ESSAYS

# Can Rich Countries Be Reliable Partners for National Development?

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> Time and time again I have seen NGOs and politicians in rich countries advocate that the poor follow a path that they, the rich, never have followed, nor are willing to follow.
> —John Briscoe (1948–2014), in memoriam

Forty-three years ago, the then-President of the World Bank, Robert McNamara, went to Somalia. As a partner in that country's attempts at development in 1972, the World Bank pledged a loan of $32 million to build a port in the capital Mogadishu. The port was built and, while development went off track into conflict, the port still exists, still operates, and generates what few resources the struggling Somali state controls. Building a port was welcomed and seen by all as core to the mission of the International Bank for Reconstruction and Development, one of the five institutions that make up the World Bank Group.

In 2014, Jim Young Kim was the first World Bank President to visit Somalia since McNamara. What the World Bank chose to highlight in its official publicity about Dr. Kim's visit was that it had figured out a way to use mobile phone surveys to track the poverty status of people in Somalia on a quarterly basis. Imagine the joy and celebration among Somalis to know that the World Bank was going to promote Somalia's national development not with a port upgrade, or a road or electricity or water, or even a school or a clinic, but by being able to track and tell them every quarter just how poor they really are—something I suspect they know quite well already.

Now consider the fact that America's bilateral assistance agency, USAID, recently changed is mission statement to read: "we partner to end extreme poverty and to promote resilient, democratic societies while advancing our security and prosperity." This mission statement is particularly revealing, as USAID's goal isn't to promote "prosperity" in countries where prosperity is lacking—there, only "extreme poverty" matters—whereas it *is* a goal of USAID to promote the prosperity of the United States, where prosperity is already widespread.

While "ending extreme poverty" in foreign lands might seem a noble goal, the penurious definition of "extreme" poverty—the "dollar a day" standard—excludes five billion people who are poor by OECD standards, but whose poverty is judged by USAID not to be a concern, as it is not "extreme." Raising the incomes and prosperity of the typical (median) person in 19 of the 20 largest countries in the world (countries with over four billion people) is apparently now somehow not part of USAID's mission. We thus have to ask ourselves, in all seriousness, how are democratic societies in the developing world to partner with an organization that doesn't seek to benefit their median voter?

Across the board, rich countries are backing away from the national development goals of poor countries, such as broad-based prosperity and effective government—i.e. productive economies, capable states, citizen controlled polities, and modern social interactions—towards a narrow agenda of low-bar goals, such as reducing "dollar a day" poverty; "completing primary schooling" (with no mention of quality of learning or education beyond primary); accessing basic water and sanitation; or focusing less on health and more on specific diseases. This is what I have called the "kinky development" agenda, as it doesn't attempt to raise well-being across the board in developing countries, but just "kink" the distribution at arbitrarily low levels.

This commitment to the kinky leads countries like the United States to be fickle partners in development. Consider in this context the “Power Africa” initiative announced by the Obama Administration in June 2013 to improve access for the 600 million Africans who lack electricity. The press brief claimed: “Power Africa will build on Africa’s enormous power potential, including new discoveries of vast reserves of oil and gas, and the potential to develop clean geothermal, hydro, wind and solar energy.” Of course coal—which in 2013 supplied 39 percent of all American electricity—is not mentioned, because both the US and the World Bank had announced a ban on funding coal plants. But then America’s 2014 Appropriations Act declared that

Can democratic societies in the developing world partner with organizations that don't benefit their median voter?

> the Secretary of the Treasury shall instruct the United States executive director of each international financial institution that it is the policy of the United States to oppose any loan, grant, strategy or policy of such institution to support the construction of any large hydroelectric dam.

Senator Patrick Leahy, whose state of Vermont relies on hydropower and who endorses hydropower for his state, was able to insert a clause to block support for precisely what Power Africa supports, and to do so with more or less political impunity.

Perhaps promoting energy source diversification is why President Obama, while touring a power plant in Africa, thought it politically expedient to promote the Soccket ball. For those of you who still have not been introduced to this technological marvel, the Soccket ball is a soccer ball containing a battery that is charged by the kinetic energy of being kicked. This contraption is perhaps one of the best illustrations of the gap between development realities (the average Ethiopian consumes 52 kwh of electricity and the average American 13,246 kwh) and the “solutions” being proposed by the world’s elite: ban coal and limit hydro and if Africans want power, let them kick some soccer balls round.

This trend of “defining development down” among the development agencies controlled by rich countries makes them increasingly unreliable and irrelevant partners for citizens and governments of developing countries. Because of this, developing countries are turning to, and creating new, alternatives. In 2012, a once small organization called the Development Bank of Latin America (CAF) funded more infrastructure in Latin America than the World Bank and the Inter-American Development Bank *combined*—an expansion driven by the increasing difficulty of doing infrastructure with the multilateral banks. A BRICS bank was announced in July 2014. And a few months later, the Chinese launched an Asian Infrastructure Investment Bank (AIIB) with 21 country signatories (not including the US).

How did we get to the impasse in which rich country mainstream development agencies have become increasingly irrelevant to the developing world—so much so that developing countries would rather found and fund their own new organizations than work with existing ones? I argue that this is due to two large shifts.

Firstly, the developing countries are increasingly less reliant on official development assistance (ODA) flows for financing, and hence are increasingly less tolerant of established practice that the lending/granting organizations impose the terms under which development assistance happens. This is primarily the result of development success: through a combination of economic growth, greater macroeconomic prudence, and an expanding array of willing lenders and foreign exchange sources (such as resource rents from high commodity prices), many countries have become less dependent on donors.

Secondly, the coalition that supports aid in the West has changed significantly towards a political base that is “post-materialist,” which makes it is less and less supportive of

Source: Profimedia
US President Obama plays with a Soccket ball in Tanzania

material gains as an important objective of assistance. This has shifted the political center of gravity in discourse about assistance in the West away from the priorities of the developing countries themselves.

This is not to romance the past—for, after all, had previous national development strategies succeeded in their vision we wouldn't still be talking about development. Nevertheless, I argue that the path forward for mainstream development will have to come from a remaking of development organizations. A much larger role for the emerging middle income countries will have to be established because the West, given its own politics and lack of leadership, can no longer be a reliable partner for the legitimate development of countries' aspirations in the developing world.

## Diverging Stances

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Rich country governments have a difficult time being reliable partners for the national development priorities of developing countries, because their citizens are themselves prosperous—and have been for some time. As early as the 1970s, sociologist Ronald Inglehart pointed out a trend towards "post-materialism." He defined this to mean that as people have more material goods, they will put less priority on more material goods as an objective whilst, placing higher priority on non-material aspects of life such as self-expression. The World Values Surveys (WVS)—an ongoing series of surveys exploring peoples' values and beliefs—have documented extensively that the measure of "post-materialism" is much higher in richer than poor countries, and has been rising over time.

It is important to stress that citizens of rich and poor countries can have different expressed priorities even *if they have exactly the same underlying values,* because they experience different material conditions. The easiest way to understand the difference between expressed priorities and underlying values is by analogy with Engel's Law. Engel's Law—which was established by the pioneering nineteenth-century economist and statistician Ernst Engel—says that as people have higher levels of consumption spending, the proportion of their spending on food declines. Engel's Law is one of the most widely replicated and reliable associations in economics. Its validity isn't due to the fact that as people get rich they acquire different preferences for food. Anyone becomes satiated with food (in the jargon, marginal utility declines) and hence *at the margin* there are more attractive spending opportunities; while food spending does increase with income, it does so less than one for one, so the share declines. Engel's Law doesn't represent different *values*; it represents different *choices* based on different options because of different material conditions.

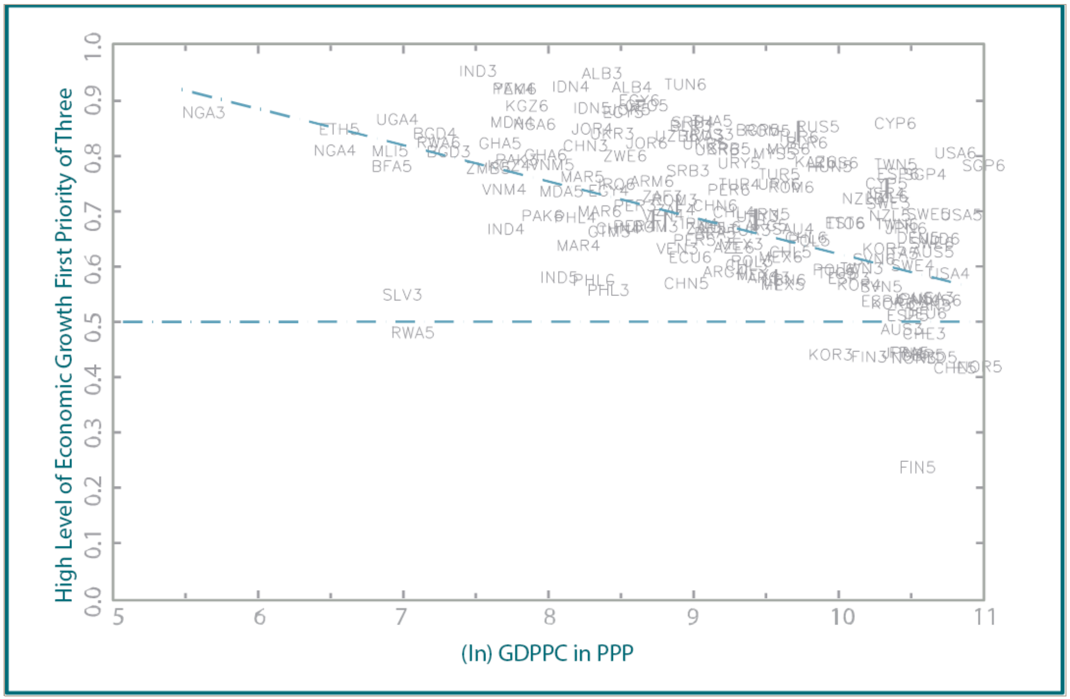
In a 2013 study for the Center for Global Development, co-authored with Marla Spivak, we showed that the poor in rich countries spend around 15 percent of their budget on food, while the typical person in a poor country typically spends around 50 percent. This isn't because people place different values on food or because their preferences differ, it is just that the poor in rich countries are much richer than typical persons in poor countries, and hence have much higher food consumption and hence at *the margin* spend less of their incremental dollar on food.

Across four waves of the WVS from 1995 to 2014, people in more than 80 countries were asked to prioritize among four separate goals for their respective nations: higher economic growth, strong defense, giving people more say about how things are done, and more beautiful cities and countryside. Rather than focus on "material" (growth and defense) versus "post-material" (more say and beauty), I have excluded the "strong defense" responses and calculated what fraction of people named "high economic growth" as the first priority for their country. Two facts emerge from the analysis of these data, which is presented graphically in Figure 1.

The first fact is that people in developing countries *overwhelmingly* respond that growth has highest priority of the offered choices. In the median country, fully three quarters of citizens named "high economic growth" as their top priority. Only in two developing countries was growth not the top priority of a majority: in Rwanda, where most named “strong defense;” and in South Korea, which in 1995 was already both a prosperous and rapidly growing economy. Only in the prosperous West is economic growth not a priority, falling below 50 percent (in at least one wave of the survey) in Finland, Sweden, Norway, the Netherlands, the United Kingdom, Japan, France, and Australia.

The second fact that emerges from the data is the extent to which people prioritize material goals declines with the economic prosperity of the country, as proxied by GDP per capita in purchasing power parity. The decline in the fraction of the population which has high economic growth as its first priority produces a substantial gap between citizens of the richest and poorest countries. The countries at the 10th percentile—with GDP per capita in PPP of only $1,117—have 89 percent of respondents listing “high economic growth” as their top priority; in the 90th percentile, only 65 percent did so. Citizens in continental Europe are even less focused on growth, with only 53 percent having “high economic growth” as a priority. This means one in four fewer citizens in rich, as compared to poor, countries has high economic growth as a top priority, and a staggering one in three less in Europe compared to poor countries.

**Figure 1: High economic growth as number one priority of wvS three choices and per capita income (in)**




This yawning gap between the priorities of the rich world and poor citizens isn't just about economic growth. In another 2013 Center for Global Development study, Benjamin Leo used the authoritative Afrobarometer and Latinobarometer surveys to document the discrepancy between poor country citizen preferences and US foreign assistance allocations. In Africa, surveys asked the question “In your opinion, what are the most important problems facing this country that government should address?” and grouped the responses into eight broad categories. In Africa, 71 percent mention jobs/income among their top three problems, 52 percent mention infrastructure, and 63 percent name either jobs/income, infrastructure or economic/financial policies as their priority.

Independently of what we may think African priorities ought to be, only seven percent named health, four percent education, and one percent governance as among the top three problems the government should address. Yet of American assistance to Africa from all agencies (e.g. USAID, PEPFAR, and MCC), only six percent goes to jobs/income and only 16 percent to jobs/income and infrastructure. Fully 60 percent of American assistance goes to areas that the Africans surveyed think are distinctly lower-tier priorities.

As with Engel’s Law, this lower priority on material goals as material prosperity increases across countries does not imply people have different “values,” but only that their values lead to different priorities in different conditions. People in poorer countries don’t spend more of their income on food because they like food more, but because they are consuming less food. Similarly, people in poor countries put priority on high economic growth or jobs/income (which includes wages and farming/agriculture) and infrastructure (which includes electricity and housing), not because they are (necessarily) different people or have different underlying "values" from people in richer countries, but because they are poorer and have lower wages, less electricity and, hence, at the margin, the gains from improved material circumstances are larger.

## Support for Foreign Aid and the Golden Rule

The Golden Rule and its neo-Enlightenment variant, commonly referred to as the Kantian Moral Imperative (GR/KMI), is simple to state but complicated to put into practice, for "do unto others as you would have them do unto you" has both a naïve and a sophisticated interpretation. The naïve interpretation can be formulated: 'I should do unto others what *particular things in a concrete sense* I would want done unto me, given my preferences and my conditions.' So if I want a chocolate donut and see someone who lacks food, the naïve interpretation of the Golden Rule implies I should give them a chocolate donut. The sophisticated version, on the other hand, can be stated: 'what I really want is what I want, given my value and my conditions.' Hence the sophisticated application of the Golden Rule is "do unto others what *they* want, given *their* preferences and *their* conditions." In this interpretation, even if I want a chocolate donut but a hungry person I encounter wants a bowl of Mealie-meal (a course flour and food staple in southern Africa made from maize), then I should help them get the bowl of Mealie-meal—whether I like Mealie-meal or not.

This distinction is important to the politics of foreign aid, because in rich countries people with post-material priorities are more likely to support foreign aid, and because foreign aid has a relatively weak political coalition —particularly in the United States.

The WVS wave 5, which was carried out between 2005 and 2009, included a question about support for foreign aid in countries that were development donors. The question was:

> In 2003, this country's government allocated [e.g. a tenth of one percent]* of the national income to foreign aid—that is, [e.g. $38.05]** per person. Do you think this amount is too low, too high, or about right?

The amounts in asterisks were specific to the country surveyed. The responses to choose from were "too low," "about right," "too high" or "don't know." Reasonably, those who answered that aid was "too low" can be seen as potential political allies in advocating for higher aid.

**Table 1: People in rich countries with post-material priorities for their own countries are more likely to believe foreign aid is too low-but are less than a fifth of the whole population**

| | I | II | III | IV | V | VI |
|---|---|---|---|---|---|---|
| Country | Percent with a post-material goal as first priority for their country | Percent who say existing level of foreign aid is "too low" | Percent with post-material priority who think foreign aid is"too low" | Percent with a material priority who think foreign aid is"too low" | Percent of those who believe foreign aid is"too low" who also have a post-material first priority | Percent of respon-dents with both post-material priority and who believe foreign aid is"too low" (col I * col III) |
| Finland | 70.7 | 34.9 | 36.5 | 31.2 | 73.9 | 25.8 |
| Norway | 54.9 | 42.5 | 45.2 | 39.3 | 58.3 | 24.8 |
| Spain | 45.5 | 41.4 | 42.2 | 40.8 | 46.4 | 19.2 |
| Canada | 45.2 | 32.4 | 38.9 | 27.1 | 54.3 | 17.6 |
| Germany | 34.9 | 26.9 | 33.3 | 23.5 | 43.2 | 11.6 |
| Australia | 33.4 | 40.0 | 54.1 | 32.9 | 45.2 | 18.1 |
| Sweden | 31.0 | 45.8 | 59.1 | 39.9 | 39.9 | 18.3 |
| U.S. | 22.4 | 27.2 | 33.1 | 25.4 | 27.3 | 7.4 |
| Unweighted average | 42.3 | 36.4 | 42.8 | 32.5 | 48.6 | 17.9 |

Table 1 uses the data on people's expressed first priority and their response of foreign aid to make four points. In this instance, we follow the standard WVS practice and use those with first priority of high economic growth or strong defense as "materialists," and those whose first priority is "more say" and "beautiful cities and country side" as "post-materialists."

The first point is that, overall, the fraction who believe foreign aid is "too low" at its current level is typically around a third of the population—varying from around 27 percent in the US and Germany to over 40 percent in Sweden, Norway and Spain.

The second point of Table 1 is that people who have post-material priorities are also more likely to say they think their country's current level of foreign aid is too low. On average, the difference is about 10 percentage points. Thus, only 32.5 percent of people with material priorities think aid is too low, versus 42.8 percent of people with post-material priorities. To some extent, this is not at all surprising, as giving taxpayer money to other people is more likely among those who believe that more material gain is not a priority for their country.

The third point of Table 1 is that the combination of variation in the fraction of the population that is post-material and in the differential support for aid between post-materialists and materialists means the fraction of all people who think aid is "too low" varies widely—although it is above 40 percent in every country but the United States. More than half of people who could potentially be political advocates for more aid are post-materialists in Finland, Norway, and Canada—both because they have high levels of post-materialism and high levels of support for aid among those. Australia is an interesting case, because only 33 percent are post-material (relatively low for a rich country), while the gap between post-materialists and materialists on aid is massive—54 percent of post-materialists support more aid, versus only 32.9 percent of materialists.

The fourth and final point of Table 1 is that those who are both post-materialists and support aid are never a particularly dominant coalition, ranging from only 7.4 percent of the population in the United States to only around 25 percent in Norway and Finland. The converse is also true, meaning that the pro-foreign aid materialists are only slightly higher as a fraction of the population. This indicates that for foreign aid to succeed there has to be a coalition between materialists and post-materialists.

Among rich countries, the United States is distinct in that it both has the lowest fraction of people who are post-material (in part because the fraction saying "strong defense" as a material goal is much higher than in Europe) and the fraction who believe aid is "too low" is also the smallest. This leads to the identification of 7.4 percent of the population as both post-material and supporters of more aid.

One interpretation of the Golden Rule (GR/KMI) is that people who are well-off have a normative obligation to provide support to those who are less well-off, and that this obligation extends across national borders. We will call these people GR/KMI Cosmopolitan Altruists (GR/KMI-CA), and assume these people are supporters of foreign aid.

What will these people want foreign aid priorities to focus on? It depends on whether their priorities for their own country are material or post-material, and whether they are "naïve" or "sophisticated" in their application of GR/KMP.

Naïve GR/KMI-CA who are post-materialist will want foreign aid to support post-material goals as a priority in poor countries—as these are their goals for their own country. Sophisticated GR/KMI-CA who are post-materialist would be local/global in political tension, as they may want their own government with its own budget to both promote more beautiful cities at home, and also want to spend more budget for foreign aid focused on promoting high economic growth abroad.

GR/KMI-CA who are materialists will support material priorities for foreign aid whether they are naïve or sophisticated (since, as we have seen, the vast majority in poor countries have material goals).

Finally, we cannot tell from the WVS data which post-materialists who support more foreign aid are naïve (N-GR/KMI-CA-PM) and which are sophisticated (S-GR/KMI-CA-PM).

## Understanding Current Development Tensions

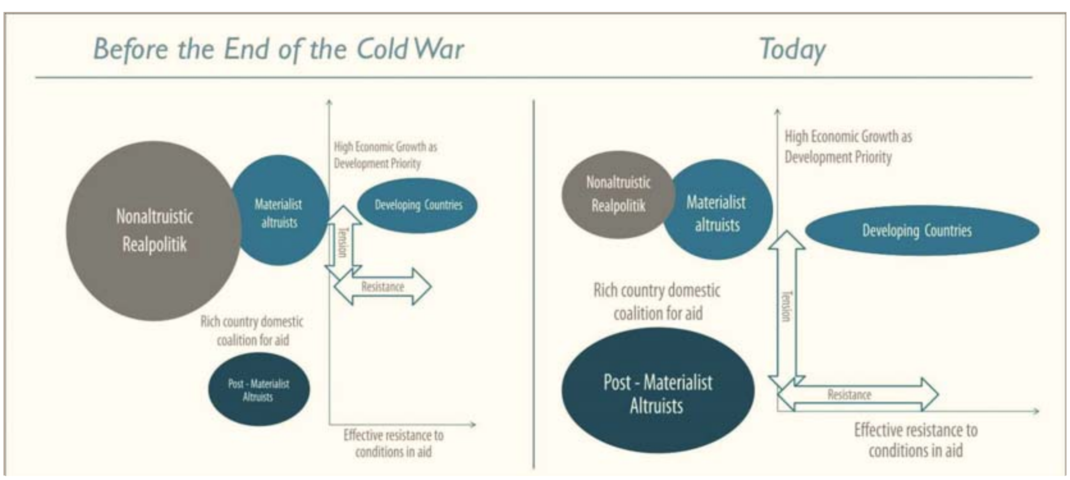
The above section, anchored in an examination of Table 1, serves as an empirical set up to two hypotheses, which are illustrated in Figure 2 and which I argue help elucidate many of the disputes within the development community. These, I believe, are the result of increased tension between, on the one hand, the goals of donor countries and recipient countries, and, on the other hand, the increased effective resistance of the recipient countries to impositions.

A possible hypothesis is that since the end of the Cold War there has been a cumulatively massive shift in the coalition that supports foreign aid in rich countries, such that the center of gravity of the coalition has moved *massively away* from high economic growth as an objective and towards a variety of "post-materialist" goals. There are three parts to the shift within the domestic political coalition inside rich countries.

The first is the reduction in support from *realpolitik* non-altruists, which consisted of both foreign policy and business interests in rich countries. A primary objective of support for development assistance in the United States was that it served as a tool in the Cold War to keep the "Third World" from aligning with the "Second World."

In addition, the non-altruistic support of business interests for aid declined for two reasons. The use of foreign aid and international finance with competitive bidding to support purchases of their large-scale capital goods waned as more prospective countries could reliably finance their own large-scale projects. Also, in successful cases "developing" world firms became less suppliers of inputs and more direct competitors commercially.

**Figure 2: Two shifts: center of rich country domestic coalition shifts away from growth towards post-materialist goals while developing countries shift away from tolerance of conditions on foreign aid—more tension between goals of donors and recipients and more resistance by recipients**



This decline in non-altruistic *realpolitik* and commercial interests shifted the center of gravity of support for aid away from "central" countries like the United States and Germany—as seen in the differentials of citizen support above.

A second shift in the coalition is the rise of big philanthropy within the development community. Almost by its nature as a "charitable" activity, philanthropy focused less on either material progress (e.g. high economic growth, infrastructure, productive modern sector firms) or on the systemic transformation of national development (e.g. capable states, better policies). Philanthropists focused specific programmatic actions that could raise human wellbeing and mitigate the often tragic consequences of a lack of development, rather than promoting national development, which was seen as beyond their scope.

A third shift in the coalition is the rise of climate change as *the* overarching environmental issue—far surpassing both the previous "brown" (e.g. industrial pollution) and "green" (e.g. biodiversity) environmental issues at the forefront of the environmental agenda in the 1980s. This led to skepticism that rapid material growth in the poor countries in its current carbon intensity was consistent with global climate stability. Technological change and some amount of leapfrogging in technologies and designs has promise for making economic growth in developing countries consistent with reducing global carbon emissions, hence growth and climate change are not opposed. But some rich country advocates would argue that growth isn't essential, and hence can be sacrificed to get sustainability—particularly, as John Briscoe points out, the growth of other countries.

All three of these shifted the center of gravity of the rich country coalition for foreign aid towards post-materialist goals. But none of these three altered the view of developing country citizens and their governments about what they wanted. This led to more and more tension between the goals of different governments engaged in "development."

The other axis illustrated by Figure 2 is the amount of effective resistance from governments that receive development assistance to being controlled by the donor countries. This is not just about macroeconomic conditionality imposed in "structural adjustment" programs so widely condemned by the political left in the West, but also resistance to donors controlling the allocation of assistance (e.g. between roads and dams or family planning clinics); the modality of the assistance (say between fungible budget support to government agencies versus cocooned project support through NGOs as contractors); and processes of governance (e.g. participation, community control). I emphasize that on this axis I am talking about resistance from *governments* —which may or may not have the suitably aggregated interests of their citizens as their primary objective (many are, at best, only weak democracies, and some are predatory kleptocracies)—as the primary decision-makers about the conditions for aid to flow into their countries.

The primary shift since the end of the Cold War is that fewer and fewer countries are willing to accept that the donors call the tune and the recipients dance. This has four major elements.

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*First* , the success in creating rapid economic growth—and in particular the rise of India and China (between them they account for one third of the developing country population)—has given countries more domestic fiscal resources and more options for financing investment through other channels, like the private sector. *Second*, the rise of fiscal prudence and better macroeconomic management has led to fewer countries moving into a debt-distressed situation, in which the need for international support leaves them vulnerable to accepting conditions. *Third*, the recent rise in commodity prices and new discoveries of natural resources—combined with other favorable domestic and external conditions—has led to rapid growth in many parts of the world, including Africa, meaning that dependence on donors for fiscal support has lessened. *Fourth*, added to this, at least in some places, is the rise of China and others as alternative financing sources for development projects.

Needless to say, the shift in power in the rich country coalition that supports aid towards post-materialist goals, combined with a shift in power between rich country and poor country governments towards poor country governments with predominately materialist goals, creates a massive tension. What the rich country post-materialist development NGOs want development assistance to give isn't what the developing country governments (and often their citizens) want as development assistance. This is a fundamental point that needs to be stressed again and again. Developing countries can no longer count on rich countries as reliable partners for their “national development” agendas, because the rich country domestic coalition is too reliant on citizens and groups with post-material agendas.

The simple analytical framework of Figure 2, thus, helps explicate the debates inside the development space today. It illustrates the increasing *tension* between the goals of the rich country citizens and those of developing countries, as well as the *resistance* of developing country governments to donor conditions. These facts are shaping global debates. While each of them is worth exploring in much greater detail, I will here merely give a quick run-down of how the shifting rich-country coalitions versus shifting developing-country realities creates such tensions.

## MDGs vs SDGs

What is striking about the Millennium Development Goals (MDGs) is that there was a goal for “ensuring environmental sustainability,” but that there wasn’t a goal for economic growth or increased productivity or prosperity—or even one aiming to achieve population-wide improvement in material wellbeing. In fact, economic growth wasn’t a goal, or even a target, but only an indicator of the MDGs. Instead, the MDGs focused on very specific and very low-bar goals. For example, the only goal for education was “completing primary school”—nothing about learning or school quality, nothing about secondary education, nothing about technical training or job skills, and nothing about university or research. This is because, in my view, the MDGs were an exercise in addressing the weak coalition for aid in rich countries by strengthening support among post-materialists in the aid coalition; the developing countries were simply seen as signatories to endorse the goals chosen and championed by international bureaucrats and rich countries.

In contrast, in the debate over the post-2015 Sustainable Development Goals (SDGs), the nexus moved into the UN General Assembly, beginning with the 67th Session. Given the priority that developing country citizens (and governments) themselves give to economic growth, the latest draft of the SDGs includes the following formulation: “Goal 8: Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all,” which includes a numerical target of seven percent per annum for the least developed. Moreover, the post-2015 agenda is being defined with much higher aspirations across the board; for instance, the education goal now includes quality of learning in primary school, secondary school, technical and vocational training, and university. This makes the SDGs less of an exercise in mobilizing and prioritizing development assistance for donors, and more an articulation of broad goals of development. This can be understood as serving as the basis of raising four critical points that will serve as benchmarks for how development assistance trends will be affected in the period ahead.

## Four Critical Benchmarks

The first point is higher standards. For quite some time, the rich countries have been engaged in a political process of attempting to establish “dollar a day” as a relevant poverty standard. This is in part to make development assistance more attractive to the developing country post-materialist coalition, pitching income gains as a *means* to reduce “extreme poverty.” But the “dollar a day” standard for poverty is below nearly all developing countries’ own national poverty lines—and most countries that have revised their poverty lines over time have raised them. So the “dollar a day” standard actually attempts to define development down, which creates tensions with the agenda of developing country citizens and their governments—let me underline that in no country do people limit their aspirations to simply rising above “dollar a day.” Whereas the MDGs (and many development organizations) focused only on the artificial and arbitrary “dollar a day” definition of “extreme” poverty, the draft SDGs include goals on national poverty targets.

The second point has to do with the ‘safeguards versus infrastructure’ debate. With any big infrastructure project—like a dam or a highway or a power plant—there is a need for a review of its impact on the natural environment, on those displaced by land acquisition, and on society in general. Every major infrastructure project has such risks, and adequate consideration of them is essential to decision-making. However, there are also risks in not moving ahead with infrastructure, as this leaves people less connected into a productive economy—without access to safe water, electrical power, decent transport, and so on. Developing country governments are more cognizant of both risks and potential damage from infrastructure of the wrong kind versus the damage from too little infrastructure. This is why organizations that have been more able to avoid the impositions of the rich Western country post-materialist coalition (e.g. CAF, the regional development banks) have been able to expand their funding of infrastructure dramatically. This is also why countries are creating their own mechanisms for financing infrastructure. Yet any attempts at changes in “safeguards” policies in rich country-controlled organizations like the World Bank are resisted fiercely.

The third point relates to tensions inside multilateral development organizations. In October 2013 the World Bank adopted a new corporate strategy that, in effect, said ‘we don’t care about the well-being of the majority of the population in our “partner” countries.’ Of course, for public relations purposes, the goals were stated as, for instance, “eradicate extreme poverty” (defined as “dollar a day” and thus excluding five billion people) and “shared prosperity” (which includes only the bottom 40 percent), but the effect is the same: ‘we only care about improvements in the wellbeing of less than the majority.’

Why would a global development organization (especially one that already has an Articles of Agreement that already *legally* specifies its purposes) adopt a strategy that *explicitly* excludes the majority of people in the world as intended beneficiaries of its developmental actions? The World Bank’s governance structure is such that countries vote their shares of paid-in capital, and hence this new strategy formulation was a means of securing the interests of the rich country voters at the expense of the interests of developing country citizens. Perhaps this is a necessary compromise, but it is one to which there is increasing resistance from developing country governments. They are, not surprisingly, coming together to create organizations that don’t explicitly contradict their legitimate goal of trying to benefit all of their citizens.

The final point revolves around the difficult domestic politics of rich country bilateral development agencies. The shifting coalitions in rich country politics have made it harder to support free standing organizations for development assistance with broad national development agendas. Some countries, like Canada and Australia, have eliminated their free standing development assistance agencies by merging them into their foreign affairs or trade ministries. In the United States, the main expansion to development assistance was the creation of the President’s Emergency Plan for AIDS Relief (PEPFAR). While there is no question that addressing HIV/AIDS is a development priority, in 2012 this one program accounted for more spending than what USAID spent on infrastructure, agriculture, good governance, education, administration and oversight, environment, growth, conflict mitigation and reconciliation, and private sector competitiveness *combined*. If, as has been announced, the United Kingdom’s Department for International Development withdraws from India and South Africa in 2015, then it will have operations in countries with only 1.1 billion of the developing world’s 5.8 billion people—and this from a country that has pledged to increase total aid to the 0.7 percent of GDP target set by the MDGs more than a decade ago.

## The Reliability Challenge

My argument is not that the leaders of the World Bank—or, for that matter, the creators of the MDGs or the leaders of bilateral agencies—are “making mistakes” in their shifts towards narrower or more concentrated and/or less growth-focused development agendas. Rather, I am arguing that all of these issues illustrate the difficulties and complexities of maintaining a robust political agenda for development assistance in rich countries in the current international environment.

This difficulty has only been exacerbated, of course, by the global economic crisis that began in 2008, and the resulting fiscal pressures on governments in Europe and the United States. This has led to development agendas that have wonderful goals—almost no one objects to a goal of eradicating “extreme poverty” or the allocation of resources for HIV/AIDS, much less doubts the importance of addressing climate change. But since rich country and poor country citizens face very different material realities, their priorities among all of the possible wonderful goals differ. It is, after all, also wonderful to have access to electricity, reliable transportation, reliable urban water, and higher incomes.

The strategic and tactical repositioning to maintain rich country coalitions for development assistance may make receiving any assistance under the terms and conditions available a less and less attractive option for developing countries. They are likely to opt more and more to finance development through their own resources, or by forming new or expanding existing international financial organizations that are more amenable to the development objectives of developing country citizens.

The world is shifting in ways that make it difficult for rich countries to continue being reliable partners for the national development aspirations of the citizens of poor countries. How the tensions between the differing objectives and resistance of national governments will play out in setting the new global agenda for development, as well as in defining the concrete actions of development organizations, remains to be seen.

I suspect that existing development organizations—both multilateral and bilateral—will be unable to remake themselves enough to remain relevant to the national development agendas of poor countries.

It is probable that they will become increasingly limited players, with new organizations rising to prominence as development actors in the twenty-first century.

## About the Author

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