GLOBAL TRENDS, DEVELOPMENT DYNAMICS AND THE ROLE OF THE OECD


Carl J. Dahlman
OECD Development Centre

Structure of Presentation

• Key Global Trends
• Implications for Development Dynamics
• Key Issues for a Renewed Global Partnership for Development
• Role of the OECD in Facilitating Transformational Change
Key Global Trends

- **Economic**
  - Increased competition and interdependence
  - Risk of other major global financial crisis
- **Social**
  - Increasing inequality within and across countries
  - Unemployment/Youth inclusion
- **Environmental**
  - Global constraint on CO2 absorption-climate change
  - Environmental degradation
- **Technology**
  - Continued ICT revolution impacting economy and society
  - Increasing ability to engineer new materials and life forms
- **Geopolitical**
  - Shifting balance of economic power
  - Outdated and incomplete global governance system

Changing Shares of Global GDP in PPP

![Chart showing changing shares of global GDP in PPP](chart.png)

Source: IMF Datamapper
Implications for Development Dynamics

- Because of greater global interdependence, the global context matters very much for development.

- There are many major global challenges that are not being sufficiently addressed and which have a major impact on global growth and development.

- There are still almost a billion people living in extreme poverty (less than PPP $1.25/day). They are very vulnerable to climate change and other external shock.

- Some emerging middle income countries are increasingly important as sources of development assistance as well as development knowledge.

**People living on less than 2005 PPP $1.25 a day (billions)**

- **Source:** World Bank PovcalNet.
BRIICs in Global Income Distribution


Key Issues for Renewed Global Partnership

- Because of greater global interdependence development is not just about aid
- It also depends very heavily on global economic environment and global public goods
  - Trade and Investment
  - Financial stability
  - Knowledge and technology
  - Stable climate
  - Peace
  - Freedom from communicable diseases
  - Incorporating fairness into global agreements
- There is a need to incorporate provision of global public goods into development debates and concerns with poverty reduction
- There is also a need to work more closely with new emerging powers in
  - Technical and policy knowledge for development
  - Financing for development
  - Improving the global governance system
The Role of the OECD

• There are many institutions working on development
  – UN and other multilateral institutions such as WTO, WIPO
  – G20, G8, Group of 77 and other ad hoc global organizations
  – Multilateral and private financial institutions
  – MNCs and private sector
  – Think tanks, consulting companies, and academics
  – NGOs
  – Foundations

• Comparative advantage of the OECD
  – Platform to compare policy experience and seek answers to common problems—think tank
  – Intergovernmental organization—more than think tank
  – Capacity for benchmarking
  – Ability to coordinate domestic and international policies—“Soft law”

Some Specific Areas
Where the OECD Can Contribute (1)

• More analysis of key areas of the global system that are critical for development
  – Climate change
  – Communicable diseases
  – Financial stability
  – Trade
  – Innovation

• Benchmarking
  – Extending Better Life index to developing countries
  – Developing indicators of policy coherence for development
Some Specific Areas
Where the OECD Can Contribute (2)

• Policy coordination and coherence
  – Better and broader coordination of development assistance including drawing on capabilities and experience of emerging countries
  – More efforts to develop and disseminate policy and technical knowledge needed to tackle the multiple dimensions of development
  – Developing alternative future scenarios to sensitize stakeholders about critical global issues that need to be addressed

• Greater efforts to help improve capacity in developing countries to
  – Develop strategies with more understanding of global context and national needs
  – Coordinate and implement development strategies
  – Improve institutions and regulations to increase efficiency and flexibility to respond to changing needs
  – Increase the education and skills of people
  – Take advantages of new technologies, and technical and organizational innovation

THANK YOU!

Carl J. Dahlman
OECD Development Centre
carl.dahlman@oecd.org