The Future of International Development
Official Development Assistance and Beyond

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For more than half a century The Netherlands and her People have been leaders on development issues. The People of this country have invested in development, so to speak. As we look at poverty decline around the world, gains on the MDGs, we can conclude that it is an investment that has paid off quite handsomely.

The timing is therefore right to reflect on the future of development. The timing is right:

- With three years to go the 2015 MDGs target;
- With the debate on post-2015;
- While the global recession and the response to it in rich countries crowds out most issues except those that are immediately national;
- With inward looking policies and much introspection.

The timing is right too because three years after Rio+20 it appears that, for the first time in history, vanquishing poverty could be in sight. Even though there are still millions of poor people in the Middle Income countries of Asia and Latin America, huge gains have been made. We will talk much about Africa today.

No one disputes now that the Africa of today is not the Africa of 20 years ago. Indeed, economic growth has not translated into economic transformation. Millions of Africans still live in absolute poverty. Natural resources still drive much of the recent momentum. Much remains to be done; the road ahead is long.

But we have made headway on infant mortality, on HIV/AIDS, on getting millions of kids of both genders into school. Yes, many countries still need much foreign assistance, but many more are also accessing capital markets, increasing significantly their domestic revenues. In short, Africa and her People are increasingly in charge of their development effort.

It is important to bear these facts in mind as we grope for the future of international development. My task today, as I understand it, is a straightforward one. It is to share with you the context as you attempt to put together what you have called the building blocks of a future development architecture.

Let me begin by pointing out that many of us in this room have participated in the discussions on the aid architecture culminating in Busan. I think Busan was a watershed in many ways. It helped clarify the way forward, taking account of the new global economic structures, the multiplicity of actors, traditional, so-called new donors, philanthropy and new forms of finance. It spelled out the potential and fall-
backs of "competition" among actors, old and new. It redefined the real question around additionality. And above all it underscored the critical nature of ownership by low income countries for their future development.

In short, the basics of what could constitute "the best practices" are in place.

Today, as you have asked me to contextualize that future relationship between low income, emerging nations and rich countries for global prosperity, I have three points to make.

First, as we all figure out how to restore global growth and prosperity, attending to issues of development in low income countries cannot be a footnote, a peripheral issue to be addressed once the more immediate issues arising from the financial crisis have been addressed. To the contrary, I want to suggest it is part and parcel of bringing back global growth and prosperity. Low income countries are part of the global solution. And you will not be surprised to hear me say that Africa and her billion people are an opportunity.

Second, bringing about that collective solution must be anchored on growth, trade and investment. ODA can only now be understood as contributing to that outcome, stimulating growth drivers and removing investment bottlenecks. I want to argue that together by addressing a number of remaining bottlenecks we can bring about that outcome. In the case of Africa those are:

- The infrastructure gap;
- Ending Africa’s balkanization and fragmentation – a colonial inheritance;
- Promoting greater stability, strong institutions and diminishing risks for investment;
- Promoting the private sector and skills;
- Attending to specific, short term, temporary problems of fragile states and those coming out of conflicts.

All these issues are at the heart of the African Development Bank’s strategy.

Thirdly, I want to posit that addressing issues of inclusion, inequalities and ecological sustainability seems now an issue which must come to the centre of development, and this is true not just in low income countries but the world over.
Development must not be a footnote

Let me take the first point. Today in rich countries economics and politics is much focused on the "national", on first of all "solving our problems" in the context of austerity. I will avoid entering the debate as to whether the policy of synchronized austerity at a time of weak growth pulses such as this is the right path. I only want to point out that in the same way as emerging markets have saved the day in these troubled times, Africa is the low hanging fruit.

Growth, trade and investments are the answers

To my second point, after half a century of relationships largely based on aid there is no disagreement that getting the recipient countries to the point of graduation must be the ultimate goal. But countries do not get there simply by ODA alone. They get there by a constellation of factors both internal and external, from policies that spur investment, to trade opportunities that are truly open, to collective action on climate change.

Between 1960 and 1990 development cooperation assumed a certain philosophy, spoken and assumed. That is why in 1990, in the wake of the Berlin Wall and the end of Communism and the Cold War, ODA was a major victim. With the need to fight cold war proxy battles, aid diminished and attention to low income countries declined.

We must remember the MDG compact and Jubilee 2000 campaign for the new momentum they built. This has not only reduced the debt burdens but also encouraged the huge gains in the human development agenda of the last decade. I suppose our collective challenge now is how to sustain those gains in the wake of Lehman Brothers and the subsequent global economic mayhem. This is why it would be a mistake to let the financial crisis and realpolitik in Europe sideline development.

The reconfiguration of the global economic landscape has now created huge opportunities for all to create prosperity through trade and investment. The challenge is how to make that happen. The rise of Asia showed the limits of what it is that works. I believe part of the problem in the past is that rich-poor rich countries promoted also a certain ideology of how this development happens.

Now we know better. While we know what kills development, we now also know that development can happen in so many different ways. Just look at the G20. From those who espoused neoliberal free markets, state-led capitalism or even those who muddled through, it all worked for them. It is clear: one of the future
features of development will be to let each country determine what works for them in promoting growth, fighting poverty by trade and accessing markets for capital.

**Inclusiveness at the centre**

Let me now come to the third point. Austerity in rich countries, wealth and poverty side by side in emerging economies, growing inequalities and exclusion in low income countries makes the agenda for inclusion an urgent one. It is fundamental for sustainability and a fair world.

The depletion of environmental resources, depletion of natural capital – on which millions of poor livelihoods depend – is the second element of sustainability. Poor countries have no choice but to put in place adaptive strategies. However there is much for which only global action will do. That is what makes it so important the need to find a post-2015 framework that builds on the achievements of the MDGs and incorporates sustainable development goals that cover inclusion and the environment.

Finally, before I close let me refer the need to strengthen, not weaken, multilateralism. As we saw during the financial crisis, multilateralism is the bedrock of a sound development architecture. A strong partnership between bilaterals, multilaterals, philanthropy and the private sector is the mosaic that has proven the test of time. But in all this it is the multilaterals that are the glue. Remember, just before the collapse of Lehman Brothers the IMF was downsizing.

The last decade has proven what is possible in creating a space of prosperity for all.

There are threats, old and new, from human security, to hunger amidst plenty, to the endangered planet. These are not issues that will wait until we have resolved the financial crisis. We face a multifaceted crisis with many dimensions

Staying focused on development is part of the solution.

Thank you.