

The Future of Development Partnerships: Implications for Traditional Donors

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Overview

- Changing Development Landscape
- A Development Partnership Matrix
 - Bangladesh example
- Implications for traditional donors
- Next Steps

Changing Development Landscape

- There is now more MICs (110 in 2010) than LICs (35)
 - 72% of the world's poor live in MICs mainly in India and China
 - Urban poverty growing
 - Middle-income trap
- New Actors
 - Deeper, broader business interactions (exports, supply chains, investment)
 - Global interest-based coalitions (environment, poverty)
 - Larger, more active philanthropies
 - Indigenous organizations
- Emerging donors are challenging for space
 - Competing philosophies –reinvented mercantilism vs. Washington consensus and conditionality
- Aid budgets for traditional donors stagnant/ declining
 - But still significant
- Are we at an inflexion point?



A Development Partnership Matrix

Country Status	Development Needs	Partnership Possibilities	Funding Mechanism	External Funding Sources
Fragile	Humanitarian, Basic Needs	Emergency relief, capacity building	Grants	Official aid agencies, NGOs, INGOs
Low-income	Basic Needs, Governance	Targeted poverty reduction, capacity building, infrastructure	Grants	Official aid agencies, NGOs, INGOs
Low middle income	Basic needs, Governance, Economic Growth	Targeted poverty reduction, capacity building, private sector development – enabling conditions, enterprise support, infrastructure	Concessional loans, Commercial, Grants,	DFIs, Official aid agencies, Commercial
Middle income	Governance, economic growth, fiscal redistribution	Capacity building, enterprise support, policy development	Concessional loans, Commercial	DFIs, Commercial, Official aid agencies
High middle income	Policy implementation	Dialogues, trade and investment	Commercial	Commercial



Bangladesh: Possible Development Partnerships

Country Status	Development needs/ vulnerabilities	Partnership possibilities	Funding Mechanisms	External funding source
<p>Low income, but beyond LDCs</p> <p>Requires about a 8% growth rate for meaningful poverty reduction and movement towards becoming a middle-income country</p>	<p>1.Continued economic growth</p> <p>2. Stable Governance</p> <p>3.Environmental/Climate change mitigation and adaptation</p>	<p>1.1 Targeted poverty reduction</p> <p>1.2 Private sector development</p> <p>1.3 Infrastructure</p> <p>2.1 Support democracy</p> <p>2.2 institutional development</p> <p>2.3 Flexible responsive mechanism</p> <p>3.1 Support global sustainability efforts</p> <p>3.2 Fix the rivers – flood control, silt removal</p> <p>3.3 Clean Bangladesh campaign</p> <p>3.4 Enforcement?</p>	<p>1.1 Grants</p> <p>1.2 Concessional loans</p> <p>1.3 Concessional loans</p> <p>2.1 No funds/grants</p> <p>2.2 Grants</p> <p>2.3 Grants</p> <p>3.1 -3.2 Grants and concessional loans</p> <p>3.3 Support the government/CSOs - grants</p>	<p>1.1 Aid agencies, NGOs, INGOs</p> <p>1.2- DFIs, Commercial</p> <p>1.3 Multilateral , PPP, Emerging donors</p> <p>2.1 – 2.3 Aid agencies</p> <p>3.1 Global climate Change funding institutions</p> <p>3.2 – 3.3 Multilateral</p>



Implications for traditional donors (1)

- Development in middle-income countries – in or out?
 - Poor people (mostly in MICs) and/or poor countries (sub-Saharan Africa)?
 - Are donors prepared to accept the MIC’s demand for “true” national ownership?
- Working with new development entities
 - Partnership with whom – what about the private sector?
 - Will they become facilitators rather than direct actors?
 - Different partnerships in providing global public goods and country specific aid

Implications for traditional donors (2)

- Finding common cause with emerging donors
 - Can there be a level donor playing field?
 - Scope for trilateral cooperation
- Finding the right development mechanisms and instruments
 - LICs – Grants only?
 - MICs - Concessional and non-concessional loans
 - How to finance private sector investment, impact investment, social businesses, infrastructure?
 - One development institution? Is a Development Finance Institution essential?

Next Steps

- Continue the research at the University of Ottawa.
- Purpose
 - Provide an insight into new development partnerships
 - Propose how traditional donors can form useful and effective development partnerships to work in the new milieu
 - Design program/project cycle management tools
- Process
 - Further review of literature and existing policies and practices
 - Case studies in partnership with country research institutions
 - Workshops at the CASID Conference 2015
- Products
 - Publications
 - Manuals