



## Towards Building a Resilient, Sustainable and Inclusive Development Model : Challenges & Opportunities

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### Abstract:

*The theme of the paper is to pick up the issues emerging through high level discussion on the major concerns facing the planet, important being the issues of a working development model which is inclusive, sustainable and resilient in the long run. The paper attempts to review four cardinal concerns presently confronting all of us: exploding population & enduring poverty; globalization and socio economic upheavals; credible and viable growth in the backdrop of climate change; and global conflicts and human security. The paper ends with the fact that the world at large has made real stride in poverty reduction over the last 20 years*

*Given the challenges plaguing us today, a concerted collective effort has to be initiated at a global level at an unprecedented speed, scale and scope with paradigm shift in policy framing that will seek to absorb and accept change, centralizing on delivering public goods globally with commitments at every level of national and local governments.*

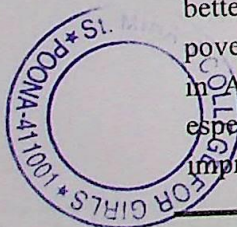
**Keywords:** Climate, Conflict, Development, Globalization, Inclusive, Poverty, Sustainable Development

### Background:

There is so much to be done to ensure that the fruits of development are equitably distributed, especially in the fast growing middle-income countries (MICs). There are bigger risks, including global economic shocks, potentially serious challenges of civil conflicts, long term resource shortages and global level climate change. Global policy needs to engage with these changes, primarily focusing on the supranational level to deliver global public goods. The most important present-day challenge is how to answer problems of unified cooperative actions in an ever increasing multi-polar world.

### Concern 1: Enduring poverty

Couple of decades ago extreme poverty was the normal norm in large areas of Asia and Sub-Saharan Africa where more than half of the population survived on less than \$1.15 in 1990 (Melamed, 2012). About a quarter and half of all children in these regions were grossly underweight, and in Africa only half of all children went to school. Situations are different and better in 2012, still there exists an extremely high number of people suffering from extreme poverty. Even though extreme poverty has been slowly declining in some regions of Africa, but in Asia, it has reduced to an extent where it now affects less than half of the population especially in East Asia where reductions was striking. Socio-economic indices have been improving at a faster rate. The percentage of underweight children has reduced to between one





and two fifths. Three-fourth of children in Africa are now going to school and over 90% in most Asian countries. Improvement can be seen on all target areas of the Millennium Development Goals (MDGs), more so on the targets associated to three MDGs: on poverty, gender equality in primary education and accessibility to clean water. MDG targets of child mortality, nutrition and primary school completion will be met soon. Only goal of maternal mortality still lags way behind the target (Kenny and Sumner, 2011).

Nevertheless, these numbers mask inequalities that exists within the countries (Melamed and Scott, 2011). Between 1981 and 2005, globally, almost 600 million people who came out of poverty still faced inequality (Hillebrand, 2009). Improvement based on socio-economic indicators tended to be concentrated among the population who were better-off. Studies conducted by Save the Children, found that countries showing child mortality rate reduction, still the poorest did not see any change. Once in a while, countries such as Burkina Faso had an actual increase in death rates among the poorest (Save the Children, 2010).

The percentage of very poor people living in weak states has also increased, from 14% (primarily in low income countries) in 1990 to 24% in 2008 (almost half were in low income fragile states and half in middle income fragile states) (Melamed, 2012). Because of absence of progress in these weak states: none of low income state has yet achieved a single MDG (World Bank, 2011c).

One of the biggest problems in understanding poverty and the policies required for its continuous reduction is the ongoing pace of urbanization. A large number of studies have highlighted the importance of cities as fulcrum point of opportunities, innovation to lessen man's carbon footprint, and where lives can be changed by freedom from the constraints of rural tradition (Glaeser, 2011).

However, vulnerability and the nature of poverty vary in urban and rural areas and our limited capability to process and understand the implications of this difference is inadequate. Urban population might look relatively rich in terms of 'money metric' measures of poverty as they transact mostly in cash compared to rural populations (from transport to fuel, to rent). However this does not make them better off, or less vulnerable, than their rural counterparts who seem to be poorer in cash terms. This has led to over estimation in poverty reduction numbers due to the inability to capture the different conditions of urban and rural life.

Some improvement in poverty reduction can be achieved through well directed technological innovations, for example on agricultural production. Perhaps the most iconic arena of technological change today is communications. Technological progress is very clearly correlated with increasing socio-economic performance (ICRIER, 2009). The very fact that the interrelationship between technological advancement and socio-economic progress is non-linear (with a spike at a certain level of penetration of a particular technology, such as mobile phones) is indicative of a dynamic relationship in which improved communications makes a serious contribution to growth rates.

### **Concern 2. Socio-economic transitions and Globalization**

One can understand globalization as the deepening, widening, and the speeding up of global interconnectedness in every aspects of economic, social, political and cultural life – a development that has quickened in the last 50 years (Held, 1999). Most of the regions are now more globalized now by most measures of economic interconnectedness. Global trade in terms of

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exports, inward flows and stocks of FDI and remittances have grown in percentage and value of GDP during period from 1970 and 2010 (World Bank, 2011a). However, the peak was observed in 2008, with a substantial shrinkage thereon as a result of the global financial crisis.

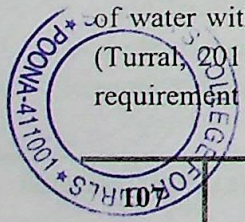
The worldwide discussion to characterize a changing geography of economic power and wealth has been changing from the 'East Asian Tigers' of the late 1980s and early 1990s, to a focus on the 'BRICS' (Brazil, Russia, India, and China) from the late 1990s onwards, now to a general sense that well governed low and lower to MICs globally are now catching up with the OECD countries which largely had shown stagnant growth rates over the last decade. The OECD observed that the 2000s were the first time in many decades that LDCs grew faster than high income economies (OECD, 2011b). An estimated 83 developing countries managed to double OECD per capita growth rates in the 2000s as compared to only 12 countries in the 1990s indicating clearly that there has been a significant global acceleration in economic convergence. Globalization in the present context presents a paradox of inequality. In money-metric terms, inequality between countries is declining as a large group of developing countries catches up with OECD countries in terms of national income and wealth. Correspondingly, there is a change in the balance of the middle class globally, which Kharas (2010) expects to grow massively in developing countries in the next couple of decades. Using the metric of an annual level of per capita household consumption of between \$10 and \$100 dollars of PPP per day, Kharas (2010) estimated that the middle class population will increase from 1.8 billion in 2009 to 4.9 billion by 2030 and that Asia's share of this middle class will significantly rise from 23% to 66%.

**Concern 3: Climate change impacting sustainable development**

While studying the after-effects of the current trends in CO<sub>2</sub> emissions, forecasts indicate that worldwide average temperatures will increase by about 2.5<sup>o</sup>C to 3.5<sup>o</sup>C by 2100 (IEA, 2011; Climate Action Tracker, 2012). These estimates are well above the 2<sup>o</sup>C of warming thought-through by many scientists to be the breaking point for setting in motion dangerous, runaway climate change (UK Met Office, 2010). In spite with rapid reduction in carbon emissions and a green growth revolution, most of the climate scientists now consider 2<sup>o</sup>C to be unattainable, though this still remains a target for political negotiations. Such accelerated warming of the planet has fundamental implications for development and economic activity.

- Frequent severe extreme weather, coupled with ever growing population and infrastructure in exposed floodplains and coastal areas, will lead to heavy economic losses. Impact will be felt more in Asia, where 130 million people are expected to be exposed to tropical cyclones by 2030, double the number in 1990 (Pедуzzi et al., 2011; IPCC SREX 2011).
- Serious long term changes and inter-annual variations in agricultural yields will deepen food insecurity through unreliable & erratic supply. In the era of multinational food supply chains, direct climate impacts will have differing, distant and indirect effects. In a predictive study, given a warming of 4<sup>o</sup>C globally, soya bean yields will be halved, at least, in almost every developing country in which it is grown (Osborne et al., 2009).

Almost a quarter (23%) of the significant increase in crop production achieved over the past four decades was primarily due to increase in arable land. Agriculture accounts for almost 70% of water withdrawals, however pulling out water from lakes and rivers has doubled since 1960 (Turrall, 2011). At present, only 13% of global energy comes from renewable sources, but the requirement of emissions reduction means that renewable energy must go up, with consequences





for both land and water resources. There are three important features connected with natural resource use:

- Firstly, higher competition among users (people and countries) and among uses (sectors) for a limited resources, most likely push up prices and intensify the deprivation of those who already lack access to natural resources pool.
- Secondly, greater interconnections between the socio-economic and demographic drivers of production and consumption: pressure on a nation's natural resources comes not only from within its own borders and is also not related necessarily to domestic demand
- Thirdly, possibilities of substantial scarcity or irreversible deterioration of ecosystem functions.

Big challenge of action on climate change and resource scarcity confronts us but it also gives us huge opportunities for climate consistent growth models. Importantly, it is the poor and powerless who are most vulnerable to the adverse effects of climate change (whether from weather related events such as cyclones and droughts or from the inadvertent ramification of remedial policies that can adversely affect the poor, such as bio fuels).

#### **Concern 4: Security, violence and human conflict**

One study estimates that around 1.6 billion people live in countries are susceptible to ceaseless continual cycles of conflict and violence (World Bank, 2011c). Continuous changes in patterns of conflict now describe the lives of many people in the poorest of countries. Although deaths due to civil war has reduced by almost 75% since the 1990s, still one-quarter of the world's population still live in conflict-affected zones with high levels of political and criminal violence. Some 45 million people have been displaced till now from their homes. One primary concern is that countries which are trapped in repeated cycles of conflict & violence, contribute majorly to dismal economic growth and human development (Collier, 2007; World Bank, 2011c).

Additionally one more cause for concern is the un-predictableness of the events and trajectories that can rapidly lead into violence & conflict. Several countries with fragile societal structure are not particularly poor, for example, insurgencies in India and Nigeria, could also cause serious instability and the spread of criminal gang networks in Latin America. Several attempts to use development methods in crude ways to bolster sense of security at the local or national level are fraught with risks and failures are many. Important questions of how to rebuild organizations remain at the center of development & security debates, often leading to a global focus on state-building and delivering core state functions (e.g. justice, service delivery, security, public resource management and economic stability) in delicate and conflict-affected countries. There are significant lessons for development practices that the need to be recognized:

- Significance of understanding the complexity and context of interests, perceptions, relationships and incentives in conflict situations;
- Significance of sustainable governance evolutions as a basis for development following periods of violence & conflict. Political measures to be durable and inclusive to allow progress.
- Handling enduring and deep-rooted inequalities between social groups (including gender inequality) really matters for social congruity and long-term sustainable development;
- Giving impetus to get markets moving (through SMEs) as very critical to building social cohesion and sustainable development;



### Conclusion: Need for Global Collective Action

The Report of WEF Global Risks in 2012 attaches worldwide governance at the very center of its 'global risks map' along with issues of chronic fiscal imbalances, greenhouse gas emissions, critical systems failures, conflicts, demographics and rising income inequality (WEF, 2012). Handling issues from climate change to trade, progress on confronting these big global concerns at a multilateral level looks weaker than it should be. Also, increasingly the public goods challenges that matter are wholly or partly global. The successes of reducing global poverty particularly in the last two decades showed what is possible to achieve when effective coalitions for action are mobilized. Particularly, in the case of the 'big push' on debt and world-wide poverty in the 1990s, the coalition involved both the civil society networks as well as governments, determined to 'make poverty history'. The continuance of global progress requires action to confront a broader set of concerns & challenges and the task looks cut out as a result of geo-political changes that make effective public action globally even harder than it was. Maintaining effective alliances for change based on solidarity, and engaging citizens as well as governments – will be a very important part of the solution.

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