International development in transition

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The project of international development is in a period of transition. The various dimensions of this transition are relatively clear, the outcome much less so. The first aim of this article is to outline and suggest some explanations for what we take to be the main dimensions of this transition. These are changes in development thinking, particularly with regard to the role of the state; changing donor priorities around 'big' and 'small' development; the changing donor landscape and a new age of choice for developing countries; and changing aid relationships that create greater autonomy for developing countries. We suggest that such changes are linked together in ways that are leading to some quite substantial shifts in the policies and practices of international development. The second aim of this article is to signal some of the important questions and debates that arise when we take notice of these shifts. First, there are explanatory questions related to how we capture the dynamics involved in these areas of change and their relations with one another. Second, there are questions about what the new demands will be for developing country governments and aid donors in this new environment. Third, and related, there are questions about what lessons we might draw from past experiences, in the sense that for some of the ideas and practices we see assuming a new significance in the contemporary period, there are at least parallels in the past. Finally, there are questions about the future trajectory of this transition, where it is taking us, and whether it will be sustained and amplified in the future.

Changes in international development

There is a sense in which the project of international development is always changing. Development agencies are always producing new reports and drafting new lending programmes; and, certainly over the last 20 years or so, they have dramatically expanded the scope of their work into new areas. Our concern here is not with this kind of change, important though it is. It is rather with what we might call more fundamental changes in how the process of development is understood, in how foreign aid contributes to development, and in the forms of relationship

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between development agencies and recipient states. From this perspective we think it is possible to identify four related elements that suggest there is something significant happening within international development. The first is a shift in thinking that raises important questions about the utility of market-based policy prescriptions and re-emphasizes the role of the state in the development process. The second is a return to 'big' development, especially in terms of a renewed stress on infrastructure and a move away from 'small' development as embodied in the Millennium Development Goals (MDGs). The third comprises a set of changes in the donor environment that has created a new era of choice for aid recipient states based on pluralism and autonomy. The fourth, related to the other three, is a shift in the relationship between traditional development agencies and aid recipient states that reinforces this autonomy. In all of these areas there are complications and ambiguities, but we think that taken together they indicate some possibly very significant changes in the project of international development.

Changing development thinking: states and markets

In recent years there has emerged a substantial debate about the relative role of states and markets in the development process. This debate has been taking place particularly within the World Bank, which is obviously significant given the leading role always played by the Bank in shaping development thinking in the wider development community.[1] One strand of this debate has been a series of reflections on the developmental record of the last 15 years or so. Some of the conclusions reached represent a fundamental critique of the policy that dominated most western development agencies in the 1990s and into the first part of the 2000s. As early as 2005 the World Bank was arguing that 'growth entails more than the efficient use of resources. Growth entails structural transformation'.[2] Structural transformation here refers to more than just changes in economic policy or political institutions.[3] It is a dynamic process that involves wholesale changes in social relations and patterns of production and consumption. This understanding of development already signals some kind of return to the ideas associated with

1 See e.g. Michael Gavin and Dani Rodrik, 'The World Bank in historical perspective', *American Economic Review, Papers and Proceedings* 58: 2, 1995, pp. 329–34; Nicholas Stern and Francisco Ferreira, 'The World Bank as "intellectual actor"', in Devesh Kapur, John Lewis and Richard Webb, eds, *The World Bank: its first half century* (Washington DC: Brookings Institution, 1997), pp. 523–609.

2 World Bank, *Economic growth in the 1990s* (Washington DC: World Bank, 2005), p. 10. The term 'structural transformation' is something of a new buzzword, although it is clear that there are differences in how this term is understood. The World Bank held a conference in 2011 under the title 'Structural transformation and economic growth'. In October 2013, the Overseas Development Institute, the Growth Research Programme of the Department for International Development and the Economic and Social Research Council held a conference under the title 'Structural transformation, growth and development in low income countries'. See also Justin Yifu Lin, *From flying geese to leading dragons: new opportunities and strategies for structural transformation in developing countries*, World Bank Policy Research Working Paper no. 5702 (Washington DC, June 2011); Berthold Herrendorf, Richard Rogerson and Akos Valentinyi, 'Growth and structural transformation', in Philippe Aghion and Steven Durlauf, eds, *The handbook of economic growth*, vol. 2B (Amsterdam: Elsevier, 2014) pp. 855–942.

3 David Williams, *The World Bank and social transformation in international politics: liberalism, governance and sovereignty* (London: Routledge, 2008), p. 86.

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the development economics of the 1950s.[4] More important than this is what the Bank's 2005 report says about how such development is to be achieved: 'What matters for growth is less the degree to which policies approximate the ideal than the extent to which a given development strategy is able to mobilize the creative forces of society and achieve ever higher levels of productivity.'[5] In a profound criticism of market-based development policy, the report says: 'In retrospect it is clear that in the 1990s we often mistook efficiency gains for growth. The "one-size fits all" policy reform approach and the belief in "best practices" exaggerated the gains from improved resource allocation and ... proved to be both theoretically incomplete and contradicted by the evidence.'[6]

In some ways the World Bank here was catching up with the wider debate about neo-liberalism and structural adjustment.[7] While the literature here is extensive and diverse, it does seem to justify several conclusions. First, the kinds of policies associated with structural adjustment are better at restoring macroeconomic stability to crisis-ridden states than at stimulating long-term growth. Second, better-performing developing states often used 'unorthodox' economic policies. Third, the Bank and the International Monetary Fund (IMF) were not sufficiently attuned to the particular circumstances of individual developing countries. In addition, of course, institutions such as the United Nations Conference on Trade and Development (UNCTAD) consistently and continuously challenged the dominance of market-based policy prescriptions produced by the Bank.[8]

The criticisms made about the effectiveness of markets as a basis for development policy obviously raise questions about what kinds of policy prescriptions might be more appropriate. The report quoted above made a number of more positive arguments. First, it put the argument for the desirability of policy flexibility: in other words, countries should have space to adapt and adopt policies that seem best suited to their particular circumstances. Second, the report argued that while there were some 'essential' functions that characterize all successful developing countries, these functions—rapid accumulation of capital, efficient resource allocation, technological progress and sharing the benefits of growth—could be achieved by a variety of policies. Third, it argued that government discretion should be managed, not replaced by rules, and that there should be a pragmatic and incremental approach to public sector governance.[9]

The role of the state in the economy and in the process of development more generally is central to these new concerns, and this issue has been debated extensively within the Bank. We can identify two strands of argument here. The first strand

4 See Albert O. Hirschman, *The strategy of economic development* (New Haven, CT, and London: Yale University Press, 1958). This classic book is quoted in the report.

5 World Bank, *Economic growth in the 1990s*, p. 11.

6 World Bank, *Economic growth in the 1990s*, p. 11.

7 See e.g. William Easterley, 'What did structural adjustment adjust? The association of policies and growth with repeated IMF and World Bank adjustment loads', *Journal of Development Economics* 76: 1, 2001, pp. 1–22.

8 See e.g. UNCTAD, *Economic Development in Africa Report 2001: performance, prospects and policy issues* (New York, 2001). In another sign of the growing importance of 'structural transformation', see UNCTAD, *Economic Development in Africa Report 2012: structural transformation and sustainable development in Africa* (New York: UNCTAD, 2012).

9 World Bank, *Economic growth in the 1990s*, pp. 10–16.

understands the issue to be one of the appropriate balance between considerations of 'market failure' and 'state failure'.[10] This has been one of the longest-standing debates within development economics. In the postwar period much more stress was placed on market failures within developing countries and hence on the need for a more interventionist state. The 1980s counter-revolution in turn placed more emphasis on state failures, and hence stressed the desirability of relying on the market mechanism for allocating economic resources.[11] There is no doubt that, in the words of Devarajan and Kanbur, 'the pendulum has swung back in the direction of the statist dominance of the 1940s and 1950s'.[12] This way of understanding the problem is largely a technical one in the sense that it invites detailed consideration of the forms of market and state failure in individual developing countries and attempts to devise policies to overcome these. This way of understanding the issue of the role of the state is related to, but also rather different from, that articulated by the former World Bank Chief Economist Justin Lin. In his paper *New structural economics*, Lin sought to address the shortcomings of previous development policies that, in his view, have neither delivered on growth nor provided effective policy guidance for developing countries.[13] The approach he articulated sought to go beyond neo-classical structural and neo-liberal approaches to development economics to recognize that while the market is fundamental to resource allocation, innovation and industrial diversity, the government also needs to play a significant role.[14] For Lin, the issue is not simply that of the appropriate balance between state failure and market failure, but more broadly the role or responsibility of the state in consciously driving and shaping the process of structural change. One way of thinking about this is to take note of how the experiences of different regions have shaped the debate. Devarajan is World Bank Chief Economist for the Africa region (and for Kanbur too Africa has been central); reflection on the development experience of that region demonstrates the profound consequences of 'state failure' and generates perhaps more caution in advocating a return to statist development (a point on which we reflect below). Lin, on the other hand, has spent considerable time reflecting on the development experience of East Asian states, where the issue was not just the extent of government intervention (to correct market failures) but the more fundamental one that the state led and directed the process of development as part of a national economic and political project.

Some of these arguments have been around before, particularly in the context of reflections on the development success of the East Asian 'miracle' economies. It is

10 Shantayanan Devarajan and Ravi Kanbur, 'The evolution of development strategy as balancing market and government failure', Working Paper 09, Charles H. Dyson School of Applied Economics and Management, Cornell University (2013).

11 John Toye, *Dilemmas of development* (Oxford: Blackwell, 1987).

12 Devarajan and Kanbur, 'The evolution of development strategy', p. 4.

13 Justin Yifu Lin, *New structural economics: a framework for rethinking development*, World Bank Policy Research Working Paper no. 5197 (Washington DC, 2010); Justin Yifu Lin and David Rosenblatt, *Shifting patterns of economic growth and rethinking development*, World Bank Policy Research Working Paper no. 6040 (Washington DC, 2012).

14 Lin, *New structural economics*.

particularly striking, though, that the World Bank is now debating a different way of understanding these economies from any it was prepared to countenance in the mid-1990s, when it emphasized export promotion and macroeconomic management as key factors.[15] These arguments have also been put forward by a number of other economists. Dani Rodrik, for example, has argued that neo-liberal reforms 'were too obsessed with deadweight-loss triangles and reaping efficiency gains from eliminating them, and did not pay enough attention to stimulating the dynamic forces that lie behind the growth process. *Seeking efficiency gains does not amount to a growth strategy.*'[16] What were previously marginal views have been drawn into the World Bank, sometimes in quite concrete ways—Rodrik, for example, has talked at the Bank, written papers and contributed to Bank blogs.[17] The Commission on Growth and Development's report of 2008 also demonstrated a renewed commitment to the state: 'Just because governments are sometimes clumsy and sometimes errant, does not mean they should be written out of the script. On the contrary, as the economy grows and develops, active, pragmatic governments have crucial roles to play.'[18] We can see some evidence of the impact of these kinds of argument in the 'revival' of five-year national development strategies and economic planning in a number of countries.[19]

Reflection on market-based policy prescriptions and the associated debate about the role of the state have, of course, been shaped by changes in the broader international environment. The examples of China in particular, but also of Brazil and other countries, have amply demonstrated that successful development (by some measures at least) can be achieved using a mix of policies quite different from those embodied in the Washington Consensus.[20] Indeed, it has been argued that almost all 'successful' developing countries have used 'unorthodox' policies.[21] These examples show the centrality of the state not just in directing specific investment spending or intervening in specific markets, but more generally leading the process of development through the formulation and implementation of a development strategy. The recent global financial and economic crisis has also called into question some of the underlying assumptions and arguments about the utility of the 'market' and has led to debates about the use of unorthodox policies such as capital controls, even within the IMF.[22] In addition, many developing countries

15 World Bank, *World Development Report: infrastructure for development* (Washington DC, 1994); Robert Wade, 'Japan, the World Bank, and the art of paradigm maintenance: the East Asian miracle in political perspective', *New Left Review*, no. 217, May/June 1996, pp. 3–36.

16 Dani Rodrik, 'Goodbye Washington Consensus, hello Washington Confusion? A review of the World Bank's *Economic growth in the 1990s: Learning from a decade of reform*', *Journal of Economic Literature* 44: 4, 2006, p. 975 (emphasis in original).

17 His arguments are collected in Dani Rodrik, *One economics, many recipes: globalization, institutions and growth* (Princeton, NJ: Princeton University Press, 2008).

18 Commission on Growth and Development, *Growth report: strategies for sustained growth and inclusive development* (Washington DC: World Bank, 2008), p. 4.

19 Sam Hickey, 'Beyond "poverty reduction through good governance": the new political economy of development in Africa', *New Political Economy* 17: 5, 2013, pp. 683–90; Martin Khor, 'Reviving economic planning in Africa,' Third World Network, http://twnside.org.sg/title2/gtrends/gtrends417.html, accessed May 2013.

20 Dani Rodrik, 'Trading in illusions', *Foreign Policy*, no. 123, March–April 2001, pp. 54–62.

21 Nancy Birdsall, Dani Rodrik and Arvind Subramanian, 'How to help poor countries', *Foreign Affairs* 84:4, 2005, pp. 136–52.

22 Jonathan D. Ostry, Atich Ghosh, Karl Habermeier, Marcos Chamn, Mahvash Qureshi and Debbis Reinhardt,

have experienced much better economic performance than Europe or the United States since the crisis began. In this environment, the self-confident assertion of the superiority of more market-oriented prescriptions may no longer be possible. As another World Bank report says: 'A multi-polar world requires a new multi-polar approach to knowledge.'[23] This is just one example of how the Bank is trying to adapt to changing external conditions.[24]

Perhaps the most significant process of reflection among the big bilateral aid agencies represented on the OECD's Development Assistance Committee (DAC) has been seen in the UK Department for International Development (DfID), although here the issue has been more about the processes and practices of aid allocation. This reflection has led to at least four recent notable changes. First, we have seen the 'UK Aid: From the British People' branding of activities and support. This moves away from the presentation of DfID as a more benevolent donor that stresses the ownership of both aid and projects by the recipient state. Second, we have seen a closer alignment of DfID priorities with the foreign policy objectives of the Foreign and Commonwealth Office (FCO) and potentially the Ministry of Defence, with discussions over development aid being used for defence spending.[25] Promotion of peace and stability, and containing weapons proliferation, are among DfID's current development priorities. This has led to what Pugh et al. call the 'developmentalisation of security', representing a shift away from interventionist development policies and a reorientation of agency away from the intervener to the intervened-in.[26] Third, DfID has placed renewed emphasis on aid effectiveness, measured on the basis of performance, and on payment by results. The fourth and perhaps most telling change has arisen as a result of the 2011 bilateral and multilateral technical reviews. The bilateral review report recommended that DfID close bilateral programmes in 16 countries that had 'graduated', or where UK aid was not warranted (China and Russia are perhaps two of the notable countries included in this category).[27] The multilateral review considered the 'value for money' being provided by different multilateral institutions, grading their performance as 'Poor' (UNIFEM), 'Adequate' (UNAIDS), 'Good'

Capital inflows: the role of controls (Washington DC: IMF, 2010); IMF, *The liberalization and management of capital flows: an institutional view* (Washington DC, 2012), http://www.imf.org/external/np/pp/eng/2012/111412.pdf, accessed 19 May 2014.

[23] World Bank, *Research for development: a World Bank perspective on future directions for research*, World Bank Policy Research Working Paper no. 5437 (Washington DC, 2010).

[24] *World Bank Annual Report 2013*, http://documents.worldbank.org/curated/en/2013/06/18278949/world-bank-annual-report-2013, accessed 19 May 2014.

[25] Tom Cargill, 'Back to business? UK policy and African agency', in William Brown and Sophie Harman, eds, *African agency in international politics* (Abingdon: Routledge, 2013), pp. 65–78; Nicholas Watt, 'David Cameron gives green light for aid cash to go on military', *Guardian*, 21 Feb. 2013, http://www.guardian.co.uk/politics/2013/feb/21/david-cameron-aid-military, accessed 19 May 2014.

[26] Jonathan Pugh, Clive Gabay and Alison Williams, 'Beyond the securitisation of development: the limits of intervention, developmentalisation of security and repositioning of purpose in the UK Coalition government's policy agenda', *Geoforum* 44, 2012, pp. 193–201.

[27] DfID, 'Bilateral aid review: technical report' (London, 2011), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/214110/FINAL_BAR_20TECHNICAL_20REPORT.pdf, accessed 19 May 2014. The countries are: Angola, Bosnia, Burundi, Cameroon, Cambodia, China, Gambia, Indonesia, Iraq, Kosovo, Lesotho, Moldova, Niger, Russia, Serbia and Vietnam.

(UNDP) or 'Very Good' (GAVI).[28] The result of this classification was an increase in funds to some institutions, e.g. UNICEF and the International Development Association (IDA). But four organizations were put in 'special measures',[29] and four others had their funding withdrawn.[30] While these changes do not suggest a sustained reflection on the nature of 'development' or the role of the state, they do indicate an awareness and understanding of the changing context of UK aid provision, both internationally and domestically.

For other donors it is not clear very much is changing. The European Union, for example, is continuing to finance development projects in much the same way as it has since 2005, with a 'project approach' to development that includes some sector and budget support. The emphasis within EuropeAid remains focused on the MDGs, equitable development, and good governance and country ownership.[31] In the United States, while there is some evidence of a recognition of the changed external environment within which USAID works, the list of policy priorities articulated in the 'policy framework' produced in 2011 reflects a fairly standard set of issues that shows a good deal of continuity with policy priorities of the 1990s—education, health, democracy, rights, governance, women's empowerment—with the addition of several security issues: countering extremism, insurgency and people trafficking.[32] This indicates, perhaps, that there is less policy cohesion in the current period than was the case during the late 1990s, for example.[33]

The current picture, then, is complicated. There is something important happening in terms of debating development policy and some recognition that development policy needs to adapt to changing external circumstances. But it is far from clear what exactly, if anything, might issue from this in terms of a new kind of development consensus. However, and importantly, there have been some changes in patterns of development funding that have points of connection with some of the debates about development policy. We do not claim that these changes result *simply* from a rethinking of policy, but they are at least congruent with it and they certainly help to reinforce the idea that the project of international development is changing.

[28] DfID, 'Multilateral aid review' (London, 2011), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/67583/multilateral_aid_review.pdf, accessed 19 May 2014. UNIFEM: United Nations Development Fund for Women; UNAIDS: Joint United Nations Programme on HIV/AIDS; UNDP: United Nations Development Programme; GAVI: GAVI Alliance.

[29] UN Educational, Scientific and Cultural Organization (UNESCO), Food and Agriculture Organization (FAO), Commonwealth Secretariat, International Organization for Migration (IOM).

[30] UN-HABITAT, International Labour Organization (ILO), UN International Development Organization (UNIDO), UN International Strategy for Disaster Reduction (UNISDR). For further information see DfID, 'Multilateral aid review: taking forward the findings of the UK multilateral aid review', https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/224993/MAR-taking-forward.pdf, accessed 19 May 2014.

[31] EuropeAid, http://ec.europa.eu/europeaid/index_en.htm, accessed 19 May 2014.

[32] USAID, *Policy framework, 2011–15* (Washington DC, 2011).

[33] David Williams, *International development and global politics: history, theory and practice* (London: Routledge, 2012), pp. 141–4.

Changing donor priorities: 'big' vs 'small' development

There is clear evidence of a shift in donor priorities towards infrastructure and middle-income country investment, with an emphasis on the role of the state as the driver of such projects. This shift stands in some tension with the development objectives exemplified by the MDGs—a tension captured by a senior World Bank staffer as the contrast between 'big development' and 'small development'.[34] 'Big development' (structural transformation) requires 'wholesale investments in roads, ports, agriculture, education, justice, finance and public health—and, crucially, the corresponding government ministries to plan, fund, implement and assess it all'. In this vision the private sector is obviously important, but to function effectively it requires 'consistent and legitimate institutional arrangements ensuring that the interests of elites, entrepreneurs and everyday citizens align'. In short, he says, big development 'seeks to build national systems'. Small development, by contrast, is 'inspired less by transformational visions of entire countries' and more by the material plight of individuals and groups. Small development 'does not focus on building national systems … but on compensating for the failures of systems in the short run'.[35] These two visions of development are not necessarily incompatible, and in many respects it is not an either/or choice for developing countries, particularly least developed countries requiring the potential outcomes generated by both. But there is an important distinction between them, and in the context of limited aid resources and necessary development choices the privileging of one over the other has significant consequences for resource allocation and the development priorities of aid recipient states. It seems clear that while there is still a substantial rhetorical commitment to the MDGs, in fact donors are increasingly channelling aid funds to 'big development' projects.

The purpose of the MDGs, launched in 2000, was to mobilize funds, political will and inter-agency collaboration to address what were seen as the eight most pressing concerns facing the project of development: poverty and hunger, primary education, gender equality, HIV/AIDS, child health, maternal health, the environment, and partnership. The MDGs generated a significant increase in funding to certain areas such as HIV/AIDS, and led to the creation of new development institutions to mobilize funds and generate public–private partnerships, such as the Global Fund to Fight AIDS, Tuberculosis and Malaria. While some have argued that the MDGs represent a significant act of collective political will to alleviate some of the most pressing challenges of human development, more critical studies have demonstrated that efforts to address these goals operated largely within the paradigm of development thinking that prioritized the private sector as the driver of economic growth, and had a one-size-fits-all character.[36]

[34] Michael Woolcock, 'Duelling development visions: shaping the World Bank future', Let's talk development: World Bank blog, http://blogs.worldbank.org/developmenttalk/what-exactly-is-development, accessed 19 May 2014.

[35] Woolcock, 'Duelling development visions'.

[36] David Hulme and Rorden Wilkinson, 'Introduction: moving from the MDGs to the GDGs: development imperatives beyond 2015', in Rorden Wilkinson and David Hulme, eds, *The Millennium Development Goals and beyond: global development after 2015* (Abingdon: Routledge, 2012), pp. 1–15. For a critical account, see

More importantly, perhaps, the MDGs did not articulate a clear development strategy. As Thandika Mkandawire argued, the social protection and poverty alleviation focus of the MDGs did not add up to an account of the transformations associated with 'big development'.[37] In this way, some governments felt 'short-changed', in that it seemed they were being asked to give up on the promise of transformation.

These debates and anxieties over the MDGs are reflected in current lack of consensus about what, if anything, might replace them after 2015. Some, such as Jeffrey Sachs, propose a deadline of 2025.[38] Others suggest the MDG-Plus approach: a reinvigoration of the current goals, or a reconfiguration of them with the addition of new goals.[39] Popular arguments have clustered around the need to green the MDGs and to make concrete links between the post-2015 agenda and any goals arising and efforts towards sustainable development and addressing climate change.[40] The 2008 French Sarkozy Commission on the Measurement of Economic Performance and Social Progress called for consideration of human well-being alongside more traditional development markers such as growth.[41] This in turn has generated a greater reflection on the role of well-being in development and how this can be incorporated into the MDG-Plus agenda.[42]

At the same time, however, we have seen a much greater emphasis on some of the elements of 'big development', notably infrastructure in the classical sense of transport, public works and public utilities, combined with technology and communication. Infrastructure was a core component of development right from its origins, but from the mid-1980s its significance declined. The impact on indigenous people and the environment of large-scale infrastructure projects, particularly dams, came under increasing scrutiny as a result of NGO campaigns,[43] and infrastructure projects overall had a pretty poor record in terms of sustainability and

Ashwani Saith, 'From universal values to the Millennium Development Goals: lost in translation', *Development and Change* 37: 6, 2006, pp. 1167–99. For critical discussions of particular goals, see Maxine Molyneux, 'The chimera of success: gender ennui and the changed international policy environment', in Andrea Cornwall, Elizabeth Harrison and Ann Whitehead, eds, *Feminisms in development: contradictions, contestations and challenges* (London: Zed, 2007), pp. 227–40; Sophie Harman, *The World Bank and HIV/AIDS: setting a global agenda* (Abingdon: Routledge, 2010); Peter Newell, *Globalization and the environment: capitalism, ecology and power* (Cambridge: Polity, 2012).

37 Thandika Mkandawire, 'Social sciences and the next development agenda', *Forum for Development Studies* 35: 1, 2007, p. 9. See also Charles Gore, 'The MDG paradigm, productive capacities and the future of poverty reduction', *IDS Bulletin* 41: 1, 2010, pp. 70–79.

38 Andy Sumner and Meera Tiwari, 'After 2015: what are the ingredients of an "MDG-Plus" agenda for poverty reduction?', *IDS Bulletin* 41: 1, 2009, pp. 834–43.

39 See Jan Vandemoortele and Enrique Delamonica, 'Taking the MDGs beyond 2015: hasten slowly', *IDS Bulletin* 41: 1, 2010, pp. 60–69, Selim Jahan, 'The MDGs beyond 2015', *IDS Bulletin* 41: 1, 2010, pp. 51–9; Myles A. Wickstead, 'Holding on to the MDGs (for now)', *IDS Bulletin* 41: 1, 2010, pp. 123–6.

40 Frauke Urban, 'The MDGs and beyond: can low carbon development be pro-poor?', *IDS Bulletin* 41: 1, 2010, pp. 92–9.

41 Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi, *Report by the Commission on the Measurement of Economic Performance and Social Progress*, 2009, http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf, accessed 19 May 2014.

42 Allister McGregor and Andy Sumner, 'Beyond business as usual: what might 3D well-being contribute to MDG momentum?', *IDS Bulletin* 41: 1, 2010, pp. 104–12; Sumner and Tiwari, 'After 2015'.

43 Bruce Rich, *Mortgaging the Earth: the World Bank, environmental impoverishment and the crisis of development* (London: Earthscan, 1994); Jonathan A. Fox and L. David Brown, eds, *The struggle for accountability: the World Bank, NGOs, and grassroots movements* (Cambridge, MA: MIT Press, 1998).

development impact. The return to large-scale infrastructure-based projects was signalled by the emphasis placed by ex-President of the World Bank Robert Zoellick on 'modernization'. This involved the need to be 'client focused' and stressed the delivery of 'transformational projects'.[44] There has also been a renewed emphasis on infrastructure by the Bank's key shareholders, the G20, and Bank staff.[45] In 2010 the Bank 'positioned support for infrastructure as a strategic priority in creating growth opportunities'.[46] Bank staff claim that countries, particularly African countries, have long been asking for investment to support infrastructure projects.

Recently, there has certainly been more stress on infrastructure as measured by aid provision. Between 2008 and 2011 World Bank regional lending for infrastructure projects reached US$600 million per year.[47] A look at the aggregate figures suggests that OECD DAC aid commitments for energy, for example, have quadrupled between 2000 and 2011, while total ODA has risen by less than two and a half times. Multilateral lending for energy has similarly increased four and a half times over the same period, with a similar growth in lending for transport and storage.[48] Similar conclusions can be drawn from the data on regional lending. Total OECD DAC lending to Africa rose just over 20 per cent from 2007 to 2011, but lending for energy rose about 50 per cent. In comparison, a look at spending in one area of human development—health, nutrition and population—suggests a slight decline in health spending, and a significantly lower number of projects in comparison to infrastructure programmes in 2012.[49] In aggregate, the World Bank Group's infrastructure commitments increased sixfold between 2000 and 2010.

The resurgence of infrastructure spending can be attributed to many factors. The growth of goal-oriented strategies since 2000 has generated mixed results and importantly has highlighted gaps in development spending that will need to be filled if these goals are to be met. For example, development strategies to combat maternal mortality rest on effective health systems, working roads, medical procurement and delivery structures, information technology and communications, and available energy resources: all elements that make up a country's infrastructure. This process of reflection and 'learning' takes place in a wider context. Three issues seem important here. First, infrastructure investment has become increasingly intertwined with discussions of national economic growth and job creation within *developed* states (for example, President Obama stressed the importance of infrastructure investment in his 2013 State of the Union Address). Second, as noted above, infrastructure fits with Lin's model of 'new structural economics'

[44] Robert Zoellick, 'Transcript of opening press conference with World Bank Group President Robert Zoellick', 2012, http://web.worldbank.org/WBSITE/EXTERNAL/NEWS/0,,contentMDK:23175789~pagePK:64257043~piPK:437376~theSitePK:4607,00.html, accessed 19 May 2014.

[45] Robert Zoellick, 'Transcript: Development Committee press conference', 2012, http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/ORGANIZATION/EXTPRESIDENT/EXTPASTPRESIDENTS/EXTPRESIDENT2007/0,,contentMDK:23178466~menuPK:64822279~pagePK:64821878~piPK:64821912~theSitePK:3916065,00.html, accessed 19 May 2014.

[46] World Bank, *Transformation through infrastructure* (Washington DC, 2012), p. 1.

[47] World Bank, *Transformation through infrastructure*, p. 35.

[48] Data from OECD Qwids, http://stats.oecd.org/qwids/, accessed 19 May 2014.

[49] World Bank, 'Projects and operations: health system performance', http://www.worldbank.org/projects/search?lang=en&searchTerm=&theme_exact=Health system performance, accessed 19 May 2014.

and an emphasis on bolder, more transformative projects. Finally, and crucially, the development success of China is important here, as part of the explanation for its success is often understood to be related to substantial investment in infrastructure.

A changing donor landscape

The total volume of development assistance has increased significantly since 2000. Alongside this, however, there has been a significant change in the donor landscape facing aid recipient states—what Woods has called a 'silent revolution'.[50] A recent study by the Overseas Development Institute (ODI) concluded that from 2000 to 2009 'non-traditional' aid flows increased from 8.1 per cent to 30.7 per cent of total flows.[51] These 'non-traditional' flows include aid from states outside the OECD DAC, climate finance funds, philanthropists and global funds. While the impact of these non-traditional flows varies from country to country, in general their growing importance has created what the authors of the report call a new 'age of choice' for developing countries.[52] This in turn has very significant implications for relations between aid recipient states and 'traditional' bilateral and multilateral aid agencies.

The most significant non-DAC donor is, of course, China, although there are notable others, including Saudi Arabia, Kuwait, Brazil and South Africa.[53] In respect of some of these donors, especially China, it is difficult to arrive at accurate and comparable data, partly because of a lack of transparency, partly because funds are provided from a variety of sources and partly because China does not categorize its aid according to OECD criteria.[54] According to the narrowest definition of aid (that of significantly concessional flows), China is a relatively small provider (about US$2 billion in 2010, compared to about US$30 billion from the United States). However, when other flows such as export credits and natural resource-backed credits are included the figure rises significantly, to US$5–6 billion in 2010. In addition, China provides very significant quantities of foreign direct investment (perhaps as much as US$17 billion in 2010).[55] Nearly half of all China's foreign assistance goes to Africa, but it is not just in terms of aid that China has become increasingly significant on the continent.[56] China's imports from Africa totalled

50 Ngaire Woods, 'Whose aid? Whose influence? China, emerging donors and the silent revolution in development assistance', *International Affairs* 84: 6, Nov. 2008, pp. 1205–21.

51 Romilly Greenhill, Annalisa Prizzon and Andrew Rogerson, *The age of choice: developing countries in the new aid landscape*, ODI Working Papers no. 364 (London, 2013).

52 Romilly Greenhill, 'The age of choice: Cambodia in the new aid landscape', ODI Research Report, Jan. 2013; Annalisa Prizzon, 'The age of choice: Zambia in the new aid landscape', ODI Research Report, Jan. 2013.

53 Woods, 'Whose aid? Whose influence?'.

54 Deborah Brautigam, 'Aid "with Chinese characteristics": Chinese aid meets the OECD-DAC regime', *Journal of International Development* 23: 5, 2011, pp. 752–64. See also Austin Strange, Bradley Parks, Michael Tierney, Andreas Fuchs, Axel Dreher and Vijaya Ramachandran, 'China's development finance to Africa: a media-based approach to data collection', Centre for Global Development Working Paper no. 323, April 2013.

55 Brautigam, 'Aid "with Chinese characteristics"'. See also Deborah Brautigam, *The dragon's gift: the real story of China in Africa* (Oxford: Oxford University Press, 2009).

56 Chris Alden, *China in Africa: partner, competitor or hegemon?* (London: Zed, 2007), p. 22.

nearly US$120 billion in 2011 and its exports to Africa over US$80 billion.[57] China is now the second largest trading partner with Africa (after the United States).[58] China is also an important supplier of military equipment and training to a number of African states.[59] China's position as an aid donor is notable for its exception to the current development project rules. It is not a DAC donor, which means it does not sign up to the Paris Declaration commitment to partnership and country ownership of development programmes. Its aid also comes with few political and economic conditions attached (with the exception of asking African aid recipients to abide by the 'one China principle'—no diplomatic relations with Taiwan.[60] Importantly, China prioritizes infrastructure financing in its aid portfolio, partly in response to demands from developing countries themselves.

Accompanying the growing aid budget of China has been that of regional development banks. A report by the World Bank Group Alumni—the 1818 Society—noted that although it did attract increased investment as a consequence of the financial crisis, the International Bank for Reconstruction and Development (IBRD) saw an increase in funding lower by 45 per cent than that enjoyed by the regional development banks.[61] The African Development Bank, the Asian Development Bank, the European Bank for Reconstruction and Development and the Inter-American Development Bank all saw significant increases in their capital base *and* their lending rates.[62] This increase has occurred over only a relatively short period, with the greatest increase in regional spending and lending coming about since the onset of the financial crisis in 2007. What is notable about the increased spending power of the regional development banks is again the emphasis on infrastructure. Infrastructure makes up 38.1 per cent of African Development Bank lending.[63] Two of the top lending sectors within the Inter-American Development Bank portfolio are infrastructure projects on energy (17.15 per cent) and transport (14.91 per cent); the largest portfolio is reform and modernization, which refers to public management and government institutions.[64] The Asian Development Bank similarly shows an emphasis on infrastructure projects in areas such as energy and transport.[65] The BRICS countries (Brazil, Russia, India, China, South Africa) formally agreed to the establishment of a new development bank, a BRICS think-tank council and a business council at their summit in Durban,

57 TRALAC, 'Africa–China trading relationship', Trade Law Centre, University of Stellenbosch, Aug. 2014.

58 IMF, Direction of trade statistics, http://discover.ukdataservice.ac.uk/catalogue/?sn=4745&type=Data%20catalogue, accessed 19 May 2014.

59 Alden, *China in Africa*, pp. 25–6.

60 See Ministry of Foreign Affairs, Government of the People's Republic of China, 'China's Africa policy', Jan. 2006.

61 The 1818 Society, *The key challenges facing the World Bank President: an independent diagnostic*, 2012, http://siteresources.worldbank.org/1818SOCIETY/Resources/World_Bank_Diagnostic_Exercise.pdf, accessed 19 May 2014.

62 The 1818 Society, *The key challenges facing the World Bank President*.

63 African Development Bank, 'Projects and operations—bank group loan and grant approval by sector', http://www.afdb.org/en/projects-and-operations/, accessed 19 May 2013.

64 Inter-American Development Bank, 'Approved projects by sector', http://www.iadb.org/en/projects/projects-by-sector,6785.html, accessed 19 May 2013.

65 Asian Development Bank, 'Project records', http://www.adb.org/projects/search/21303, accessed 19 May 2013.

South Africa, in March 2013.[66] Since this agreement, much has been made of the potential of the BRICS bank to function as an alternative or challenge to the dominance of the IMF and World Bank's lending portfolios to low- and middle-income countries and as a means of influencing reform of decision-making within these institutions. Though a fully functioning BRICS bank may be some way off, the project nonetheless suggests that these countries want greater influence on decision-making in development and that they see the BRICS bank as a means of widening their own influence over the developing world.

Another significant change in the development landscape is the growth of private philanthropy in development spending through the Bill and Melinda Gates Foundation (hereafter the Gates Foundation). The Gates Foundation has the largest endowment of any philanthropic organization in history, has a spending portfolio on global health bigger that the World Health Organization (WHO), and finances key development agencies such as the Global Fund and the World Bank.[67] The Foundation's main emphasis is on innovation, meaning scientific discovery and technological solutions to development problems, and performance funding that responds to effective data. The role and impact of the Gates Foundation are clear to see in global health financing and delivery;[68] this is important, as models for health financing have often been seen as capable of replication in other areas of human development—with, for example, models of public–private partnerships in financing strategies such as UNITAID considered for possible use in mobilizing funds to address climate change.[69] The presence of the Gates Foundation will increasingly be felt, given its greater attention to agriculture, and most significantly, as indicated in Bill Gates's annual letter in 2012, the support for another green revolution, particularly in countries in sub-Saharan Africa.[70] The significant funding capacity and scope of the Foundation suggest a new role for private philanthropy that is not only involved in technology investment but has an interest and formative role in the terms of debate in specific areas such as disease eradication and global health priorities for development. In addition, the emphasis on technology and innovation as scientific solutions to development problems challenges development thinking as the domain of economic models of growth while positioning the future of the project concretely within the parameters of scientific discovery.

The growth in the number and weight of non-traditional donors, the increased significance of regional development banks, and the re-emergence of private philanthropy through the Gates Foundation all present changes in and challenges to the development landscape. Taken together, they signal a new form of pluralism and, very importantly, a dispersal of authority in terms of who gets

66 Fifth BRICS summit, 2013, http://www.brics5.co.za/, accessed 19 May 2013.
67 Sophie Harman, *Global health governance* (Abingdon: Routledge, 2012).
68 David McCoy and Linsey McGoey, 'Global health and the Gates Foundation—in perspective', in Owain David Williams and Simon Rushton, eds, *Partnerships and foundations in global health governance* (Basingstoke: Palgrave, 2011).
69 Sophie Harman and William Brown, 'In from the margins? The changing place of Africa in international relations', *International Affairs* 89: 1, Jan. 2013, pp. 69–87.
70 Bill Gates, 'Annual letter from Bill Gates 2012', http://www.gatesfoundation.org/annual-letter/2012/Pages/home-en.aspx, accessed 19 May 2014.

to set the development agenda and who has influence over developing states. The significance of these changes may have less to do with the amounts of aid money being provided than with the way they have contributed to an ongoing shift in the relationship between western donors and aid recipient states.

Changing aid relationships

At the very least, the new pluralism among aid providers creates more space for developing countries, which now have some scope for picking and choosing from available donors. It also reduces the leverage that some of the traditional donors have had over development policy in developing countries—and there has also been some recognition that aid donors should not exercise the kind of leverage they attempted during the era of structural adjustment. It is possible to see how both of these trends connect up with the changes in development thinking noted above about the role of the state and about policy autonomy and flexibility.

China's relations with developing countries, particularly in Africa, can be seen as an embodiment of a series of principles that reflect the way that China itself would like to be treated by western states. China's Africa Policy, codified in 2006, says that its relations with Africa will be guided by four principles: sincerity, friendship and equality; mutual benefit, reciprocity and common prosperity; mutual support and close coordination; and learning from each other and seeking common development.[71] In practice this has meant no explicit economic and political conditionality (apart from adherence to the 'one China' policy) and treating African governments as legitimate representatives of the interests of their peoples. As a Chinese diplomat at the UN said: 'Externally imposed conditions do not offer genuine solutions to African problems … The international community should … fully acquaint themselves with the real circumstances of the African countries, respect their sovereign choices and development strategies and support the continent's efforts to lift itself up by its bootstraps.'[72] Western states and development agencies have often been critical of China's aid provision, precisely because it does not concern itself with issues such as good governance, corruption and human rights, and has lax monitoring and reporting requirements.[73]

China's increasing involvement with Africa, and the very different way it relates to developing countries, poses a challenge to states such as the United States, Britain and France that have historically played an important role on the continent.[74] Western donors, too, however, have been moving to redefine their relationships with aid recipient states. By the mid-2000s the conditionality associated with structural adjustment lending was being replaced by a new language of

[71] Ministry of Foreign Affairs, 'China's Africa policy', Jan. 2006.

[72] Quoted in Drew Thompson, 'US responses to China's rise in Africa: policy and policy options', in Marcel Kitissou, ed., *Africa in China's global strategy* (London: Adonis & Abbey, 2007), p. 54.

[73] Horace Campbell, 'China in Africa: challenging the US global hegemony', *Third World Quarterly* 29: 1, 2008, pp. 89–105. See also Yiagadeesen Sany, 'China's aid policy in Africa: opportunities and challenges', *Round Table* 99: 406, 2010, pp. 5–90.

[74] Julia Gallagher, 'Ruthless player or development partner? Britain's ambiguous reaction to China in Africa', *Review of International Studies* 37: 5, 2011, pp. 2293–2310.

'ownership' and partnership.[75] Processes of reflection and learning go some way to explain this, as it was becoming clear that conditionality was not a very effective instrument for inducing and sustaining economic policy reform.[76] But again this shift reflects wider changes. Conditionality was coming to be seen as increasingly illegitimate and the target of vociferous criticism by NGOs and campaigning groups.[77] In addition, as non-traditional donors became more important, so western donors have become less and less able to exercise influence over aid recipient states. Finally, of course, the financial and economic crisis has undermined the legitimacy and even plausibility of some of the traditional policy conditions pursued by western donors. In this context the language of ownership has taken on a new significance.

How the development of these new kinds of relationship will play out is also related to debates about aid provision within traditional donor countries, particularly in the context of economic austerity. It is being asked, for example, why the US government would supply free anti-retroviral treatment for people living with HIV/AIDS in developing countries but not to all American citizens; or why local government budgets are being cut in the UK yet DfID money is being used to support strengthening local government in Pakistan and Jamaica.[78] Scandinavian countries such as Norway are giving new emphasis to a focus on performance indicators for aid spending, and in 2012 Germany and Sweden froze all funding to the Global Fund. It may also be instructive to note that Japan's aid programme stagnated in the second half of the 1990s as a result of a prolonged economic crisis.[79]

Development in transition?

It is no doubt too early to say for sure what the full significance of these changes will be. It is clear, however, that something potentially very significant is happening. The project of international development has changed in important ways over the last ten years or so. Development thinking is in a state of flux, but there are important signs that there is recognition of a renewed role for the state, particularly in low- and middle-income countries, and that there now exists a plurality of financing options and sources to support state-led initiatives and programmes. As a result of such a plurality of aid choice and delivery, states in developing countries are beginning to gain more autonomy from western aid institutions. A combination of enhanced collective agency by aid recipient countries, and choice in the ideas and sources of income to finance development strategies, has afforded

[75] DfID, *Partnerships for poverty reduction: changing aid 'conditionality'* (London, 2004), http://www.bris.ac.uk/poverty/downloads/keyofficialdocuments/DFID%20Aid%20conditionality.pdf, accessed 19 May 2014; Tony Killick, *IMF programmes in developing countries: design and impact* (London: Routledge, 1995).

[76] DfID, *Partnerships for poverty reduction*.

[77] Vivien Collingwood, 'Assistance with fewer strings attached', *Ethics and International Affairs* 17: 1, 2003, pp. 55–67.

[78] DfID, 'Commonwealth Local Government Good Practice Scheme' https://www.gov.uk/commonwealth-local-government-good-practice-scheme, accessed 19 May 2014.

[79] Williams, *International development and global politics*, pp. 129–31.

the government and civil society actors of some states the opportunity to select which agencies or donors they borrow money from or 'partner' with: OECD or non-OECD lenders, regional development banks or multilateral financers, private or public funds. While such choice is yet to be fully realized, there are indications that states, particularly in parts of sub-Saharan Africa, have woken up to these options and that institutions such as the World Bank are aware of the implications for their lending portfolio and relevance. Developing countries are beginning to slip out of the grip of ownership debates to become potentially more autonomous agents.

The renewed role of the state concerns not only the management of international development but its delivery. Low- and middle-income states find much greater voice in regional development banks than in multilateral agencies such as the World Bank, and are articulating development strategies through South–South cooperation in, at least, discussions over institutions such as the BRICS bank. State-owned or state-invested corporations in China, India and Brazil provide alternative sources of development lending and implementation of 'big' development. The return of the state does not mean an end to market-based development, and none of the rethinking going on in the World Bank suggests that the market is not crucial for allocating some economic resources. There is, however, a recognition that the state certainly has a greater role to play than that envisaged even in the 1990s. In addition, there are important changes in how development interventions are delivered and by whom, how governments articulate their own agendas, how state-owned and invested corporations deliver development, how South–South interstate cooperation can be channelled through alternative lending sources, and the role of technology within this process.

Conclusion: questions and challenges

An important set of questions and challenges arises from this process of transition. Here we identify four. The first is a challenge for students of international development policy and practice: how do we explain why these processes of transformation are taking place? We have here only hinted at what we think are some of the issues involved: processes of reflection and 'learning' within development agencies, particularly the World Bank; changes in the relative power of new states, particularly China; economic crisis; the changing status of particular development issues; and changes within developing countries themselves. Each of these requires unpacking, and the ways in which they are related to one another need exploring to identify the economic, political and normative drivers of this transition.

A second set of challenges faces traditional aid donors and developing countries themselves. The ability of western aid agencies to remain central to the project of international development depends on their ability to adapt to the emerging pluralism, both in the wider donor community and in terms of development policies and practices. Debates within institutions such as the World Bank with regard to Lin's 'new structural economics' suggest a recognition of and response to both the changing context of the project of international development and the need to attract lenders in a competing terrain. The challenge for developing countries is to use the growing autonomy some of them have, and the new plurality of aid donors, in ways that are developmentally beneficial. During the Cold War, when there was also pluralism among aid donors and when some developing countries had significant autonomy, aid monies were quite often used in ways that did not contribute substantially to the process of development. No doubt with the increasing institutionalization of democracy there is now more debate within developing countries about the use of aid than in those earlier years. But it still remains the case that donor pluralism and autonomy cannot themselves generate successful development.

A third challenge is more specific: have developing countries and aid donors learned lessons from past experiences with specific policies and practices? Two such lessons stand out: first, the stress on infrastructure; and second, the increased role for the state in the development process. This is important because, as noted above, both of these were emphasized in international development in the years immediately after the Second World War. The record from this period is very mixed, which is precisely why both were heavily criticized during the rise of market-based solutions to the problem of development.[80] Infrastructure projects were often badly managed and poorly implemented, some were downright wasteful, and the sustainability of infrastructure became a crucial issue as the fiscal situation in many developing countries deteriorated in the 1970s and 1980s. Government intervention in the allocation of economic resources has a similarly mixed record. For some states it was a central part of their economic success. For others it was at least implicated in economic mismanagement, rent-seeking and, in extreme cases, full-scale economic collapse.[81] Again it is likely that the political circumstances in many developing countries are different enough now to expect outcomes in the present period to be different. But there is also enough evidence from the past to suggest that there might be important lessons to be drawn about the circumstances in which infrastructure investment and government intervention can be successful.

The final set of questions relates to whether we can imagine these changes unravelling. They are at least partly the product of economic and political processes that are subject to change. An economic crisis in China or another major developing state, for example, may undermine the intellectual and political drivers for some of the changes we have identified. That said, we do think the changes we have identified are interrelated and in some ways mutually reinforcing, and in this sense we can expect them to be sustained for some time. If this is right, these changes may represent a significant shift in the policies and practices of international development.

[80] World Bank, *Accelerated development in sub-Saharan Africa: an agenda for action* (Washington DC, 1981).
[81] For one case-study, see Tony Killick, *Development economics in action: a study of economic policies in Ghana* (London: Routledge, 1978).