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Aid transformed

Global crises – and goals – are increasingly undermining the traditional notion of countries as either rich aid donors or poor recipients. How might a new model of 'global public investment' rewrite the rules?

By **Jonathan Glennie**, independent writer and researcher on international cooperation

I was asked to write an article about 'aid', but the time for aid is over. It has done some good, some bad, in its long life (beginning in its modern form after the Second World War). But it is now an outdated and insufficient approach to achieving the Global Goals outlined in Agenda 2030.

Don't get me wrong: we need plenty of international public money, much more than we currently have from official development assistance (ODA) and South–South cooperation. The private sector, while always a welcome partner, has not ridden to the rescue as some rather despairingly hoped a few years ago. And anyway, the idea that private money could replace public money has always been spurious. No one would say that at the national level, so why argue it when it comes to international development? The two types of money are fundamentally different, yet both are needed – today and permanently.

▲ A paediatric nurse from the UK at a clinic set up to treat a diphtheria outbreak in a Rohingya refugee camp near Cox's Bazar, Bangladesh. This type of aid in response to humanitarian crises helps strengthen public support for aid in donor countries but also has the negative effect of reinforcing counterproductive, donor-recipient stereotypes, particularly the 'saviour complex'

Nor will domestic resources in low and middle-income countries suddenly, magically, increase to meet the demands of the Sustainable Development Goals (SDGs), particularly given the mega economic hit the whole world is expecting on account of COVID-19. When people say that calling for more international public spending is unrealistic, one can only respond that waiting for private and domestic resources to fill the gaps in spending is even more so. And one can point to any number of 'unrealistic' policies now being implemented because the world finds itself in emergency mode.

Joseph P. Overton's famous window of political acceptability is now well and truly open, and the sunlight is flooding in. This provides a context for a transformational new approach to concessional, international public finance for sustainable development. Not aid, but global public investment (GPI).

This new approach would maintain the best of aid: public money directed at some of the world's greatest problems, particularly poverty. But it would ditch the rest: the patronising us-and-them narrative, the exclusionary decision-making processes. You cannot take the politics out of international finance, and you cannot magic away the technical difficulties in supporting objectives with many stakeholders in complex contexts. But you can overhaul the structures within which money is gathered and spent. That is what the GPI approach seeks to do.

Paradigm shifts

So what does GPI mean, and how would it differ from aid? I suggest five major paradigm shifts to underpin the next 50 years of financial development cooperation.

First, we need to raise our ambitions. Aid has been primarily intended to reduce poverty, both individual and national. But this focus, while important, has led to an incredibly stingy understanding of human obligations, as if the job of international solidarity is done when minimum (very low) welfare standards are met. The challenge of eradicating extreme poverty remains but, today, tackling inequality and enabling all countries to converge with relatively high living standards is a bolder aim, in line with the world's new global objectives, the SDGs.

Second, we need to be done with this sleight of hand around public, private and blended finance. With higher ambitions, even so-called 'middle income' countries are far too poor to deliver on the promise of the SDGs – we are going to need serious topping up from wealthier nations. Private money is welcome, as is philanthropy. But the job of building back better is for governments accountable to citizens – you cannot replace public money.

Foreign aid has traditionally been considered nothing more than a stopgap, necessary only in exceptional circumstances to fill a shortfall in a country's finances. As other types of finance become available, this temporary support comes to an end. But a system of GPI would not just be a last resort, but a first resort (in the words of economist Mariana Mazzucato), prodding societies in the right direction and promoting global benefits.

Changes in global wealth and power have shaken up international development practice for the better, with emerging economies now contributing more than ever to global objectives, even as they continue to receive financial support. This makes no sense in the current 'aid' paradigm, which splits the world into rich countries – 'donors' – and poor countries – 'recipients' – but is a fundamental element of the new approach we propose.

The third mega paradigm shift is that all countries, even the very poorest, should contribute funds for global sustainable development according to their ability to do so. Likewise, all countries, even some rich nations, could receive funds according to need (just as the European Union ensures that most of its pooled funds go to poorer countries, but some go to poorer regions in wealthier countries). Some will see this as a radical idea, but it is increasingly the new normal. Many countries are today both contributors and recipients of development finance, including the one I live in, Colombia. The GPI proposal is not only a call to action, it is also simply a better description of today's reality.

Clearly, at any moment of change, there will be forces trying to drive us in a less progressive, more nationalist direction. We must make sure that any changes we implement for international public finance do not undermine what we currently know as ODA or aid but are additional to it.

This links closely to the fourth paradigm shift, on how global public money should be managed. While aid has often been a force for good, it has also been misused and wasted, in part due to the institutions and processes through which it is managed. Aid governance is stuck in the 20th century, with a handful of countries taking the major decisions and contributions fluctuating depending on 'donor' circumstances. At this time of flux, there is a moment of opportunity to reorder the way the world manages development cooperation. An improved system of GPI requires more democratic decision-making about the size, purpose and accountability of contributions.

We need to move away from a donor–recipient mentality and towards more horizontal partnerships with all countries and other stakeholders (including civil society) sat at the decision-making table.

The final paradigm shift is in how we talk about development cooperation. Words matter. They can convey respect or condescension – and too often in the world of 'aid' it is the latter, something emphasised by those calling for the 'decolonisation' of

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development, emboldened by the powerful Black Lives Matter movement. The commonly used language of the aid sector is outdated, misleading the public, patronising recipients and entrenching an embarrassing ‘saviour complex’. A new vision for GPI must be accompanied by a narrative more appropriate to today’s reality. Global spending on global goods and services is not charity but a sensible investment in mutually beneficial objectives (just like public sector spending at the national level).

In part because of the way the pandemic has sharpened the consequences of inaction, this idea is seeing growing support from all over the world and from a variety of political standpoints. Economist Jayati Ghosh calls the GPI approach “a necessary element to deal with the challenges we face”. According to human rights lawyer and global health scholar Gorik Ooms, “global social justice is the ultimate global public good. We need global public investment to make global social justice happen.” Lysa John, Secretary-General of CIVICUS (the global alliance of civil society) says: “rethinking aid as a global public investment is critical if we are to secure our undeniably interdependent future”. For Harpinder Collacott, Executive Director of Development Initiatives, “GPI is an idea whose time has come.”

Part of the puzzle

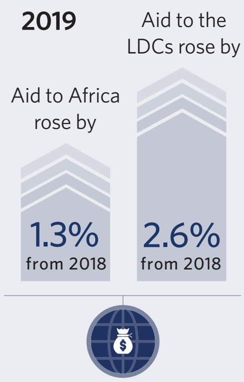
Spending more public money, more effectively, is not the only thing needed to support development internationally. Far from it. The causes of poverty, inequality and unsustainability are structural, and it is impossible for international public money alone to make a real difference in the absence of policies to transform the economy and society, nationally and globally. So it is important not to overclaim for what GPI will be able to achieve. It is just a piece of the puzzle. But it is an important piece.

While wishing tech billionaires the very best as they work up plans to send people off to live on Mars, we would not want, and can not expect, them to deliver goals closer to home. Global public investment should become a mainstay of our collective efforts to build back better, making our own planet a fairer, safer, greener and healthier home. ●

17 PARTNERSHIPS FOR THE GOALS

Strengthen the means of implementation and revitalise the global partnership for sustainable development

Remittances to low- and middle- income countries – an economic lifeline for many poor households – are projected to fall

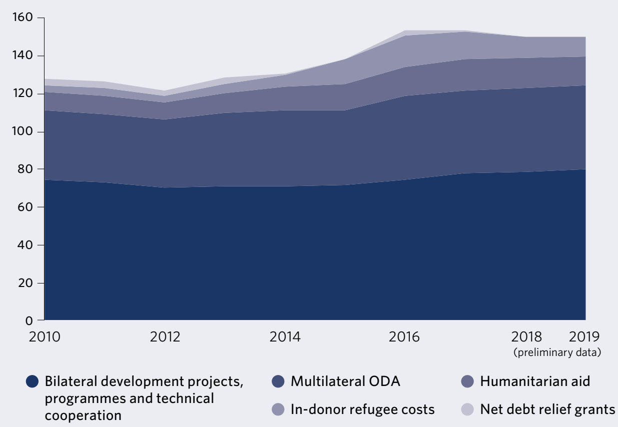


NET ODA totalled $147.4 billion in 2019, almost unchanged from 2018, but aid to Africa rose by 1.3% from 2018 and aid to the least developed countries (LDCs) rose by 2.6% from 2018

2020

Global foreign direct investment is expected to decline by up to 40% in 2020

Components of net ODA flows, 2010-2019, billions of dollars



Source: Sustainable Development Goals Report 2020