



Sebastian Barnet Fuchs is Coordinator for Development Policy and Human Rights at the Konrad-Adenauer-Stiftung in Berlin.

DEVELOPMENT COOPERATION IN TIMES OF GLOBAL POWER SHIFTS

THOUGHTS ON A SHIFT IN THE CONCEPT OF DEVELOPMENT

Sebastian Barnet Fuchs

If the world could ever have been classified as being divided into northern donors and southern recipients, the last decade has done much to disprove this. The number of extremely poor countries is clearly in decline.¹ In 2013, for the first time since 150 years, the combined economic performance of China, India and Brazil reached the level of the leading western industrialized nations. They themselves have become donors for development cooperation (DC) and are expanding their fields of influence in other countries through specific aid projects. Although two-thirds of the global poor still live in these emerging countries, prosperity in these countries is significantly increasing. In contrast, in the "North", states must be supported by massive aid packages to get their economies back on track. Portuguese nationals are emigrating to Brazil to find work and also Spaniards are attracted to their former colonies for the same reason.

The new diffusion of rich and poor, the altered balance of power in international relations and the ease and rapidity with which events in one country influence another have a dramatic impact on the development of countries. These changes in development cooperation are most noticeable in five areas:

1 | See Jörg Faust and Dirk Messner, "Schluss mit Arroganz und Almosen", *Die Zeit*, 10 Oct 2013, <http://www.zeit.de/2013/42/faust-messner-ministerium-globale-entwicklung> (accessed 10 Feb 2014).

1. Development policy as part of foreign policy and the debate on values and interests;
2. the need for development cooperation reform due to flawed incentives and increased complexity;
3. the influence of new actors and their significance for the “traditional” donors;
4. the struggle for the protection and supply of global public goods and
5. reform processes for the Millennium Development Goals (MDGs) and within the Organisation for Economic Co-operation and Development (OECD) and their impact on the ownership and policies of the states involved.

DEVELOPMENT POLICY AS AN ASPECT OF FOREIGN POLICY: THE DEBATE OVER VALUES AND INTERESTS

In the era of globalisation, the boundaries of individual policy areas are becoming increasingly blurred. In the future, a state’s foreign policy will therefore require closer coordination between foreign, economic, security, environmental and development interests. On the one hand, there are many areas in which values and interests are exactly the same: Germany, for example, can promote renewable energy in developing countries to reduce their dependence on fossil fuels and to create new and better jobs. At the same time, German companies are leaders in this field and have an interest in the promotion of foreign markets. Ultimately, promoting this combats climate change.² In this case, the aims of the actors involved are largely congruent with foreign, economic, environmental and development policies. On the other hand, there are areas of trade policy (for example, agricultural subsidies), security policy (for example, arms exports) and domestic policy (dealing with refugees) that are not always in complete alignment with development and humanitarian interests.

A state’s foreign trade will require closer coordination between foreign, economic, security, environmental and development interests.

2 | Dirk Messner and Imme Scholz, “Entwicklungspolitik als Beitrag zur globalen Zukunftssicherung”, in: Jörg Faust and Susanne Neubert (eds.), *Wirksame Entwicklungspolitik: Befunde, Reformen, Instrumente*, Baden Baden, Nomos, 2010, 73.

At the international level, the traditional donor countries sometimes use double standards with their conditions for aid payments and economic cooperation with certain countries. Although they generally require the observance of human rights, this is not always a necessary condition for cooperation in cases of great economic interest.

The German government's rising ODA funding is increasingly being spent in partner countries by other ministries, such as the environment, education or economic ministries.

Sometimes trade relations take priority and human rights come second. The insistence on "development policy coherence", or the requirement for external action to focus on development policy criteria thus raises the question of whether other policy fields, such as economics or security, could justifiably demand their own coherence. In addition, the work of the individual ministries has become more international in recent years. The German government's rising ODA funding³ is increasingly being spent in partner countries by other ministries, such as the environment, education or economic ministries. This is mainly due to the fact that in many emerging and aspiring developing countries in particular, more targeted expertise is required than previously in areas that go beyond the classic fight against poverty. Due to the rising wealth of these countries, entirely new questions of the legitimacy of unilateral aid projects with "donors" and "recipients" are being raised with the changing patterns of cooperation: "Traditional development policies are becoming less important", writes Dirk Messner, Director of the German Development Institute, together with Jörg Faust. "Many of these countries [the emerging countries] are actually partners in German foreign, security, climate and economic policy, and they are members of the G20, the group of major industrialised and emerging countries."⁴

3 | Official Development Assistance (ODA) is defined by the Development Assistance Committee of the OECD as benefits that include a grant element of at least 25 per cent, are comprised of contributions from the public sector with the promotion of the economic and social development of developing countries to developing countries and their citizens or to international organisations for the benefit of developing countries, see German Federal Ministry of Economic Cooperation and Development (BMZ), "Leitfaden 'Was ist Official Development Assistance (ODA)?'", http://bmz.de/de/ministerium/zahlen_fakten/Leitfaden_Was_ist_ODA.pdf (accessed 10 Feb 2014).

4 | Faust and Messner, n. 1.

Development policy as part of foreign policy is neither altruistic aid nor the enforcement of unilateral national interests “against” other states. Rather it should be based on an “enlightened self-interest”⁵ that does not see international negotiations as a short-term zero-sum game between divergent national interests but addresses common challenges in the long term, which, if neglected, would eventually damage all countries in a globalised world.

As an industrial nation, Germany has an interest in democracy, growth and development, even beyond their established partners. It has an interest in stable and secure states that are not plagued by violence, collapse and mass exodus. It has an interest in integrating a greater number of growing and confident developing and emerging countries and fostering greater involvement in international institutions and into the negotiation of global frameworks such as on climate change or the Post-2015 Agenda, the agenda that will succeed the MDGs. Otherwise, the acceptance and performance in these arenas for international cooperation will be lost. These negotiation forums will be increasingly accepted the more the actors involved are democratically legitimised. In addition, democratic societies are generally more successful and stable in the long term. Not least, developmental spending is a “soft power” instrument that builds trust, networks and partnerships. This, in turn, can spark collaborations in many other policy areas and promote support for international arenas of negotiation or inter-state alliances.

Development policy is an ethical necessity. Not every place where there is conflict and hunger does this directly impact German citizens. Nevertheless, Germany and other states provide aid to mitigate people’s suffering. This is a value in itself and needs no further strategic justification. However, since development policy has become more diverse and complex and many traditional “recipient countries” are gaining in confidence and have developed into more powerful partners with strategic ambitions, the question of the proper balance between values and interests has come up again in many cases. Development policies have now become a more

Since many traditional development policy “recipient countries” have developed into more powerful partners, the question of the proper balance between values and interests has come up again in many cases.

strategically significant part of foreign policy, allowing for cooperation between states as well as between NGOs and between individuals in many areas. Eckhard Deutscher, former Chairman of the OECD's Development Assistance Committee, writes that the development policy of the future should be "based on strategic criteria derived from Germany's and Europe's security policy, financial policy, environmental policy and energy policy interests. They should also be anchored in the basic values of the social market economy: social justice, human rights and economic sustainability".⁶ To remain up-to-date, the design of development policy must take greater note of the complexity, rapid mutability and new diverse patterns of cooperation in international relations.

THE NEED FOR REFORM IN DEVELOPMENT COOPERATION DUE TO FLAWED INCENTIVES AND INCREASED COMPLEXITY

In 2011 alone, OECD countries spent over 134 billion U.S. dollars on development cooperation, 12.5 billion U.S. dollars on humanitarian aid and another 4.6 billion U.S. dollars came from private donors. Additionally, countries such as India, China, Brazil and Russia are financing development projects in other states to a greater extent. Whereas aid payments were previously made almost exclusively by governments and international organisations, the variety of actors today is much more multi-faceted and complex (Fig. 1 and 2).⁷

The increased number of actors makes coherence impossible and coordination extremely difficult.⁸ Complaints by politicians and officials from developing countries who consult with countless delegations from donor countries

6 | Eckhard Deutscher, "Die Entwicklungspolitik der Zukunft", *Frankfurter Rundschau*, 28 Oct 2013, <http://fr-online.de/1472602,24808304.html> (accessed 10 Feb 2014).

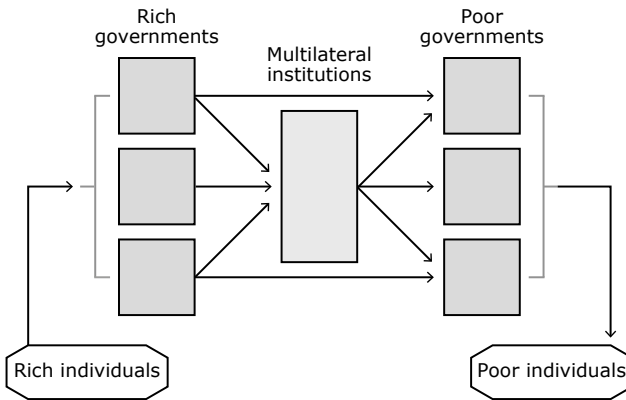
7 | Wolfgang Fengler and Homi Kharas, "Delivering Aid Differently – Lessons from the Field", *Economic Premise*, No. 49, Feb 2011, The World Bank, 3, <http://documents.worldbank.org/curated/en/2011/02/13757218/delivering-aid-differently-lessons-field> (accessed 10 Feb 2014).

8 | At the High Level Forum in Busan in 2011, the OECD-DAC member states tried to establish common standards for all actors. Although, these standards are in the outcome document, their implementation proves to be long lasting and difficult.

and who are confronted with providing an infinite number of indicators and reporting requirements only show the remnants of a faulty system, that is often rightly criticised. Research shows growing scepticism toward development cooperation;⁹ demands for its abolition have a firm place in the discourse on development policy. Where are DC's weak points and which reform proposals are promising?

Fig. 1

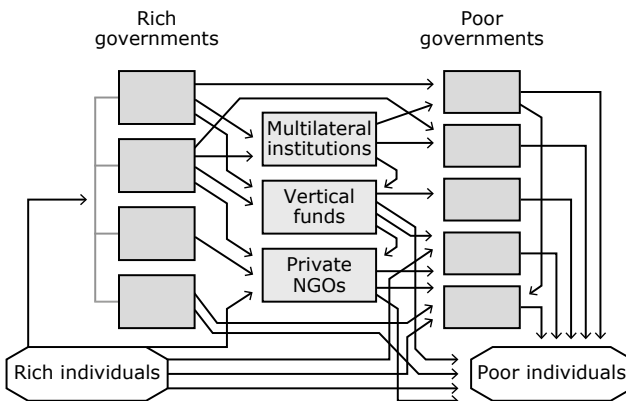
Old forms of development cooperation



Source: Fengler and Kharas, n. 7.

Fig. 2

New forms of development cooperation



Source: Fengler and Kharas, n. 7.

9 | The most prominent are Dambisa Moyo, *Dead Aid: Why Aid is Not Working and How There is Another Way For Africa*, London, Penguin, 2009; William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little: Good*, Oxford, Oxford University Press, 2007.

To realistically assess the contribution development cooperation can actually make towards development, one should recall some donors' excessively euphoric ideas for planning and change: external solutions are only the second-best choice for developing countries.

Many states that have rapidly developed economically over the past 15 years have done so without significant assistance from development funds, especially China.

The benefit of development projects for a country's overall situation is rather limited. Many states that have rapidly developed economically over the past 15 years have done so without significant assistance from development funds, especially China. In general, the proportion of aid funds in the budget of many developing countries is declining. Other factors such as trade, foreign direct investment and the transfer of private assets from abroad are becoming increasingly important for development. But even in places where 40 per cent of the state budget is financed by donors, the impact of DC does not rise in proportion to the use of resources. A number of macro-economic studies have measured only a slightly positive effect at best on a country's development from ODA transfers. Though in recent years, more rigorous evaluations and stronger performance reviews have found their way into the development policies of OECD states. But there are two fundamental problems that cannot be resolved by evaluations alone:

First, development projects only fall on fertile ground if they are met with a strong political will from the actors in the partner country. If political interests run contrary to the donors' reform efforts due to power plays or other reasons, then studies, recommendations and evaluations are ignored. This political context is often and willingly hidden because it is difficult for the development organisations to make predictions, throws the success of their projects into question and the consequences of fading out are rarely sanctioned. For too long only the input factors have been examined in development cooperation, i.e. what donors have provided. But the real contribution this makes for the development of the people can only be identified through a close look at the outcome: A school built or mosquito nets distributed, when taken by themselves, change just as little as a seminar held on decentralisation (input). Only the reduction of the illiteracy rate, the decline of malaria and decentralised policy (outcome) can create development.

But the incentives used in development cooperation to measure the individual outcomes are often not ideal. Because in most cases aid projects hardly generate real costs for recipients, a critical review for the recipient is often left out. This undermines personal responsibility and may tremendously reduce the interest of the recipient in the success of the projects.

Indeed, donors have the best intentions to help with their development programs. But what costs the partner countries nothing is then of little worth to them in many cases. The global vaccination alliance GAVI¹⁰ has recipients pay a low share of the aid projects that increases over time. Essentially it goes without saying that partners take greater care in considering whether a project makes sense for them and is worthy of their esteem if they have to invest something in it. However, since this mechanism, which rests on the laws of the market, is mostly missing, any attempt at credible control is often surrendered to the donors. And even here there are plenty of disincentives as the publicly funded development organisations are generally more interested in expanding their budgets and in the growth of their projects. Admitting to and learning from the inevitable mistakes made in DC, the determined need for strategy corrections and thus the necessary adaptability to the ever more quickly changing circumstances are not always conducive to this impulse for growth. Helmut Asche, Director of the German Institute for Development Evaluation (DEval), refers here to the "iron law of development success": according to this, over the years the success rates for all development organisations always lay somewhere between two-thirds and three-quarters. This is implausible.¹¹

Second, development organisations often diminish complex relationships in partner countries and provide them with ready-made solutions that do not sufficiently take into account local relationships. At their headquarters, they formulate strategies that simply cannot be applied in the field. Often best practices cannot be trans-

Often best practices cannot be transferred to a different context at the same time, official "mission statements" and organisational patterns of behaviour are often questioned too little.

10 | See GAVI Alliance, <http://gavialliance.org> (accessed 10 Feb 2014).

11 | See Interview with Helmut Asche, "Es ist eine Menge Unfug passiert", *Frankfurter Rundschau*, 16 Nov 2013.

ferred to a different context at the same time, official “mission statements” and organisational patterns of behaviour are often questioned too little.¹² Since development organisations usually have few clearly defined goals and appropriate expertise in this area, they tend to reduce complex issues to problems that can be solved within their means: “[They] edit their understanding of reality to suit narrow purposes.”¹³ The result: “The available solution becomes the solution.”¹⁴ Thus uncertainty, doubt, questioning and the related impulse for flexibility, adaptation and change are not sufficiently rewarded: “Certainty in a development context is first and foremost a matter of bureaucratic convenience rather than scientific accuracy.”¹⁵

With these incentive problems and the underestimation of the complexity involved, development cooperation does not meet its own standards. Above all, the concept of development in the future requires an honest culture of learning and should reward scrutiny, change and adaptation. The belief in predictability and planning has too often proved to be an illusion in DC. Donors and development organisations should admit mistakes and misjudgements more openly, share and communicate knowledge of this, adapt their strategies, seek solutions locally, experiment more and more rigorously scientifically test things where this is expedient.¹⁶ These are crucial steps to increasing acceptance of DC in donor and partner countries, and in fact can make a significant contribution to development.

THE INFLUENCE OF NEW ACTORS AND THEIR SIGNIFICANCE FOR THE “TRADITIONAL” DONORS

The OECD faces serious competition as the norm and standard-setting institution in Western development cooperation. China, India, Brazil, Russia and numerous other countries that have lifted many of their own people out of poverty in recent decades are increasingly pursuing

12 | Ben Ramalingam, *Aid on the Edge of Chaos*, Oxford, Oxford University Press, 2013, 38 et sqq.

13 | *Ibid.*, 38.

14 | *Ibid.*, 39.

15 | *Ibid.*, 26.

16 | Abhijit Banerjee and Esther Duflo, *Poor Economics – A radical Rethinking of the Way to Fight Global Poverty*, New York, PublicAffairs, 2010.

their own strategic interests with their own combination of promoting foreign trade and development cooperation. Like some OECD states, they often accompany their direct investments with aid projects, thus expanding their spheres of influence in a targeted manner. Although development aid projects are welcome in principle, the standards, however, to which OECD countries have agreed do not apply to these new players. Attempts by the OECD to align emerging countries such as China, India and Brazil to the principles adopted in Paris in 2005 of “ownership”, “harmonisation”, “alignment”, “managing for results” and “mutual accountability”,¹⁷ have in fact amounted to little. The South-South cooperation does not submit to the rules, reporting requirements and principles to which traditional donors have agreed. China in particular does not see why it should present facts and figures on its development projects to Western states, let alone align them with the ideas of the OECD. This means that DC principles in accordance with OECD standards are increasingly being undermined in many countries by new actors and DC conditionality in particular is losing its effectiveness. Because governments in developing nations are increasingly faced with the choice between aid projects from the West, which are often linked to minimum standards in the areas of governance and human rights, and the efforts of new donors, which are mostly supplied without such conditions.

While the link between ODA and human rights in DC could have fostered a positive incentive for reforms in partner countries until now, at least in individual cases, this ceases to exist

African nations that receive funds from China are usually successfully pressured to reject the recognition of Taiwan if they have not done so already.

with new actors. However, particularly with China, there are different types of conditions: African nations that receive funds from the People’s Republic are usually successfully pressured to reject the recognition of Taiwan if they have not done so already. Furthermore, China provides loans in the billions, possibly presenting a new debt risk. Their long life spans can create incentives that are rashly claimed by governments because their benefit has a direct impact, but the costs must then be borne by future generations. China’s interest in Africa’s natural resources had led to a targeted

17 | See “Paris Declaration on Aid Effectiveness”, OECD, 2005, <http://www.oecd.org/dac/effectiveness/35023537.pdf> (accessed 10 Feb 2014).

development policy, which often promotes infrastructure in regions with high mineral deposits and, as in the case of the Democratic Republic of the Congo, to one-sided contracts that discriminate against the African side and chisel out a large portion of the population's possible resource revenues. Even if China's investments in the economy, trade and aid projects may benefit economic development in developing nations, they regularly violate environmental and social standards, often only employ Chinese workers and do not do enough for the creation of value and local processing. Anti-Chinese protests in southern Africa and, most recently, the expulsion of Chinese workers in Ghana¹⁸ show that the commitment of the strongest of all the new donors brings with it a potential for conflict that should not be underestimated.



Jacob Zuma (l.) and Xi Jinping in April 2013: China provides loans in the billions, possibly presenting a new debt risk. | Source: Siyabulela Duda, Government Communications (GCIS), Republic of South Africa ©©©.

The lesson from the emergence of new donors for the future of development cooperation should be that capacity, participation and the rule of law must be strengthened in developing countries. Only then can partner countries confidently formulate and enforce their interests to new partners. Conditionality from the West will become less important. However, many developing countries have an

18 | Yiting Sun, "Nach dem Goldrausch", *Deutschlandfunk*, 13 Jul 2013, http://deutschlandfunk.de/nach-dem-goldrausch.799.de.html?dram:article_id=253953 (accessed 10 Feb 2014).

increasingly critical and strong civil society. They face the new actors with reasonable scepticism and wish to defend and expand the political participation they have obtained partly through Western aid. South Africa's President Jacob Zuma indicated in a speech at the 2012 China-Africa Summit that Africa must learn from the mistakes of the past and that unequal trade relations with China were not sustainable.¹⁹ Behind the investment of new actors lie external economic and political strategies that partner countries should use for their development. Indeed, these new actors' strategies also target new alliances with developing countries that are trying to enforce their common interests to the West through multilateral negotiations. However, in terms of enlightened self-interest, it is better to conduct these negotiations with confident, economically strong partners because they can thus play a greater role in finding a joint solution for global problems.

THE STRUGGLE FOR THE PROTECTION AND SUPPLY OF GLOBAL PUBLIC GOODS

Because the supply of global public goods²⁰ can only be resolved through the combined efforts of all countries, development cooperation today means making use of all states to achieve a greater degree of climate protection, security and financial stability. Not all of these public goods can be adequately protected through traditional development policies, with their donor-recipient pattern. Because just as their protection and supply are a transnational effort and makes use of many other states, a lack of these goods in some countries has a slight transfer effect in many other countries. Geographical boundaries only play a minor role in wars, climate change and financial crises. In all these areas, vulnerability to transnational occurrences has

19 | Jane Perlez, "With \$20 Billion Loan Pledge, China Strengthens Its Ties to African Nations", *The New York Times*, 19 Jul 2012, <http://nytimes.com/2012/07/20/world/asia/china-pledges-20-billion-in-loans-to-african-nations.html> (accessed 10 Feb 2014).

20 | Global public goods are defined here as goods whose positive and negative effects quickly spread across national borders. Because their supply is associated with high costs but they are barely geographically restricted, "windfall gains" arise. Although many benefit from the goods, there is little incentive to pay for them because the hope is to "take" these cross-border benefits, but pass on the costs to other "providers".

dramatically intensified over the past 20 years. Consequently, as described by Messner and Faust, states are pitted against each other through their own interests and their common interests. "Rich, poor, and emerging countries all

Through the increase of violent non-state actors and terrorist attacks in third countries, conflicts are rapidly adopting a regional or even global dimension.

depend on one other."²¹ This is particularly evident in the areas of security and climate change: Wars are less often being fought between individual countries, rather they increasingly arise between groups within a country or across national boundaries.²² In addition, fragile or failed states, such as Afghanistan or Somalia, are proving to be safe havens and training grounds for terrorists. Through this asymmetry and the increase of violent non-state actors and terrorist attacks in third countries, conflicts are thus rapidly adopting a regional or even global dimension.

The close relationship between conflict and development issues have also been underscored by the August 2012 interdepartmental guidelines for the German Federal Foreign Office, the Federal Ministry for Economic Cooperation and Development (BMZ) and the Ministry of Defence (BMVg).²³ These stipulate intensive coordination on Germany's engagement in fragile states. However, in the future, development cooperation and conflict handling in fragile states must be coordinated more strongly not only in Germany but also internationally. Fragile states are lagging furthest behind on achieving the MDGs. Without an end to conflict, their populations will hardly have a chance of developing.

In recent years, climate protection has become enormously important in international relations. The scientific evidence of climate change has triggered a never-before-seen dynamic of sustainability and ecological limits to growth in development policy. The process of agreeing on

21 | Faust and Messner, n. 1.

22 | Cf. the Tuareg in Libya and the destabilisation in Mali after their return, as well as the Rwandan soldiers in the eastern part of the Democratic Republic of Congo.

23 | Federal Foreign Office, Federal Ministry of Defence and Federal Ministry for Economic Cooperation and Development, *Für eine kohärente Politik der Bundesregierung gegenüber fragilen Staaten – Ressortübergreifende Leitlinien*, Aug 2012, http://bmz.de/de/zentrales_downloadarchiv/Presse/leitlinien_fragile_staaten.pdf (accessed 10 Feb 2014).

binding targets has been – sometimes bitterly – debated in several international negotiation forums, such as the UN climate conferences or Rio+20. The consequences of climate change are being felt dramatically, particularly in developing countries. At the same time, all states must do their part to achieve a reduction in CO₂ emissions, greener economies and careful use of resources. The core issue of the current debate is how big a contribution should be made and who should pay what amount. While many developing and emerging countries do not accept that they should raise relatively large sums of money for climate change because the North was responsible for a large part of the earth's pollution, the developed nations are already demanding more individual efforts. Despite the many declarations of intent, the current pledges on climate financing continue to fall far short of expectations. Climate protection, a central global public good, is the focus of the international cooperation conflict. Climate protection requires massive investments that will pay off only in the long term. All states are therefore called upon to think long-term and to design development in such a way that they do not exhaust the livelihoods of future generations.



Rebuilding Haiti: The consequences of climate change are being felt dramatically, particularly in developing countries. | Source: Colin Crowley, flickr ©.

REFORM PROCESSES FOR THE MILLENNIUM DEVELOPMENT GOALS AND WITHIN THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT AND THEIR IMPACT ON THE OWNERSHIP AND POLICIES OF THE STATES INVOLVED

The new focus of development policy on global public goods, particularly climate and security, and the need for developed countries to reform their own economies is also reflected in the negotiations on the Post-2015 Agenda. It should replace the Millennium Development Goals, take on any of its unfulfilled targets and add important development tasks. The proposals submitted so far (the report by the High Level Panel is particularly prominent²⁴) reflect the reorientation of the concept of development: the goals are intended to apply to all countries and it is no longer a matter of simply providing aid but of cooperating to tackle the most pressing global issues. Goals of promoting peace and security are being discussed as extensively as targets for expanding renewable energy and on climate and environmental protection. Traditional goals, such as education, have been expanded so that the output (decrease in illiteracy rate) is what is measured rather than the input (enrolment rate). Another goal of good governance and political participation is being discussed after being excluded from the MDGs in 2000 for political reasons.

What remains of it is uncertain: there are strong indications that some emerging and developing countries are dismissive of targets for political participation and good governance. As with the MDGs, states are therefore faced with the choice of giving in to political sensitivities and in return gaining more approval from key states for the Agenda. However, this comes at the expense of credibility. Good governance and the resolute development focus of countries are such urgent issues for global targets because, without their implementation, many relief efforts will collapse and they establish the conditions for the successful application of the central principles on which the Western actors in development cooperation have agreed to make development

24 | *A new Global Partnership: Eradicate Poverty and transform Economies through Sustainable Development*, United Nations, 2013, <http://post2015hlp.org/wp-content/uploads/2013/05/UN-Report.pdf> (accessed 10 Feb 2014).

cooperation more effective: “ownership”, “harmonisation”, “alignment”, “results-based management” and “mutual accountability”, the principles of the Paris Declaration by the Development Assistance Committee of the OECD. “Ownership” and “alignment” refer to using the systems of partner countries as often as possible to achieve a high degree of personal responsibility and development. But to automatically conclude that by using these country systems, that is their own development plans and budgetary structures, greater ownership and more effective development follows, would be erroneous.²⁵ Governments that are not adequately controlled by parliament, civil society, the courts or the media have incentives not to invest the money in long-term developmental sectors, such as health or education. They often face problems of collective action.²⁶ This means that instead of supporting development that would make many people slightly better off in the long term, they have a great incentive to disburse the aid money and other state revenues for political patronage that makes only a few people rich in the short term, but ensures that the government retains power by supporting these individuals. In addition, foreign aid money greatly increases the risk of other state revenues being spent elsewhere and not on promoting development.²⁷ Instead of taking ownership and a focus on development for granted, these must first be strengthened. Two things lend themselves to this: first, a greater focus on non-ODA-related policy areas with partner countries, i.e. trade and economic investment. The WTO agreement in Bali is a sign that things are going in the right direction.²⁸ Second, the promotion of structures that

Foreign aid money greatly increases the risk of other state revenues being spent elsewhere and not on promoting development.

25 | David Booth, *Aid effectiveness: Bringing country ownership (and politics) back in*, ODI Working Paper 336, Aug 2011, Overseas Development Institute (ODI), <http://odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/6028.pdf> (accessed 10 Feb 2014).

26 | Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups*, Cambridge, Harvard Economics Studies, 1974.

27 | Howard Pack and Kaner Rothenberg Pack, “Foreign Aid and the Question of Fungibility”, *The Review of Economics and Statistics* 75, 1993, 258.

28 | In early December, the member states agreed on far-reaching deal on world trade. See “WTO einigt sich auf Welthandelsabkommen”, *Frankfurter Allgemeine Zeitung*, 7 Dec 2013, <http://faz.net/aktuell/wirtschaft/wirtschaftspolitik/bali-12699482.html> (accessed 10 Feb 2014).

achieve a greater degree of ownership and development focus for the government, i.e. strengthening parliament, civil society, the media and the rule of law. After 50 years of modern development cooperation, this is more visible than ever before: without the political will of governments in partner countries, most of the donors' aid projects help little. At best, this will can be demanded by a strong counterbalance within the country itself, whereas external donors can only do this to a very limited extent. A new concept of development must recognise this and, together with local actors, expand on partner governments' incentives for real ownership in a targeted manner.

A MODIFIED CONCEPT OF DEVELOPMENT

The number of people living in absolute poverty worldwide has fallen from 47 per cent in 1990 to 22 per cent in 2010.²⁹ While two-thirds of those are still currently living

Fewer and fewer countries will therefore require classic DC in terms of poverty reduction for their actual development. Certain countries, however, will need it all the more.

below the poverty line in emerging markets, in 20 years time this will mainly pose a problem in the fragile and least developed countries in Sub-Saharan Africa. Fewer and fewer countries will therefore require classic DC in terms of poverty reduction for their actual development. Certain countries, however, will need it all the more. For development cooperation, this means three things: first, it must be more strategically targeted; second, it must be more honest and open to learning from mistakes; Third, it must be understood as a part of a foreign policy and international cooperation that are increasingly committed to the protection and supply of global public goods.

A contemporary concept of development should therefore be based on the knowledge that more public and private actors are engaging in their own interests in partner countries. This reinforces the need to critically question the foundations of one's own development policies and to look at them not as isolated but rather more strongly in light of the new actors. Cooperation with many now better developed countries, veering away from traditional poverty

29 | See United Nations, "We Can End Poverty. Millennium Development Goals and beyond 2015. Goal 1 – Eradicate extreme poverty and hunger", Fact Sheet, Sep 2013, http://un.org/millenniumgoals/pdf/Goal_1_fs.pdf (accessed 10 Feb 2014).

reduction, must lead to greater cooperation in strategic policy areas, such as economic, security and environmental policy. There are no simple solutions and inevitable failures must be communicated openly within organisations; this should be honoured more. In terms of a state's foreign relations, an enlightened, long-term self-interest should take the place of a narrowly defined national interest on the one hand, or purely altruistic motives on the other. Principles, plans and Post-2015 Agendas will only bring more development if the political will exists in the partner countries. And this can best be designed and promoted by democratic forces that can control the government and reduce their incentives to engage in patronage and short-term policies that benefit the few in favour of development-oriented policies for the benefit of all.