

Introduction

Photos: © Mercy Corps



Photo: © Gates Foundation



The start of the 21st century has been an auspicious period for global economic development. Developing economies have, on average, enjoyed faster rates of growth, lifting hundreds of millions of people out of extreme poverty. As a result, the first UN Millennium Development Goal—to halve the rate of extreme poverty between 1990 and 2015—was achieved seven years ahead of schedule.

Yet in a number of countries, growth has been fitful or has failed to take off entirely. And in others, growth has only benefited the few, leaving certain populations or subnational regions impoverished. In many cases, these places face structural challenges to growth such as conflict, a high exposure to shocks, weak institutions and governance, or entrenched discrimination.

In these very difficult environments, jump-starting inclusive growth is a prerequisite for any hopes of ending extreme poverty in the next generation. And this kind of rapid growth will require new models of cooperation between stakeholders, better ways of managing risk, harnessing new technologies, better approaches to managing resource extraction, and transformative investments.

In the path to eliminating global extreme poverty, two factors become apparent. First, fragile states require new solutions and strategies to reduce poverty. Poverty reduction has been virtually absent in these states, which are home to an increasingly large share of those living in poverty globally.

Second, the private sector will need to play a large role in these solutions and strategies. Historically, the private sector has opted to invest in emerging markets that suffer less from structural problems of instability. A critical question is how this could be changed. The latest incarnations of the global development agenda recognize the importance of the private sector but

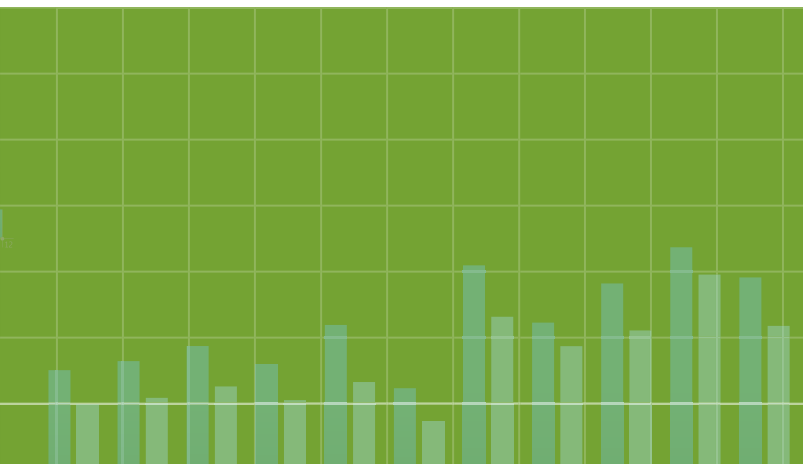


Photo: © Mercy Corps



struggle to precisely define three key dynamics. These are: where private sector responsibilities start and end; the characteristics of an effective partnership model; and how the positive impact of the private sector can be fully exploited while its potentially harmful effects are mitigated. The 2014 Brookings Blum Roundtable provided an opportunity to explore these issues.

The introductory essay in this report, “Development Potential of Extractives and Large Infrastructure Projects,” explores the ways in which multinational corporations can invest in deals in fragile environments. It posits ways for multinationals to join governments and other actors in creating projects that use each party’s unique skill sets and resources. The essay discusses how such partnerships can best be structured and the use of royalties, taxes and fees to improve countrywide development prospects.

The second essay, “Advancing Technological Diffusion in Developing Countries,” discusses opportunities for the use of so-called leapfrog technologies to accelerate development in some of the world’s poorest countries. While the dissemination of these technologies to developing countries has been expanding rapidly, the gap in technology adoption rates between the West and the developing world has grown. This essay inquires into what lies behind these trends and factors

that could spur more leapfrogging technologies to be brought to scale in poor countries. Finally, it assesses the pipeline of new technologies that could provide a shortcut to prosperity.

The third and final essay, “Public-Private Partnerships, Strategic Planning and Capacity Building for Better Development” shows what steps modern corporations can take, in cooperation with governments, to have a greater impact than what either can achieve independently. These mutually beneficial partnerships are well suited to corporations that are concerned not only with profit but also with their social and environmental impact. It explains how the government and private sector are mutually dependent, and it outlines what each can do to get more out of deals, while highlighting pitfalls that could prohibit cooperation on a project, or its completion.

The 2014 Brookings Blum Roundtable on Global Poverty was convened in August 2014 to explore innovative ideas for tackling development challenges in the world’s most impoverished states. The three essays in this report highlight some of the most prominent themes discussed at the conference—both by synthesizing the roundtable discussions and by further exploring the issues through independent research.