

# FROM TRANSITION TO ACTION: AN INSTITUTIONAL PERSPECTIVE

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# Countries undergo different types of transitions (i.e. demographic, digital, green)



## The underlying transition:

A MODEL BASED  
ON FACTOR  
ACCUMULATION



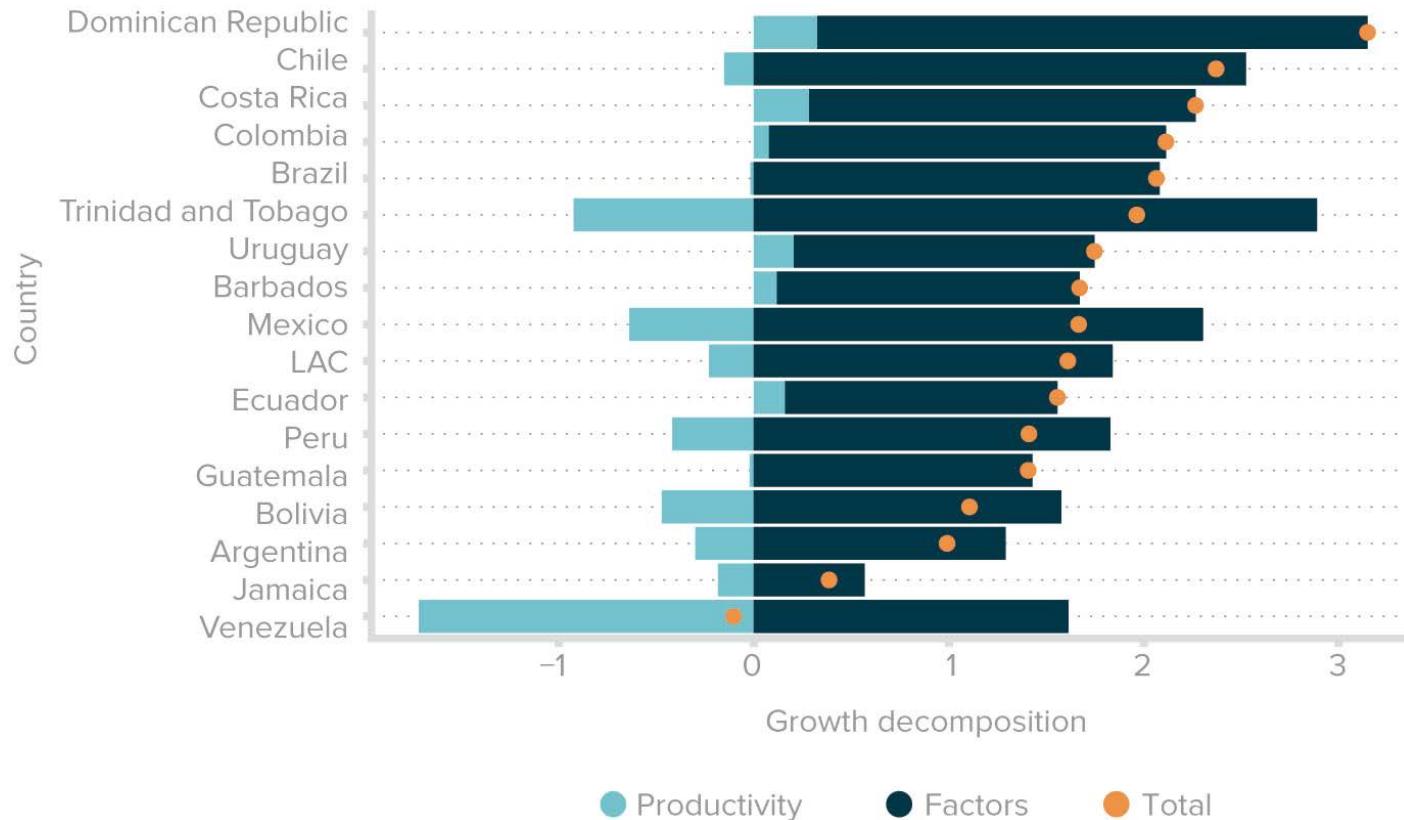
TO A MODEL BASED  
ON PRODUCTIVITY  
AND INNOVATION



# LAC's growth model is for the most part based on factor accumulation



Decomposition of per capita output growth, LAC, 1962-2017, annualized, %



“Productivity is not everything, but, in the long run, it is almost everything”  
-Paul Krugman

# WHY DO COUNTRIES GET TRAPPED?



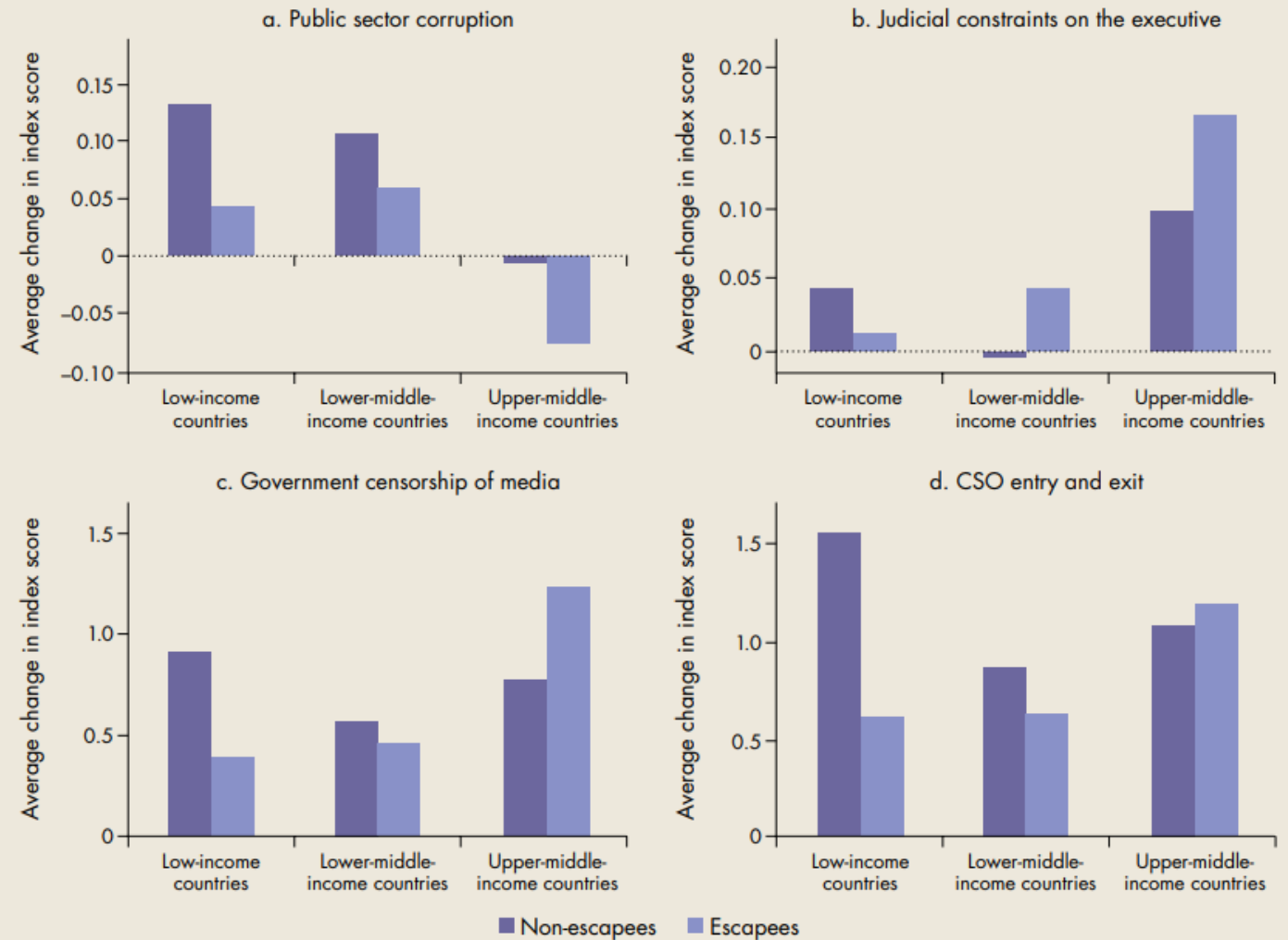
Transitioning  
successfully  
requires  
**INSTITUTIONAL  
ADAPTATION**



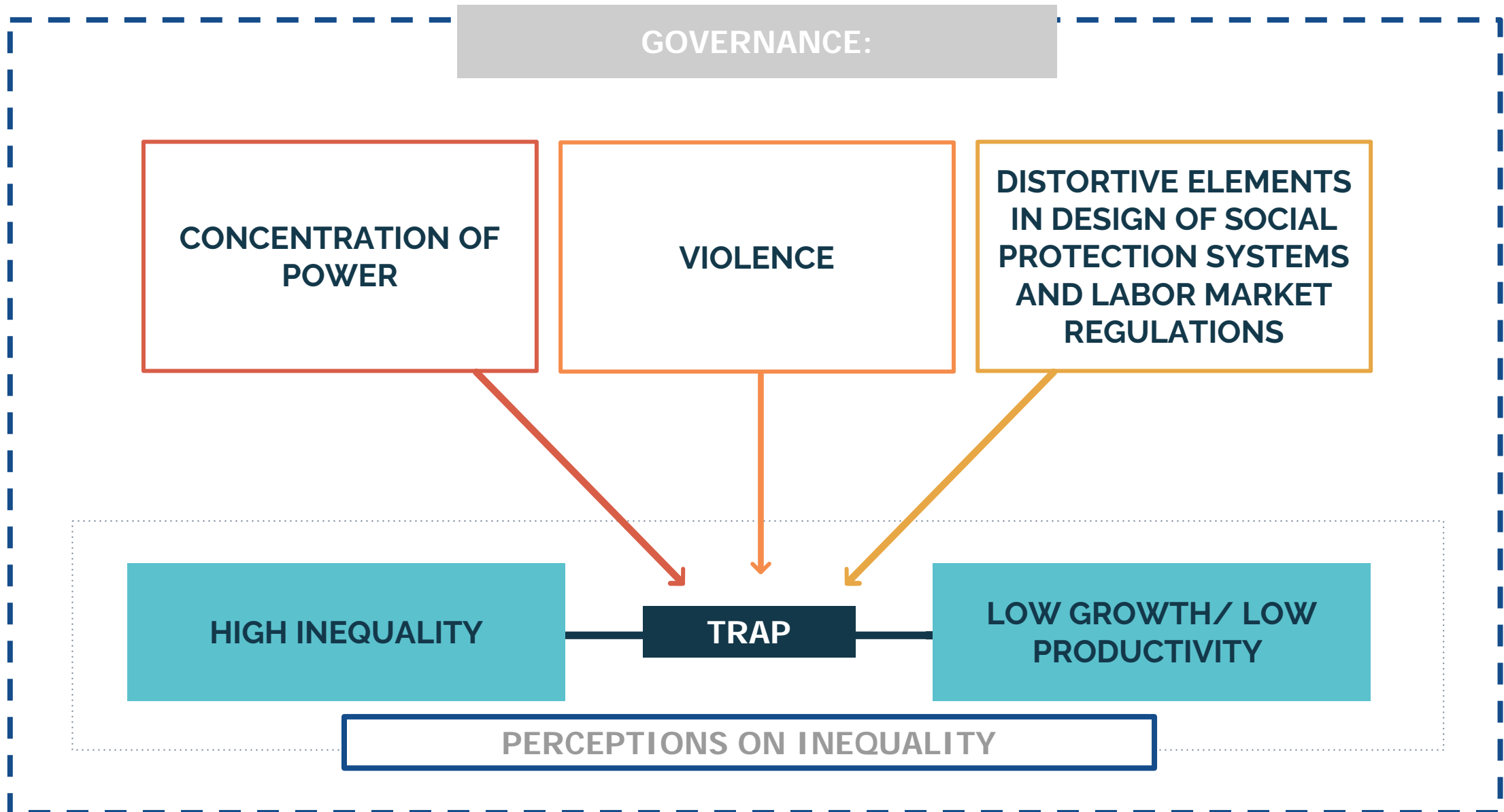
# An interpretation of the middle-income trap

If institutions are unable to adapt, countries can get trapped

**Figure S6.2** Checks on corruption and accountability institutions improve more in countries that escape upper-middle-income status to achieve high-income status than in countries that are “non-escapees”



# LAC FINDS ITSELF IN A LOW-GROWTH, HIGH-INEQUALITY TRAP



# Moving from Development in Transition to Development in Action is about lifting institutional constraints, such as:



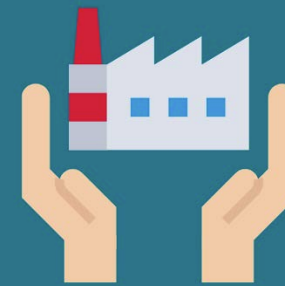
Creating a favorable conditions for investment



Reinforcing the rule of law



Strengthening Contract enforcement

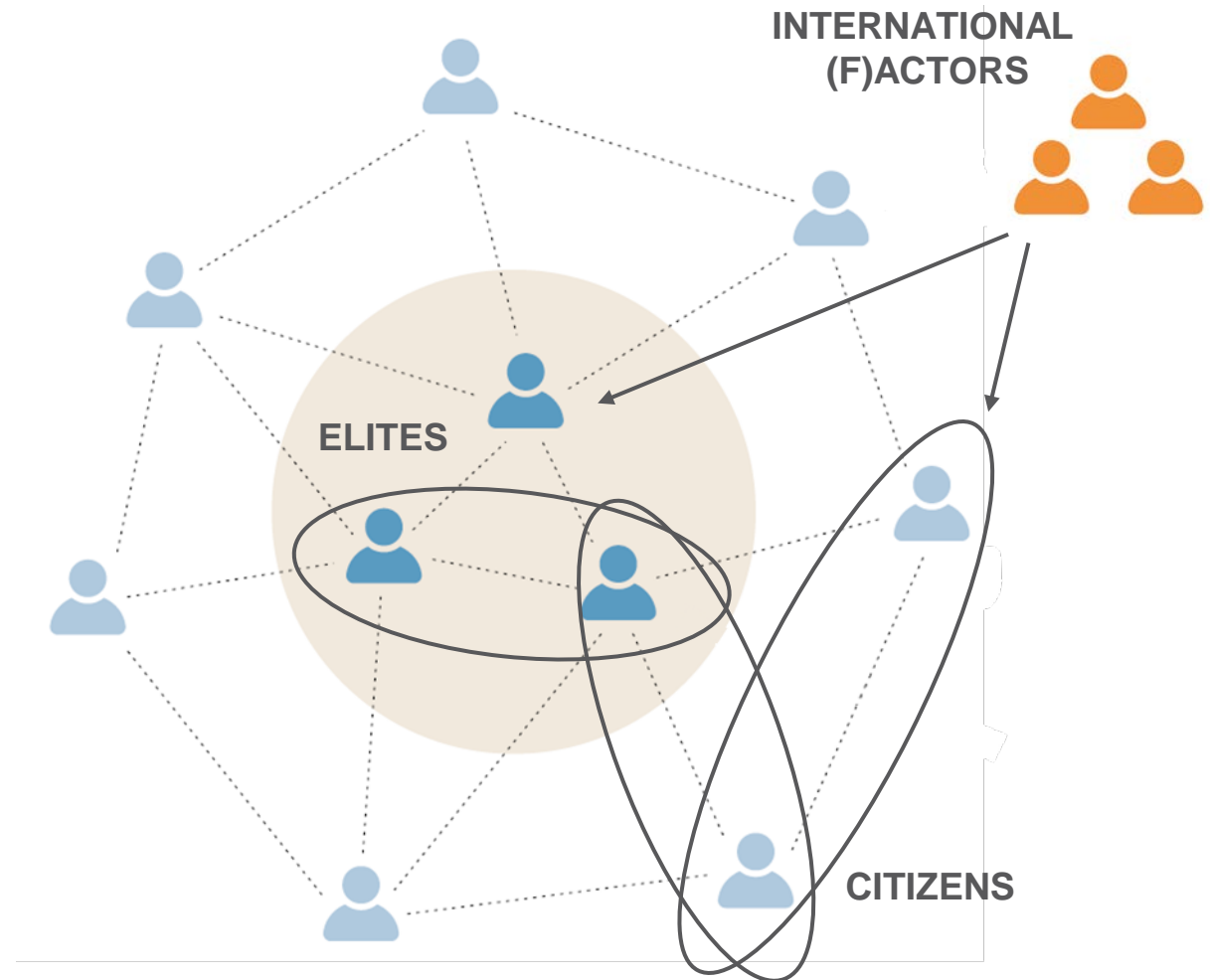


Creating the enabling conditions that allow small enterprises to grow

# How can multilateralism can bring about change?



Through various instruments (i.e. ODA, technical assistance, institutional norms and global agendas) the international community can support coalitions for change.





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**If this STRUCTURAL CHANGE is achieved  
(ADAPTIVE INSTITUTIONS),  
the CONDITIONS FOR OTHER TRANSITIONS to be  
successful  
will have been ESTABLISHED**

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**THANK YOU**  
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