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GLOBAL PUBLIC INVESTMENT: A NEW APPROACH TO OVERSEAS DEVELOPMENT AID

What is Global Public Investment?

[Global Public Investment](#) (GPI) is described as a “transformation in international cooperation”. Based on the premise that the current system of ‘aid’ is outdated and ineffective, it seeks to diversify decision-making and establish shared accountability for the mobilization and distribution of global public funds for sustainable development. The idea is to reshape the existing international concessional public finance system into one intended to promote sustainable development.

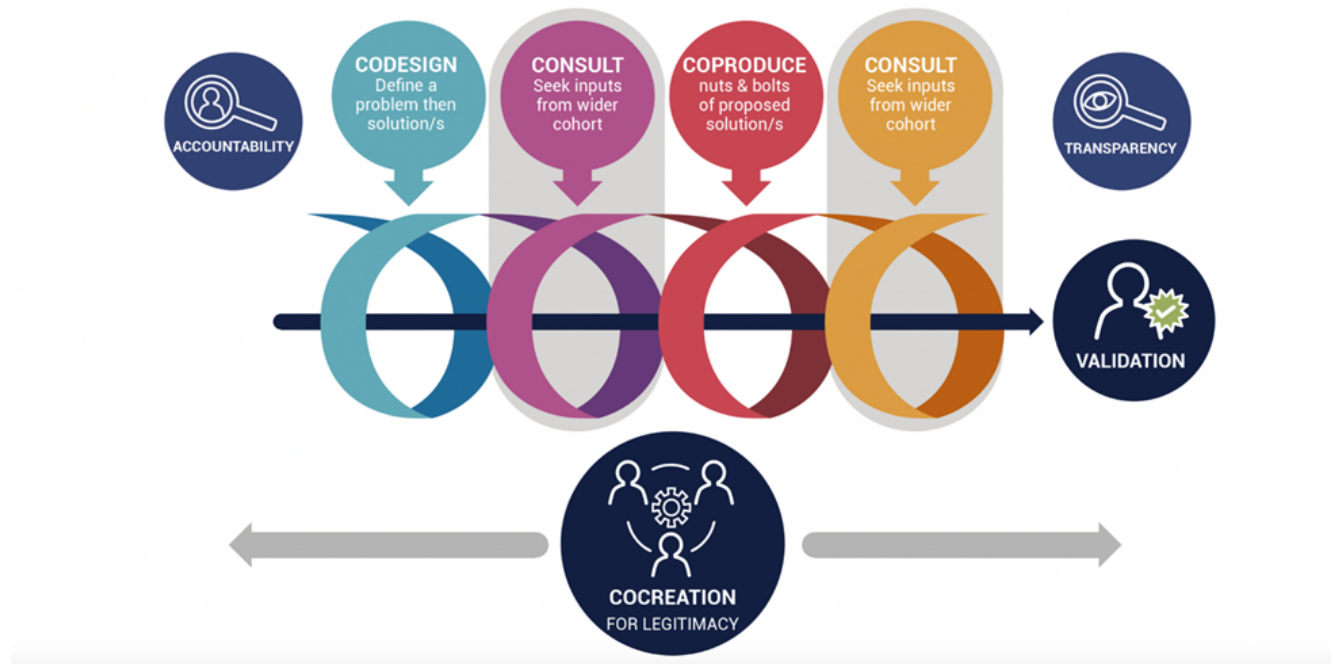
[International concessional public finance](#) refers to financial support in the form of either grants or “concessional” loans from OECD (Organization for Economic Cooperation and Development) member countries to developing countries. These funds are provided to advance development in areas such as health, sanitation, education, infrastructure, and strengthening tax systems and administrative capacity, among others.

GPI describes itself as “an ambitious, out-of-the-box and transformative approach to some of the most pressing problems international society confronts: from the pandemic to climate change. It has the goal of bringing about a major paradigm shift in how we raise international public finance. It has struck a chord of recognition amongst a growing group of donors, practitioners and academics. And it has the potential to inspire people and mobilise broad support”.

It also makes it clear that rearticulating how overseas donor aid is shaped cannot be undertaken by a group of experts alone, however influential and knowledgeable they are. The old model where the global north decides on the aid needs and delivery modalities of the global south, the ‘aid racism’ of the old way

of doing things, has to be replaced by a more inclusive mechanism. It has to be developed through a broader process of “co-creation” which will raise consensus and give it legitimacy.

Figure 1. The ethos behind Global Public Investment



Source: <https://globalpublicinvestment.org/commitment-to-cocreation/>

In fact, the GPI model proposes no fewer than five paradigm shifts for the future of international concessional public finance, moving from the old-fashioned way of financing aid (north to south) to a system based upon sustained co- responsibility where all contribute, all decide and all benefit.

Figure 2. Five shifts towards global public investment



Source: <https://globalpublicinvestment.org/commitment-to-cocreation/>

The idea looks like a viable one, especially for promoting equity and equality in economic cooperation and development since it is designed as a model whereby more countries come together as contributors and decision-makers as opposed to the current systems where most decisions emanate from the north.

Our article on [rethinking the global AIDS response](#) noted that, as the world continues to face many challenges, there is a need to join together as a collective to diversify decision-making and create mutual responsibility for how money is mobilized and shared. This is what GPI brings.

What's Global Public Investment's comparative advantage over current models?

Even though the current system of development cooperation has stepped up its efforts in addressing developing nations' issues, it is taking too long. The GPI approach appears, on the face of it, to propose a better public investment modality that works for everyone. A fairer development finance system would recognize the unique challenges each region faces, thus building a partnership system that is inclusive and seeks solutions for global crises. Moreover, it brings more money to the table, dedicated to solving global issues like the COVID-19 pandemic and regional disaster risk management. It gives recipient continents much more control of how they want to develop, while countries remain accountable to each other.

Should GPI replace the current aid architecture?

If we intend to fulfill the hugely ambitious sustainable development goals on health, education, housing and bring countries to a standard of living that's right for the 21st century, change is an absolute given. We need a lot more international public money, but we can't have it within the current constraints of the aid system. The aid agenda and official development assistance (ODA) architecture are limited and controlled in a particular way which follows a 'them and us' narrative. This has implications both in terms of the patronizing nature of relationships and therefore also the accountability within those relationships.

GPI proposes that all members be equal partners in the provision of global public goods by creating a fair and just world. The language shift is from 'charity' or 'donors' to that of solidarity and cohesion, hence

acting as a middle ground for any conflict that may arise.

Ambitious yes, but within the current global context it is crucial to have a system that is built by all countries, Africans, Asians, Latin Americans, North Americans and Europeans.

How would it work?

It would be much like the Global Fund which has a Board, steering committees and governance in place which seek to represent more broadly all potential and actual stakeholders (governments, implementers, civil society and private sector). This is a good example of where the aid structure has been effective. This is partly due to a good governance structure and partly because of the particular focus of the Global Fund's work with measurable progress against clearly defined targets. This is one way in which you can demonstrate impact somewhat more easily than in some of the more complex political change aspects of where aid has tried to reach in the past.

African leaders, for example, have continuously expressed their dissatisfaction with the current global cooperation model where the continent plays second fiddle ending up as either a pawn or victim. The unfairness of the world system goes back to the strength of the purse and is reflected in how countries vote in the UN; with, rumour has it, more developed countries able to put pressure on less developed countries to provide support for issues in return for foreign aid

GPI proposes all members will be equal partners in the provision of global public goods. GPI is creating a fair and just world and in fact is a middle ground for compromise. The president of Ghana, Nana Akufo-Ado, stated "We no longer want to offer the justification for those to be rude and abusive about Africa and her people". With this he dismissed the value of foreign aid by saying "no matter how generous the charity, we have remained poor".

One of the fundamental bases of the GPI proposition is that international public spending actually does work. But countries do not have to rely solely on international aid; there are different ways they can leverage existing mechanisms of obtaining financing. These include: the [Tax Administration Diagnostic Assessment Tool \(TADAT\)](#) where low income countries increase their tax collection by 2% to 4% of GDP; "trade not aid" an economic idea which promotes free trade over foreign aid; the [Direct Foreign Investment Initiative](#) which entails a long-term commitment for foreign companies to involve themselves with a locally established company's day-to-day operations; or social enterprises with an aim of empowering locals through skill development and job creation..

GPI emphasizes that it's not only about the amount of money but also the type of money. It is very important that funding comes from international money and that it's public, which is different from domestic public and private whether international or domestic. The current aid narrative is about filling an identified gap from any source: which doesn't work well.

Any type of money provided has to be accountable to someone. The question is, who is it accountable to? The current aid system places too much reliability on donors and far too little on co-accountability among recipients. 'Subsidiarity' accountability could be introduced into a GPI system. According to the principle of subsidiarity, actions ought to be taken at the lowest level of government possible, so as to maximize democratic accountability and responsiveness to people's needs.

Because co-creation is the driving force behind a GPI system, it could be accountable to a country's citizens as well as accountable to a country's neighboring countries or countries within the region. For the first time in history, under GPI Africa could be fully part of a monetary and financial global system design from the start, one that the continent has developed and has not been thrust upon them.

What role would national governments, the private sector and civil society play within the GPI system?

GPI is still in process of being developed and thus it's difficult to know the practicalities of how it would work and what role these institutions (public, private, community, donor) would play.

Conclusion

As the world's problems continue to worsen, many organizations are uniting behind the idea of GPI, But there are several questions yet to be answered. For example, how viable and sustainable is it? How will countries align to its operations? What checks and balances are necessary for accountability measures to work? What role will civil society play?

What we do know is that the current system of dispensing aid needs a radical rethink. GPI seems a more long-term and 'fit-for-purpose' approach but we need to transform the aid model in a way that is appropriate for the 21st century.

For more information visit the GPI website, <https://globalpublicinvestment.org>. You can also read Jonathan Glennie's book The Future of Aid: Global Public Investment, available at <https://www.routledge.com/The-Future-of-Aid-Global-Public-Investment/Glennie/p/book/9780367404970>.

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