

BACK TO THE FUTURE? 30 YEARS OF INTERNATIONAL DEVELOPMENT AND BEYOND

ITAD 30 PRESENTATION

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Introduction

It is my great pleasure to offer an overview of major trends in international development over the past 30 years to mark Itad's contribution and significance over this period. The past three decades from 1984 coincide with my own career in international development, beginning with nine months of doctoral fieldwork in India, so this period has strong personal significance for me. More soberly, the release of the Band Aid 30 single this week marks another anniversary, drawing a troubled line from the Ethiopian famine of 1984 to the current Ebola outbreak in West Africa.

But it would be wrong to depict this 30-year period as a dismal trajectory of war, famine and chronic disease. Rather, it has been a complex period of mixed development trends, many of these positive, others more negative. Over this period we have seen aid fashions come and go, some to re-emerge in a different guise. My purpose in this short talk today is to address some of the main features of aid and development past, present and future, highlighting salient trends and challenges ahead. My focus is the developing world and is global rather than parochial and UK-focused. It is inevitably broad-brush and is intended to offer an overview so I hope you will pardon a tendency towards generalisation rather than nuanced detail.

The developing world in 1984

Forty years earlier George Orwell predicted a world in 1984 that would be characterised by perpetual war between major regional blocs ruled by authoritarian regimes competing for power and influence, ruthlessly cowing their citizens into unquestioning compliance. Some observers in 1984 saw elements of such a scenario present in the world at the time. This was still a period in global history at the tail end of the Cold War dominated by military and political competition between East and West. The Soviet Union and Warsaw Pact countries were still ruled by Stalinist dictatorships. Most governments in the developing world were under various forms of authoritarianism, whether

military dictatorships or Marxist-Leninist regimes patronised by the US and the USSR. The ideological divide of the Cold War was still very prevalent. Civil wars in Africa and Latin America were fought by proxy powers and insurgent forces. Democracy was in scarce supply: in Africa at the time only two countries held competitive elections on a regular basis.

But 1984 was also a year in which aid was receiving unprecedented attention, spurred on by the dreadful famine in the Horn of Africa. A few short years had elapsed since the publication of the first Brandt Commission report in 1980. This landmark document addressed the state of international development, highlighting the challenge of overcoming a North-South divide and the problem of deep engrained poverty and underdevelopment in large parts of the developing world. The report sold 1 million copies around the world, inspiring a new generation of policy makers and practitioners, myself included.

Willy Brandt, the former German Chancellor and chair of the Commission, was quoted as saying in 1983 with the publication of a second report: "A new century nears, and with it the prospects of a new civilization. Could we not begin to lay the basis for that new community with reasonable relations among all people and nations, and to build a world in which sharing, justice, freedom and peace might prevail?" The only way to redress a chasm in living standards between North and South was a large and sustained transfer of resources to developing countries, primarily in the form of a massive increase in aid and fundamental changes in the global trading system. The Commission Report advocated an increase in international aid to the least developed countries of \$4bn a year over twenty years to accomplish this ambitious goal.

The Brandt Commission raised the profile of global poverty and galvanised donor governments and international organisations to redouble their efforts. Poverty levels remained high in the major developing regions. In sub-Saharan Africa the \$1.25-a-day poverty rate was 53% in 1981, in South Asia it was 61%, and in the East Asia and Pacific region 78%. Hunger and malnutrition was prevalent among the extreme poor and health and education indicators remained stubbornly low. But not all was doom and gloom. Life expectancy in developing countries had increased from 46 to 62 years from 1960 to 1987. Under-fives mortality was halved. Primary health care was extended to 61% of

the population while food production expanded at a faster rate than population growth.

1980s and 1990s

The 1980s and 1990s witnessed a sustained focus on development aid. Real aid flows increased steadily, continuing an upward trajectory that started in the early 1970s. Several Nordic donors progressed towards the UN 0.7% GNI target and a number of Arab states became significant donors, whereas aid from the US remained fairly static. Globally, aid as a percentage of GNI doubled in the two decades after 1984, going from an average of 0.25% to 0.50%. There were changes in the composition of aid over this period, with education falling and health increasing as a share of the total. Governance began to feature while aid to support production declined, marked by a shift away from agriculture.

But along with increasing aid came increasing levels of dependency with many countries in sub-Saharan Africa and Southeast Asia receiving well over 50% of government expenditure from aid. For Rwanda, Zambia, Guinea-Bissau, Mozambique aid dependency exceeded 70% by 1990, bringing with it challenges around volatility, unpredictability and loss of policy autonomy. Tied aid remained in place for many donors with the requirement that aid would generate direct benefits for private companies in countries providing development assistance.

By the 1990s there was more focus on policy and getting the macro-economic fundamentals right, with a growing emphasis on stabilisation and structural adjustment policy, resulting in sharp fiscal contractions and currency devaluations. The so-called Washington Consensus, associated with the World Bank and IMF from the late 1980s, emphasised the need for reduced state expenditure with a renewed focus on the market, guided by prudent macro-economic policies. This period was accompanied by a growing shift from project aid to budget support to give governments more responsibility for determining policy and a much-needed fiscal stimulus.

Poverty reduction assumed increasing visibility as the central purpose of aid with growing focus on targets and goals to achieve measurable improvements in the lives of the poor. The 1990 World Development Report set out the scale of the challenge, proposing a range of growth policies and investments in social

services to address the problems faced by the more than 1 billion people living in extreme poverty worldwide. But the exclusive focus on growth and economic development was challenged with the publication of the first Human Development Report in 1990. This influential report advocated the concept of development as enlarging peoples' choices based on access to education and leading a long and healthy life, building on the earlier basic needs approach that emerged in the late 1970s. It proposed the development of a composite Human Development Index (HDI) based on GNP per capita, life expectancy, adult literacy and under-fives mortality. The HDI produced different rankings of countries from conventional income measures, showing that some low-income countries could achieve high indicators of human development.

The Millennium Declaration adopted by the UN General Assembly in 1990 encapsulated many of these aspirations, setting out a set of values and principles to guide international development. These provided the foundation for the Millennium Development Goals a decade later which set out ambitious targets for halving poverty in 25 years and measurable improvements in health, education, and infant survival. Improving gender equality and ensuring environmental sustainability featured among the eight Goals, placing them on the same footing as social and economic development. There was reciprocity built into the MDGs: they committed developed countries to increasing aid, reducing trade barriers, and relieving debt under the global partnership for development goal.

This evolution in the aid and development policy landscape was accompanied by a series of wider changes that were transforming the global context for growth and poverty reduction. Globalisation attracted increasing attention in the 1990s, manifest in the increasing speed and scale of global interchange in products, ideas and culture, expressed in concretely in flows of trade, investment, migration and telecommunications. The notion of globalisation focused attention on global issues and exchanges and shared opportunities and challenges rather than purely national or local concerns.

A major global shift that gained momentum in the 1990s is what Samuel Huntington termed the 'Third Wave of Democracy'. This worldwide phenomenon had its roots in the political transitions from authoritarian rule that first took place in Southern Europe and Latin America from the early 1980s and

then spread across the world after the falling of the Berlin Wall in 1989 and the collapse of the Soviet Union two years later. All over the developing world military regimes and one-party states succumbed to popular movements for democracy and challenges to authoritarian rule. This transformed the political landscape in many developing countries with elections and civilian governments becoming the norm rather than the exception, reversing the situation prevailing two decades earlier.

Francis Fukuyama coined the notion of the 'End of History' in 1989 to denote the state of affairs in which liberal democracy becomes the prevalent and the best means of governing human affairs. Critics drew attention to what they saw as a risk of hubris associated with the term, highlighting the limitation of procedural democracies where elections are held but substantive participation is limited and power continues to be concentrated in a limited number of hands. So while more than 100 countries are now classified by Freedom House as 'electoral democracies' many lack political competition and have limitations on political equality.

Global political changes influenced the language and practice of development. Governance emerged as a legitimate donor concern from the late 1980s, reflecting changes in the broader political environment and the ending of the Cold War, and focusing attention on institutional weaknesses as a major explanation for policy failures. It became increasingly acceptable in the 1990s to frame development arguments using the language of human rights. Women's rights came to the forefront of development policy concerns with gender equity and empowerment assuming much greater prominence following the Fourth World Conference on Women in Beijing in 1995.

Participatory development emerged as the new norm, ensuring that poor people and citizens are engaged as active agents of development rather than as passive recipients of aid. Non-governmental organisations grew rapidly in number and reach and became increasingly prevalent as providers of development assistance and as purveyors of participatory development and rights-based approaches. By 2000 they accounted for one sixth of total aid flows and were increasingly recognised as partners alongside governments and donor agencies and not just as critics of development failures and the limitations of official aid, much as that form of advocacy had validity.

2000s

Two decades on, the landscape of aid and development was very different from what it was in 1984. The demise of the Cold War brought with it the lessening of ideological struggle and the ending of grand narratives of development. Marxism had lost much of its potency in explaining unequal development and in proposing radical solutions to eliminate poverty and end dependency with the failure of state socialist development and Marxist-Leninist regimes in post-colonial Africa. The market-led critique of states and government intervention had begun to subside with the recognition that public action was an essential pre-requisite for creating the enabling environment for growth. Sustained growth was in turn a fundamental requirement for poverty reduction, informed by the experience of South Korea and China's developmental states. Commentators were critical of the limitations of neo-liberal approaches that sought to dismantle state structures and downsize governments in favour of market fundamentalism. Investing in state capacity was recognised to be a critical determinant of success in human development by investing in health and education and in infrastructure to facilitate economic growth.

Over the course of the 2000s several new contextual factors came into play that continues to affect the development prospects of poor countries. The so-called 'War on Terror', sparked by the terrorist attacks that killed nearly 3,000 people in New York City and Washington D.C., marked an important shift in focus in foreign policy towards tackling problems of conflict and fragility. The US and the UK intervened militarily in Iraq and Afghanistan, ostensibly to oust dictators and combat terrorism, but without successfully countering sources of Islamic extremism which continue to gain strength in large swathes of both countries and in many parts of Asia and Africa. Failed states are seen as a potent source of terrorism and the task of development is increasingly viewed as a means of mitigating conflict. Violent conflict is now viewed as a major threat to development, with war and instability exacting a huge cost on resources and on the lives of poor people. As a consequence, the security and stability agenda has become an integral element of the aid narrative, and informs government policies on international development across the donor world.

An increasingly important factor shaping aid and development policy over this period is international concern over the long-term effects of climate change and

environmental destruction. Advocates of sustainable development have built a powerful critique of conventional models of economic development grounded in growth maximisation and the untrammelled exploitation of natural resources. The UN Conference on Environment and Development held in Rio de Janeiro in 1992 produced Agenda 21 as a far-reaching action plan on climate and development and effectively integrated these objectives into mainstream development priorities. Climate mitigation and adaptation have received considerable attention and political commitment as well as substantial resources through the \$10bn Green Climate Fund, spurred on by a high degree of scientific consensus on global warming through the Inter-Governmental Panel on Climate Change.

Major global health pandemics in recent years have focused policy attention on the threats posed by HIV/AIDS, SARS and now Ebola. AIDS killed millions in the developing world over the past two decades until anti-retroviral became widely available. Effective disease prevention in poor countries with weak public health systems is now seen as a central element of global health care, not least on account of the potential spill-over effects of disease outbreaks.

The present: 2014

These global factors continue to shape aid and development priorities today. They point to the rising significance of global public goods while maintaining continued emphasis on national poverty reduction goals.

There have been important achievements in poverty reduction over the past three decades. Extreme poverty fell in every region from 1980, with the number of people living on less than \$1.25 per day halving from 1981 to 2010, thus achieving the MDG goal on poverty reduction, despite a 59% increase in the population of the developing world. But 1.2bn people continue to live in extreme poverty despite these gains. The number of people in extreme poverty in Sub-Saharan Africa has increased substantially: there are now twice as many extremely poor people in SSA living in poverty now (414m) than there were in 1981 (205m). They now represent one third of the world's extreme poor. Another third live in India while China contributes 13 percent, down from 43 percent in 1981.

While extreme poverty continues to remain a significant challenge aid is declining as a share of total overseas flows and its character is changing. In 2013 aid reached an all-time high of \$135bn, double the level attained three decades earlier in real terms, but still only 0.3% of GNI. Aid flows are now dwarfed by trade and investment flows. Remittance income to developing countries from migration was more than \$400bn in 2013, equivalent to three times total aid flows, and it is expected to reach \$540bn by 2016.

Aid is treated now more as a partnership than as an act of altruism. The Paris Principles on Aid Effectiveness in 2005 and the Accra Agenda for Action three years later set out a new compact for aid centred on ownership, harmonisation, alignment, results and mutual accountability. The Busan Partnership later took this a stage further by focusing on transparency and shared responsibility.

Aid donors have diversified beyond the OECD to include a sizeable group of emerging powers, notably South Korea, Brazil, China and India, as well as the Gulf States. The G20 is now a more significant grouping than the G8 for international affairs and development policy. Private foundations play an increasingly important role with a growing share of overall aid flows, a capacity for innovation and proven ability to pioneer new approaches such as results-based aid and social investment.

There is a remarkable level of convergence among aid donors on core aid priorities, not least due to the priorities set out by the MDGs. These include economic growth, fragility and conflict, women and girls, and health, education and water. There is far more attention to private sector development as an integral part of the broader growth agenda and as the principal driver of job creation. The Sustainable Development Goals (SDGs) will set out a future development agenda beyond 2015 and the 17 draft goals produced by the Open Working Group will be debated and agreed on by the UN General Assembly next year. In addition to economic, social and environmental goals, the draft contains a proposed commitment to “promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels”. It remains to be seen whether this commitment perseveres in the final document.

Two other trends are becoming increasingly significant in today’s aid landscape and are likely to endure in the future. What I like to refer to as the ‘evidence

revolution' has acquired firm roots among the major development agencies, especially the World Bank and the leading bilateral donors. This implies a tight focus on results linked closely to the investments of individual bilateral agencies which need to demonstrate value for money and concrete achievements in an era of fiscal austerity. Evaluation has re-established its profile and is now taken seriously by aid agencies who seek increasingly sophisticated ways of measuring their impact. Strengthening the evaluation capacity of host governments is recognised to be essential for the longer term sustainability of the results agenda.

The other noteworthy trend in aid is transparency and openness. Donors and recipient governments signed up to principles of aid transparency and accountability to citizens under the 2011 Busan Partnership Agreement. The Open Government Partnership was launched in September 2011 with a shared commitment on the part of governments and civil society around the world to greater openness, accountability and responsiveness to their citizens. More than 65 governments have signed up to date with a series of public commitments to transparency and open government. The growing availability of public information and release of big data, combined with continuous innovation in the use of such data, is an irreversible trend with major ramifications.

The future

As we look ahead to what the future holds, I highlight eight trends that I believe will fundamentally shape the future of international development. The combined effects of these factors will have major implications for the form and substance of aid in the coming decades. I will summarise these in the final section of my talk.

- A hotter world: Climate change projections point to the inevitability of 2% increase in global warming with the likelihood of 4% or more in many parts of the world, disproportionately affecting poor countries. Evidence in the most recent IPCC report points to major implications for weather patterns, agriculture and land use, with growing problems of vulnerability and resilience.

- A more populous world: Population projections point to the likelihood of a 35% increase in world population from 7.2bn now to 9.7bn by 2050. Most of this increase will be in Africa whose population is projected to double from 1.1bn to 2.4bn. Nigeria's population alone is expected to surpass that of the United States to reach 440m by 2050. Many parts of the world, including China and India, will have an increased share of elderly people whereas for much of Africa it will be primarily a youthful population. Migration, both economic out-migration and distress migration from less stable parts of the world, is projected to increase.
- A more urbanised world: The locus of growth, poverty and social exclusion is shifting to cities. By 2050 two-thirds of the world's population is projected to be living in urban areas with continued growth in the number of megacities exceeding 10m. 90 percent of the projected increase will be in Africa and Asia. There is a problem of weak global institutions and fragmented solutions, but this is tempered by steadily growing policy awareness of the opportunities and challenges.
- A more unstable world: Extreme poverty and vulnerability is increasingly concentrated in fragile and conflict-affected states, with acute problems of gender-based violence. The Global Terrorism Index released this week reports a fivefold increase in terrorist violence from 2000 to nearly 18,000 in 2013, 80% of which occurred in five fragile states. This has critical implications for political stability and the ability of fragile states to manage and respond to threats in the form of disease pandemics and climate change.
- A more unequal world: Many countries in the South are growing quickly, getting richer and moving to MIC status, but problems of persistent poverty and inequality persist. Differences between the wealthiest and the poorest nations continue to increase with growing wealth differentials within many countries. It is notable that a recent Pew charitable trust survey reports that American and Europeans view inequality as the greatest global threat.
- A more religious world: More than 80% of the world's population claim a religious affiliation, a third of who are Christian and a quarter Muslim. One in six people report no religious affiliation. Many fear the growth of religious intolerance around the world; in the Middle East the majority of people surveyed by Pew believe this is the greatest global threat.

- A more connected world: The rapid spread of mobile telephony, the increasing speed and accessibility of the internet, and innovations in social media and data collection are connecting more people globally. This is largely seen as a positive trend, especially when combined with data transparency and access to information. And yet internet penetration in Africa and South Asia remains below the world average with a third or less than people in both regions remaining unconnected.
- A multi-polar world: The rise of the BRICS poses fresh opportunities and challenges, offering alternative models of development and new sources of knowledge and finance. The BRICS and other emerging powers continue to develop quickly as growth rates in many OECD countries falter or decline. Growing economic power brings expectations of greater political influence and representation in global institutions.

Implications

I will conclude by setting out six implications for the future of international development arising from this brief review of key trends over the past 30 years:

- Global policy challenges: The prevalence of big global policy challenges around inequality, climate change, disease control, fragility and conflict, and political norms demands global solutions rather than national responses.
- Global governance deficits: Global institutions charged with providing global public goods (UN, IMF, and the OECD) lack legitimacy and finance, and face problems of capacity and compliance. Many believe these institutions require a radical overhaul to ensure their continued relevance and influence.
- Universalism vs. self-interest: There is a risk that aid will increasingly reflect national self-interest around security and prosperity rather than espousing global values and the provision of global public goods for successor generations.
- Community and locality: The growing salience of community, religious and ethnic affiliations attest to the power and influence of local identities, but they can entrench parochialism, and supersede and run counter to national and global interests.
- Diversity and capacity: The emergence of new development actors, new sources of funding, notably from private foundations and the private sector,

is challenging conventional wisdom and offering fresh perspectives, in the process shifting attention to the primary role of domestic actors in solving national development problems.

- Active citizenship: The power of citizen engagement is now widely recognised, serving as a vehicle for collective action and voluntarism, providing oversight on both the public and private sectors, and for instilling progressive social norms. To my mind, this will provide the most powerful impetus for international development in the years to come, grounded in values of reciprocity and universalism as the basis for addressing common global problems.