



The changing environment of global development policy

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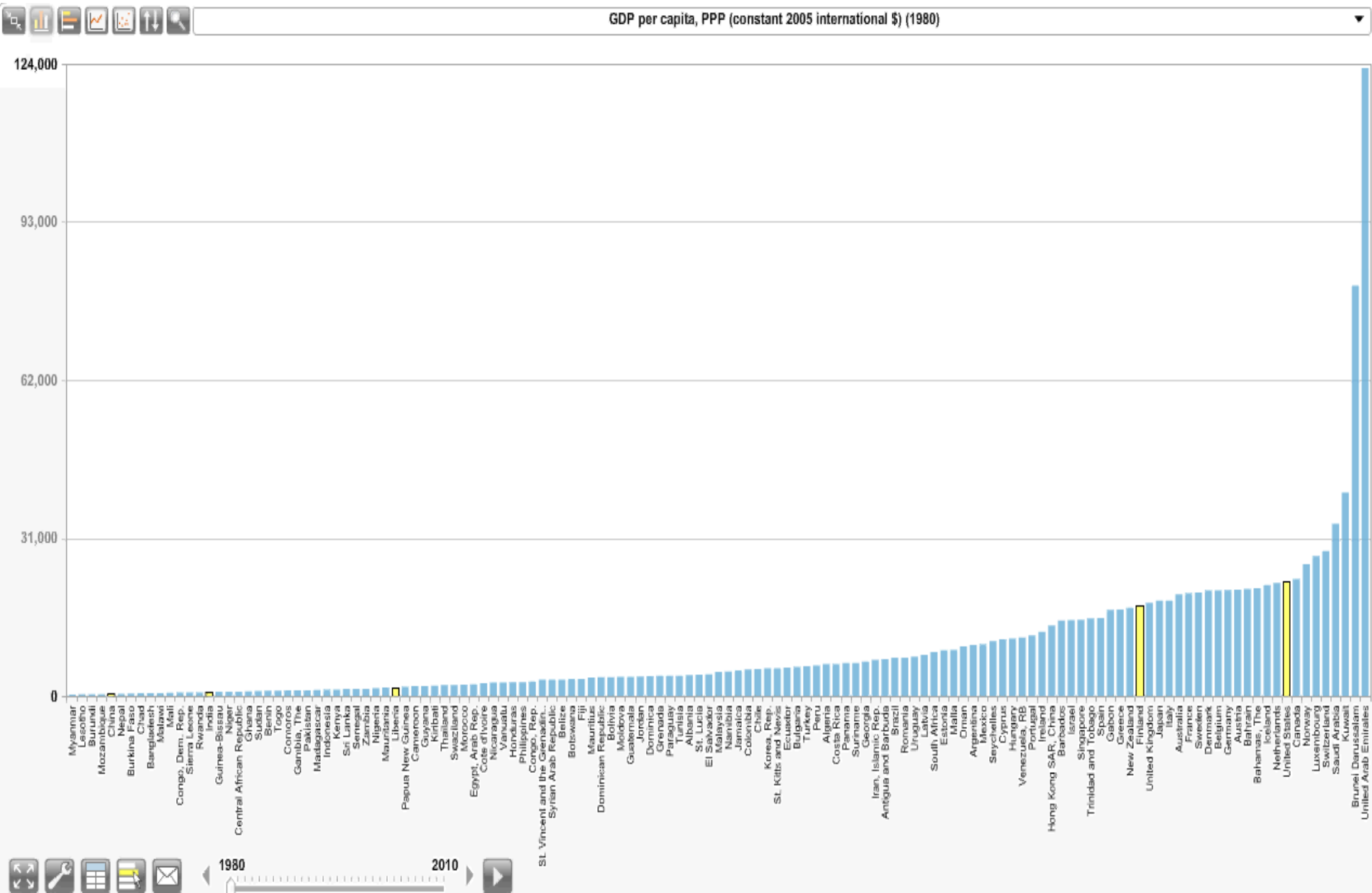


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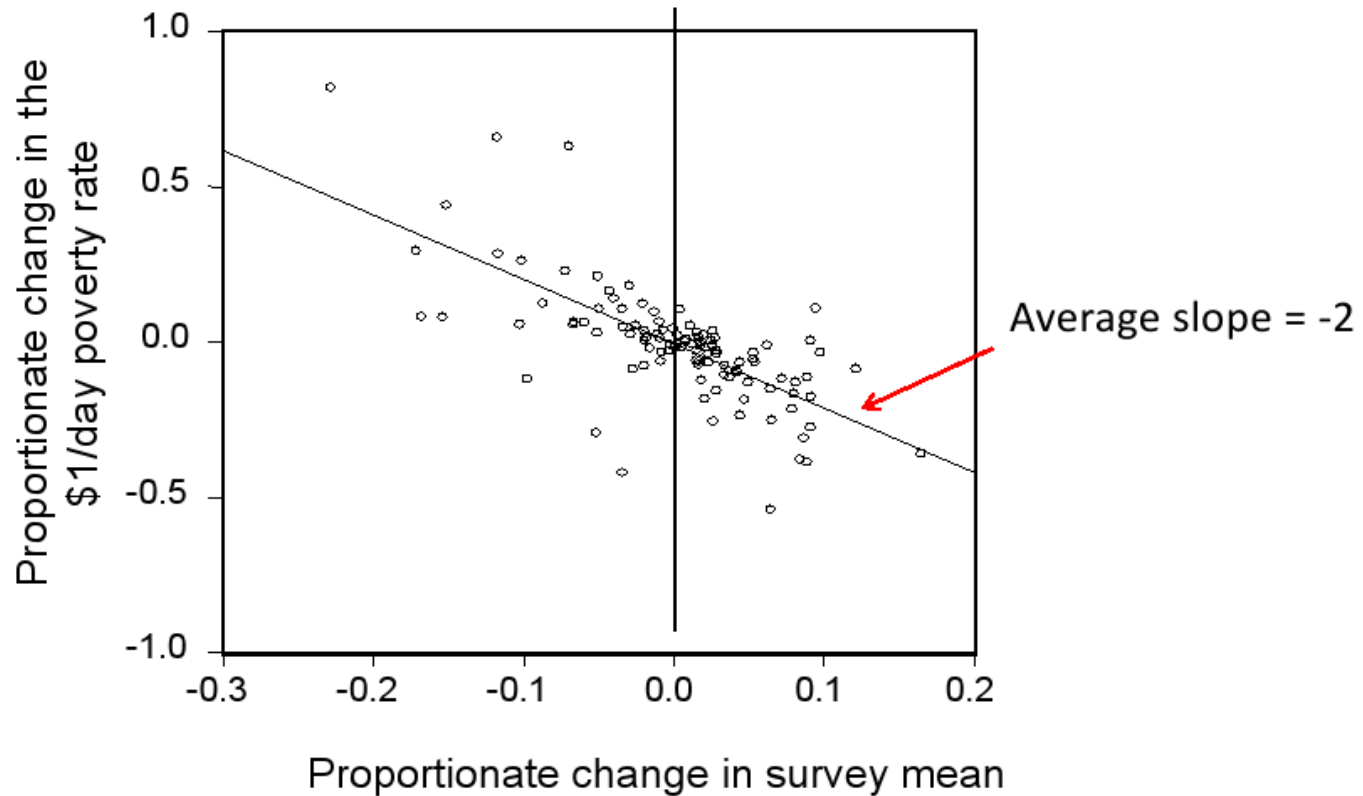
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Recent GDP per capita trends (1980-2010)



Economic growth, critical for poverty reduction



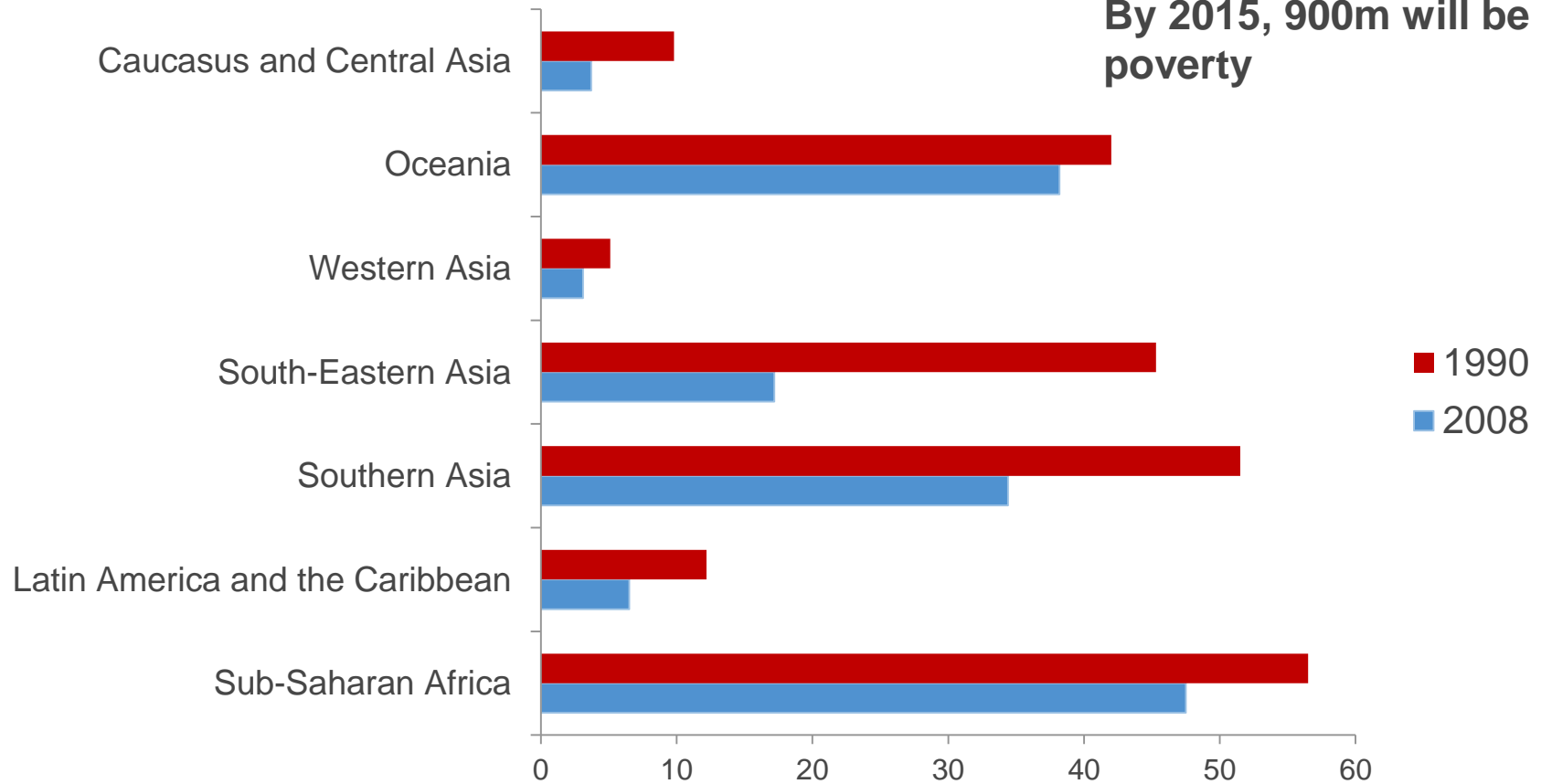
A 1% increase in GDP growth will reduce, on average, the poverty rate by 2%, in a range from 0.6% to 3.5%

Poverty reduction since 1990

China lifted 630m people out of poverty in 25 years

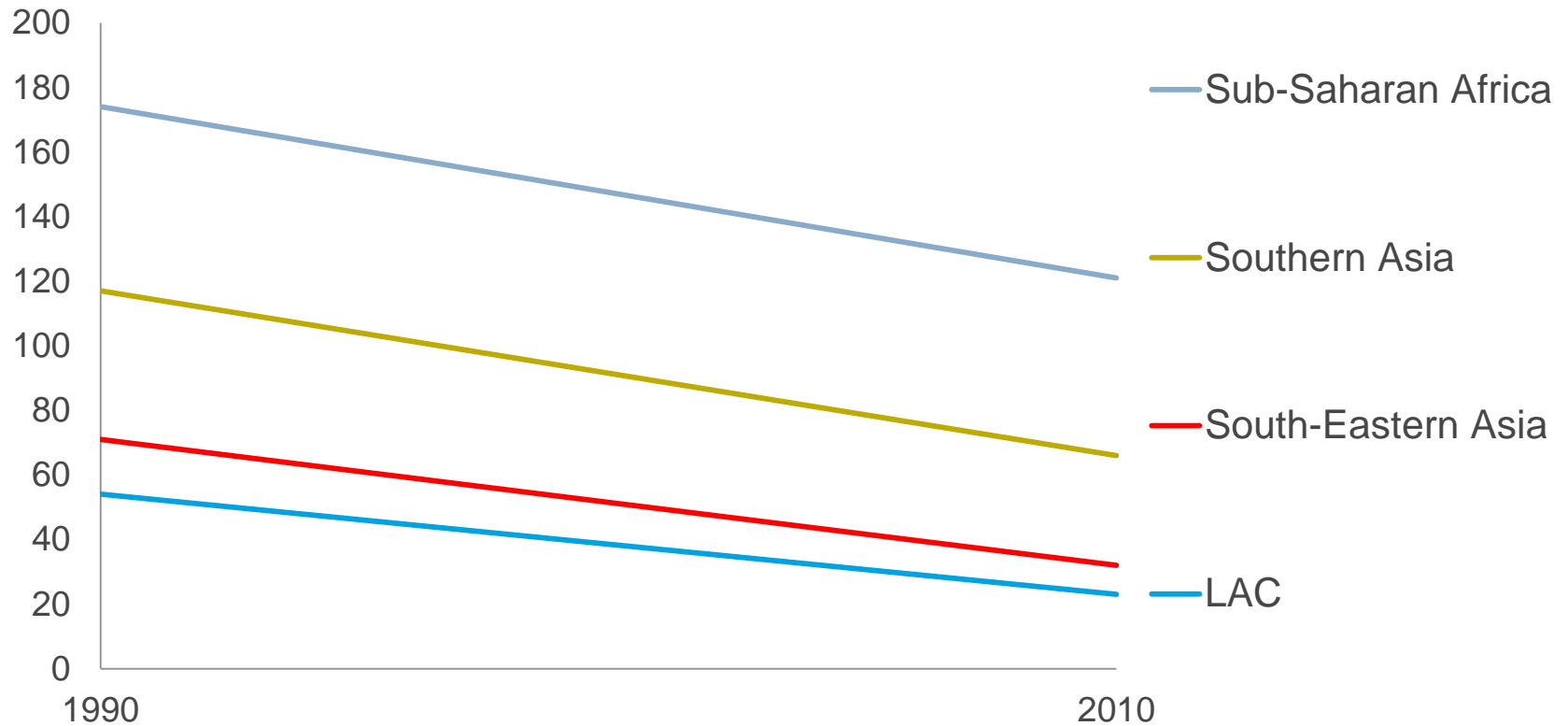
By 2015, 900m will be in poverty

% of people living on less than \$1.25 USD (2005 PPP)



Falling under-five mortality rates

Deaths of children age <5 per 1,000 live births

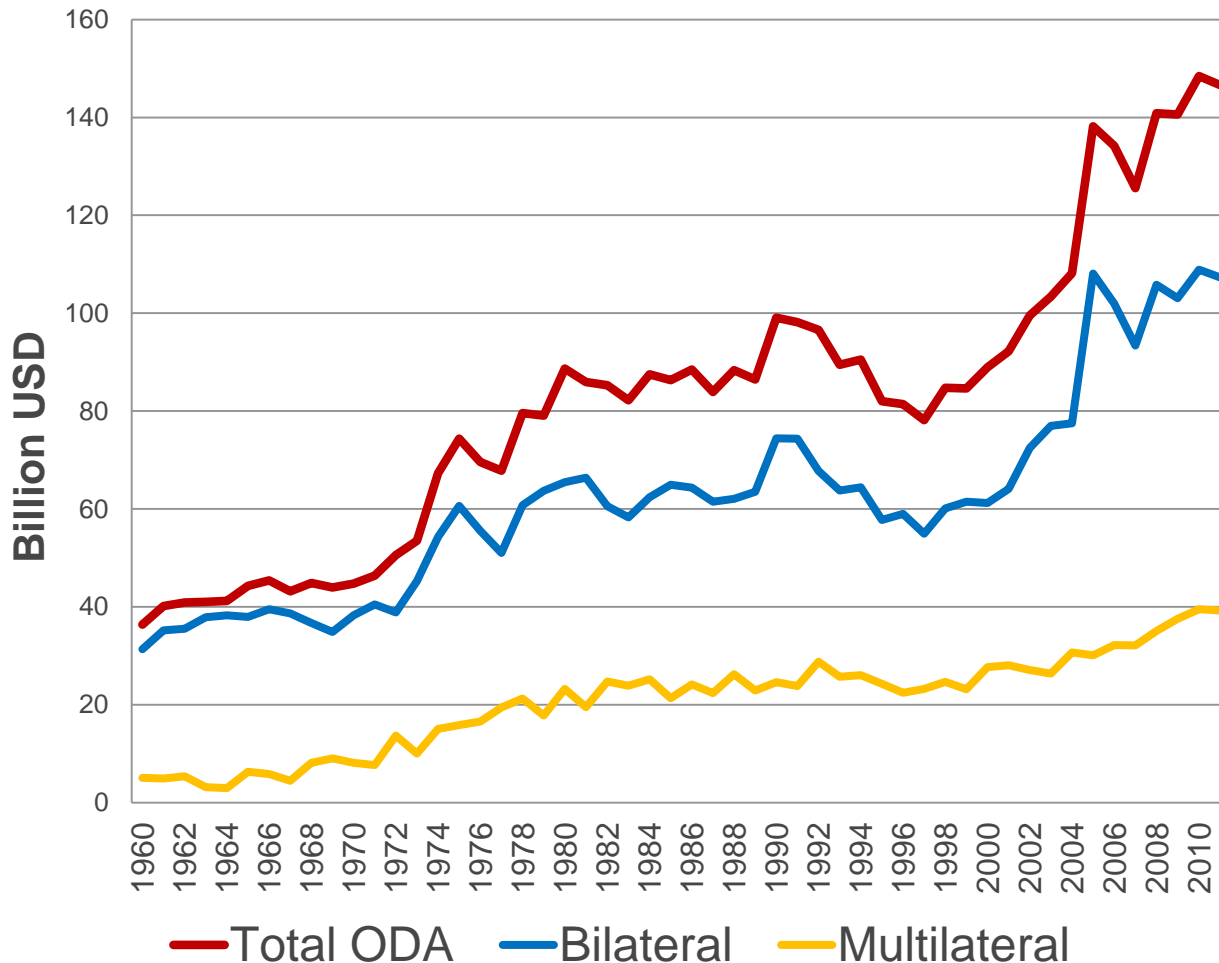


Significant increase in primary school enrolments (%)

| | 1990 | | 2010 | |
|--------------------|------|-------|------|-------|
| | Boys | Girls | Boys | Girls |
| Developing world | 84 | 75 | 91 | 89 |
| Sub-Saharan Africa | 57 | 50 | 78 | 74 |
| Latin America | 88 | 84 | 96 | 95 |
| Southern Asia | 83 | 66 | 94 | 91 |
| Western Asia | 87 | 79 | 94 | 89 |

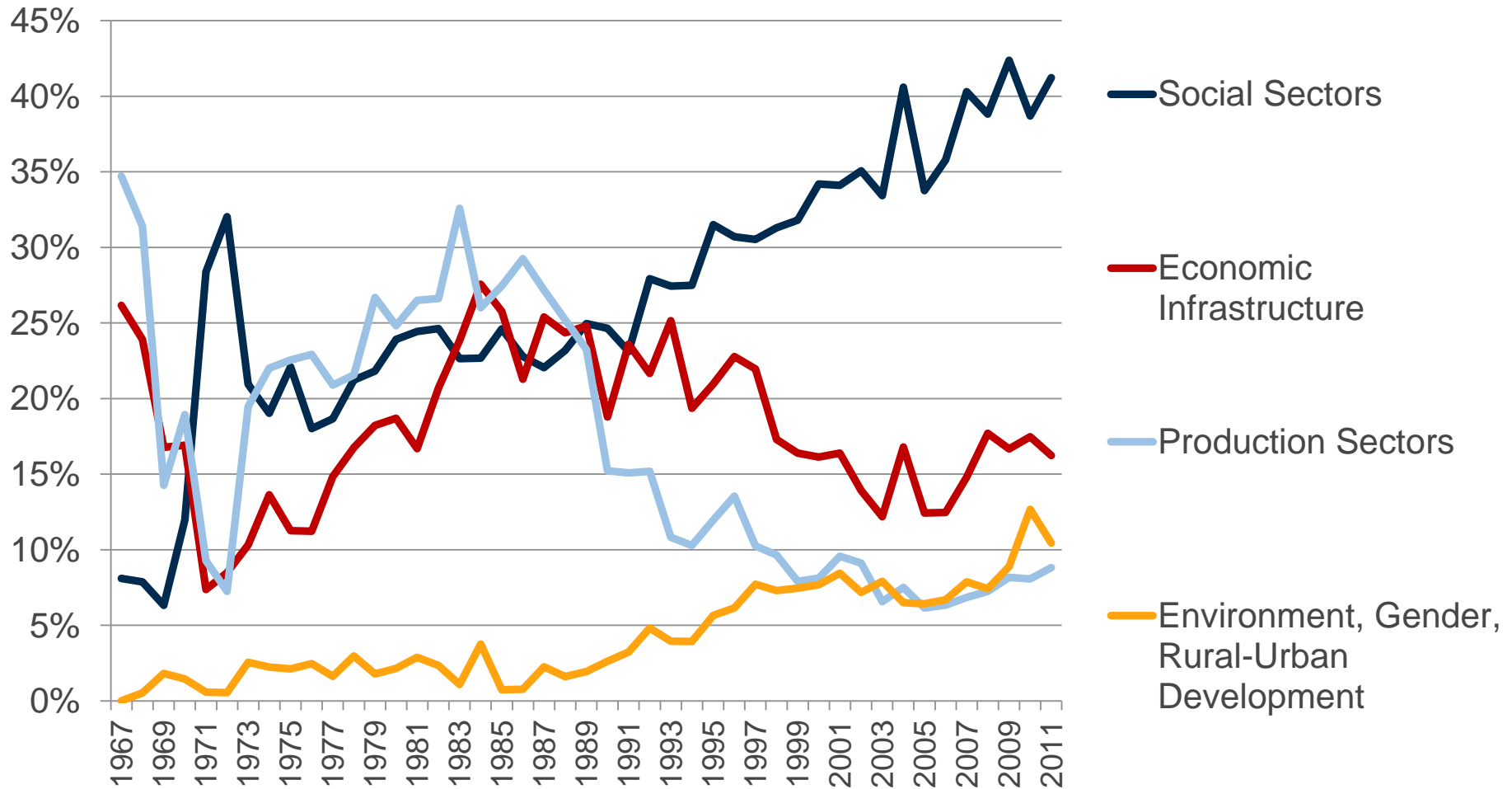
The role of development Cooperation

Net Official Development Assistance (disbursements in constant prices 2010)



In 1960, 36.4 billion USD of aid allocated.
By 2011 aid flows had multiplied by four, to amount 146 billion USD

Social Sectors, at the heart of development cooperation



Aid contributions as % of GNI

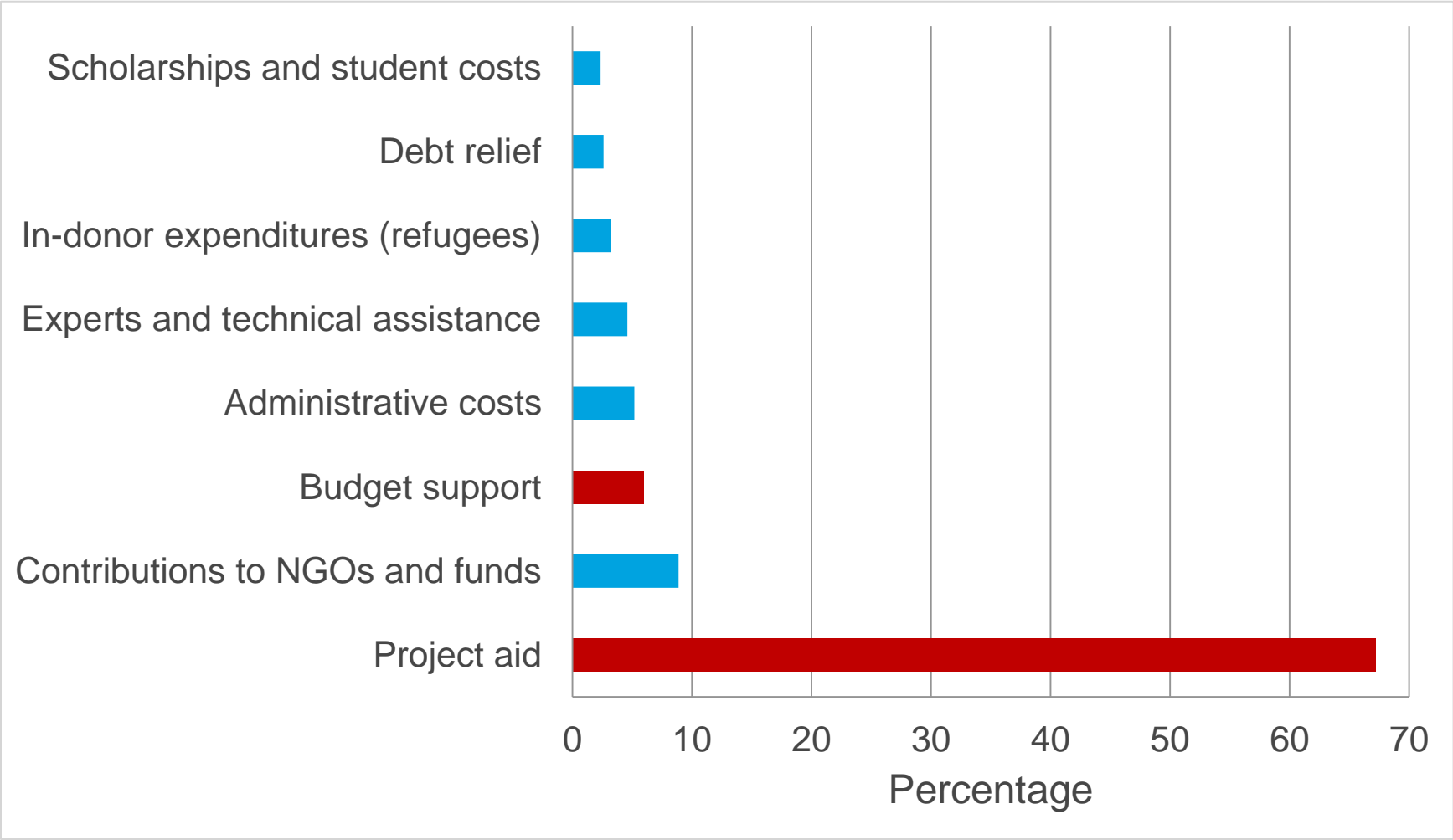
| Regions | 1960s | 1970s | 1980s | 1990s | 2000s |
|---------------------|-------|-------|-------|-------|-------|
| East Asia | 0.52 | 0.31 | 0.19 | 0.14 | 0.08 |
| Latin America | 0.72 | 0.37 | 0.42 | 0.36 | 0.25 |
| MENA | 2.91 | 2.31 | 1.34 | 1.30 | 0.80 |
| South Asia | 2.71 | 1.90 | 1.65 | 1.29 | 0.82 |
| sub-Saharan Africa | 2.57 | 2.37 | 4.11 | 5.60 | 4.91 |
| Low Income | na | 4.44 | 7.32 | 9.11 | 9.11 |
| Lower Middle Income | 2.55 | 2.37 | 1.88 | 2.09 | 1.47 |
| Middle Income | 1.05 | 0.77 | 0.70 | 0.73 | 0.46 |
| Upper Middle Income | 0.46 | 0.24 | 0.27 | 0.29 | 0.15 |



Aid still plays a critical role in social sector spending:

- Pakistan ~ 30%
- India ~ 15%

Development cooperation, still too project driven



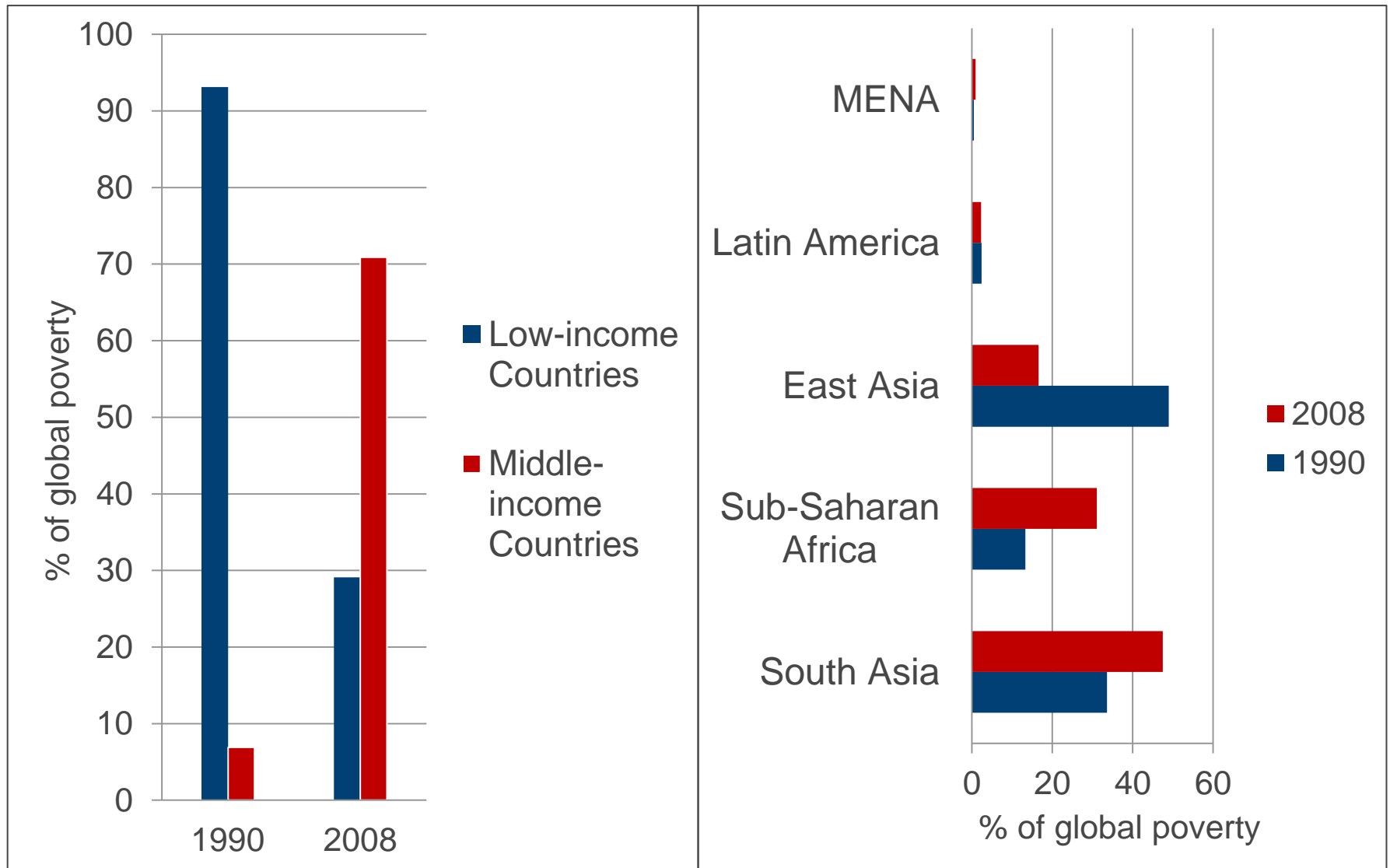
Aid contribution to growth and development

- On average and in the long run, aggregate **aid contributes positively to growth** at levels predicted by growth theory – aid has been associated with a **growth bonus**
 - **Internal rate of return from aid (to growth) = 16%**
- **Aid supports key building-blocks for growth and development:**
 - an average annual inflow of US\$25 aid per capita augments the average schooling by 0.4 years, boosts life expectancy by 1.3 years, and reduces infant mortality by 7 in every 1000 births
 - an increase of education aid by 1% increases primary enrolment by about 0.06 percentage points

The development job far from done

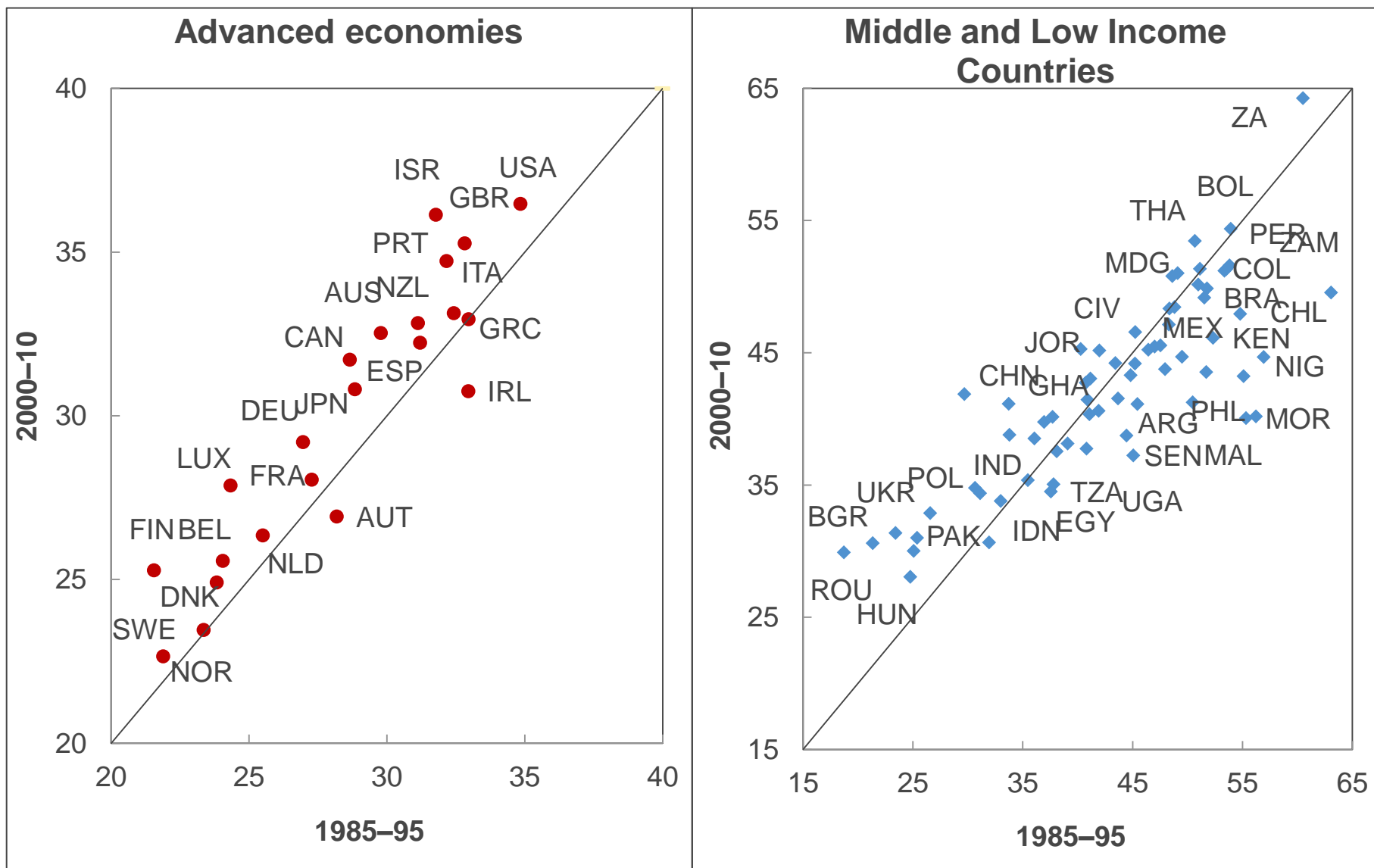
- **Persistent poverty**
 - By 2015, still more than 900 million people will live in extreme poverty
- **Not only access, but access to good quality social services remains a challenge**
 - Functionally illiterate and innumerate children completing primary education
 - Progress in child maternal health care is very slow
 - 2.5 billion people still lack access to sanitation
- **Increasing within-country equalities**

Strides in poverty reduction but it persists, where?



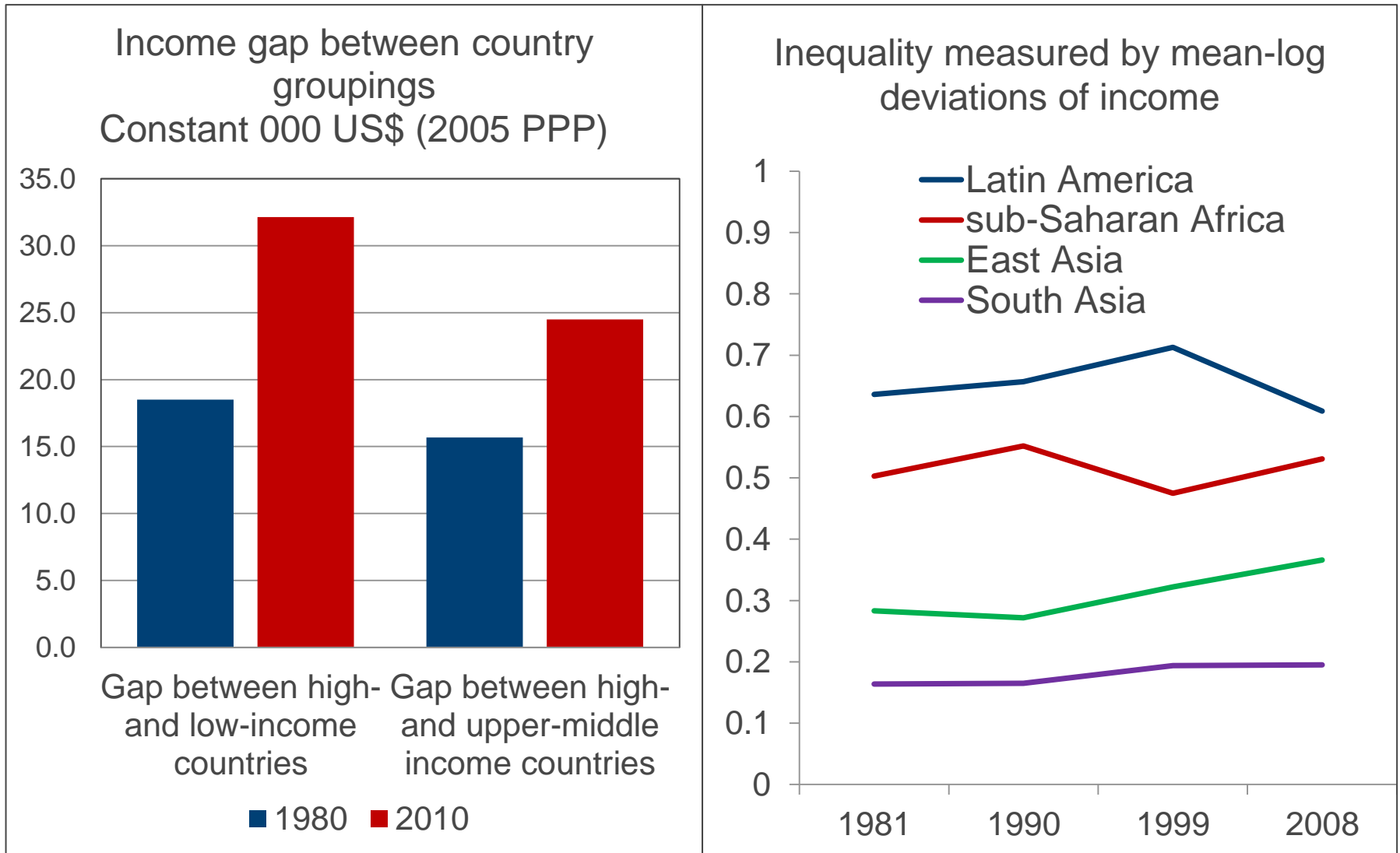
People living on less than \$1.25 USD a day (2005 PPP)

Inequality remains a major challenge

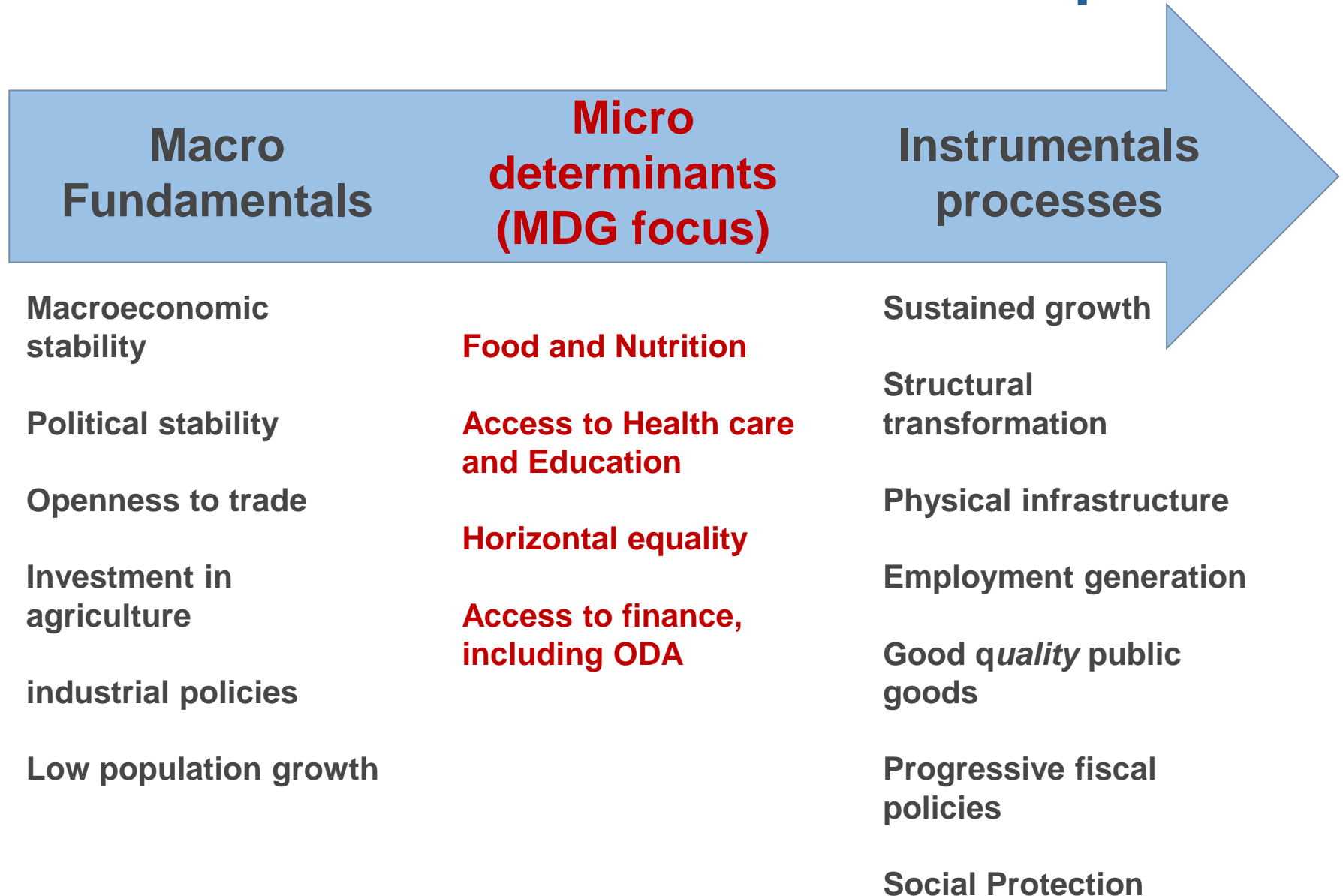


Source: UNU-WIDER's World Income Inequality Database

Heterogeneous trends in inequality



Final remarks for inclusive development





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