

Compounding crises and recent waves of external shocks, including health and climate change-related challenges have reshaped the global economy. While all economies and people have been impacted by these changes, small and structurally weaker economies, including the least developed countries (LDCs), landlocked developing countries (LLDCs) and small island developing States (SIDS), face the strongest challenges. Lack of sufficient progress towards the Sustainable Development Goals and persistent structural vulnerabilities confirm that past and present development approaches have not delivered the promised results. In a changing world, they are simply no longer viable options for the economies of tomorrow. There is an urgent need for new thinking and different actions. A new development paradigm - one centred on the building of economy-wide productive capacities leading to structural transformation - is required to build resilience to economic and environmental shocks, boost inclusive growth, and reduce poverty and inequalities. Such a shift necessitates not only new economic ingredients - ideas, policies and strategies - it also demands a new package of recipes for sustainable structural transformation.

Productive capacities lie at the heart of future economic activity and growth. They are the fundamental prerequisites for achieving sustainable structural transformation. These essential ingredients help unlock investment opportunities, facilitate greater participation in international trade, and enable economic and export diversification. By creating new, decent jobs, and fostering the design and manufacturing of more technologically intensive and higher value-added products and services, productive capacities enable countries to take a leading role in their own national development narratives, shaping the economies of tomorrow and beyond.

In a turbulent global context and an era of increased uncertainties, the time is now to ask the hard questions and fill in the missing links in the global discourse on production, productivity, trade, green growth, and development. Closely aligned with the goals and targets of the respective Programmes for Actions for LDCs, LLDCs and SIDS, as well as the 2030 Agenda for Sustainable Development, targeted and evidence-based policies and strategies to address the fundamental development challenges facing vulnerable countries must be made available. The usual development approaches have failed to address the challenges of today, and they will not be sufficient to tackle future shocks and emerging issues.

Thought leadership is needed to reshape the development agenda. Moreover, forward-looking insights on how domestic resources can be mobilized and used in a meaningful manner, as well as considerations of a new structural and institutional architecture should be explored. This panel will explore the ingredients needed to help countries prepare for the economies of the future and will provide policy options and propose actions to enable them to compete and thrive in a new global environment. Only by building domestic productive capacities, can countries accelerate growth and development, making it inclusive, green and sustainable. These new development approaches need to incorporate the environmental dimension from the start, aiming at the green structural transformation of economies, that is progress towards higher value-added activities and sectors that is environmentally sustainable in terms of inputs, outputs and emissions generated by economic processes.

The objective of this session is to:

- Identify new thinking, propose policy options and present innovative ideas to help countries respond to new and emerging global economic challenges
- Build consensus and multi-lateral support for a new development narrative centred on the fostering of productive capacities and structural transformation as key to addressing multiple development challenges
- Galvanise new partnerships to meet the challenges of the economies of tomorrow, and, ultimately, achieve inclusive growth and sustainable development

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