Statement to the 50th Anniversary of DANIDA

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President
Denmark was an early member of the “0.7% club” and we can all be proud of Denmark’s contribution in fighting poverty across the world. At a time such as this, temptation is to draw up a balance sheet.

Where did we succeed? Where could we have done better? And, above all, why should we go on; after all we have a mountain of our own challenges.

To this, one may also prefer the mountain climber’s approach. Look, how far we have come and how much is left to the summit.

Three years ago, the global economy came close to meltdown. That remains one of the defining moments of our time. So as we think about development in the future – the best way to start might be to look at the implications of that crisis and the landscape in front of us.

Today, the emerging economies – the poor and the assisted of yesterday are providing the needed boost to the global economy.

India has overcome the famines and food aid dependency. Gunnar Myrdal’s Asian Drama has become the Asian Miracle.

China, after the disastrous “Great Leap forward” and the 40 million dead, the Cultural Revolution, is now a super economic power, factory floor of the World.

Latin America has moved on from military dictatorship, hyperinflation, commodity dependence, cycles of financial crises into prosperous economies and robust democracies.

And now, steadily, the low income countries of Africa and elsewhere are beginning to build a new momentum, taking advantages of internal dynamism, new business models, new partnerships, more effective leveraging of external support. Just look at Cape Verde, Ghana, Vietnam and many others.

Step back 20 years ago – and fast forward into this landscape. That might have been day-dreaming.

At this time, like DANIDA, many African countries are also celebrating 50 years of independence. But these have been sober, reflective events with people asking: “Where did we get it wrong? Why should we still be dependent on foreign aid after half a century of nationhood?”

The young in particular are saying: “Wait a minute – if Vietnam can make it, so can we.”
The young generation, connected to the social media, observing what is possible elsewhere, is asking: “Why does a continent so rich in natural resources be still dependent on foreign aid half-a-century after Independence.”

We owe them and ourselves an answer, including a better definition of what can be done differently. In Busan these issues were hotly debated and, hopefully, settled.

What we need now is not a new model alone of development cooperation, but a paradigm shift in the way North, South, East and West relate to each other. Just think if today, China, India, Brazil were still low income countries. Now I imagine if the 54 countries in Africa are part of the group as much a leap forward had been made.

Today, the expertise of Portuguese companies is flowing to Mozambique, to Angola for exploring opportunities, filling in for skills shortage, providing companies with dynamic business. That is where we must begin crafting a model of cooperation that will unlock this potential and then graduate.

The second point I would like to make is that we need to recognize another reality: making development happen is not a precise science. We have gone through a cycle of models:

- 1960s and 1970s, we believed it was the resource gap;
- 1980s, it was the policies and free markets – get the state out of the economy and all will be well; and
- Since the 1990s the emphasis has been on governance and institutions, including multiparty states.

Now there is this fascination with the “Beijing Consensus”. The reality is that there is not one road, but many: it happens in different shapes; takes different routes; and happens at different speeds. Development cooperation can contribute to the process, but on its own is not the decisive factor. Future models of development support must build on the assumption that each country will take a different path – and therefore such cooperation must resist being prescriptive.

The third issue I would raise and which future development cooperation must address: how do we deal with those externalities that are global in character, such as climate change, that nullify our development efforts?

At the moment there are major gaps in the multilateral system which make it often impossible to reach solutions. The combination of leadership, legitimacy and
effectiveness that is needed has become hard to find. The G20 has leadership, but its legitimacy is questioned by those locked out.

So, who can have leadership and legitimacy? It is the UN because the principle is that of one country/one vote from Kiribati to members of the G8.

But that, too, has its own cost: precisely because of one country/one vote and the broad plethora of issues to be dealt with, effective decision making is complex, slow and the UN oftentimes has not been a particularly effective system at dealing with such issues as climate change.

If future development cooperation still acts on the business model of today and if Africa still needs aid in the next two decades – exception made for emergency and humanitarian type – then we can all agree that something will have gone seriously wrong. We must aim for models of cooperation and solutions which make foreign aid redundant in a reasonable time scale. Development cooperation must be a catalyst to leverage additional capital, private capital that unlocks potential. It is beginning to happen.

The second must be to spread best practices, such as in managing natural resources.

The third must be a much more robust model of dealing with the global public goods, such as climate change, bearing in mind that the current approaches do not reflect the urgency of some issues the world faces at this time. In 1989, with the fall of the Berlin Wall, Francis Fukuyama pronounced “The End of History”. In 2008, with the collapse of the “Lehman Brothers”, a new chapter in the economic landscape of the world was written. In that new chapter, North-South relationships are redefined into what is now known as the “multipolar world”. That is the new world in which development cooperation will take place.

We can be proud of what, together, we have achieved. We need now to carefully chart out a new path of transformative partnerships. That is what is needed today.

I thank you for your attention.