

# “Development Cooperation post COVID-19: Possible Implications of the Current Crisis”

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# My argument

## 1. Think big

We are seeing calls for global govt, UBI, major state intervention. The idea I will present today was radical when I first presented it a few years ago. Suddenly seems quite unambitious!

## 2. Fundamental point is: resurgence of “the public”.

This crisis will demonstrate the importance of public funds, during the crisis and beyond (ie if it's good enough for COVID19 why not for persistent infant mortality, or climate change?)

## 3. Public interventions have to be funded.

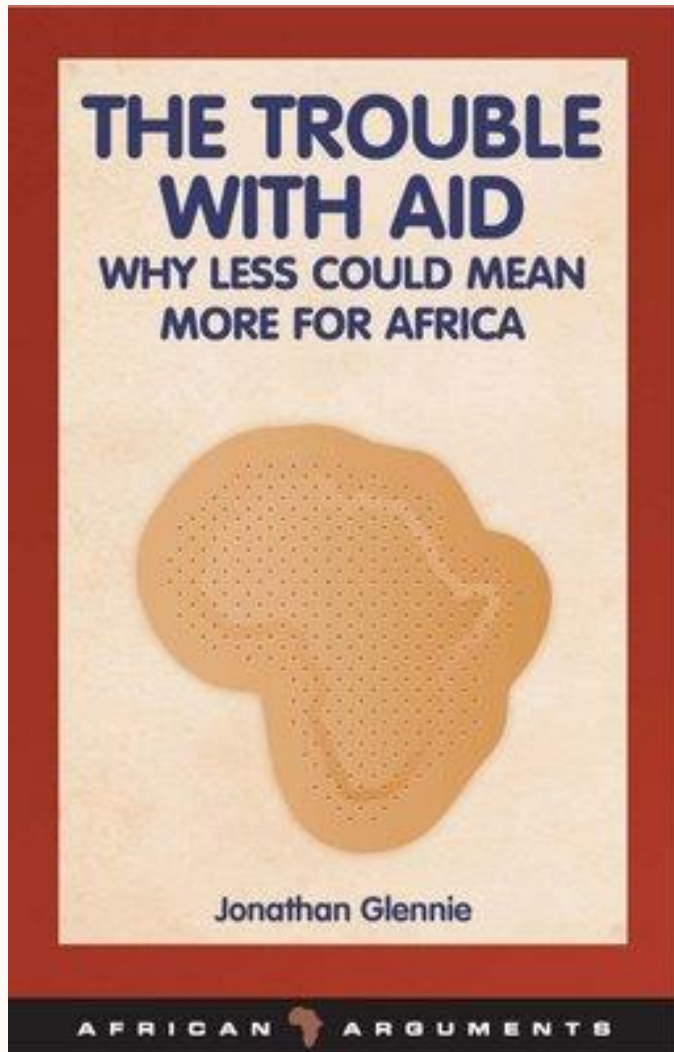
Most important progress required at national level. But we also need progress on international level, mostly on taxation, but also....

## 4. ...we need to reaffirm the importance of grant financing for international development and sustainability.

We need MUCH more money, and it needs to be managed very differently.

## 5. Can't predict how it will play out.

After the 2008 financial crash, I hoped people would finally get it! In fact, we saw more right-wing populism. But this is a moment to shape the next 50 years. Think Keynes and the Bretton Woods institutions...



2008: Need to push the international development sector to **look beyond** grant finance

2020: Need to remind the international development of the **continued importance** of grant finance

COVID19 makes the case for us...

# Financing the SDGs: “Billions to trillions”

Domestic public spending 

Private finance & investment (international & national) 

Philanthropy (international & national) 

Remittances 

Overhauling taxation internationally 

International public finance 

# MDGs



# SDGs

**“Aid is not successful unless it has a sell-by date. If aid does not stop, it will have failed.”**

*Donald Kaberuka, former President of the African Development Bank*

**“There is basically no role for international development cooperation in middle income countries.”**

*Paul Collier, author of “The Bottom Billion”*

**“Development only really begins when extreme poverty is eradicated.”**

*Adolf Kloke-Lesch, former managing director at GIZ*

**“Is it not time for these arcane income thresholds for ‘graduating’ from ‘low-income’ status to be laid to rest?”**

*Martin Ravallion, Director, Development Research Group, The World Bank*

# This proposal seeks to...

- *Clarify* the **role** of concessional international public finance in the 21<sup>st</sup> century
- *Respond* to the higher **ambitions** set out in Agenda 2030
- *Reflect* the emergence of providers from the **Global South**
- *Lead* to **increases** of financial commitments globally
- *Enhance* **impact** and effectiveness
- *Democratise* **governance** and accountability
- *Garner* **legitimacy** from civil society
- *Emphasise* **global** common benefits
- *Use* **language** that is modern and non-paternalist
- *Secure* strong and stable **support** from critical constituencies

**Global Public Investment** = concessional international public finance intended to promote sustainable development. Includes ODA and South-South Cooperation.

Or...

**“Global Financial Contributions for Sustainable Development”**

# An analogy: the European Union

**Billions transferred** annually

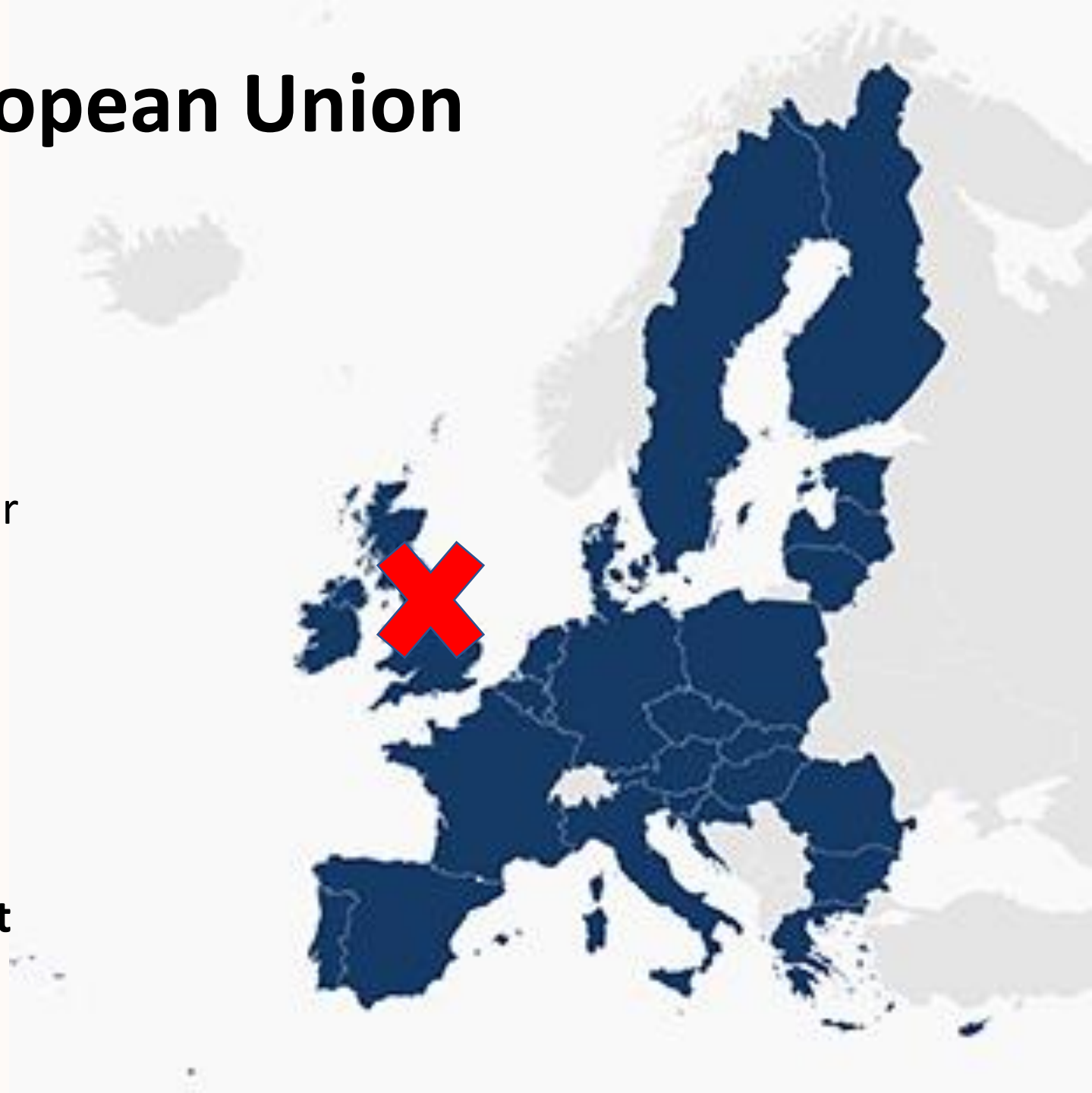
Aim is “**convergence**”

**Every country contributes**, but poorer countries make a net gain

Mostly **grants**

Every country **has a seat at the table**

Even **richer countries receive support**





## AN ANALOGY:

National → Regional → Global public investment





## **AMBITION**

- **From poverty to inequality (convergence) & sustainability**
- **From national progress to international goods**



## **FUNCTION**

- **From quantity to unique characteristics**
- **From filling gaps to overcoming traps**
- **From temporary to permanent**

# Some special characteristics of international public finance

**Motivation**

**Concessionality**

**Flexibility (e.g. counter-cyclical)**

**Availability**

**Expertise**

**Transparency/accountability**

**Sustainability**

*Therefore useful for e.g.*

- Responding to poverty/social sectors
- Research and innovation
- Investment in green infrastructure
- Support to civil society
- Incentivising developmental behaviour
- Global public goods
- Emergencies
- Macroeconomic stabilisation

# Following the evidence on aid to MICs...

“The evaluation [of aid to Colombia] found that in certain fields – such as the environment, institutional strengthening, and productive system support, as well as problems related to the struggle against inequality, internal displacement and human rights violations – the selective use of aid financing, expertise and shared experience was ‘**a determining factor** in achieving better development results.’”

*Wood et al, 2011, Evaluation of Paris Agenda*



## **GEOGRAPHY**

- **From north-south to universal**
- **From graduation to gradation**
- **From income/capita to a range of indicators**



## GOVERNANCE

- **From voluntary to contributory**
- **From hierarchical to democratic**



## NARRATIVE

- **From cost to investment**
- **From donor-recipient to collective responsibility**
- **From charity to common interest**
- **From foreign to global/regional**



**Thank you**

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