“Development Cooperation post COVID-19: Possible Implications of the Current Crisis”
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
“There is basically no role for international development cooperation in middle income countries.”

Paul Collier, author of “The Bottom Billion”

“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

“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

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

Adolf Kloke-Lesch, former managing director at GIZ
This proposal seeks to...

- **Clarify** the role of concessional international public finance in the 21st 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
1 AMBITION

- From poverty to inequality (convergence) & sustainability
- From national progress to international goods
• 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
“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
• From north-south to universal

• From graduation to gradation

• From income/capita to a range of indicators
• From voluntary to contributory
• From hierarchical to democratic
• 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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