

Development in transition in times of pandemic: the role of data for renewed and stronger cooperation



UNITED NATIONS

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KEY MESSAGES

- Beyond per capita GDP as a measure of development progress
- Definition of development-in-transition countries
- Towards a new development pattern and a paradigm shift in International cooperation
- Proposals

Beyond GDP



NEW APPROACHES TO DEVELOPMENT COOPERATION

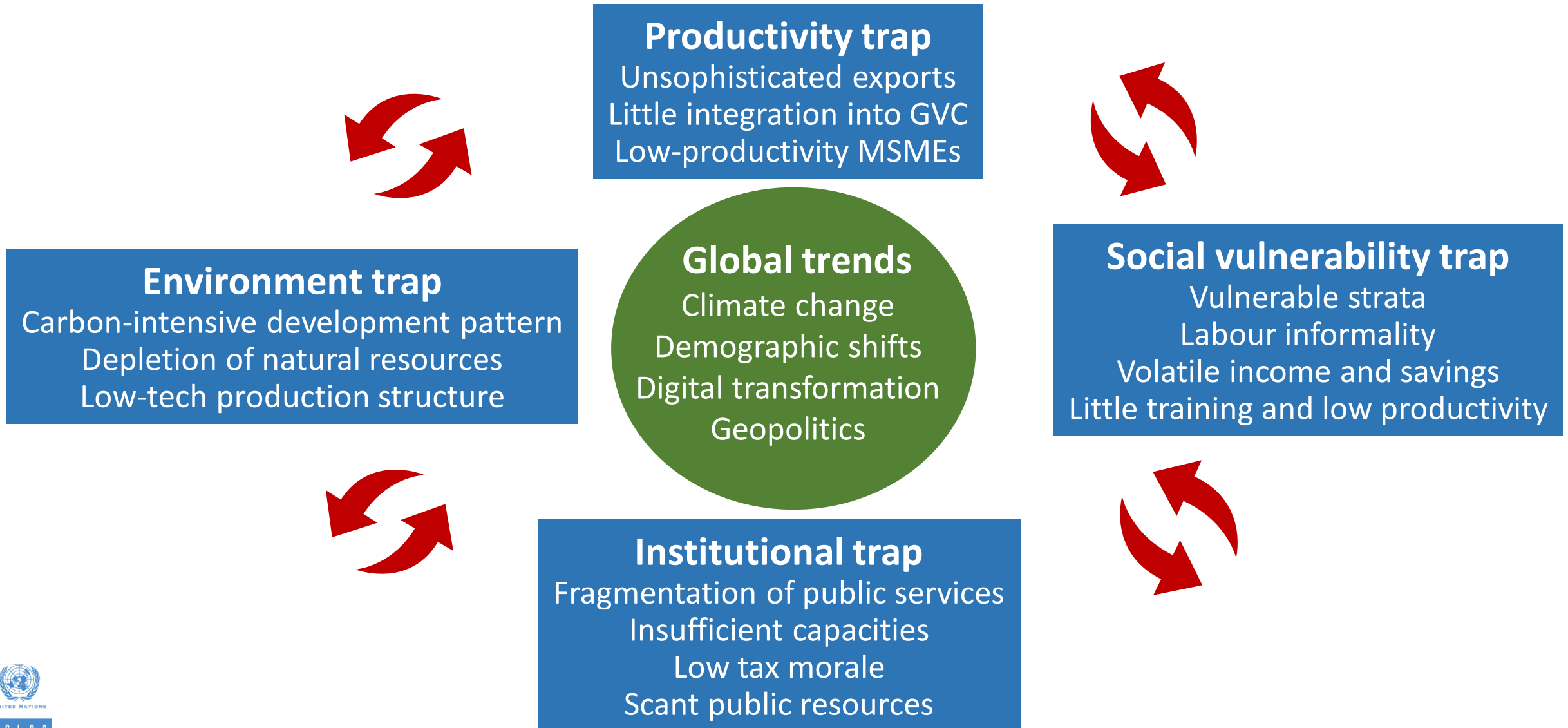
- Since 2017, ECLAC, the European Commission and the OECD Development Centre have been championing a new narrative, that reinterprets development and seeks to strengthen the role of cooperation, to leave no one behind: development in transition
 - Development is an ongoing process, that is not adequately measured through income levels
 - Multidimensional measures are needed
 - All countries, regardless of their income levels, face development challenges
- ECLAC has proposed an approach to complement the per capita income criterion: the structural gap approach
 - It enables identification, quantification and prioritization of the long-term obstacles that prevent middle-income countries from achieving equitable and sustainable long-term levels

BEYOND PER CAPITA INCOME AS A MEASURE OF WELL-BEING

Income is not a good proxy for development, especially for development-in-transition (DiT) countries

- It does not reflect the capacity to save, or to access or mobilize resources to finance development.
- The countries have different capacities to mobilize domestic resources and access external capital markets.
- Graduation from ODA does not guarantee access to other sources of financing.
- Capacity to mobilize resources depends on: economy size, socioeconomic development, structural characteristics and the external sector
- The size of the economy can be a major constraint on the mobilization of domestic resources
- Countries, like those in the Caribbean, that are exposed to extreme natural phenomena require additional solidarity and support to address climate asymmetry.

THE CONCEPT OF DIT SHOWS UP A SERIES OF TRAPS AND STRUCTURAL VULNERABILITIES



NEW METRICS FOR EVALUATING DEVELOPMENT STATUS

Tools have been developed to capture the “non-linearity” and “multidimensionality” of development challenges, with a view to designing and implementing better policy responses, and in order to identify programming and financing elements available to rethink development strategies.

ECLAC

**STRUCTURAL GAPS
APPROACH**

**ANALYSIS OF
STRUCTURAL
OBSTACLES TO
DEVELOPMENT
ACROSS 12
INDICATORS**

OECD

**MULTIDIMENSIONAL
LIVING STANDARDS**

Focus on:
**INCOME,
EDUCATION,
HEALTH,
WORK**

UN

**HUMAN
DEVELOPMENT INDEX**

**HEALTH,
EDUCATION,
ECONOMIC
CONDITIONS**



Paradigm shift in cooperation to create a new
development pattern



UNCERTAINTY IN INTERNATIONAL COOPERATION

- Weakening of multilateralism and return of protectionism
- Undermining, and in some cases renunciation, of a multilateral cooperation agenda
- Graduation of middle-income countries at risk of exclusion from the international cooperation system



Urgent need to develop DiT indicators to mobilize the cooperation and funding required to meet the SDGs and confront the emergency of the pandemic.

WHY IT IS URGENT TO FOCUS ON DEVELOPING COUNTRIES IN TRANSITION

Country income groupings: external public and publicly guaranteed debt
(Millions of dollars and percentages of the total)

Grouping	Millions of dollars	Percentage
Low- and middle-income countries	2 923 874	100
Low-income countries	118 111	4.0
Lower-middle-income countries (excluding India)	1 021 506	34.9
Upper-middle-income countries (excluding China)	1 784 258	61.0
Middle-income countries (excluding China and India)	2 805 763	96.0

The **rise in debt in middle-income countries** is a major stumbling block to an effective response to the urgency of the pandemic:

- Middle-income countries represent 75% of the world's population, 62% of people living in poverty and roughly 30% of global aggregate demand.
- Middle-income countries account for 96% of developing country public debt (excluding China and India). Debt distress and potential default in middle-income countries can have repercussions in financial markets.

Source: World Bank, 2020.



CHALLENGES FOR A NEW DEVELOPMENT PATTERN IN LATIN AMERICA AND THE CARIBBEAN

- Highly-indebted region with limited access to capital markets and concessional financing
- Insufficient and reduced fiscal space: weak and inefficient taxation, tax evasion and illicit funds
- Inequality, poverty and scarcity of public goods
- Composition and dynamics of exports
- Weak productivity and competitiveness, significant structural heterogeneity, reprimarization and little innovation
- High environmental and climate vulnerability
- Weak intraregional integration: commercial, productive, infrastructural and social

A SHIFT IN THE DEVELOPMENT STRATEGY

- Production and employment growth essential
- New production models: digital technologies and biotechnologies, efficiency and productivity; profitability and resilience.
- Nature-based solutions: ecosystem measurements urgently needed
- Social and fiscal compact to build a new welfare state
- Economic recovery with sustainability and equality
- Strengthening and expansion of regional productive integration schemes

Tackle the crisis and implement a strategy to overcome structural weaknesses in economies and societies



Data required to address emerging needs

TOWARDS DEVELOPMENT-ENABLING COOPERATION

Online modalities, in line with countries' development needs

Aligned global and national priorities

Active participation by the countries of Latin America and the Caribbean in the global agenda

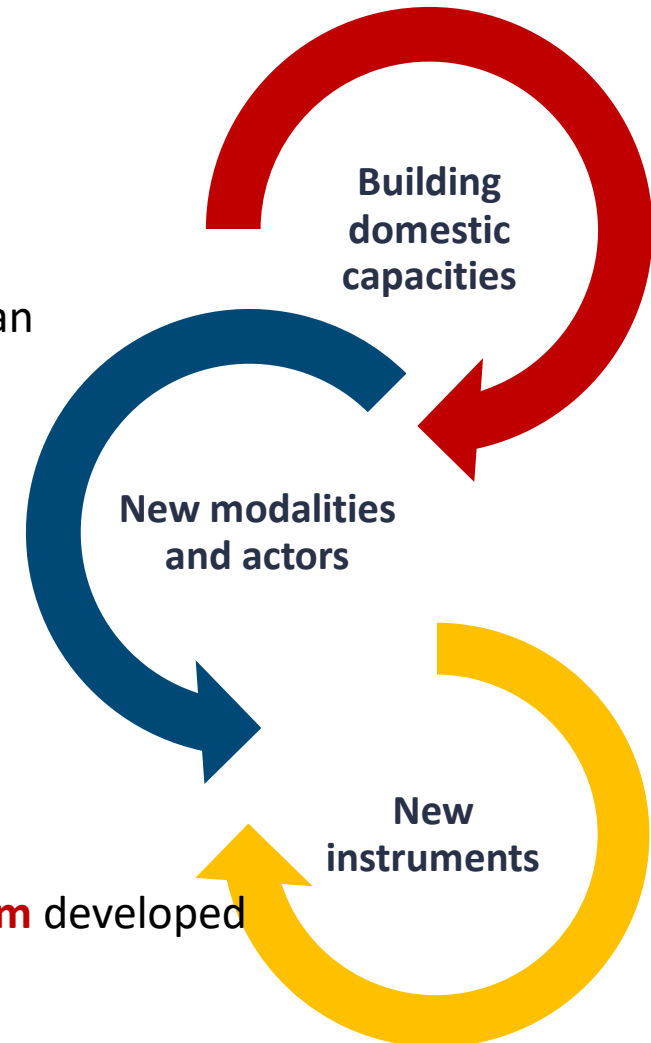
More inclusive cooperation: collaboration between peers

Include new actors and forge new partnerships

Find multidimensional responses to complex challenges

Strengthen knowledge-based technical cooperation

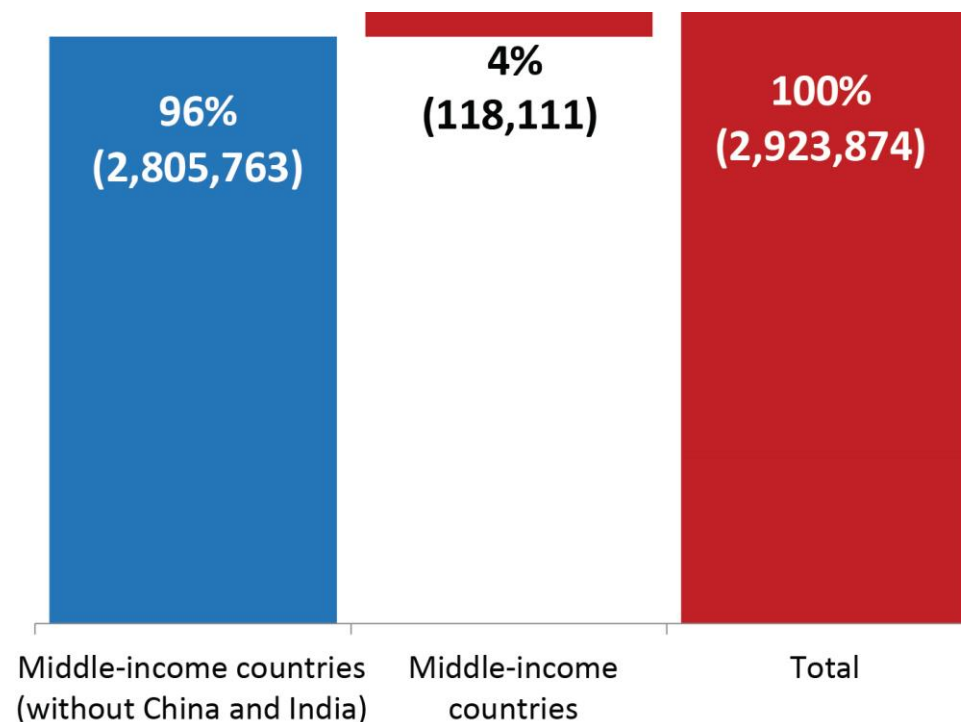
Cooperation: **a new facility, similar to experimental platform** developed by European Commission for building DiT indicators



DRIVING THE RECOVERY THROUGH FINANCIAL STABILITY REQUIRES MECHANISMS FOR FINANCIAL COOPERATION WITH MIDDLE-INCOME COUNTRIES

- **Debt relief and restructuring for countries vulnerable to weather events and climate change and with large interest payment burdens**
- Three proposals:
 - **Expand the Debt Service Suspension Initiative** to vulnerable middle-income countries, such as those in the Caribbean and Central America.
 - **Debt relief for the Caribbean:** 12.2% of the subregion's total debt, to create a Caribbean Resilience Fund with US\$ 7 billion
 - Pursue the creation of **an international mechanism for restructuring sovereign debt**, to limit the uncertainty and risks that debt renegotiations entail.

PUBLIC AND PUBLICLY GUARANTEED EXTERNAL DEBT,
(Percentages of the total and millions of dollars)



Potential insolvency problems for middle-income countries are a systemic risk for the global economy, requiring a coordinate worldwide response

Source: ECLAC, on the basis of World Bank figures.



Measure to raise awareness



DiT indicators with a multidimensional approach based on SDGs



National capacity-building

- National accounts, basic economic and pricing statistics
- Environmental and ecosystem statistics
- Climate change and natural disasters
- Household surveys
- Geospatial instruments



Regional data and SDG follow-up

- Compilation and harmonization of regionally comparable data
- Dissemination of statistical information by ECLAC
- Development, adaptation and translation of methodologies



Platform for cooperation

- Committee on South-South Cooperation
- Statistical Conference of the Americas
- Regional facility involving European Commission, OECD Development Centre and ECLAC