



Global Development Trends and Challenges in Emerging Asia:

Making the most of the OECD Development Centre

*Iino Hall - Tokyo, Japan
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OECD Development Centre
Special Advisor to the OECD SG on Development



Today's agenda

- 1. Shifting wealth I –
a global development trend
- 2. Shifting wealth II –
Remaining Development challenges
- 3. How Can we best Support Partner Countries?
Joining forces



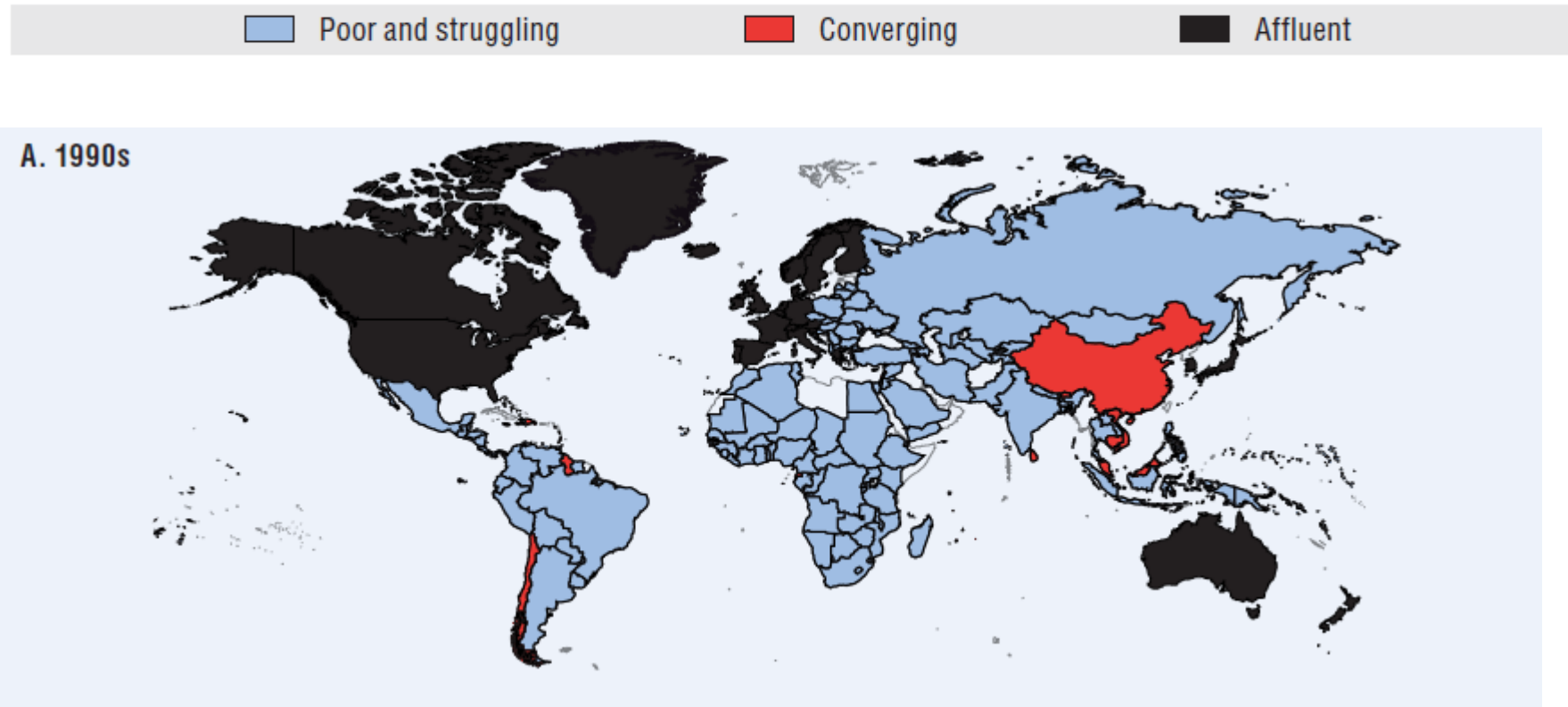
I. SHIFTING WEALTH

A GLOBAL DEVELOPMENT TREND

Shifting Wealth is reshaping the world economy



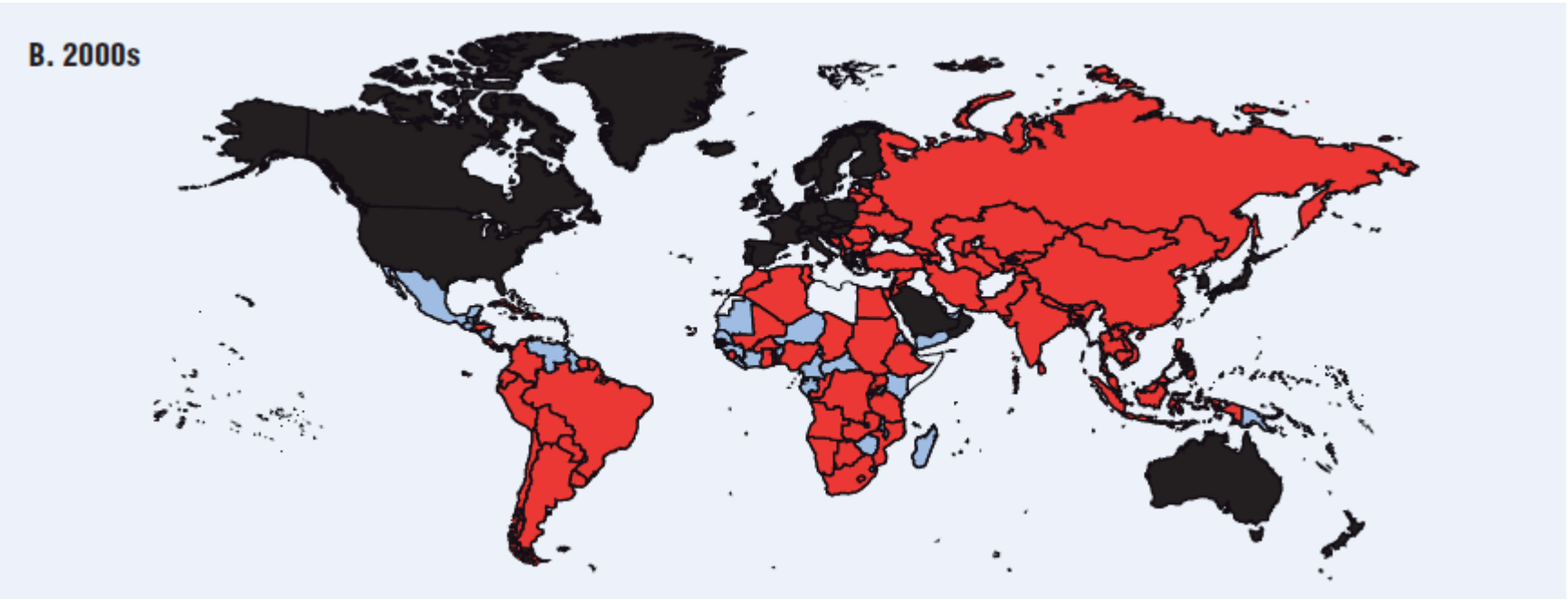
The “Three Speed World” in the 1990s



Source: Perspectives on Global Development 2010: Shifting Wealth, author's calculations based on World Bank Data 2009

Note: This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

The “Three Speed World” in the 2000s



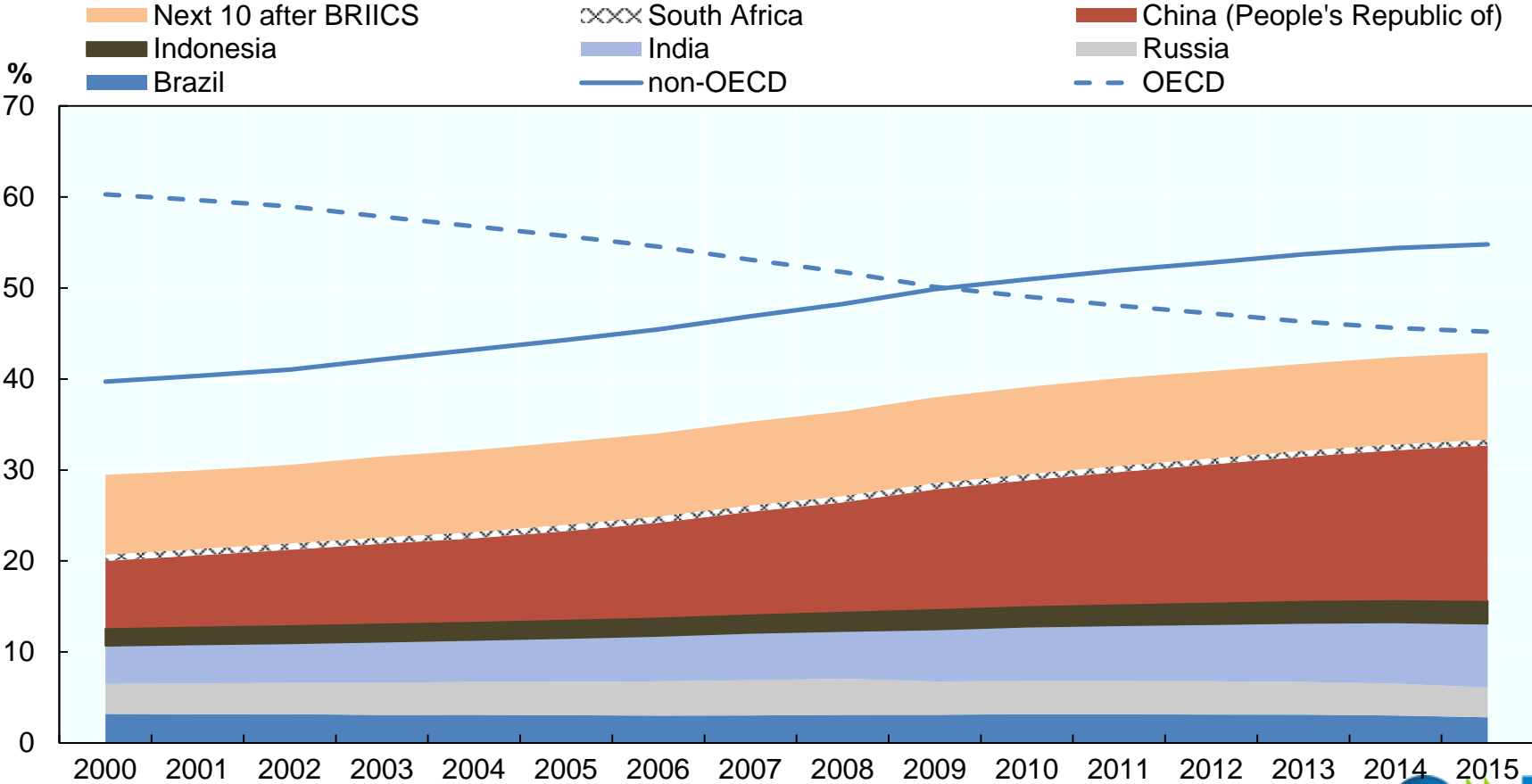
Source: Perspectives on Global Development 2010: Shifting Wealth, author's calculations based on World Bank Data 2009

Note: This map is for illustrative purposes and is without prejudice to the status of or sovereignty over any territory covered by this map.

Shifting wealth today



Share of global GDP (%)

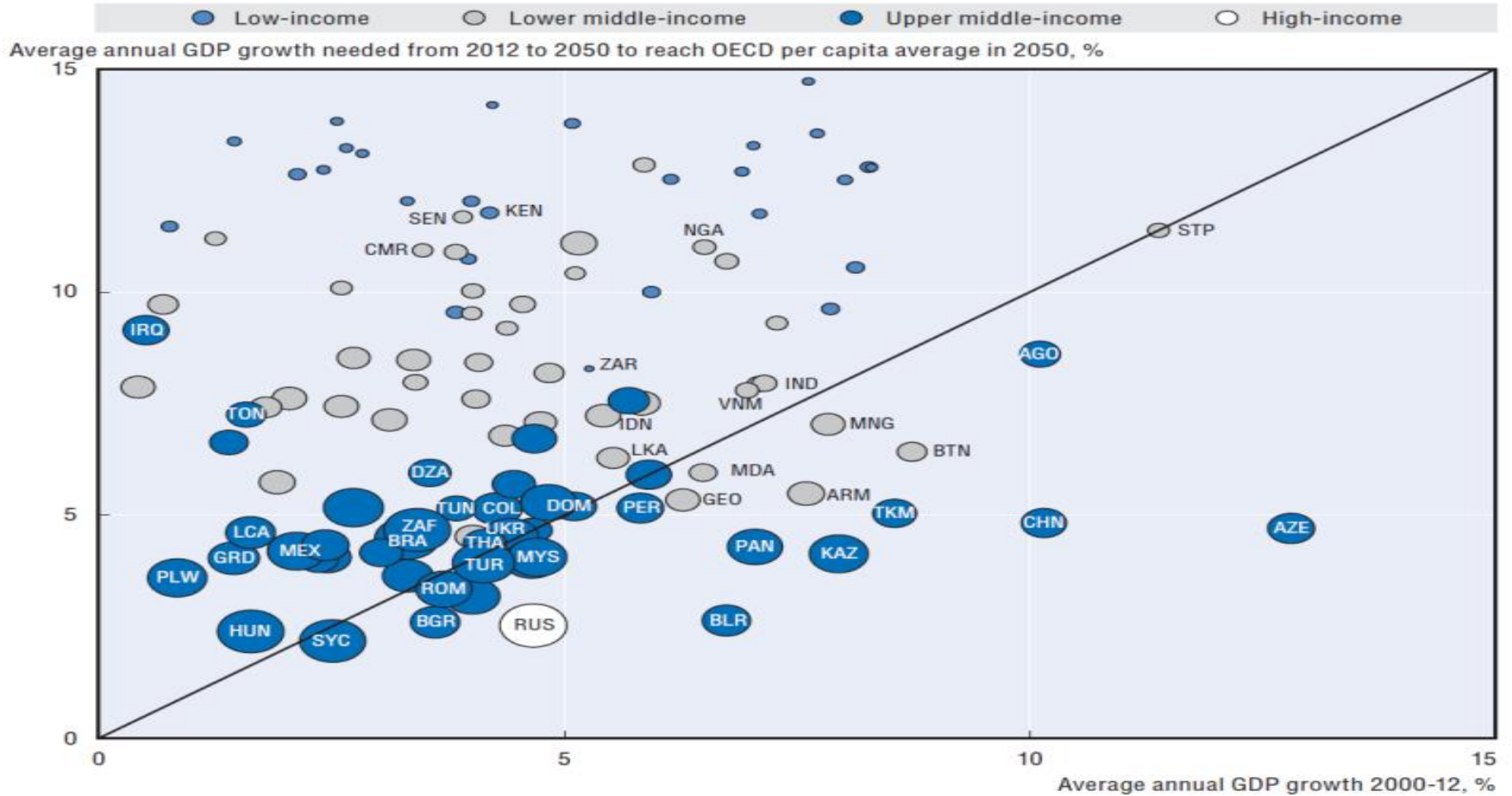


Source: Authors' calculations based on IMF (2016) *World Economic Outlook*

Is convergence set to continue?



Are developing countries on course to converge to OECD pc income levels by 2050?



Shifting wealth and income classifications



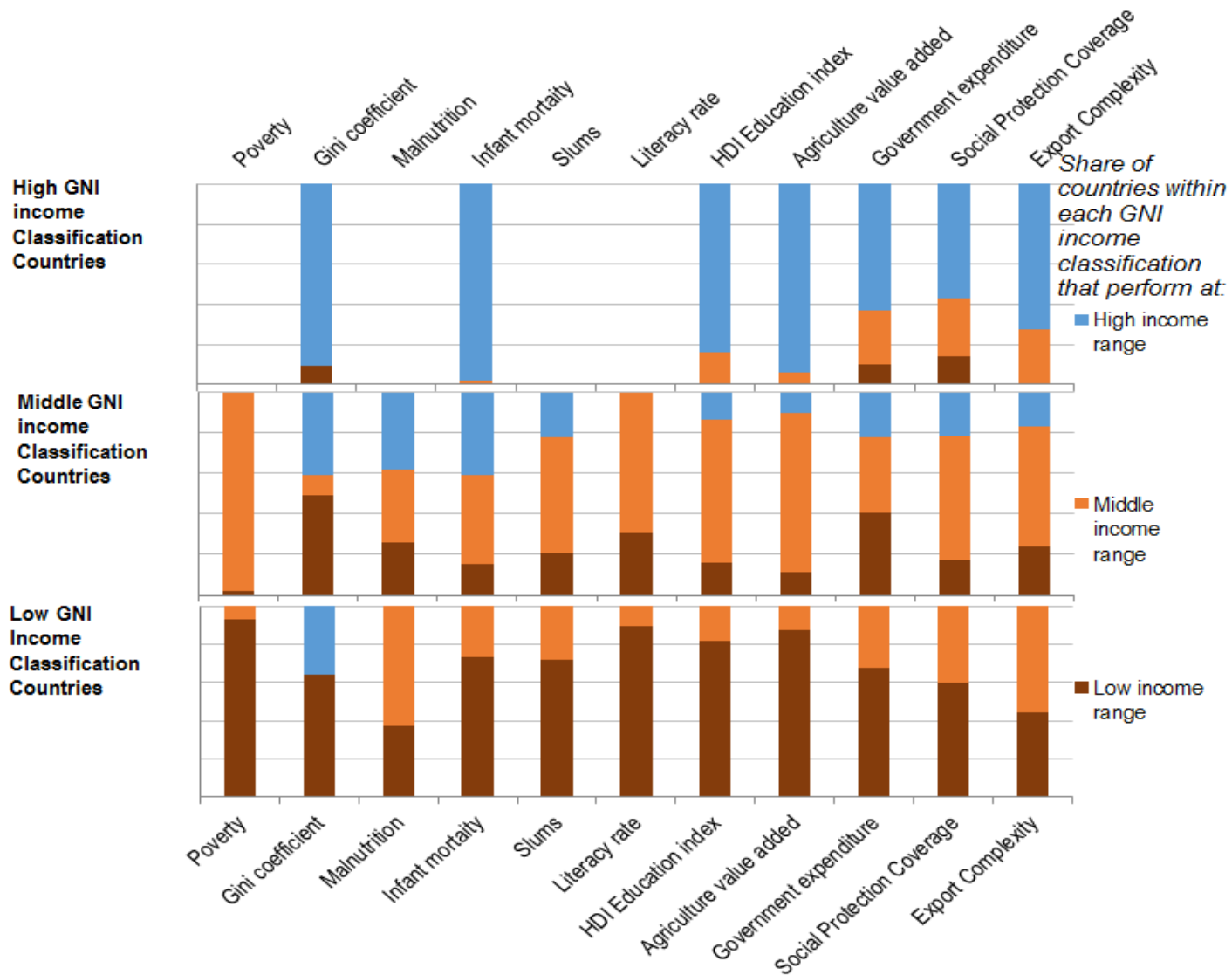
In the 1990s

- 12 countries move from LIC to MIC
- 6 countries transit from MIC to HIC
- 7 countries re-enter IDA eligibility
- 7 countries graduate from IBRD

In the 2000s

- 26 countries move from LIC to MIC
- 14 graduates move from MIC to HIC
- 14 countries graduate from IBRD

Countries across income groups share development challenges





II. SHIFTING WEALTH: REMAINING DEVELOPMENT CHALLENGES

1. Competitiveness and productivity related challenges
2. Social challenges
3. Environmental challenges
4. Governance and territorial challenges

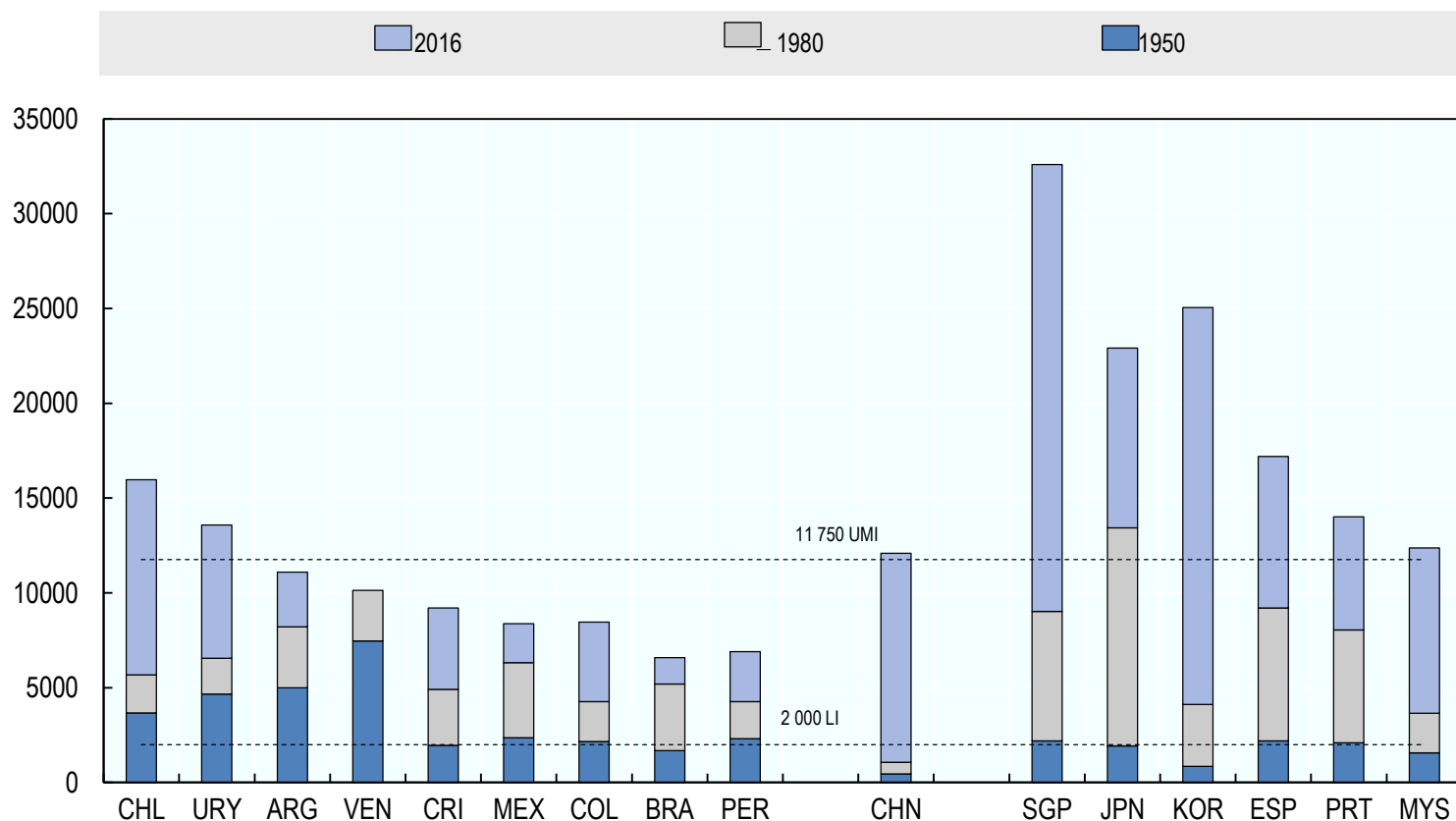


1. COMPETITIVENESS AND PRODUCTIVITY CHALLENGUES

The Middle-Income Trap



GDP per capita (constant USD 1990)

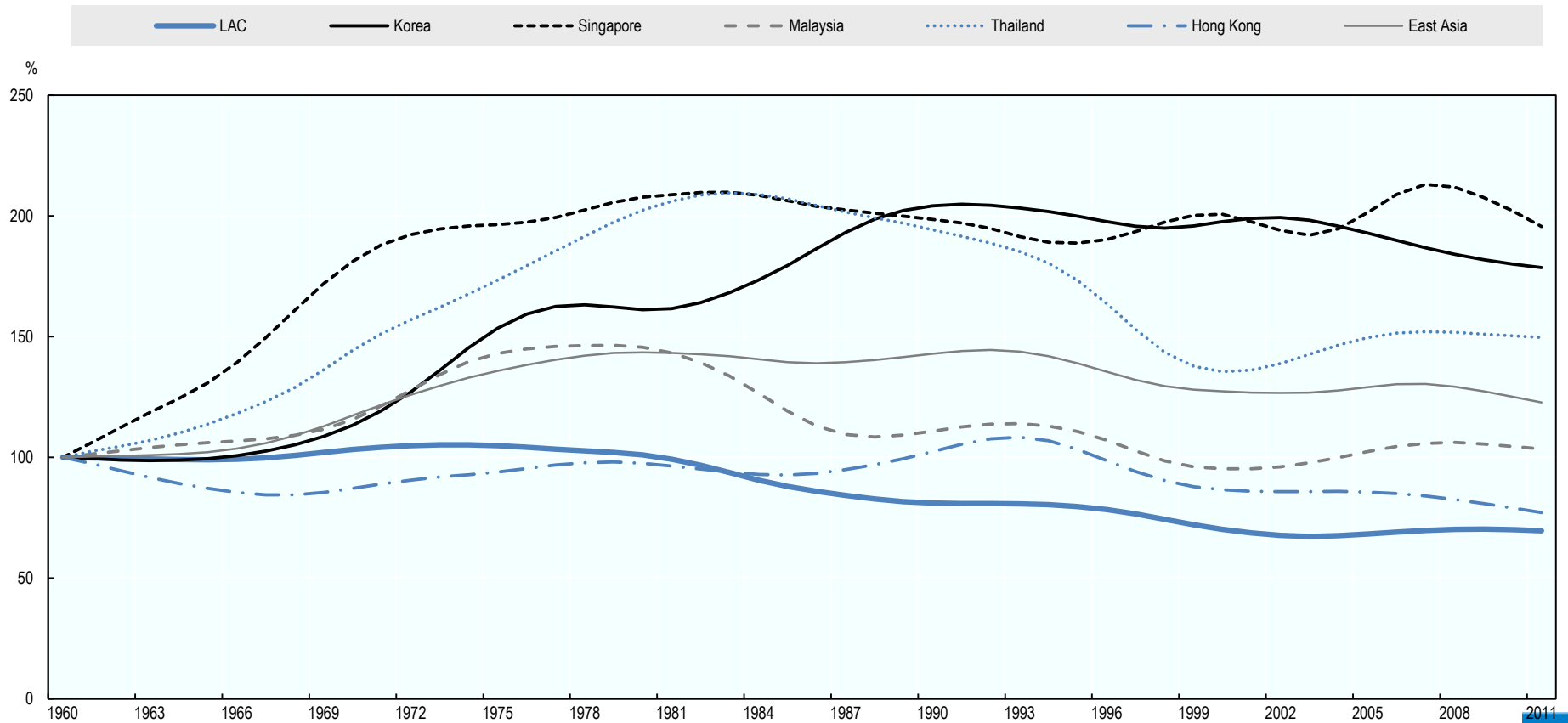


Source: OECD/CAF/ECLAC (2015), Latin American Economic Outlook 2016 based on the methodology proposed by Felipe, Abdon and Kumar (2012).

Productivity is lagging behind



Productivity performance (compared to US) Relative TFP by region (1961 = 100)

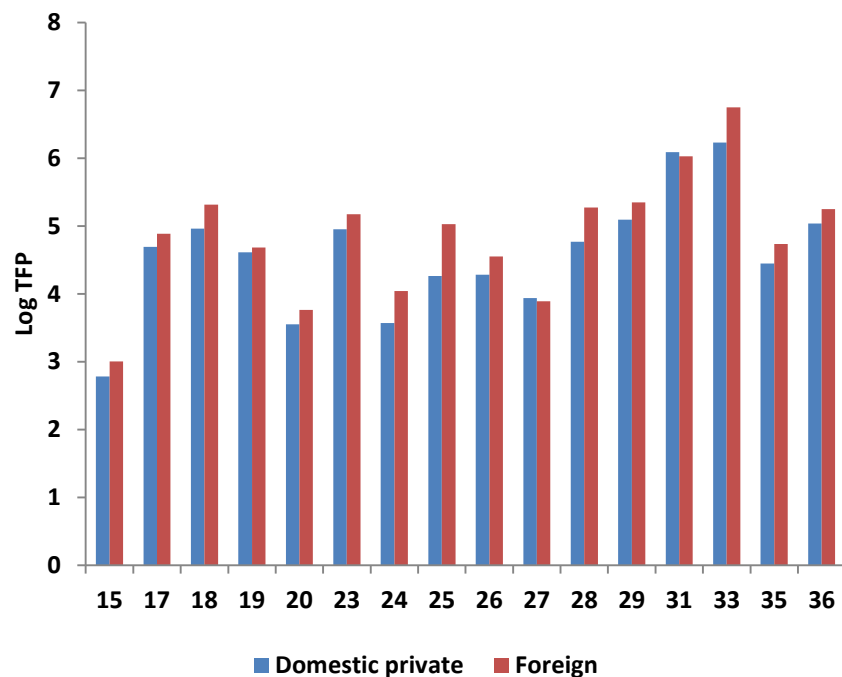


Source: IDB (2014), *Productivity and Factor Accumulation in Latin America and the Caribbean: A Database*.

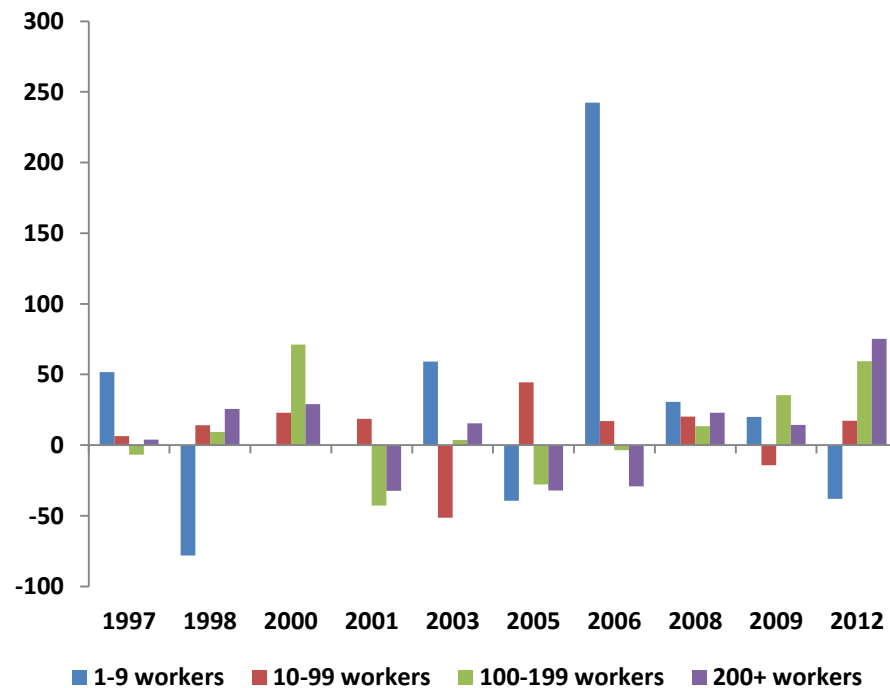
Total Factor Productivity in Asia



Median TFP in Indonesia, by ownership, 2013



Average annual growth in TFP by firm size in the Philippines, 1997-2013 (%)

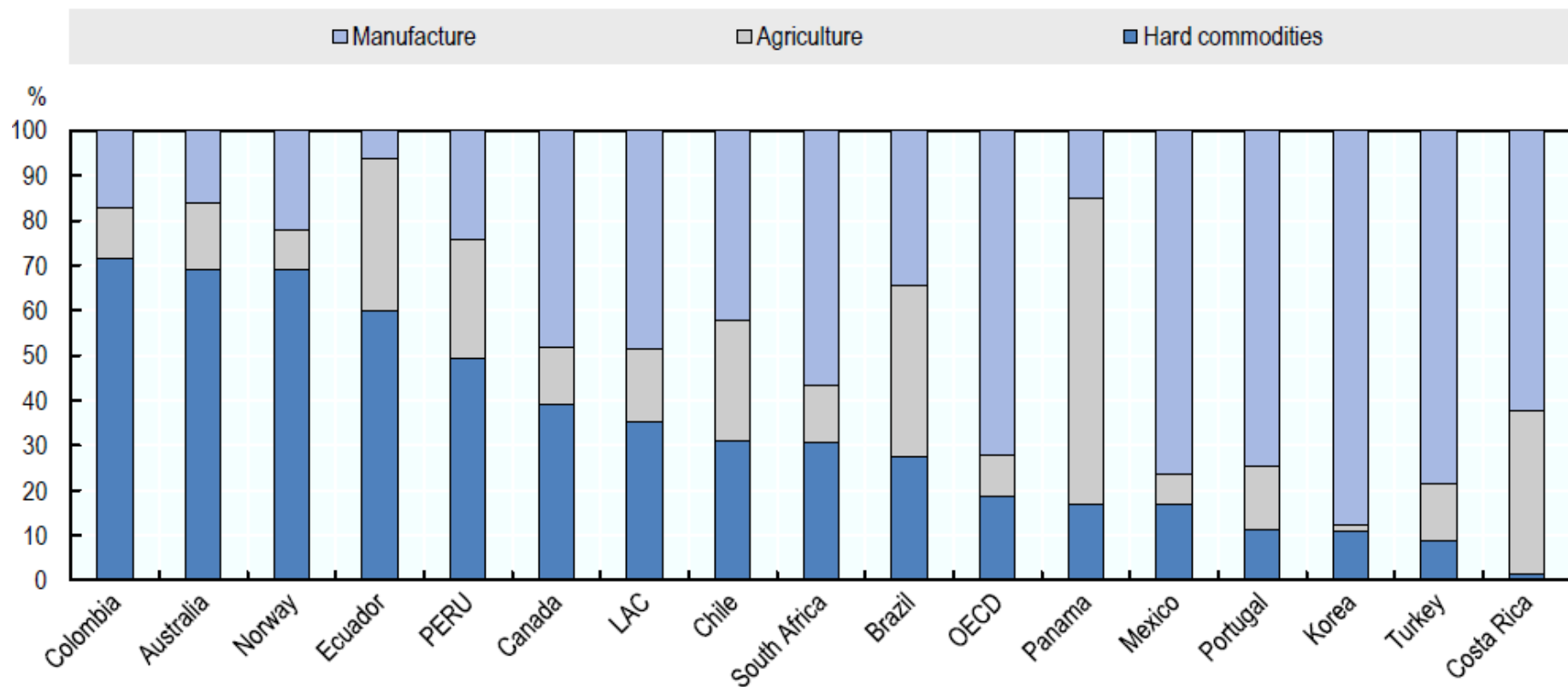


Source: OECD Development Centre's calculations using the BPS (2002-13), Survei Tahunan Perusahaan Industri Manufaktur, Badan Pusat Statistik, Jakarta and the Philippines Statistics Authority (1996-2012), Annual Survey of Philippines Business and Industry (ASPBI), Philippine Statistics Authority, Quezon City.

Reliance on commodities and development



Composition of exports in selected countries, 2014



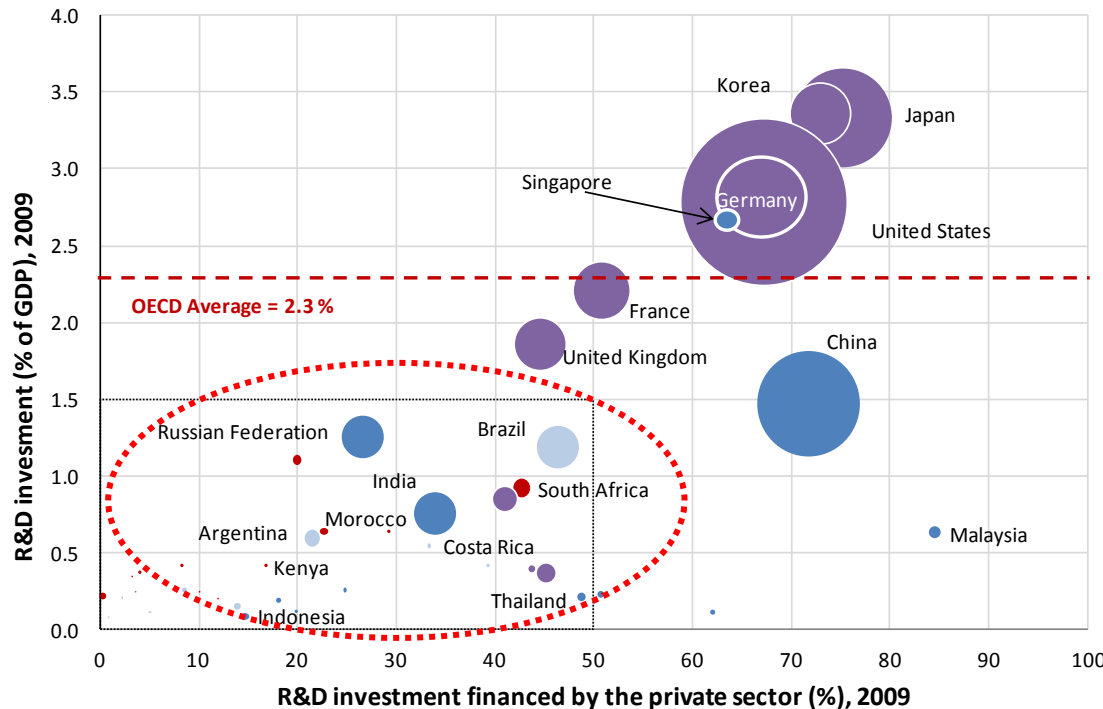
Source: WITS / UN Comtrade, Trade Indicators (database)

Weak innovation performance



- Although developing countries are increasing their production and innovation capabilities, they are still far from the OECD average

Intensity in R&D investment and private sector contribution, 2009

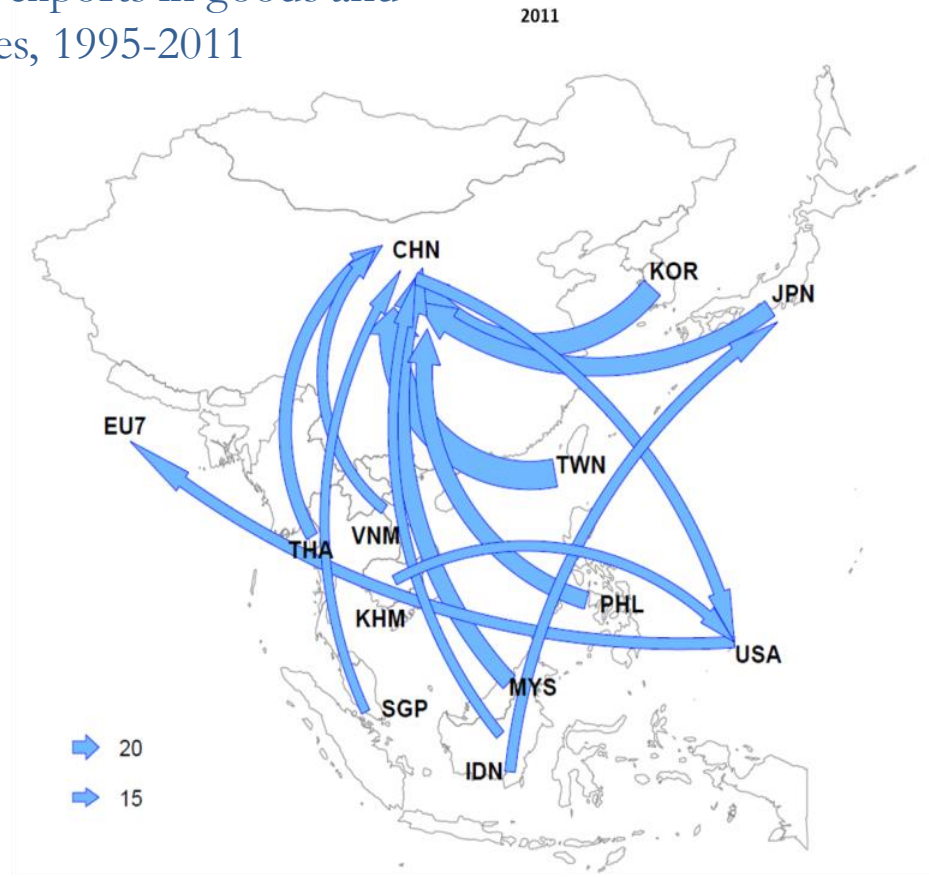
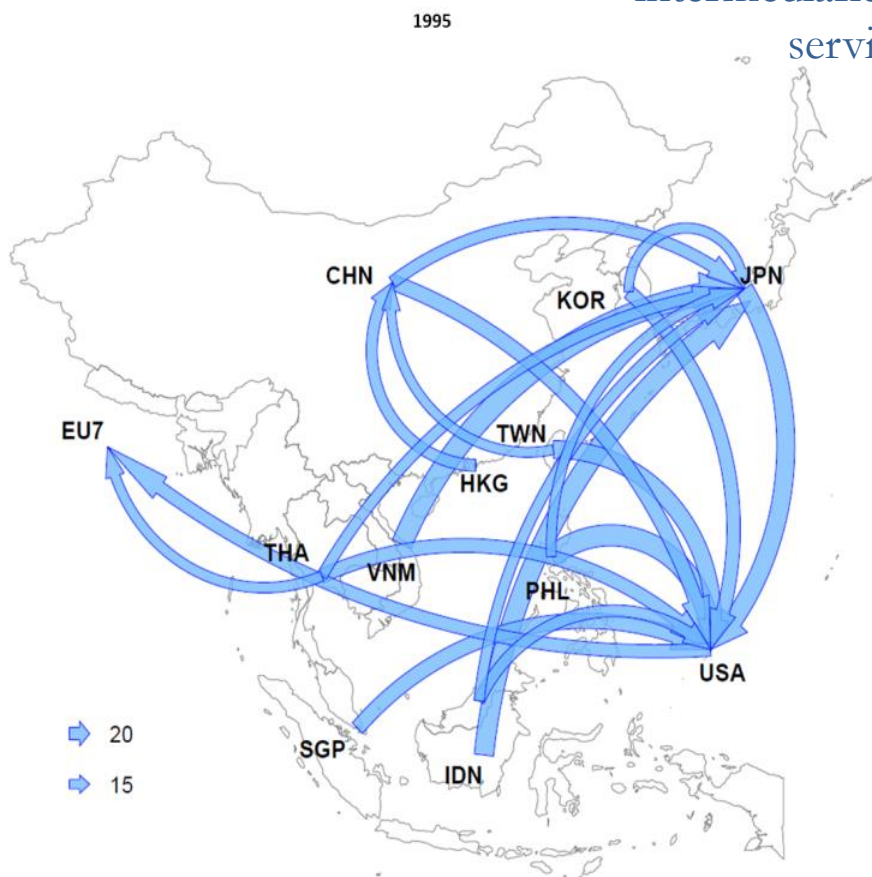


- Targeting resources to specific scientific and technological areas (new materials, biotechnology and clean energy vehicles; healthcare, etc.).
- Public procurement for innovation (e.g. Brazil, China, India and South Africa)
- Attracting more knowledge-intensive FDI (e.g. Brazil, Costa Rica, Malaysia, Morocco)
- Promoting start-ups (Brazil, Colombia, Peru)
- Promoting cluster development (e.g. Brazil, Chile, India)

Shifting value chains



Major trade partners for Asia's intermediaries exports in goods and services, 1995-2011



Note: The figure reports imports and exports flows with at least 15% of total share.
Source: Authors' elaboration on OECD Trade in Value Added (TiVA), 2015



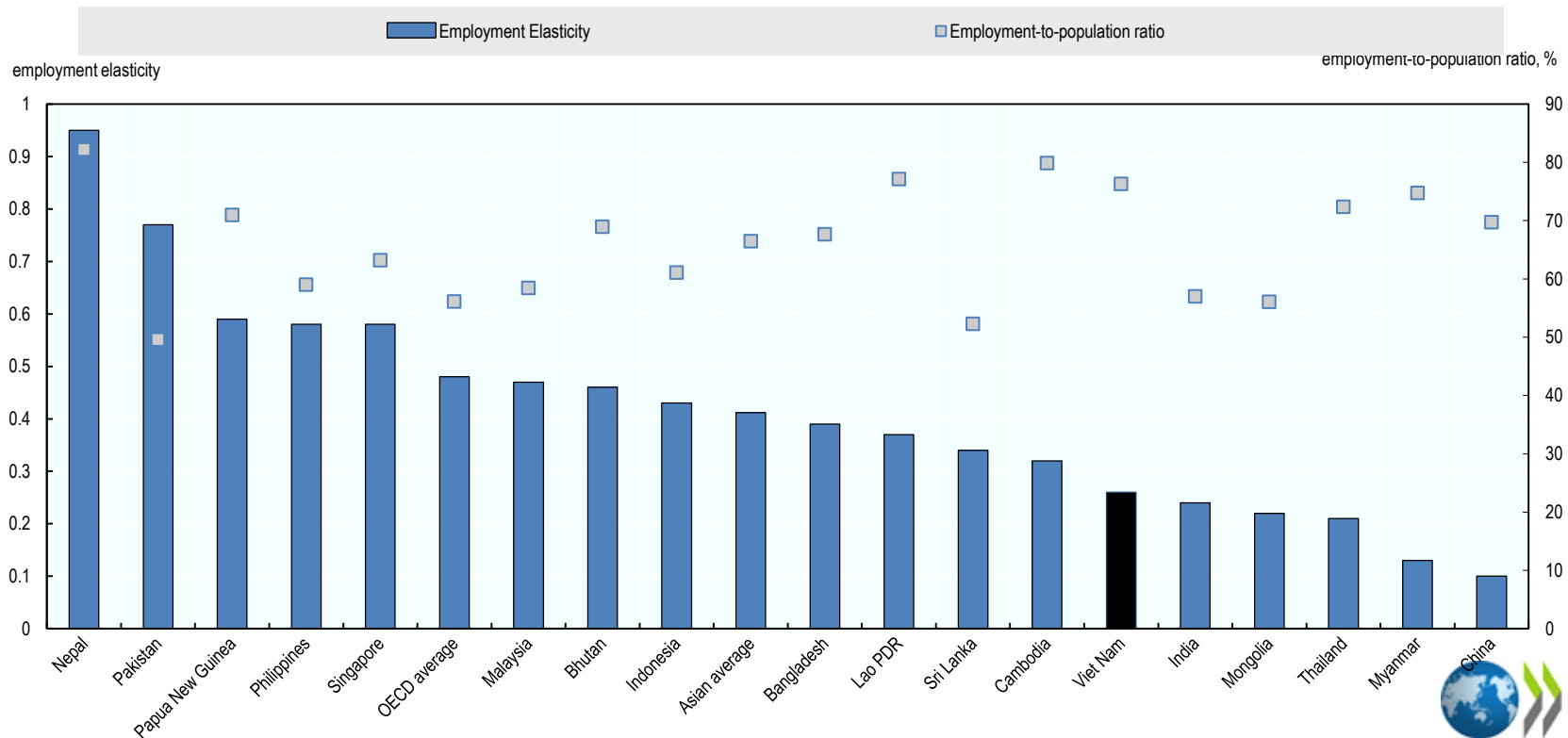
2. SOCIAL CHALLENGES

Jobless growth



Has growth translated into an increase in job opportunities?

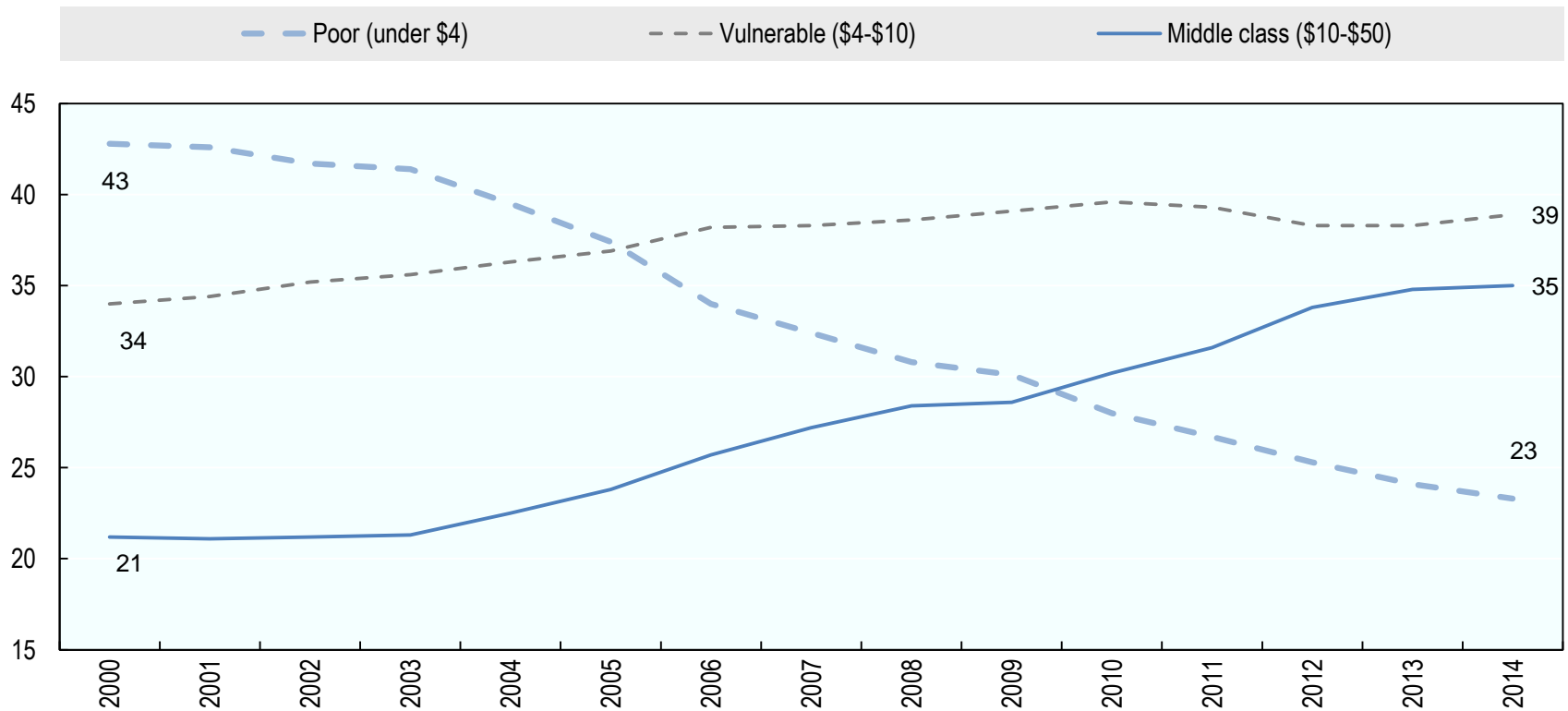
In many countries, the employment intensity (IE) of growth was particularly low indicating a jobless growth process...



Inequality and vulnerable middle classes



Latin American population by per capita income level
(percentage of total population)

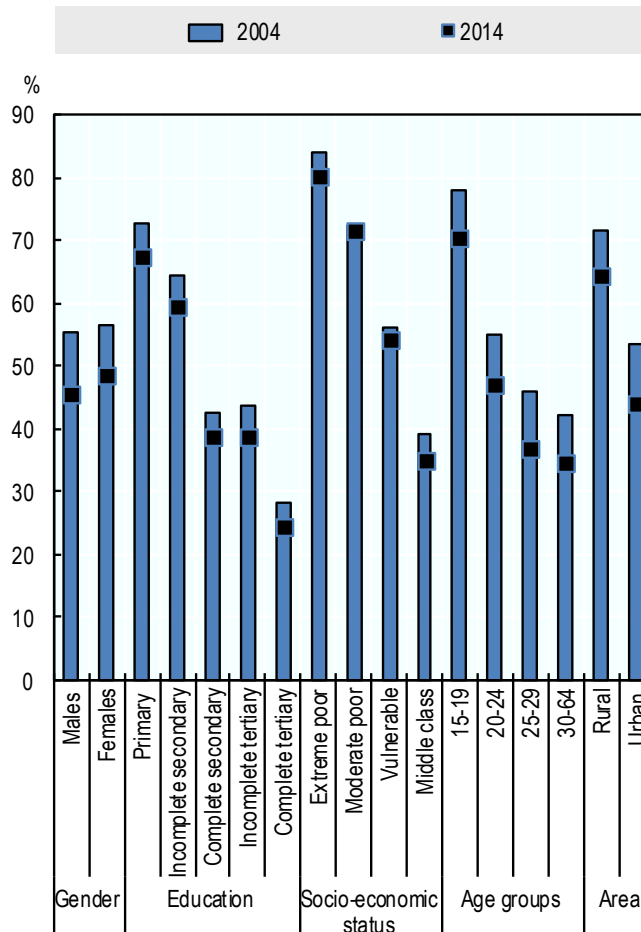
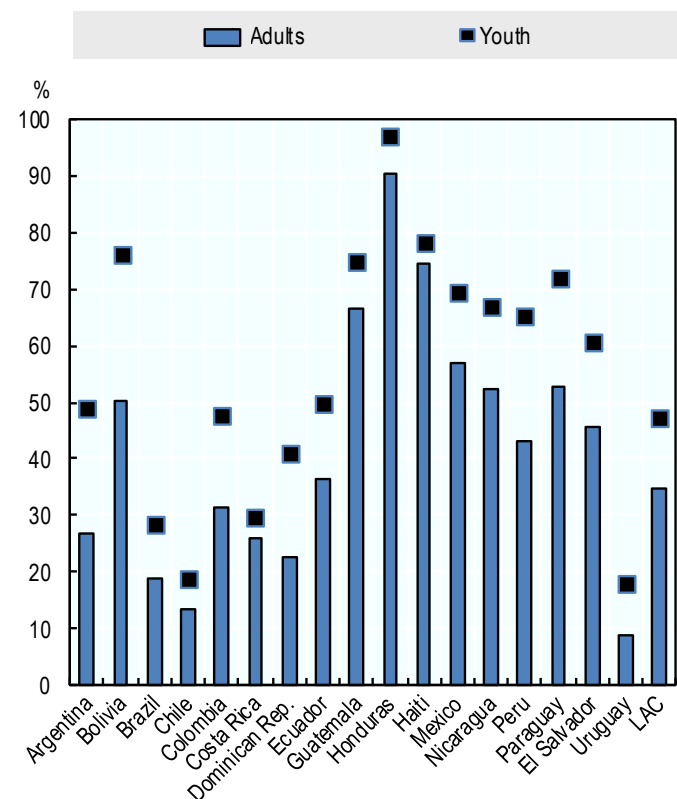


Source: OECD and World Bank (2016) LAC Equity Lab tabulations of SEDLAC (CEDLAS and the World Bank) and World Development Indicators.

Most jobs, particularly for some groups, are informal...



Informality rates in Latin America by age and socio-economic characteristics



Source: OECD/ECLAC/CAF (2016 forthcoming), Latin American Economic Outlook 2017, Youth, Skills and Entrepreneurship. OECD and World Bank tabulations of SEDLAC (CEDLAS and the World Bank).

Gender: The cost of discriminatory social institutions



Gender-based discrimination

in social institutions is estimated to **COST** up to

\$12 trillion

to the global economy









Gender discrimination in social institutions

- Very low
- Low
- High



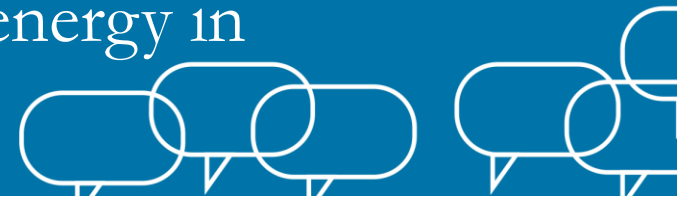
**WHICH
COUNTRY IS
THIS (2010)?**

-  Lower middle income country
-  5% average GDP growth since 1990
-  Primary enrolment rate of 100% since 2008
-  80% healthcare coverage (total population)
-  3% fiscal deficit
-  Good reformer in Doing Business

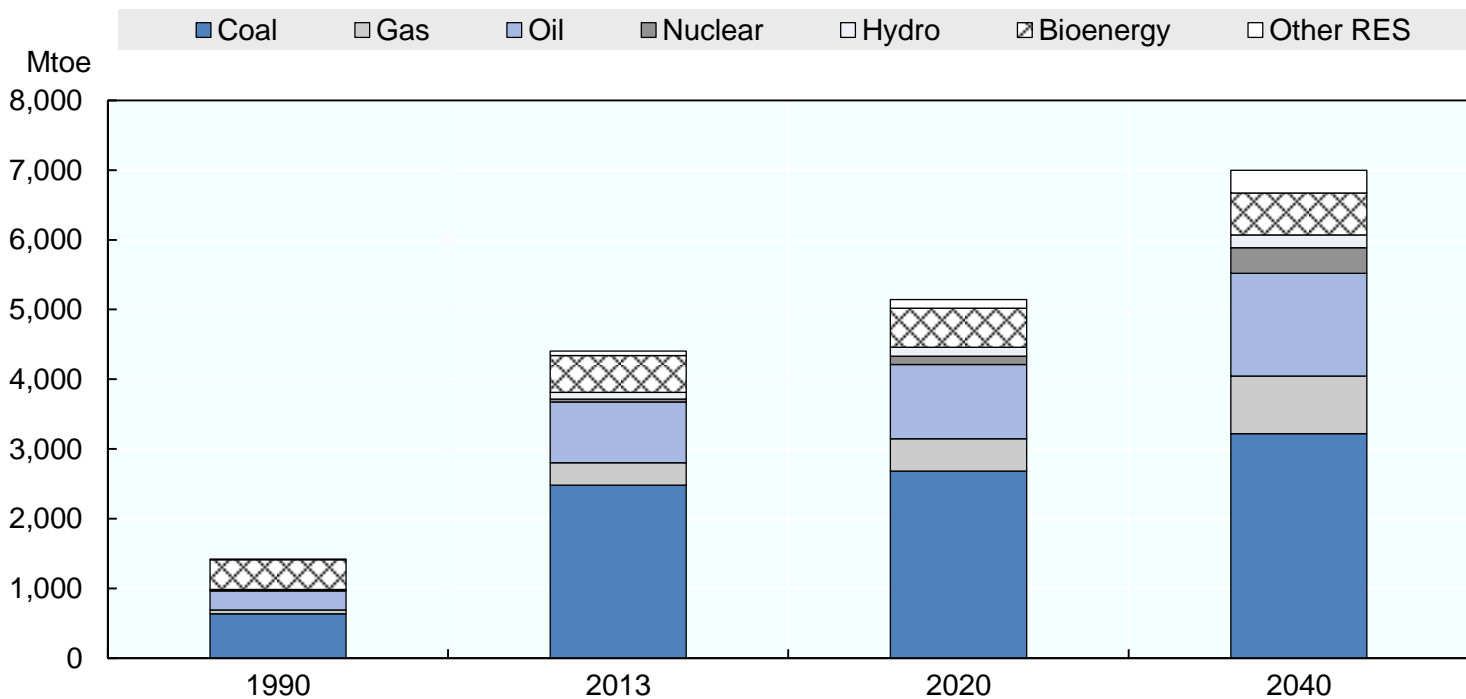


3. ENVIRONMENTAL CHALLENGES

Fossil fuels to remain the main source of energy in Emerging Asia



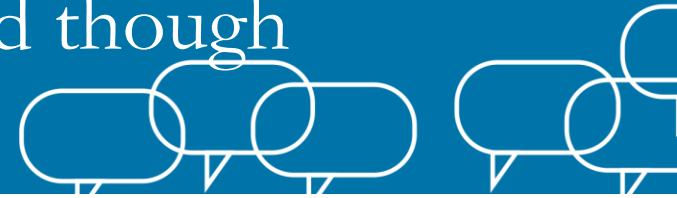
Total primary energy supply in Emerging Asia by source, 1990-2040



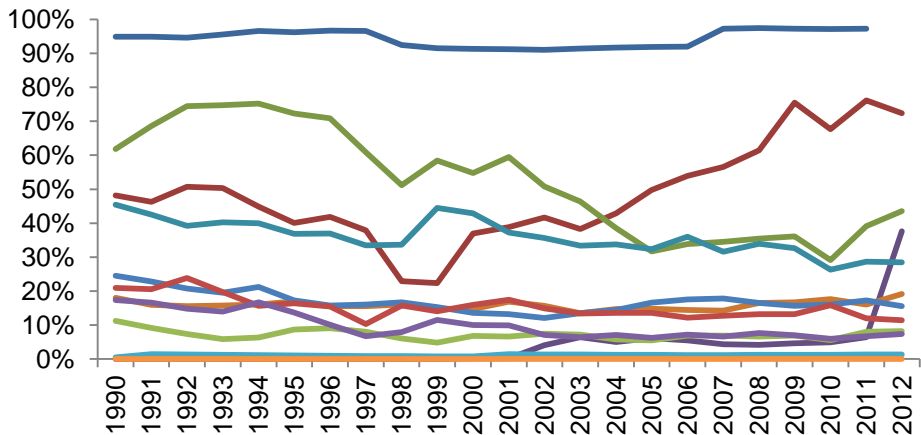
Note: Other RES includes wind, solar PV, and geothermal. Calculations are based on IEA's New Policy Scenario.

Source: OECD Development Centre's calculations based on IEA, 2015, World Energy Outlook 2015; IEA, 2015, World Energy Outlook 2015: Special Report on Southeast Asia.

Renewable energy use remains limited though



Renewable electricity generation as % of total in Emerging Asia, 1990-2012



- Renewable electricity generation is low or declining in the region's larger economies.
- Coal-fired power plants remain responsible for a large share of the region's electricity generation.



Source: IEA World Energy Balances.

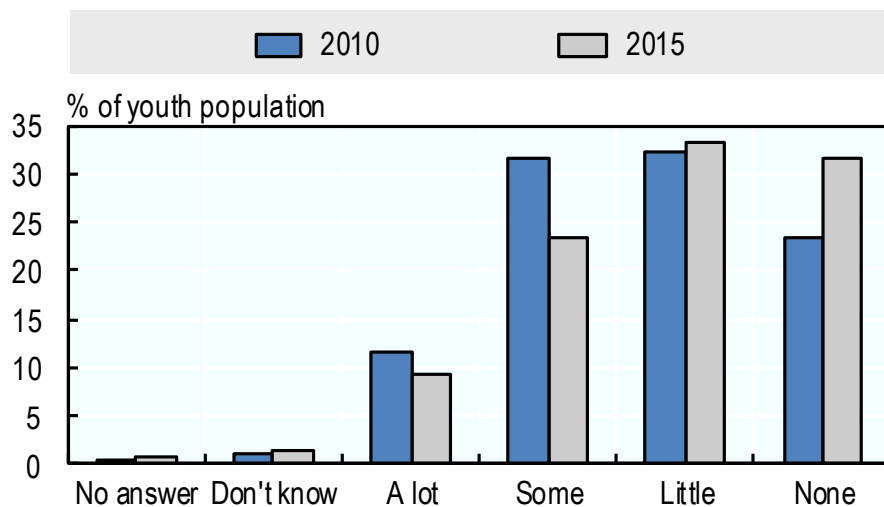


4. GOVERNANCE AND TERRITORIAL CHALLENGES

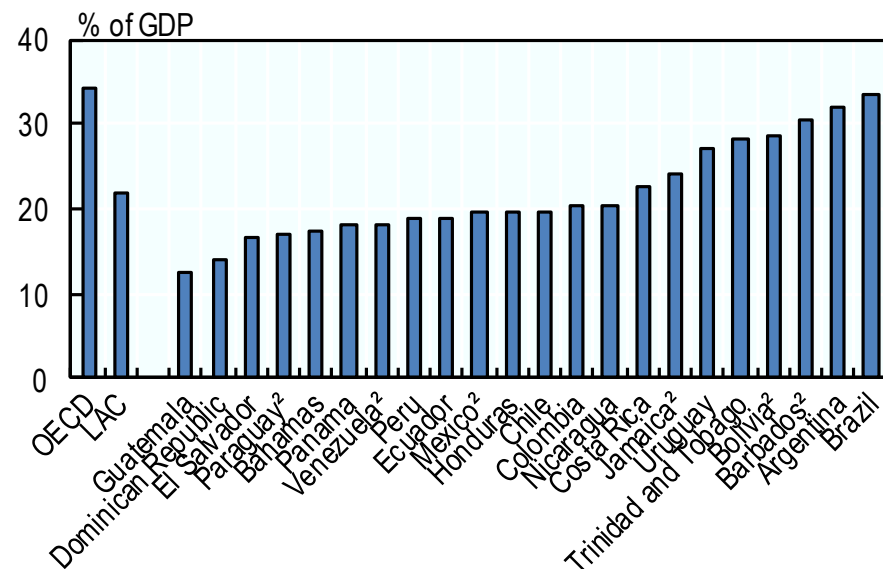
Governance is an on-going challenge



Panel A. Perceptions of youth towards democracy and government in LAC: Trust in Government



Panel B. Total tax revenues as percentage of GDP, 2014



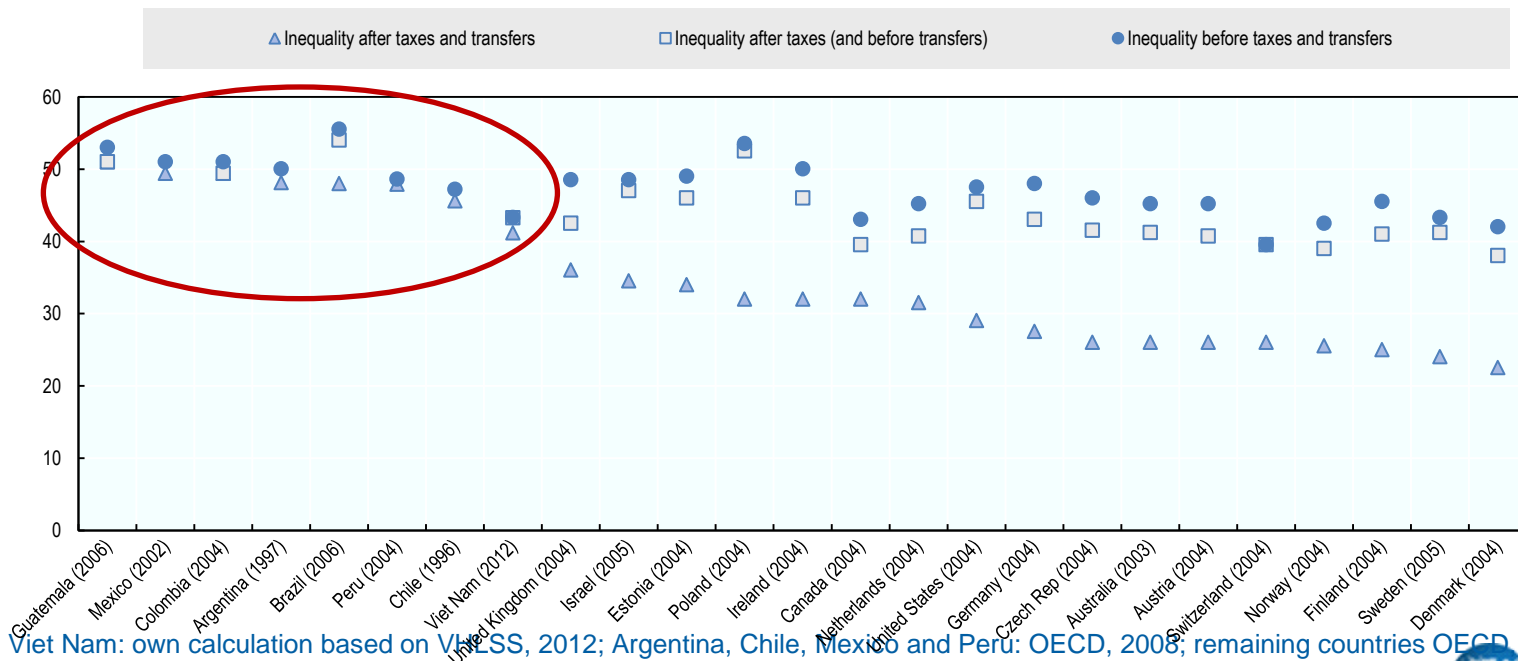
Source: Panel B; OECD/ECLAC/CIAT/IDB (2016), *Revenue Statistics in Latin America and the Caribbean 2016*, OECD Publishing, Paris. Panel A; OECD/ECLAC/CAF based on *Latinobarómetro*, 2016.

Income inequality before and after taxes



Measuring income inequality before and after taxes and public transfers is a simple way to assess the extent to which fiscal policy play a redistributive role and can reduce income inequality.

Inequality before and after taxes and transfers (Gini coefficient)

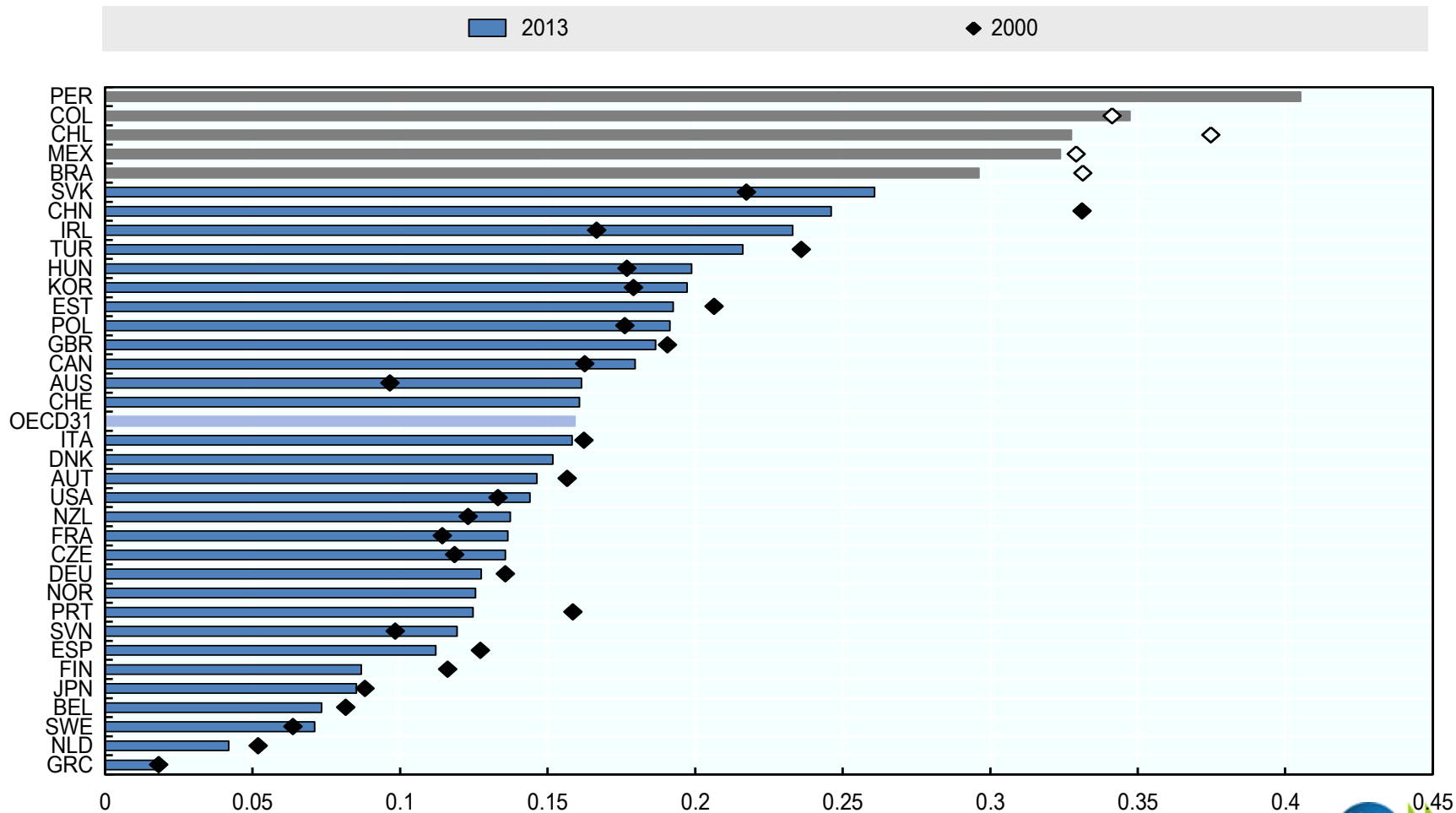


Sources: Viet Nam: own calculation based on V-HCSS, 2012; Argentina, Chile, Mexico and Peru: OECD, 2008; remaining countries OECD, 2013.

Disparities are also high within countries



Gini index of inequality of GDP per capita between regions within countries



Sources: OECD (2016), OECD Regions at a Glance 2016, OECD Publishing, Paris. http://dx.doi.org/10.1787/reg_glance-2016-en and OECD (2015), Multi-dimensional Review of Peru: Volume I. Initial Assessment, OECD Development Pathways, OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264243279-en>



III. HOW CAN WE BEST SUPPORT PARTNER COUNTRIES?

JOINING FORCES



Five tools through which the Development Centre and Japan can further cooperate

1. The Multi-dimensional Country Reviews (MDCRs) – *Mario Pezzini*
2. OECD Policy Dialogue networks: a) Natural Resource-based Development, and b) on Global Value Chains, Production Transformation and Development – *Annalisa Primi*
3. Social Protection Systems and Youth Inclusion Reviews – *Mario Pezzini*
4. The gender programme – *Keiko Nowacka*
5. The nexus between development and the environment including natural disaster risk management – *Naoko Ueda*



THANK YOU!

ありがとうございます

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ANNEX

How is the OECD Development Centre organised?



GEOGRAPHIC DIVISION

- Africa and Middle East
- Asia and Pacific
- Latin America and Caribbean

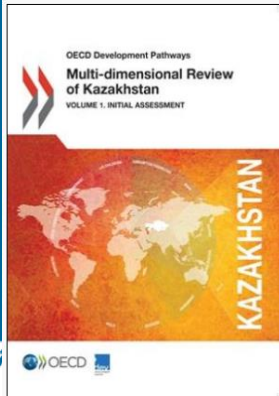
THEMATIC DIVISION

- Competitiveness and Structural Analysis
- Migration and Skills
- Social Capital and Rural Development
- Social Cohesion

POLICY DIALOGUE

- Networks: Business, Think-Tanks, Foundations, Donor Agencies, financing cities
- Regional Co-operation (Africa, Asia, Latin America)
- Global Policy Dialogue on Women's Economic Empowerment

The MDCRs



Kazakhstan



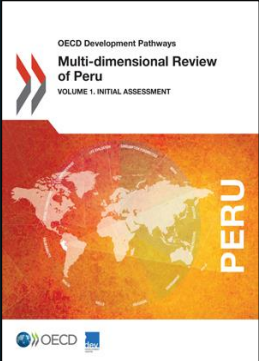
Morocco

Senegal

Cote d' Ivoire

Myanmar

Philippines

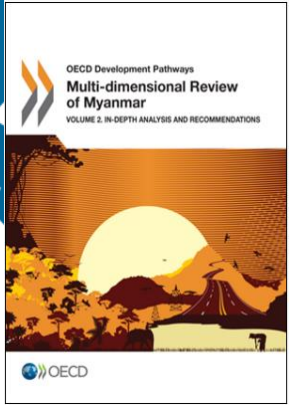
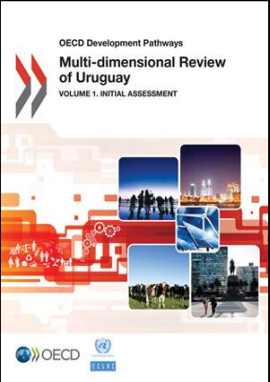


Panama

Peru

Paraguay

Uruguay



The MDCRs and the Sustainable Development Goals (SDGs)



Goals

-  1: Poverty
-  2: Food
-  3: Health
-  4: Education
-  5: Women
-  6: Water
-  7: Energy
-  8: Economy
-  9: Infrastructure
-  10: Inequality
-  11: Cities
-  12: Sustainable Production
-  13: Climate
-  14: Oceans
-  15: Biodiversity
-  16: Institutions
-  17: Implementation

