

Setting the principles to underpin public investment for global ‘commons’ in a post-COVID world

Summary of Wilton Park virtual dialogue, Wednesday 15 July 2020

As part of the series ‘Future of aid’: Financing global ‘commons’ in a post-COVID world: From principles to practice

In partnership with Joep Lange Institute, United Nations University, the OECD Development Centre, Development Initiatives and Equal International

Executive summary

In the post-COVID era some of the previously assumed principles for international public funding spent as development assistance / ‘aid’ are proving not ‘fit for purpose’. This virtual Wilton Park discussion, the third in the ‘Future of Aid’ series, focused on what principles would be more appropriate in this new context of shared global challenges to finance ‘global public goods or commons’.

Whilst some of the principles from the Paris and Busan ‘aid effectiveness’ era still resonate in the post-COVID climate challenged world, a number of new principles are proposed which will need further discussion, agreement, and buy-in, including from the public. Some proposed principles could be taken from elsewhere in the international ecosystem.

Such principles might be agreed around: ambition; universality; mutual benefit; cross-border; human rights; localisation/sub-national; complementarity; building (cap)abilities; sub-national and reparation; effective governance; and ambition. They should support all countries, traditional recipients and donors in the old language, to share scarce resources in a form of ‘global public investment’ (GPI) to meet national interests and cross-border challenges. Some are potentially radical, others controversial.

At the heart of this discussion is what are the new principles for governments and stakeholders around how public finance should be shared in future (North and South, South and South, South and North) to transfer resources?

Context

- The world is at the onset of a **global recession**, or potentially depression. The situation is getting worse, with the global economic impacts of the pandemic growing and acute needs felt in poorer countries and by the most marginalised. Budgets are under huge stress.
- It is not the best time (historically) to set out progressive internationalist platforms. However, all the more reason to build a **coherent strategy for the 21st century** in defence of internationalism. How long the recession lasts will depend on how much money is ‘shovelled’ from North to South. Either the world will recover together or it will stagnate together.
- Covid19 makes it clearer than ever that, despite inequality **‘we are all in this together’**. However, in reality we are not ‘all in this together’, with varied impact of the virus itself, lack of leadership and abandonment of global solidarity. The pandemic has reaffirmed and strengthened the need for a reframing of the development approach. A more robust system should be able to recover from such a shock.

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- The push back against **neo-colonial architecture of development**. Aid is very deliberate, using language about rich countries helping poorer countries. Aid often aligns with national foreign policy, and sometimes with moral and religious philosophy. Today development means so much more than just escape from poverty, education and health. Also climate change, fragility/conflict.
- The **Black Lives Matter** movement has put anti-racism and decolonialisation front and centre of international cooperation debates. It is time to recognise that “subtle but pervasive neo-colonial paradigm” that underpins the international cooperation systems, and change it. There is a clear challenge to the development sector who are deemed to be holding on to the old principles of a north-south divide that does not exist anymore.
- There are tensions between **shared values and collective responsibilities** co-existing; and experiences of nationalism strengthening in places, which could get worse through current geo-politics.
- The **international ‘aid’ institutions** are built on existing principles but are not upholding the principles of equity and equal voice/one vote.

Why look at principles?

Many might call for action at this unprecedented time, rather than for more **principles**. However, a key reason why progress is not being made on changing the paradigm of ‘aid’ is that beyond the SDGs there is no comprehensive plan everyone can support.

To build a concrete plan of action which is both technically feasible and politically viable (or even attractive) the principles that underpin need to be agreed. Further meetings in this series will build on these thoughts.

Antecedents/sources of principles

Other sources of principles are noted, but not all are necessarily respected in practice.

- **Climate finance**. Focuses on “polluter pays” principle so finance is a kind of reparation. Not “aid” or “charity”. Common but differentiated responsibilities. The developed world will provide adequate financing for adaptation and mitigation with \$100 bn due to start in 2020, mixing public with private funding.
- **South South Cooperation**. Solidarity not charity, national sovereignty, mutual benefit.
- **ODA (Paris Declaration on Aid effectiveness, 2005; and the 2011 Busan principles which built on them)**. Mutual accountability, transparency, country ownership, results focus.
- **EU structural funds**. All contribute/all benefit, all members agree budget, aim is convergence to similar living standards, units are regions and cities as well as countries i.e. sub-national needs analyses. Note also that the EU has approved a massive transfer of cash to poorer regions as a response to the Covid crisis.
- **The SDGs (2015-2030)**. Universal (for all countries), unified (all the objectives are inter-related).

Old principles of ODA (to stick with)

It is worth repeating important principles that already underpin “aid”, but it is also possibly counter-productive to focus on them too much as there is scepticism of them, because of their lack of practical implementation. Transparency is going backwards in many countries and the high ideas of country ownership, use of country systems, harmonisation, mutual accountability – in short, the Paris principles – are not being strongly implemented in many countries. There has been a strong focus on results, but that is arguably one of the reasons why ownership and participation is now less prominent. So whilst the important principles of the Paris/Busan era noted below remain important, the key will be the new (and radical) principles that will underpin a new era (see next section).

- Focus on results (measurable ones)
- Transparency
- Country ownership (understood either as government ownership or, more radically, as some kind of democratic ownership whereby other stakeholders are also engaged). Similar to National sovereignty, which is the language of SSC
- Mutual accountability.

New principles (to promote)

It became clear during the discussions that radical new principles would need to be presented. Many of these principles come from other parts of the international ecosystem – the radical bit is applying them to the new era of ‘aid’ and global public investment.

The following principles were discussed in some form during this meeting. They are listed as potential candidates for new principles, recognising some are controversial proposals:

1. **Universality.** This principle is enshrined in the SDGs but it is argued that the world of aid is stuck in a more MDG mindset. The SDGs are for all countries. GPI should be contributed by ALL countries according to means, and ALL countries should benefit, according to need. Shared (common) but differentiated responsibilities. (ODA has its 0.7% target but it is voluntary. Whereas UN Funding rules are statutory, and are membership fees. A new approach would lean towards the latter (although it would be impossible to enforce, as are UN contributions).
2. **Mutual benefit/horizontality.** Not charity and not aid. All countries treated as equals. It is a central principle of SSC, but should it also be a principle for the wealthy countries – for whom it is akin to the debate about “national interest”? A new approach would have to emphasise mutual benefit to some extent, both because it is true and because the politics will require it. The challenge will be to ensure that this principle is not abused by wealthier governments to reduce their international responsibilities.
3. **Cross-border.** Whereas ODA has tended to concentrate on helping specific countries, or be targeted on specific global issues (such as the Global Fund), GPI needs to more fully respond to shared cross-border issues, most notably public goods, whether regional or global.
4. **Localisation / sub-national.** ODA has been mostly conceived as country to country. Whereas, local solutions and local ownership. Precedents include the EU, which identifies around 169 regions, including poor regions in wealthier countries. sub-national.
5. **Building abilities** (capabilities) not just outcomes. A popular focus and often linked to the concept of resilience. As a challenge to the traditional ‘poverty’ focus it implies that the capacity to respond to ongoing and changing challenges is as important as (or more important than?) simply crossing agreed poverty thresholds. This also implies a focus on systems and the need for example in the health sector, health security and preparedness for the future
6. **Complementarity.** Clarity on the role of international public money, as opposed to private and domestic finance. This needs to be recognised on its merits as a specific type of financing useful in specific circumstances rather than a last resort when other sources are unavailable (which is the implication of the current theory of “aid”)
7. **Effective governance/accountability.** If there are no longer donors and recipients but instead partners, all of which contribute, then governance needs to reflect that. Climate finance and EU are precedents for more horizontal structures of decision making. These structures will decide e.g. what counts as GPI, where is it spent, on what.
8. **Reparation.** Following the lead of climate finance, this principle is a recognition that the wealth of many countries depends on a history of resource exploitation of others, and that therefore a transfer of resources is not a gift or even moral responsibility based on mutual interest, but a moral obligation based on past wrongdoing. It changes the motivation and feeling of the proposal. (This will be controversial, and may only be useful in some contexts.

Underpinned by

9. **Human rights** and universal rights of people. These are not currently explicitly referenced in official ODA or SSC documents. There is no reason for them not to be, except for objections from some governments that find the idea threatening. This principle could incorporate a focus on marginalised groups, or perhaps that needs a separate principle. Equally focusing equity and fairness, and equality of voices.
10. **Ambition.** The precedent is set by the SDGs (which go well beyond poverty and economic development) and the EU (which transfers grants for reasons of convergence of living standards). The SDGs are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. Every country has to meet them. But they don’t agree how global resources might be used and shared to achieve this. When the ambition for an approach such as GPI is set much higher (i.e. a much fairer and more sustainable planet) the implications for public resources are clear. This principle could be characterised as Equality and/or Sustainability. The heightened ambition underlines the need for more not less resource.

Final thought: winning the public

Winning the public was an issue which came up a lot during this conversation and which is crucial to securing change in spending citizens/taxpayers money. Focusing on “principles” might imply a not-necessarily popular course of action. Are principles in tension with political attractiveness? This is an area to that could be teased out further; the principle of mutual interest or benefit with the implication of an element of self-interest. In short, what is the new case for governments and stakeholders (North and South) associated with these new principles?

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Wilton Park | August 2020

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