

INCLUDE

KNOWLEDGE PLATFORM ON INCLUSIVE DEVELOPMENT POLICIES

LESSONS FROM THE SEMINAR SERIES

In need of a new paradigm:
DRS-INCLUDE seminars on new modes of development cooperation

October 2015



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Why new modes?

Development aid continues to be surrounded by controversy. Observers point out that aid appears to be directed by national economic and political interests and that the Official Development Assistance (ODA) content of international cooperation is decreasing. At the same time, many question the effectiveness of traditional aid delivery through the public sector and NGOs. Some believe that the involvement of the private sector is a necessary condition for development cooperation to be effective, while others fear that such involvement will make it more difficult, if not impossible, to reach the poorest segments of the population. There are also fears that minorities will not benefit if private firms are involved in development cooperation. Institutional changes in many countries, however, point towards the integration of the policy arenas of development and trade. In some countries, ministries and departments for development and trade are already integrated, including in some important Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) countries.

The Netherlands is looking for new ways to engage with global development issues. Policy statements by Minister Ploumen, for example on 'aid and trade', the role of civil society and the role of business demonstrate that the Netherlands wants to be a leader in co-designing (and implementing) the global post-2015 development agenda. The Netherlands was a strong advocate for the MDGs (which were implemented from 2000-2015), but it also voiced concerns about the limited scope of the MDGs and how they ignored some fundamental flaws in the architecture of the world economy and global governance arrangements.

In the past, the Netherlands has successfully supported developing countries that were able to, for example, move out of the low income country category. It is important not to forget past successes and to investigate the role that other policies and new actors, including the private sector and NGOs, can and should play in making beneficial development sustainable.

A better understanding of how to effectively implement policies for more inclusive development and what role Dutch aid, trade and investment policies can play is crucial. The DRS-INCLUDE seminars brought new ideas and experiences to this discussion and offered reflection on alternative and new modes of development cooperation.

15 Apr	Trends in community organizing in the US and UK: lessons for development cooperation?	Robert Fisher, University of Connecticut, University of Innsbruck
21 Apr	Inclusive business, business for inclusion: new directions in development?	Arjan de Haan, IDE, Program Leader, Supporting Inclusive Growth
5 May	Working with power for inclusive development cooperation: partnering, re-assembling, enlarging	Yvonne Underhill-Sem, University of Auckland
5 Jun	Fixing sovereign debt restructurings	Martin Guzman, Institute for New Economic Thinking
19 Jun	Cape Verde: a success story with daunting challenges (Comments: Rolph van der Hoeven, International Institute of Social Studies)	Corsino Tolentino, former Minister of Education and Director of the Gulbenkian Foundation
	The trade, aid and investment nexus (Comments: Niels Hermes, University of Groningen)	Martin van den Berg, Director General International Economic Relations, the Netherlands Ministry of Foreign Affairs
	Reflections on Cape Verde's future outlook	Maria de Jesus Veiga Miranda, Deputy Minister of Foreign Affairs, Cape Verde

22 Jun	Making value chains inclusive: the role of lead firms and donors	Tilman Altenburg, German Development Institute
22 Sep	Making health markets work for the poor	Onno Schellekens, PharmAccess Group
8 Oct	Post-2015 development agenda	Richard Jolly, Institute of Development Studies, University of Sussex
	From billions to trillions: and then what?	Rob Vos, FAO
	From MDGs to SDGs: are we on the right track?	Jan Vandemoortele, former Director of the Poverty Group, UNDP
	Thirty years in Africa's development: from structural adjustment to structural transformation?	Tony Addison, UN-Wider
	Is the 2000s Latin American fall in income inequality permanent or temporary?	Andrea Cornia, University of Florence
	Twin peaks to burgeoning precariat: the co-evolution of global inequality and global poverty, 1990-2030	Andy Sumner, King's International Development Institute
	Catch up and emerging divergences: can it reduce inequality?	Deepak Nayyar, Jawaharlal Nehru University

Lessons from the seminar series

The DRS-INCLUDE seminars provide a body of critical reflection on development cooperation, with two focal points:

- graduation (end of LDC status and loss of preferential treatment when countries become more developed)
- SDGs and inequality

The outcome of the seminars is not a critique of current practices, but rather a collection of options given current and future constraints on means and methods. Such constraints include financial restrictions (such as the limited availability of ODA and reduced national budgets) and the observation that the role of the market cannot be ignored, both in view of the increasing role of private firms in aid delivery and the fact that the very poor, often by necessity, rely on private expenditure for health and other services. Indeed, according to [Arjan de Haan](#), this new paradigm involves a new balance between public and private actors active in development, with an increasing role for the private sector in developing countries.

New modes of development cooperation may involve community organizing to provide more and more-targeted private sector financial support when governments step back (as argued by [Robert Fisher](#)); the organization of institutions and markets by means of modern communication technologies in developing countries (an example is the activities by PharmAccess, as discussed by [Onno Schellekens](#)), or a combination of public-private partnerships and regional regrouping as a basis for inclusive development (as discussed by [Yvonne Underhill-Sem](#) in relation to small island development states in the Pacific). Private sector involvement can also have potentially negative impacts, for example, driving local firms out of the market. Therefore, [Tilman Altenburg](#) analysed ways to make value chain development more inclusive. He sees a new role for the international donor community. [Martin Guzman](#) focused on another role for the international community, namely, the fact that, at present, no systematic treatment exists for debt workout, rescheduling and relief when a debtor country goes into crisis.

To graduate or not to graduate?

The seminar on Cape Verde's graduation addressed new modes of cooperation in the context of a former least developed country that, with graduation, had to shift from debt reliance to private sector cooperation. A short video impression of the seminar is [available here](#).

[Corsino Tolentino](#) provided an overview of the 40 years of development since Cape Verde's independence in 1975. Tolentino started as a freedom fighter and eventually became Minister of Education for Cape Verde. He experienced this period of radical change first hand. Tolentino is critical about certain characteristics of Cape Verde society and points to the need for further change. He describes Cape Verde as a success story, but one with daunting challenges.

[Marten van den Berg](#), Director General of the International Economic Relations Directorate, which has become part of a department at the Ministry of Foreign Affairs that has development cooperation and trade under the same roof, lays down the basic principles and policy issues involved in phasing out aid and phasing in trade. He points out that the big development successes in the past decades, including Ethiopia and Rwanda, owe a lot to business and private investment. Obviously a lot can be improved and the involvement of government and international organizations remains important for sustainable and inclusive growth. But, he concludes, it is even more important to make the connection between aid and trade in order to make this nexus successful.

According to [Maria de Jesus Veiga Miranda](#), Deputy Minister of Foreign Affairs for Cape Verde, while graduation is not a problem, it is a huge challenge. Miranda provides a detailed overview of these challenges and the responsibilities of Cape Verde and the international community. The success of Cape Verde has been built on a combination of good governance, sound macroeconomic policies, external support, foreign direct investment and remittances. Post-graduation external support dried up at an unfortunate moment, as the country was hit by drought and the global financial crisis. Cape Verde is no longer a least developed country, but, even so, its vulnerabilities remain substantial. According to Miranda, more policy coherence is needed to strengthen the global partnership framework to put international trade, the fisheries agreement and commodity prices on track to boost development in an environmentally-safe manner and with possibilities to involve the private sector in a sustainable manner so as to achieve inclusive growth.

Inclusiveness and the SDGs: can inequality be reduced?

The final seminar of the series focused on the international community and its role in making development more inclusive. This seminar evaluated the Sustainable Development Goals (SDGs) and their potential contribution to reducing inequality. [Richard Jolly](#) analysed the SDGs from the perspective of five fundamental objectives - universalism, sustainability, human development, inequality and human rights - linking these objectives to teaching and research in the field of development studies. [Jan Vandemoortele](#) provided a critical reflection on the SDGs. He pointed out the strengths of the SDGs in getting the message across to the public at large and was positive about the consultation process by which the SDGs were developed and selected. However, Vandemoortele was critical about the inclusiveness of the SDGs, particularly their formulation in absolute numbers, which reduces their universality and inclusiveness. [Rob Vos](#) focused on financing the transformation process required to achieve the SDGs. Trillions of dollars are needed, as well as new modes of finance. Clearly this cannot be achieved with traditional instruments such as ODA. However, it seems possible to leverage the large amounts of international reserves, which have great potential.

In relation to inequality, this issue requires both a discussion of measurement (within countries and between countries) and of developments for specific regions and country groupings. [Andy Sumner](#) pointed out that the World Bank's new poverty line and accompanying narrative on the successes of reduced poverty misses the points. He said that income levels below USD 10 per head do not provide sufficient certainty against a fall back into poverty. Furthermore, scenarios for future numbers and the location of the global poor point to many problems and uncertainties.

Focusing on developments in Latin America and using a political economy perspective, [Andrea Cornia](#) challenged the idea that recession by definition increases inequality. [Tony Addison](#) critically reflected on the African experience where, although structural reform has increased growth, it has done so unequally. He pointed out the futility of quick ideological answers to the continent's problems in achieving inclusive development. Focusing on the Next-14 (the top-14 non-OECD countries, including the BRIC countries), [Deepak Nayyar](#) formulated two interlinked hypotheses that sum up one of the main points of agreement among the speakers: economic growth (catch-up) is essential to reduce inequality, but, at the same time, such growth will be unsustainable without reducing inequality.

Conclusions

The 18 presentations of the 2015 DRS-INCLUDE seminars investigated new ways to engage with global development in the coming decade. The contributions acknowledged the need for a new paradigm and provided important building blocks for change. Many see the quest for new modes of development cooperation as a consequence of reduced political support (and decreasing budgets) for development cooperation and seek community organizing to provide more (and more-targeted) private sector financial support and greater involvement from private firms in the delivery of essential goods and services. This often involves replacing informal non-inclusive markets with transparent private sector initiatives. However, successful development in itself requires new modes of cooperation, as recognized in the recent changes to Dutch development policy. Indeed, the aim of ODA is for developing countries to 'graduate' from the low income country category, and for those countries that have outgrown traditional ODA new modes of engagement are essential. Although the definition and measurement of development (including the MDGs, SDGs and poverty targets) are still part of a wider debate, the seminars highlighted the need to meeting the challenge of making development more inclusive, both at national and international levels. For without reducing inequality, development will be unsustainable.



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