From aid to global development policy
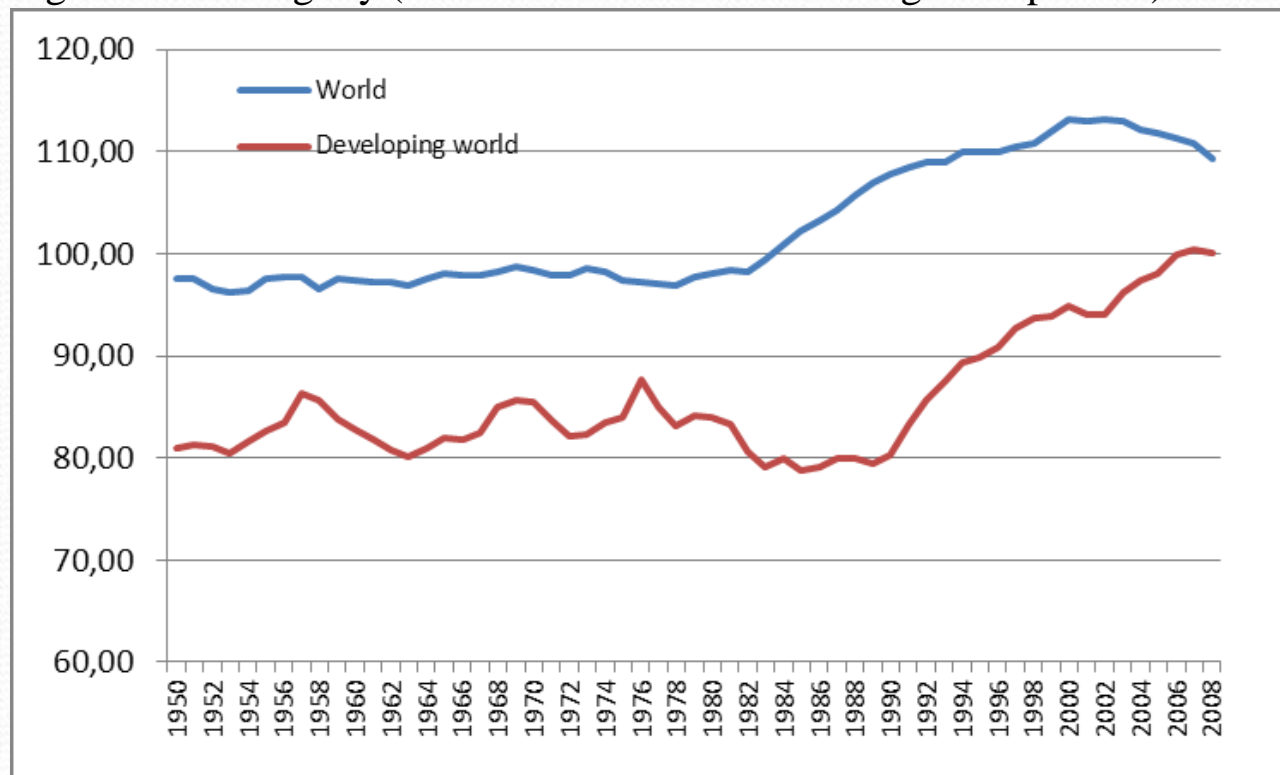
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Increasing heterogeneity in the developing world

The coefficient of variation of countries' GDP per capita (in PPP) has increased
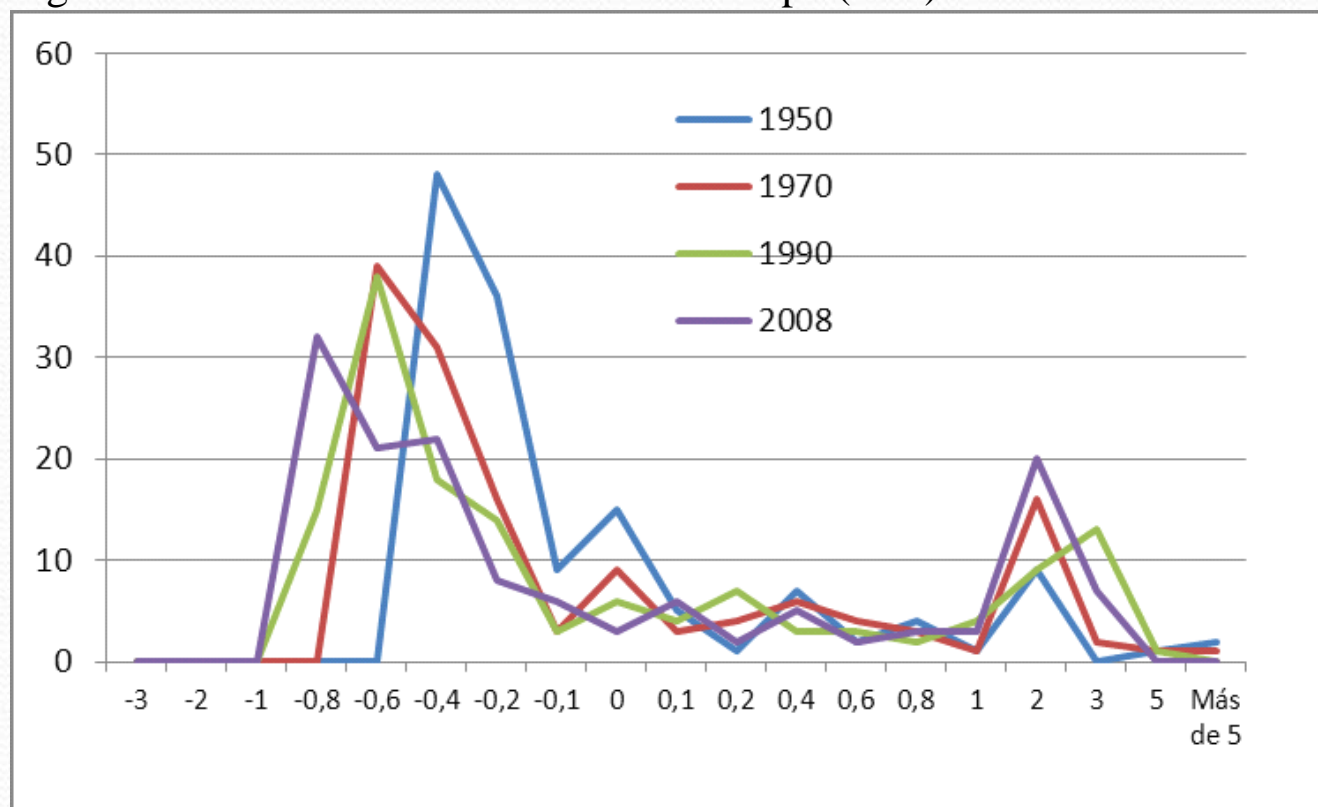
Figure 6: Heterogeity (coefficient of variation among GDP pc PPP)

Source: Maddison (www.ggdc.net/MADDISON/oriindex.htlm)

The standardized density function of the countries´ GDP confirm this idea

Figure 7: Standardized distribution of GDP pc (PPP)

Source: Maddison (www.ggdc.net/MADDISON/oriindex.htlm)

Finnaly, World Bank´s classification confirms that the majority of the population of developing countries live in MICs

Table 3: Changes in World Bank Country Classification

	Number of countries			Population (in %)			GDP PPP (in %)			Top/bottom GNI per capita (PPP) intra-group relation		
	1990	1998	2010	1990	1998	2010	1990	1998	2010	1990	1998	2010
LICs	52	63	35	57.8	59.6	11.6	10.3	20.4	1.3	8.4	8.2	6.8
LMICs	55	57	56	11.9	15.4	36.0	8.7	10.1	11.7	5.0	2.6	5.3
UMICs	38	37	54	8.6	9.9	35.8	19.2	12.6	32.1	2.9	1.9	3.0
MIC	93	94	110	20.6	25.4	71.8	20.0	22.8	43.9	14.4	4.5	15.9
HICs	40	30	70	15.4	14.5	16.4	60.8	56.8	54.9	2.1	2.2	2.9
Total	175	187	215	100	100	100	100	100	100	93.9	75,2	178.4

The new patterns of global poverty

1.-There has been a significant decrease in the number of poor people

|	Chandy and Gertz (2011)		Ravallion (2012)	
	Million	%	Million	%
East Asia	53,4	2,7	159,3	7,7
Europe and Central Asia	4,3	0,9	1,4	0,3
Latin America and Caribbean	27,3	4,5	33,6	5,5
Middle East and North Africa	5,4	1,9	9,7	2,7
South Asia	145,2	8,7	418,7	23,9
Sub-Saharan Africa	349,2	39,3	397,2	41,2
World	585,5	9,9	1019,9	16,3

2.- Poverty is no longer concentrated in LICs (Sumner, 2011)

Table 5: Distribution of global poverty ($ 1.25 per day) 1990 vs 2007

	Non-adjusted base years				Adjusted base years			
	1990		2007		1990		2007	
	Millions	%	Millions	%	Millions	%	Millions	%
LICs	1,596.1	94.5	305.3	24.1	1,632.5	93.1	342.7	29.1
MICs	93.2	5.5	960.4	75.9	121.4	6.9	836.0	70.9
Total	1,689.3	100	1,265.7	100	1,753.9	100	1,187,7	100
China and India	1,137.9	67.4	673.0	53.2	1,123.6	64.1	561.3	47.6
MICs minus China and India	-		287.4	22.7			274.6	23.3
LICs minus China and India	458.2	27.1			509.0	29.0		

Under prudent assumptions, the high concentration of global poverty in MICs is likely to continue at least for a decade

Figure 8: Global poverty in MICs
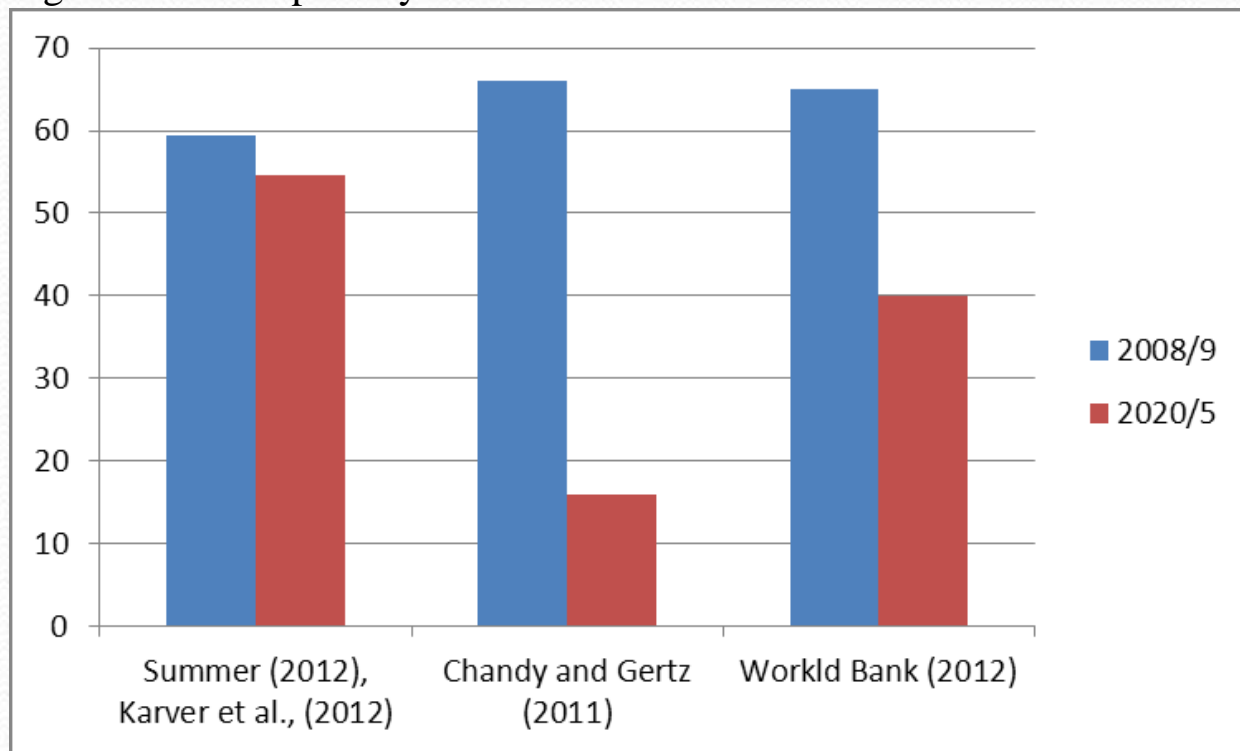
A multi-polar world

The poles of global economic growth are located in emerging and developing countries (Subramanian 2011)

Country (or Group)	2010		2030	
	GDP (in $ at exchange rates	GDP (in $ at PPP)	GDP (in $ at exchange rates	GDP (in $ at PPP)
United States	23.5	16.8	17.2	11.8
UE-27	26.1	18.7	17.3	11.9
Japan	8.7	6.3	5.3	3.6
China	9.4	17.4	16.1	23.5
India	2.5	5.3	6.0	9.8
Brazil	3.3	3.7	3.3	3.3
Russia	2.3	3.8	1.5	2.3
Emerging and developing countries	34.2	52.5	53.0	68.2

Some key MICs have become important poles of growth in their regional areas

Table 6: New powers

	Numer of countries	Percentage in regional population (%)	Percentage in regional GDP(PPP)	Weight in regional growth
Latin America and Caribbean				
Brazil		33	32,3	33
Mexico		19,2	23,5	14,7
Total	33	52,3	55,8	47,7
North Africa				
Egypt				
Total	5	40,9	42,6	44,9
Western Africa				
Nigeria		45,8	53,8	60,2
Total	23	45,8	53,8	60,2
Eastern Africa				
	11			
Southern Africa				
South Africa		30,3	66,9	55,9
Total	14	30,3	66,9	55,9
Western Asia				
Iran		35,6	32,2	32,9
Total	13	35,6	32,2	32,9
Southern Asia				
India		74,9	82,5	85,4
Total	8	74,9	82,5	85,4
Eastern Asia				
China		62,7	55,7	77,5
Indonesia		10,7	5,2	4,9
Total	17	73,4	61,1	82,4
Central Europe				
Rusia		40,4	52,9	50,8
Turquia		20,9	24,9	22
Total	12	61,3	77,9	72,8

Some international public goods

Main Objective	Area
Configuration of Social Order	International Justice
	International Norms
	International Institutions
Preservation of Life	Control of Contagious Diseases
	Global Common Goods (Climate Change, Biodiversity, Ozone Layer, International Fisheries.)
	Protection From Crime And Drug-Trafficking
	Peace And Security
Wealth Promotion	Financial Stability and Macroeconomic Coordination
	Knowledge Diffusion
	Trade Insertion

New actors, new instruments

Composition of aid
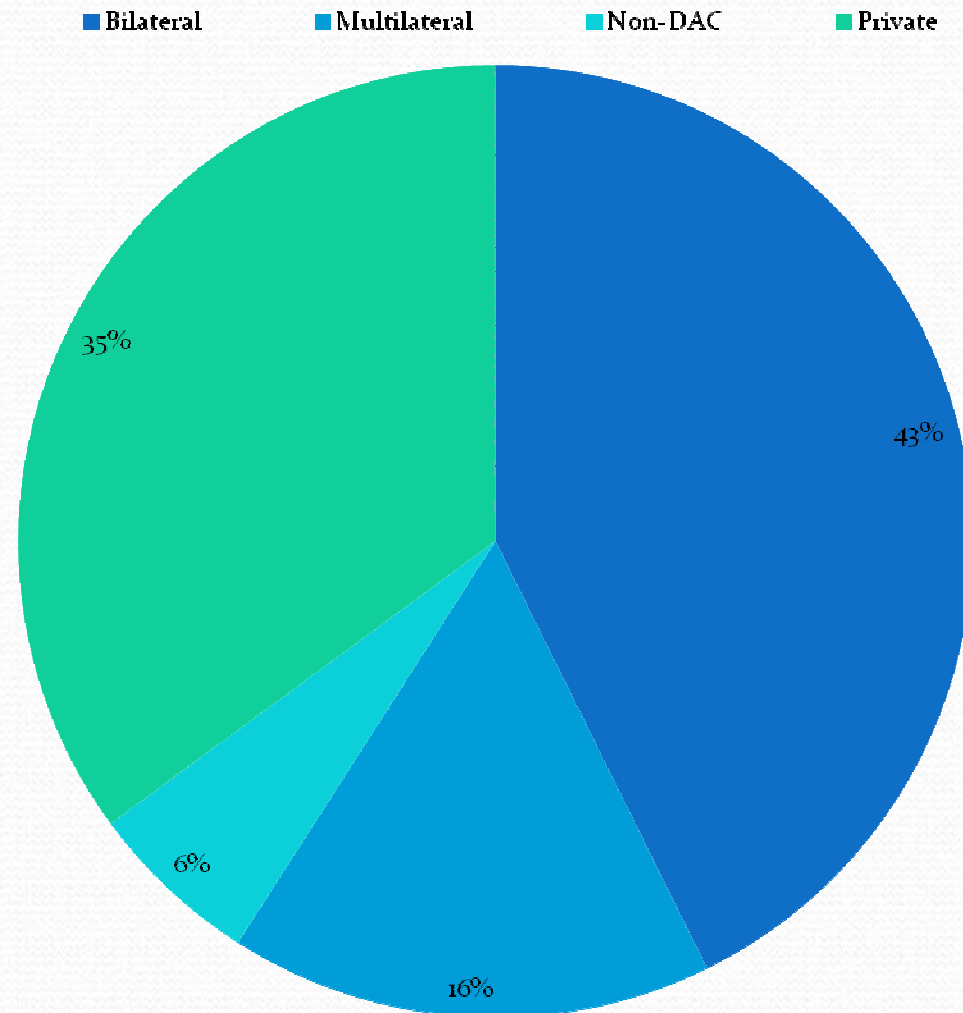
Four dichotomies

- *Whom*:
  - Maintain an integral perspective, working through a differentiated agenda in accordance with the increasing heterogeneity
  - Transform aid into a focused policy, specialized in fighting extreme poverty only in poorest countries
- *Who*:
  - Maintain commitments and structures of governance, inviting new donors to adhere to them
  - Rethink commitments (common-but-differentiated responsibilities) and redefine governance structures in the cooperation system
- *What*:
  - Preserve the demarcation of traditional aid policy
  - Integrate both agendas (IPG and traditional aid agenda)
- *How*
  - Refocus development cooperation within the parameters of ODA
  - Accept that the system has changed and its is nececssary to transform aid policy into a wider global development policy