essential for development but conflict and new forms of security risks are destabilising many states. 1.5 billion people – about one-fifth of the world's population – live in countries affected by conflict. Protracted conflicts predominate in low-income countries and have negative impacts on development, as demonstrated by the rise in poverty in such countries. For example, countries that experienced major violence between 1981 and 2005 had on average a poverty rate 21 percentage points higher than countries that experience no violence (World Bank, 2011). The negative externalities of conflicts spill over to other countries and the burden falls disproportionately on developing countries: 75% of refugees are hosted by neighbouring countries and developing regions hosted 86% of the world's refugees in 2014 (UNHCR, 2015). Global forced displacement has been accelerating, reaching unprecedented levels. By the end of 2014, 59.5 million people were forcibly displaced worldwide as a result of conflict, persecution and human rights violations (ibid.) Moreover, whilst inter-state conflicts have declined, other forms of security risks have become more prominent. Terrorism has become an increasingly salient problem for advanced countries since 9/11, as demonstrated by the recent attacks in Paris and Nice. The rise of rogue terrorist groups, such as Al-Qaeda in the Arabian Peninsula (AQAP) in Yemen, Boko Harem in Nigeria and Al-Shabaab in Somalia, is making governance in already fragile states increasingly precarious. These groups are furthermore propagating conflict and human displacement beyond the borders of their origin countries.

Faced with these challenges, tried and tested development strategies may no longer deliver results. Developing countries have looked historically to manufacturing to absorb significant amounts of unskilled labour and act as growth engines of the future. However, these previously successful industrial-oriented models of development as practiced by China and the East Asian Tigers may no longer work in the new global context. A combination of automation and competitive trade with wealthier countries is contributing to a growing trend of "premature deindustrialisation," whereby developing countries are becoming service economies without experiencing industrialisation (Rodrik, 2015). The problematic consequences of this are already evident. In Latin America, informality has expanded and productivity has dipped as manufacturing as a share of the economy has declined. In Africa, urban and rural migrants are moving into informal services instead of manufacturing despite Chinese investment in industry. The sustainability of growth in these regions is thus questionable as it is propped up by capital inflows, transfers or commodity booms rather than domestic sources.

Development co-operation needs to adapt to the new context

New approaches to development co-operation are therefore required. The realisation that aid alone is insufficient to achieve shared development goals, and the recognition of an evolving and increasingly complex development architecture, characterised by a greater variety of actors, country contexts and new forms of partnership, has driven the impetus for new forms of development co-operation in the 2030 Agenda for Sustainable Development era. Examples of this were already outlined in the 2011 Busan Partnership for Effective Development Co-Operation: strengthen ownership of development priorities by developing countries, focus on results, build inclusive development partnerships, and enhance transparency and accountability (OECD, 2014c). In consultation with the international community, the OECD Development Co-operation Directorate (DCD-DAC) is building on this work through its development of a new statistical measurement to measure "external" finance that supports developing countries. Total official support for sustainable development (TOSSD) covers all officially-supported resource flows regardless of financial instrument used or level of concessionality, or whether they are delivered through bilateral or multilateral channels (OECD, 2016c). TOSSD will promote greater transparency of the full array of external officially-supported resources available to finance the SDGs and to address development enablers and global challenges. Other novel forms of development co-operation beyond measures like TOSSD are required to meet the SDGs.

Perspectives from developing and emerging economies

Sluggish growth, the end of the commodity super cycle, a more volatile global financial system, demographic transitions, migration and urbanisation, premature deindustrialisation, environmental shocks, and conflict and security issues will combine and interact with one another to create a more constrained development context for emerging countries. It is easy to be pessimistic in light of such a gloomy prognosis. However, the next 15 years are also a period of opportunity to enhance the resilience of developing countries.

The contributions in this anthology from a range of thought leaders across the world are testament to the opportunities and positive policy options in the face of such challenges. The remainder of this anthology is split into four chapters. **Chapter 2** analyses some of the major risks and challenges associated with structural transformation in sub-Saharan Africa and Azerbaijan. Common among these pieces is the recognition that development based largely on agricultural and extractive resources is susceptible to commodity price fluctuations and thus unsustainable in the long-term.

- Alan Hirsch recognises many African countries' dependency on natural resources' rents, and the problems this poses in light of falling commodity prices.
- Similarly, using Tanzania to highlight development challenges common to many sub-Saharan African countries, Donald Mmari emphasises the dependency on agriculture and the need to both enhance agricultural productivity and diversify to other higher-value activities.
- Vugar Bayramov and Ahmad Alili, note Azerbaijan's dependency on rents from natural oil and gas reserves to spur its economic growth over the past 15 years. Falling energy prices means this growth model is no longer fit for purpose.
- 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.

Chapter 3 discusses building inclusive societies in the context of rapid demographic change, jobless growth, rising informality and growing inequality.

- 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 programs to reduce inequality.
- Gilbert Houngbo emphasises the need to create secure jobs for young people on a global scale, citing the disproportional number of young people "working and producing in the informal economy." He calls for incentives for formal job creation, initiatives to formalise informal jobs and units, and the extension of social coverage to informal workers.
- Similarly, Samir Saran and Vivan Sharan stress the high proportion of young Indians in the working-age Indian population without jobs or in informal employment. They argue that recognition of the "new informality" is needed and hope technology could provide for India's informal workforce by identifying informal workers and guaranteeing them some minimum level of income, health and life insurance coverage, and safe and healthy working conditions.
- Hussein Al-Majali notes the problem of youth unemployment and labour market restrictions in the MENA region. He advocates that MENA countries develop the concept of "active citizenship," based on ample employment opportunities, for the disaffected youth of the region.

Chapter 4 explores the risks and challenges associated with reconciling growing energy demands, energy security and the transition to low-carbon economies in the context of the BRICS and ASEAN community.

- Sanjayan Velautham highlights the ASEAN community's challenge of overcoming the "energy trilemma": finding the optimal balance between energy security, environmental sustainability and economic competitiveness as ASEAN is projected to require more than 2.4 times its current annual energy demand over the next 15 years.
- Tian Huifang looks at the competitiveness, institutional, regulatory, infrastructural and financial barriers the BRICS face as they transition to a low-carbon economy in the context of high energy consumption, high emissions and heavy pollution. She calls on G20 countries to renew their commitment to global climate governance by reinforcing the Paris Agreement, pushing developed countries to meet the commitment to mobilise USD 100 billion per year by 2020 to support climate change adaptation and mitigation and foster other sources of climate finance.

Chapter 5 looks at the concept of development cooperation in the context of the LDCs and the SDGs.

- Debapriya Bhattacharya and Sarah Sabin Khan explore the prospect of the LDCs being left behind in the SDGs agenda. They 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 the eligibility and graduation criteria for ODA rooted in countries' economic growth performance are increasingly outdated within the SDGs agenda that sees development as a multi-dimensional process based on well-being and sustainability rather than just GDP growth. Continuing to develop other forms of development co-operation, such as South-South and triangular co-operation, will thus be increasingly important.

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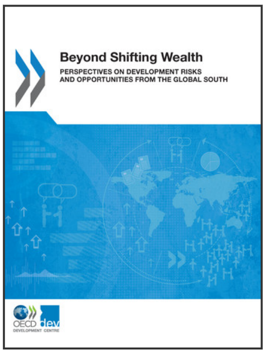

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