Future directions in international assistance

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In the wake of the COVID-19 pandemic, many are speaking of the unique moment we are in and the opportunity we have to reconsider approaches and reorient investments so as to rebuild economies and livelihoods in an inclusive and environmentally sustainable way. The triple threat posed by the pandemic, climate change and protracted crises has heightened attention to inequalities and intersecting vulnerabilities. With the stakes high, progress is confounded as a competition of ideas around national governance and development models has re-emerged. The nature of global cooperation and effective institutional frameworks are being challenged even as it is apparent how much such collaboration is necessary to “build forward” better together.

The OECD-Development Assistance Committee’s 2020 flagship Development Co-operation Report looks at this evolving landscape and advises international assistance providers to continuously adapt and reform, if they want to maintain or enhance their relevance and impact. Wise words. This is something that Global Affairs Canada staff have been thinking a lot about over the last several years. As we have revitalized our approach to assistance, underpinning it with a human rights-based and feminist lens, we have been working in close collaboration with a diverse range of partners – governments, CSOs and many others – to improve our systems and efficiency, to enable smart risk taking and better leverage data to be a better collaborator and drive development impact for the poorest and most vulnerable. This commitment to innovation and adaptation will need to continue.

To help position Canada in a dynamic global context, and keep an eye out to the medium-term, this edition of Au Courant considers some of the issues that may impact the future directions of international assistance. Contributors reflect on how aid might be redesigned; what and who are driving evolving approaches; and how to tackle “bigger” questions related to transforming the historical north-south divides that have often underpinned a traditional international assistance architecture.

Susanna Moorehead, head of OECD’s Development Assistance Committee calls for better alignment between development cooperation and climate objectives, and a stronger collective commitment to leaving no one behind (p.2). Andrea Vignolo and Jonathan Glennie argue in favour of a global public investment mechanism where all countries contribute and all countries decide on aid allocations (p.7). Ladé Araba and Stéphanie Émond highlight the critical need to redistribute investment risks in order to draw trillions of additional dollars into efforts to achieve sustainable development goals (p.3). Tobias Schminke and Gavin Fridell make the case for labour-led development with lessons from informal sector organizing in Uganda (p. 10). Nana Asantewa Afadzinu says it is time for donors to partner with social movements, as these are gaining influence amongst more traditional civil society partners (p.9). This issue also points to the need for the international community to share risks and support pooled funds, and for donors to make technologies more accessible to the poor and work through local partners.

The response to the COVID-19 pandemic has further reinforced the need for greater coherence between humanitarian, development, and peace and security efforts. Global Affairs Canada is moving forward from political analyses to politically informed approaches, as described by Marina MacLellan (p. 6). We are also committed to deepening our work on GBA+ and human-rights based approaches, supporting the independence of local actors and building issue-based alliances. Canada’s thought leadership is also notable in its evolving approach to private sector engagement and blended finance, and where we are forging links between trade and development, and instituting digital and data-driven initiatives to address poverty. While there is no shortage of work ahead, in this my last cover note as Assistant Deputy Minister of Strategic Policy, I invite you to be inspired by the insights of the contributors so Canadian aid can remain at the forefront of excellence, grounded in the needs of our international assistance partners and relevant in a shifting international landscape.

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This year is the 60th anniversary of the OECD’s Development Assistance Committee (DAC), the group of donors - including Canada - responsible for defining Official Development Assistance (ODA). We believe our work is more relevant than ever to the challenges facing the world.

Both COVID-19 and climate change are holding back progress towards the DAC’s overarching priority – to help deliver the Sustainable Development Goals (SDGs). The multiple crises triggered by Covid-19 will be longer-lasting, deeper and more severe for DAC partner countries. Recent dramatic weather events remind us that climate change is the defining challenge of our time. Climate change and biodiversity loss are disproportionately affecting the poorest and most vulnerable people and countries, further undermining progress across the SDGs. One of the biggest challenges for the DAC is to better align our development cooperation and climate objectives. The United Nations COP 26 meeting in November 2021 is an opportunity to commit ODA to supporting developing countries as they transition to low carbon development, adapt to devastating consequences of climate change, and build resilience to future shocks.

We are now at the halfway point of the Agenda 2030 and the world is dangerously off-track to deliver on the SDGs. We need much stronger political commitment from all countries to our shared goals and to leave no one behind.

For donor countries, including Canada, this means living up to our financing commitments as agreed in Addis Ababa in 2015. ODA is an important part of this but, even at its highest ever level in 2020 (US$160 billion), it is a drop in the ocean of the trillions needed to finance the SDGs. The good news is that trillions in global financial assets are already in the system. Our challenge is to better align those resources to the SDGs, and ensure they are channelled to where they are needed most. Canada’s leadership on financing for development across multiple fora within the UN has increased our collective global level of ambition. The joint OECD-UNDP Framework for SDG Aligned Finance has helped show how this ambition can be translated into concrete action (see image on this page).

No matter how much finance is mobilised, we will never achieve the SDGs unless we consistently put women and girls at the heart of policy and practice and deliver on feminism in all areas of development cooperation. Canada’s Feminist International Assistance Policy is world leading in its ambition. The other great brake on progress is conflict and fragility, which are on the rise and set to intensify as climate change exacerbates conflict over natural resources. The DAC believes that humanitarian, development and peace activities in fragile countries need to be better coordinated, as reflected in our Humanitarian-Development-Peace Nexus Recommendation. We also need to use development cooperation much more effectively to close the digital divide.

The response to COVID-19 must not create a two speed world and exacerbate existing inequalities between rich and poor. Now that vaccines have given richer countries some breathing space, let’s take this opportunity to combat the continuing chronic crises we are facing and live up to our promises to our partners in developing countries.
The COVID-19 pandemic has wreaked havoc on global development. Since the pandemic, the annual funding gap to achieve the Sustainable Development Goals (SDGs) has risen from an estimated $2.5 trillion to a staggering $US4.2 trillion, while official development assistance budgets have contracted. It has never been more urgent to catalyze private investment at scale towards creating a climate resilient, gender inclusive, and economically sustainable world.

The capital is there. The OECD reports that $379 trillion in global financing exists. Investors increasingly recognize the importance of sustainable investing, with many signing the United Nations’ Principles for Responsible Investing and the Operating Principles for Impact Management. However, they struggle to find a pipeline of appropriate investment opportunities in emerging markets.

Blended finance is a way to draw this private capital in. Convergence, the global network for blended finance, has defined blended finance as the use of catalytic capital (loans, equity, guarantees and other investments that accept disproportionate risk or reduced returns to generate positive impact) from public and philanthropic sources to attract private investment at scale, toward achieving the SDGs in developing countries. Shifting some of the risks of an investment to donors, multilateral development banks, development finance institutions (DFIs), and philanthropic foundations make it possible for the private sector to invest in transactions that they normally would not undertake.

One such example is Climate Investor One, a US$850 million blended finance facility for renewable energy projects, whose investors include FinDev Canada and the Inter-American Development Bank’s Canadian Climate Fund for the Americas. Climate Investor One has a unique structure that allows financing of stages of a project’s lifecycle according to risk/return appetites of different types of capital. Donors provide concessional loans and technical assistance for project preparation as well as partial (‘first loss’) insurance protection. DFIs and banks provide equity for the construction phases of projects, and institutional investors come in at the operational stage on fully commercial terms.

Convergence has documented over 600 blended finance deals that have mobilized more than US$160 billion towards sustainable development. Many innovative structures are emerging to address persistent market gaps and structural barriers such as high risks perceived and real, or low returns relative to comparable investments. These innovative responses include the Energy Entrepreneurs Growth Fund launched by Shell Foundation, the Dutch entrepreneurial development bank (FMO), and the Ilu Women’s Empowerment Fund, managed by Canadian impact firm Deetken Impact.

The recent launch of 2X Canada, a gender lens financing facility managed by FinDev Canada and supported by Global Affairs Canada, enhances Canada’s capabilities to catalyze more investments towards advancing gender and climate goals and contribute to a more inclusive and sustainable world.

How catalytic capital mobilizes private investment

Roles

Uses

Results

Source: Tideline
Building more effective, equitable and accountable tax systems to achieve the SDGs
Colette Nyrakamana, International Centre for Tax and Development (ICTD); Wilson Prichard, Munk School of Global Affairs and Public Policy, and CEO of ICTD

The past decade has seen a growing recognition of the importance of effective, equitable and accountable tax systems for achieving the Sustainable Development Goals (SDGs) in low-income countries (LICs). We see three central challenges.

- First, tax collection in most LICs falls well short of the 20% of GDP often cited as the minimum needed to finance key public services and public investments critical to achieving the SDGs.
- Second, revenue raising in LICs is highly inequitable, with fiscal systems achieving very limited redistribution due to weak tax collection from the wealthy, and heavy, but overlooked tax burdens on lower-income groups, and women in particular.
- Finally, there remain major concerns about whether revenues are being consistently translated into improvements in public services, amidst distrust of tax authorities, limited transparency, and few avenues for public participation in shaping tax systems and how revenues are used. Strengthening accountability needs to be an explicit focus of tax reform programs to strengthen the social contract.

The covid-19 pandemic has deepened the aforementioned problems by undermining revenue collection, increasing inequality and limiting public participation. In addressing these challenges, several priorities stand out.

First is the need to strengthen taxation of the wealthy. Personal income taxes (PIT) make up only about 3% of GDP in LICs, compared to almost 10% in most OECD countries (see image on this page) due to weak administration, political interference and major challenges in taxing wealth held overseas.

Second, governments must strengthen property taxes, which are critical to financing subnational governments and taxing wealth – but for which collection is about 10% of levels in OECD countries. Simplified and locally appropriate reforms can spark dramatic improvements in performance – but are rare amidst political resistance and overly complex models of reform.

Third, it is essential to close gaps in corporate tax collection. There are ongoing negotiations in the G7 and G20 to reform international tax rules. But despite substantial international reform some core concerns of lower-income countries have remained sidelined – including continued concerns about the administrative complexity of the rules, the exclusion of many mid-sized multinationals from new rules and questions about whether lower-income countries will receive a fair share of new revenues. Further reform is needed for low-income countries to fully benefit from reform efforts.

Finally, heavy and inequitable tax burdens on lower-income and vulnerable groups must be curbed. Recent research highlights strong pressure of subnational taxes and fees, and regressive ‘informal taxes’ with especially heavy burdens on women. There is a need to push back against policy dialogues that are unduly focused on “taxing the (small) informal sector”.

Progress will require more support from donors for effective tax administration, designing locally appropriate reform strategies, and increasing political support for reform – including through strengthening civil society engagement and building trust among taxpayers by emphasizing fairness, equity, reciprocity and accountability in reform programs.

Composition of tax revenues in % of GDP, OECD vs Non-OECD

Source: UNU-WIDER/ICTD Government Revenue Dataset
 Challenges and opportunities to localize humanitarian assistance
Sudhanshu S. Singh, CEO, Humanitarian Aid International

Over the last 10 years, and particularly since the 2016 Grand Bargain agreement, the global development community has been using the term “localization” to describe efforts to shift decision-making, resources, power and capacity to local partners for planning, delivery and accountability of development and humanitarian action.

Meanwhile, the need for humanitarian assistance has greatly increased in 2021, climate and weather-related disasters have risen by almost 35% since the 1990s, extreme poverty is likely to rise and life expectancy to fall. Official development assistance is decreasing, with the UK already reducing its aid budget by $3.7 billion. Amid these alarming developments, there is a greater sense of urgency for localizing aid but not enough action. The Grand Bargain Annual report 2021 shows that total funding channelled to local and national humanitarian actors (LNHA) was only 3.1% of overall humanitarian funding for 2020.

The United Nation’s Secretary General’s High Level Panel report, Too Important to Fail, recommended shrinking needs, increasing efficiency, and broadening the resource base. Unfortunately, evidence suggests there has been excessive focus on mobilizing resources and not enough on the two other recommendations. Also, the Grand Bargain and other humanitarian reform processes remain voluntary and policy discourse has largely been confined to the global North. There is nonetheless room for optimism if key actions are implemented:

1. The Grand Bargain 2.0’s two enabling priorities, localization and quality funding, should not be voluntary.
2. International actors need to be more accountable and local actors must be supported through long-term and flexible funding.
3. A dedicated caucus is needed to work closely with the UN Security Council and local and national actors to find early and durable solutions to protracted crises.
4. Sophisticated compliance requirements are barriers to localization. To manage risk and accountability, donors can increase public awareness that resources are better utilised when managed by LNHAs.
5. ‘Capacity building’ should address LNHA’s response capabilities (as well as compliance capacities).
6. When intermediaries are necessary, donors should sign tripartite agreements to enable funding access and operational independence of LNHAs. With local actors leading, international actors can share risk, foster compliance, bring in technology, and support pooled funds and consortia of LNHAs.

Every response to conflict and pandemic crises must address multiple problems with utmost cost-efficiency, which requires LNHAs to remain at the forefront and donors working directly with LNHAs.
Thinking and working politically: Charting new approaches in international assistance
Marina Fawn Mclellan, Policy Advisor; Conflict Prevention, Stabilization and Peacebuilding Division, Global Affairs Canada

Canada’s international engagements influence political dynamics, whether intentionally or not. Indeed, international assistance is not only technical, but deeply political in nature. While practitioners in the development and peacebuilding space can appreciate the central role that political interests play in perpetuating conflict or obstructing stability, the tools and techniques—including political leverage—for how to address them are less well understood. Thinking and working politically (TWP) is a mindset to design and implement pragmatic approaches to achieve our foreign policy goals through our diplomacy and international assistance.

To better understand how to approach Canada’s work in politically complex scenarios, Global Affairs Canada’s Peace and Stabilization Operations Program (PSOP’s) is collaborating with the UNDP’s Crisis Bureau to develop tools and practices to integrate TWP in our work. TWP entails an analysis of political, economic, and social processes and power dynamics as well as developing and tailoring interventions to political realities on the ground. Approaches are designed to account for processes, incentives and actors that facilitate or obstruct change.

Key takeaways in applying TWP

- Truly being conflict sensitive demands awareness of how development interventions play into local power structures and political dynamics, and their unintended consequences for peace and stability.

- Independent “insider” analysts, research institutes, and non-traditional stakeholders (e.g. local power brokers, youth and religious leaders) can provide nuanced insights.

- Donors and international organizations are important political players and not simply purveyors of funds; they can be brokers, conveners or facilitators for domestic actors who would otherwise not engage meaningfully.

- TWP and adaptive management principles could productively inform all aspects of GAC’s international assistance, including, results frameworks, value for money considerations, and contracting mechanisms.

Adopting a TWP approach can strengthen GAC’s efforts to implement the 2030 Agenda for Sustainable Development Goals and support the UN’s sustaining peace agenda, and supports practical implementation of the OECD-DAC Recommendation on the Humanitarian-Development-Peace Nexus. PSOP’s Canadian Integrated Conflict Analysis Process (CICAP) is one tool that can facilitate a TWP approach to help advance policies and programs built on an informed understanding of the relationships between conflict actors in fragile and conflict-affected settings (FCAS).

TWP is not an entirely new approach and its effectiveness is still being assessed. It does nonetheless reflect a new level of interest in engaging with power and politics in development, stabilization and peacebuilding.

Local staff discuss implementation of TWP in the USAID/Colombia Justice for Sustainable Peace Program in Colombia | Photo: Chemonics
Global public investment: an idea whose time has come
Andrea Vignolo, Professor, Universidad de la República, and former Director of the Uruguay Cooperation Agency; and Jonathan Glennie, Director, GPI, Equal International

The COVID-19 pandemic has highlighted profound structural challenges in the global financing architecture that prevent the international community from achieving common global objectives. One way out of this crisis is to co-create investment vehicles that involve concessional public finance and other sources of finance that promote equitable and sustainable development nationally, regionally and globally.

The concept of global public investment (GPI) represents a paradigm shift away from post-colonial foreign aid and toward a multi-directional, collaborative funding approach in which all contribute and all benefit. GPI is being developed because concessional international public finance continues to have a critical role in responding to current and future global challenges, such as the climate crisis, health crises like Covid-19, and global inequality. Public investment has to evolve to adequately respond to new contexts and realities. Helen Clark, co-author of the COVID-19: Make it the Last Pandemic report of The Independent Panel for Pandemic Preparedness & Response, states that, “GPI is our best bet for modernizing international public finance for the 21st century.” A group of experts came together in October 2020 to form an Expert Working Group on GPI (EWG-GPI), with the aim of proposing action plans for governments, multilateral organizations, civil society and other stakeholders.

GPI is a potentially transformative idea aligned with the horizontality and universality of the SDGs: all countries benefit, all decide, and all contribute. GPI calls for five evolutions in international public finance:

1. **Ambition**: From a narrow focus on reducing poverty, to meeting broader challenges of inequality and sustainability.
2. **Function**: From seeing international public money as a last resort, to valuing it as a permanent force for good.
3. **Geography**: From one-directional North-South transfers, to a universal effort, with all paying in and all benefitting.
4. **Governance**: From outdated post-colonial institutions, to representative decision-making that includes civil society and leads to enhanced legitimacy and effectiveness. GPI principles can be incorporated via amendments to existing governance arrangements. In the longer-term, new institutional arrangements can be created.
5. **Narrative**: From patronizing language of “foreign aid,” to the empowering multilateralism of “common endeavour”.

The EWG has published a Progress Report on global consultations that incorporate perspectives from different regions and sectors (multilaterals, foundations, governments, civil society, academia). There is an important role for Canada to play in joining the co-creation of GPI and getting involved in the design of solutions to prevailing challenges. Working with other governments across the world, Canada can help break down the “donor-recipient” logic and build a new approach.

Global public investment: How does it work?

Source: globalpublicinvestment.org
While Artificial Intelligence (AI) might sound futuristic especially in a development context, algorithms already power many of the digital systems and platforms we use everyday. For example, with the click of a button, a website can be scanned, analysed and translated by algorithms at low cost and with reasonable accuracy. However, many languages around the world are missing from digital translation services. In Africa, the Masakhane community is developing the data needed to ensure that African local languages are represented in AI systems. This is one example of the need to address data gaps, decolonize computational sciences, and support responsible innovation and community building to ensure AI benefits peoples’ everyday lives.

A 2020 Nature Article estimates that AI could help enable 134 of the Sustainable Development Goal targets but might also inhibit 59 targets. AI is being used across domains such as education, health care, agriculture, and climate action for various purposes such as automated decision making, cervical cancer screening, drought and pest monitoring and prediction, measuring government service delivery, and creating robots in Mali. A burgeoning ecosystem of startups and academic institutions are exploring the transformative potential of AI for broad uses such as:

- working across 11 countries in Africa to identify emergent disease hotspots, vulnerable communities and targeted vaccine delivery;
- supporting skills development and learning for children in refugee settings.

However, there is no “one size fits all” promise of AI solving global development challenges, and there are very real risks and pitfalls as AI leaps ahead of current policy frameworks. The 2020 AI Government Readiness Index highlights that many countries do not have appropriate policies or the political will to enforce personal data protection and privacy rights. Even where safeguards exist, political upheaval can result in unintended access to centralized databases that can put people’s lives at risk for persecution, as demonstrated in the Taliban’s takeover of the servers containing biometric data of law enforcement officers, which had originally been intended to prevent fraud. Beyond governance, the AI space has other challenges such as addressing the large AI labour force gender gap, bias in AI technologies. Multi-stakeholder consultations are needed to ensure AI is used according to shared notions of fairness and does not contribute to harmful social effects like increasing gender inequality.

The success of AI adoption requires a forward-thinking approach that includes a focus on better innovations skills-base, and investment capacities in developing economies.

Top AI use cases in low and middle income countries

[Diagram showing various AI use cases]

Source: ICTworks.org
Social movements are spontaneous and informal mobilizations of people who have a common identity and vision to achieve a cause. Social movements have increasingly become drivers of social change and accountability in the Global South, as citizens find innovative ways to advocate for their rights and influence government to develop policies that actualize those rights. Most often, social movements promote equity and justice, which, ideally, is what international development seeks to achieve.

International assistance is primarily channelled to formal groups, including non-profit organizations and civil society institutions. However, donor funding in the 21st Century should consider expanding support for non-organized social groups. At the same time, international development institutions and donor countries need to respect the autonomy of social movements, and resist the temptation to institutionalize and give formal or rigid structures to these movements. Social movements need to remain people-initiated and people-driven, and allowed to grow organically.

International development institutions and donor countries can also consider providing non-financial support for social movements. Given that movements in the Global South often face violent responses from government and have restricted access to funding, non-financial support from donors can be vital – such as technological tools or access to facilities. Donors can also invest in media-related activities for the movement’s cause to help amplify their messaging and struggles and attract more supporters.

Donor support can include training for activists on policies, laws and regulations, as well as advocacy skills to hone messages and strategies. These efforts can help enable social movements to avoid being derailed by non-sympathizers. Training is also critical to help activists operate within the boundaries of the law, and understand and deploy nonviolent tactics -- thus reducing government restrictions on movements under the guise of ensuring public security.

In providing crucial funding to social movements, donors will need to be less risk averse and work closely with local actors to ensure the efficient and effective use of resources. Additionally, donors could provide funding indirectly, that is, to organizations aligned with the cause of the movement that can act as fiscal sponsors and allies of the movement.

Finally, it is important for social movements to remain organic and not succumb to external pressures, structures and approaches in their quest for social justice. Donor support stands as a critical factor that can contribute to the success of social movements.

Women from across Kerala, India, forming a human chain to protest against gender inequality | Photo: Global Justice
Workers in the “informal” economy lack enforceable contracts, adequate earnings, secure employment, and social protection, which undermine economic and social development. In 2017, the International Labour Organization (ILO) estimated that 61% of the global labour force outside of the agricultural sector worked in the informal economy. This figure was much higher in East Africa, reaching 94% in Uganda.

Given the achievements of trade unionism in the Global North in providing better, safer, and more secure jobs, it is a wonder that so little recent research has been done on unionism in low- and middle-income countries. Instead, as Benjamin Selwyn argues, there has been a pervasive focus on “capital-centred development,” aimed at economic growth and private investment, with little concern for “labour-led development” (LLD) that places the needs and demands of labourers first. It is important to ask: How do unions contribute to decent work? Should they limit their work to the shopfloor, or should they adopt a broader “community unionist approach”? What barriers do unions face organizing the informal economy?

Most research on union organizing in the informal economy focuses on apolitical, technical organizing methods. Our work is based on extensive qualitative research, carried out by Schminke in cooperation with the Friedrich Ebert Foundation, on informal union organizing in the textile, transport, and retail sectors, and is situated within the historical and political context of union organizing in Uganda.

The Ugandan case studies show how a community unionist approach was able to bring tangible gains to labour. Unions first acknowledged that organizing could not be limited to formal workers but needed to include the wider labouring classes, such as self-employed taxi drivers or independent market vendors. Second, unions channelled some of their efforts away from formal employer-employee bargaining and toward a range of productive and social reproductive goals (to address workers’ needs as well as the broader enabling environment), including blocking privatization, defending secure workspaces, providing credit and daycare services, and offering training on safety, drug abuse and HIV/AIDS.

While union efforts were constrained by insufficient resources and repressive organizing conditions, the case studies offer essential lessons on how labour organizations can pave the road to achieving decent work globally. International assistance and development organizations can play a crucial role by supporting community unions striving to organize informal workers in order to attain more sustainable and inclusive societies. Specifically, stable, long-term support and new forms of solidarity could strengthen partnerships between Northern unions and those in the Global South, and bolster informal union organizing and LLD that addresses workers’ daily barriers.
A round 37% of Africans (almost 500 million people) live below the extreme poverty line of US$1.90 per person per day – about half the cost of a cup of coffee in Ottawa. While that portion is likely to decline to 31% by 2030, the number of extremely poor people in Africa will probably increase to 522 million out of a total population of 1.7 billion. Together, Nigeria, DR Congo, Ethiopia and Mozambique will have more extremely poor people than the combined extreme poverty count for the rest of the world.

So what can be done to improve on this concerning forecast? In a recent open-access book, *The Future of Africa*, we compare the development prospects of Africa along different sectoral scenarios:

- greater stability
- achieving Africa’s demographic dividend (the economic growth potential when the working age population is larger than the non-working)
- improved health and water/sanitation infrastructure
- more and better quality education,
- the potential of technology to leapfrog
- industrialization, and other scenarios

Agriculture has the most potential to reduce poverty in much of the continent, particularly for the 46 low-income and low-middle income countries. Africa is the only region globally not to have undergone an agricultural revolution – the traditional stepping-stone towards development. In a scenario of improved technology such as better use of fertilizers, and agricultural policies premised on secure title deeds, we estimate that a revolution in agriculture could reduce the number of Africans living in extreme poverty by 49 million over ten years when compared to the current forecasted path (see image below). That is more than any other scenario considered. Over longer horizons, say 20 years, implementing the African Continental Free Trade Agreement, leapfrogging through technology, and industrialization would overtake agriculture in improving GDP per capita for most countries, and eventually also in poverty alleviation. Industrialization is critical because it changes the productive structures of economies and typically unlocks more rapid economic growth. Still, it requires minimum investments in education, infrastructure and a healthy labour force.

Ultimately, there is no silver bullet to improving the productive structures of African economies (although digitization can help). Also, African countries are very different from one another. The common prerequisite is for an activist government (playing a direct role in building national economic and social policies) that expands the country’s human capital (skills and capacities), encourages labour-intensive (even gardening-style) small-scale agriculture. Government should also place an unrelenting focus on increasing value-added exports, and orient economic policy, including the services sector, toward improving productive capacity.

International assistance is no panacea for national ownership of development and accountable, results-orientated governance; however, aid currently constitutes around 45% of the government revenues of Africa’s low-income countries. In this context, aid needs to better support capacity improvement in accountable governance, basic infrastructure, education, and small-scale agriculture.
Other resources

Developing Economics
- The struggle for development

European Institute of the Mediterranean
- Social movements in the digital age: change and stasis in the Middle East

Expert Working Group on Global Public Investment
- Global public investment: a transformation in international cooperation

FinDev Canada
- Economic recovery with a gender lens

Global Labour Journal
- Trade union transformation and informal sector organising in Uganda: the prospects and challenges for promoting labour-led development

International Centre for Tax and Development
- How should we tax after the pandemic?
- Taxing the informal economy is not a silver bullet for Financing development—or the Covid-19 recovery
- Innovations in tax compliance: conceptual framework

International Development Research Center
- Government AI readiness index 2020

Jakkie Cilliers
- The future of Africa

Journal of Democracy
- How authoritarians use international law

Knowledge Equity Lab’s
- Podcast series: unsettling knowledge inequalities

Nature
- The role of artificial intelligence in achieving the SDGs

Network for Empowered Aid Response
- What impact is the Grand Bargain having in the Global South?
- Localisation performance measurement framework

OECD
- DAC recommendations on the Humanitarian-Development-Peace Nexus
- Framework for SDG aligned finance
- Making blended finance work for the sustainable development goals

Overseas Development Institute
- Thinking and working politically: reviewing the evidence on the integration of politics into development practice over the past decade
- The Grand Bargain at five years

Oxfam International
- Blended finance: what it is, how it works and how it is used

Peace Direct
- Time to decolonise aid

Stanford Social Innovation Review
- When good algorithms go sexist: why and how to advance AI gender equality

The Institute for Global Leadership
- Podcast: African voices, African arguments

United Nations
- Principles for responsible investing
- Operating principles for impact management

USAID
- Thinking and working politically through applied political economy analysis

West Africa Civil Society Institute
- Collaborating for effective social activism in West Africa

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