



SUMMARY OF THE KAPUSCINSKI DEVELOPMENT LECTURE

**THE TRANSITION FROM ‘THE DEVELOPING WORLD’ TO ‘A DEVELOPING WORLD’
delivered by Homi Kharas**

on 9th January, 2015

According to Homi Kharas, global development efforts over the past several decades have been partly successful. The Millennium Development Goals (MDGs) were at the heart of the global development paradigm, and they helped to focus the efforts both of developed and developing countries on achieving these goals.

The number of Low-Income Countries has been reduced in half since 2000. Most countries have become richer and are growing faster than in 2000. Mr. Kharas pointed out that today “*only 9 developing countries have declining GDP per capita, compared to 36 in the 1990s. 50 countries have had more than 3.5 percent per capita growth for a decade or more since 2000; only 22 achieved this in the 1990s*”. In most developing countries “*domestic taxes, not aid, are the most rapidly growing source of development*”.

The glass, however, is only half full because extreme poverty still persists, and global climate change is a threat to all countries. H. Kharas emphasized that despite a number of spectacular development achievements all countries have failed in terms of finding “*a path towards sustainable development that satisfies the expectations of the current generation without compromising the opportunities available for future generations*”. Such a path would have to be found under the conditions of a growing population – there will be 9 billion people on this planet in 2050. Our current global development paradigm that has brought us this far is unlikely to be successful in the coming decades because it has failed to deliver on eradicating such ‘global bads’ as extreme poverty, climate change, infectious diseases, terrorism and cross-border crime. Thus, a new global paradigm has to be found that would help us in solving the ‘global bads’ while making it possible to transition to a world where development is truly sustainable.

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that would help us in solving the ‘global bads’***

H. Kharas argued that three fundamental shifts are necessary to achieve sustainable development:

First, the new global development paradigm should focus on those who are the most vulnerable by “*providing everyone on the planet with services – health, education, nutrition, personal safety – that reach at least a basic minimum standard to give them a chance to participate in the global economy*”. No one should be left behind – there is sufficient wealth on the planet that makes it possible to achieve this aim.

Second, humankind should make a transition “*towards a new growth pattern that sharply reduces carbon emissions and that builds resilient societies*”. The focus in the coming years should be on putting in place infrastructure that would help us to transition to a sustainable world.

Third, there has to be a shift towards better global governance. If countries – rich and poor – are to find a path to sustainable development together, these collective efforts call for a better governed globalization *“with rules for trade and investment that level the playing field for all countries and incentives that prevent overexploitation of our planetary resources”*. It should be added though that the transition to sustainable development is a collective effort and that it is up to each country to put its house in order and abolish *“policies that work against sustainable development, like fossil fuel subsidies, tax loopholes, corporate secrecy that conceals illicit financial flows, and legal discrimination against women”*.

How to move into ‘a developing world’?

Transition into ‘a developing world’, however, will not be possible without acknowledging the changes that have taken place over the past fifteen years and devising a comprehensive approach that includes all major stakeholders – including business – in the new global development paradigm. H. Kharas emphasized that *“we cannot conceive of development today as something that is done ‘by’ the rich and systemically important countries ‘for’ less advanced and smaller countries”*. Developing countries should be seen as bearing the primary responsibility for their own development. They are as much interested in *“opportunities for trade, investment and technology transfer as in aid”*. Also, new donors have emerged since 2000. Although their approaches to providing development aid may differ from those of the established donors, they have a valuable contribution to make, not least because the amount of development aid provided by the members of the Development Assistance Committee (DAC) is clearly insufficient to achieve the scale that would bring us to sustainable development. In short, *“aid alone will not be sufficient to get the job done”*. Increasing development aid under current economic circumstances will be difficult, but even though the amount of development aid would increase from 138 billion USD in 2013, it would still fall short of the 1.5 trillion USD which is a realistic estimate of *“additional investment needs by development countries”*. Thus, *“we should also think about the possibility for using aid to catalyse funds from NGOs, philanthropists and the private business sector”* because the traditional development cooperation will be insufficient.

H. Kharas argued that although *“global public and private savings are in theory sufficient, there are significant gaps in financing for specific sectors and for specific categories of countries”*. First, some of the aid will have to be reallocated in favour of the poorest and most vulnerable countries. Second, the problems of Lower Middle-Income Countries should be addressed if these are to move towards sustainable development. These countries *“suffer from a sharp fall-off in access to aid before they have strong enough institutions to collect taxes effectively”*. Thus, they do not have the capacity to make the necessary investments in development. These countries should be given the opportunity to borrow more at much lower interest rates. The third gap to be filled in is infrastructure financing. Achieving sustainable development will not be possible unless better infrastructure is put in place. There is a growing need to use both public and private funding to build an infrastructure that will get us to a more developed and also ‘greener’ world.

According to H.Kharas, private funding is likely to be crucial in this respect. However, in the process, business will have to be *“held accountable for sustainable development by their shareholders, in accordance with standards set by public regulators in a dialogue with civil society”*.

Our duties towards future generations

In the end, Homi Kharas suggested that in 2015 we should make three promises to the generations that will be born after 2030.

WHAT TOP THINKERS THINK ABOUT DEVELOPMENT

First, by 2030, every child should start life in a family that is free of poverty and hunger, and should have access to the health, education, nutrition and other services that will give it a good start.

Second, by 2030, every economy should have social and environmental sustainability hardwired into it.

Third, by 2030, we should have the institutions in place for a better governed globalization. If we are ambitious enough to make these promises in 2015 and keep them, then we indeed have the potential to transition to 'a developing world'.