



## NEW DEVELOPMENT PARADIGMS: BUILDING INCLUSIVE SOCIETIES IN THE FRAMEWORK OF THE AGENDA 2030.

### Opinion Articles



## The role of planning in the quest for inclusive societies

**Pilar Garrido Gonzalo**  
Minister of National Planning and Economic Policy of Costa Rica.

One of the principal challenges facing countries trying to achieve effective inclusion in the context of Agenda 2030 is planning and, above all, putting into operation the public policies that might reduce historical gaps in matters of sustainable development.

For over more than two decades, with the Copenhagen Declaration (1995), the First United Nations Decade for the Eradication of Poverty (1997) and the Millennium Declaration (2000), countries have made a commitment to eradicating poverty and inequality. Nevertheless, there are today some 783 million people living below the international poverty threshold, with a daily income of 1.90 dollars. This population is mainly composed of women and children.

Against this background, the question arises: why have the many efforts by countries, multilateral bodies, philanthropic organisations, and others, not managed to overcome the challenges that are still causing concern in the world today? This could be the subject of a broad debate, involving many disciplines and with extremely interesting conclusions. In this article we will look at it from the point of view of planning.

A short article entitled Inclusive Planning for Social Integration: A Short Note , reminds us that the biggest challenge in achieving inclusive development lies in putting it into operation: “Although some efforts have been made aimed at integrating the process of inclusive policies, going beyond the participative process in vogue for several decades, now **our understanding of the process itself and of what is most important in**

**making it operational continues to be a challenge.** One of the main limitations is the lack of national capacity to transcend the participative focus, that has been familiar up to now, to include the so-called excluded groups, as mentioned above, and guarantee their full participation in the planning process, **as well as allowing their concerns to be programmed and incorporated into the planning process”**, (the highlighting does not appear in the original).

In the particular case of Costa Rica, making public policy operational is done through the 2019-2022 National Development and Public Investment Plan (PNDIP [in its Spanish acronym] 2019-2022). The objective of the plan is “to generate inclusive economic growth at national and regional level, in harmony with the environment, generating quality jobs, and reducing poverty and inequality”. This important planning instrument includes elements that help improve the inclusivity of public interventions, namely:

**Intersectoriality, regionalisation and link with the Sustainable Development Goals (SDGs).** The PNDIP has various levels through which policy interventions are coordinated that seek to help achieve the five major national goals, which are: economic growth, reducing unemployment, reducing multidimensional poverty, preventing the growth of inequality and reducing carbon emissions. These goals are in turn reflected in the goals of the seven areas defined by the President and they have a direct and indirect link to the 17 SDGs. Of the 224 goals, around 63% have a link to Agenda 2030.



**The National Evaluation Agenda.** In addition, the 2019-2022 PNDIP has a National Evaluation Agenda (ANE in its Spanish acronym) which evaluates 16 strategic interventions for the Alvarado-Quesada Administration. Its purpose is to provide appropriate information to help improve the quality of the goods and services the public receives and contribute to better creation of public value.

**Follow-up and monitoring.** The PNDIP has a virtual space on the website of the Ministry of National Planning and Economic Policy (MIDEPLAN in its Spanish acronym), where citizens can input follow-up and monitoring of how the goals are progressing. The monitoring is published every six months.

Goals specific to populations and territories. Specific interventions are drawn up for vulnerable people at territorial level. For example, one intervention in the area of Human Security seeks to “help with permanence in the formal education system of primary and secondary students in situations of poverty via conditional cash transfers, taking account of disabilities and indigenous peoples”, which is disaggregated for each of the country’s six planning regions and contributes to fulfilling SDG 4: “Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all”.

### **What more can be done in planning to promote inclusive development?**

On this point, prospective territorial analysis becomes an ally of the offices and ministries involved in planning. Constructing future scenarios and prioritising decisions based on evidence can make the difference in terms of the successful implementation of a public policy. In particular, we must scale up the modelling capabilities, in statistical, econometric and other techniques, of the public servants who work in these agencies. We must look at the good practice of other countries, as well as the public policy innovation labs, and to this end international cooperation may help streamline peer-to-peer learning.

<sup>1</sup> Sadeque, Syed Syed (s.a). Inclusive Planning for Social Integration: A Short Note, Social Policy and Development Division, United Nations.

<sup>2</sup> “Strategic Areas of Presidential Articulation”: Innovation and Competitiveness; Infrastructure, Mobility and Land-Use Planning; Human Security; Health and Social Security; Education for Sustainable Development and Coexistence; Economy for Stability and Growth; and Territorial Development.



## International Cooperation between The European Union and Latin America and the Caribbean

### Jolita Butkeviciene

Regional Director for Latin America and  
the Caribbean Directorate General for  
International Cooperation and Development  
of the European Commission

As Regional Director for Cooperation with Latin America and the Caribbean, I have always had mixed feelings.

On the one hand, I attend meetings with my fellow colleagues, directors from other regions or thematic lines, with large portfolios, which can make my regional direction feel like the little sister within the Directorate General for International Cooperation and Development.

On the other hand, **when I can explain** our programmes and projects, **when I can explain** the level of complicity reached with our partners in the region, **when I can explain** the ambition and complexity of our initiatives, **when I can explain** the depth of an agenda like the one that will be discussed in Montevideo in the framework of the 'IX EU-LAC Reflection Forum' on 3 and 4 October, I realise that on the cooperation framework between the European Union and Latin America and the Caribbean we are exploring the limits and potential of a new international cooperation.

At that moment we are no longer the little sister, we are the bigger sister who paves the way, we are the ones who explore the limits, the ones destined to live outside our comfort zone. And at that moment, I feel proud and supported by a positive, constructive, complicit relationship upon which both regions have been able to build international agendas that will mark our common future.

On the basis of any discussion, aimed at setting out the objectives and logic of our bi-regional cooperation, it is necessary

to reflect on the role that international cooperation should play within the framework of the 2030 Agenda and especially under the perspective of development in transition.

THE 2030 AGENDA AND THE EUROPEAN CONSENSUS ON DEVELOPMENT REPRESENT A PARADIGM SHIFT IN OUR APPROACH TO DEVELOPMENT PROCESSES.

**2030 Agenda** is the agenda of us all. **It is an agenda that commits us all, that implies reflecting on one of its fundamental principles, it is a universal agenda that concerns us all and from which no country can be excluded.** It is an inclusive, multidimensional agenda that appeals to innovation and commitment of all in order to offer answers to every development reality and to global challenges.

In the new **Consensus on Development the European Union** and its member states commit themselves to 2030 Agenda. Emphasising its support for countries with a lower level of development, the Consensus sets out the need to build **flexible, ambitious and innovative partnership** frameworks with all our partners. And this has opened a very attractive window of opportunities in our cooperation with Latin America.

This framework of opportunity is reflected in the recently **approved Communication of the European Union on our relationship with Latin America and the Caribbean** where we recognise the potential of partnerships for prosperity, the consolidation of our democracies, the strengthening of residence and social cohesion and, a commitment to multilateralism.



## WHAT DOES PARTNERSHIP MEAN?

Partnership: “set of partners for a common purpose” (Real Academia de la Lengua Española). Definition abstract enough to allow us to play with its translation in the context of International Cooperation:

**Partnership means** a horizontal, bi-regional and bi-directional relationship based on political agendas, built jointly upon the value that both parties can bring. **We are talking about shared agendas, triangular cooperation structures and multilateralism.**

**Partnership means** flexible collaborative frameworks, where political dialogue covers the full range of instruments. What is presented by the development agenda in transition is moving away from instrument-based logic, putting policies and common interests in their rightful place and leaving instruments to serve them, taking their rightful place. **We are talking about breaking silos between instruments, coordinating multiple sources on the common objective of the fulfilment of development objectives.**

**Partnership means** establishing innovative, flexible and adaptable cooperation structures and instruments capable of offering specific responses to the multiple realities of development and building on the strengthened capacities of our partners. **We are talking about dialogue, exchange, networks, sub-regional approaches or blending.**

**Partnership means** Mexico and the European Union cooperating in the design of a Gender Violence Alert Mechanism that has become a world reference. **Partnership means** that Dora Quesada Montenegro, an entrepreneurial Costa Rican woman, supported through a network of 22,600 European and Latin American SMEs, exports her dulce de café (coffee jam) and she has been included within her country brand ‘Costa Rica Esencial’. **Partnership means** that the citizens of Ibagué in Colombia are the first to enjoy a public bicycle system with assisted pedalling, based on the consolidated experience of European cities.

**Partnership means** that the title of this article should change ‘International Cooperation (of) between the European Un-

ion (with) and Latin America and the Caribbean’. Partnership means that ‘of’ evolves to ‘between’ (the cooperation no longer belongs to one party) and ‘with’ to ‘and’ (always highlighting the bi-directional character, where both parties contribute to achieving common objectives).

This is the basis of the **Development in Transition Agenda** and the role of international cooperation in its capacity to articulate the interests of many, the capacities of many around common initiatives and objectives, within the framework of 2030 Agenda.

## THE FUTURE OF COOPERATION BETWEEN THE EU AND LATIN AMERICA AND THE CARIBBEAN

No two regions are better prepared to develop a more ambitious cooperation. It is now necessary to recognise the role that cooperation between the two regions has played in the consolidation of the most ambitious multilateral agendas in the last decade, with 2030 Agenda or the Paris Agreement itself being two of the most visible examples.

It is time to systematise and look ahead decades of joint work and to position cooperation between the EU and Latin America as the basis for exploring new innovative partnership structures. **We must be the spearhead**, capable of exploring more ambitious frameworks, enhance our capacity to create synergies and leverage efforts and create wealth within the framework of 2030 Agenda.

We do not start from scratch, with Latin America, the European Union has been able to establish cooperation frameworks that have exchange and dialogue as their *raison d’être* and that have been able to generate common responses to specific realities and global challenges. Just as examples: **Eurosocial** has laid the foundations for the design of public policies aimed at strengthening social cohesion, **Euroclima** articulates local and regional initiatives to respond to climate change, el Pacto to common security challenges or **AI Invest** on the strengthening of agents of inclusive economic growth.

Today we face the challenge of strengthening **triangular cooperation** structures in the region with which we are able to consolidate horizontal cooperation networks and support the



external projection of our partners in the region. At the same time, based on the success of our regional easiness of blending “LAIF”, other opportunities can be opened with the geographical extension of the European **Investment Fund** and a closer work with the European Investment Bank.

The European Union has made a strong commitment to this new work paradigm in its financial proposal for the period 2021-2027. **Presenting a radical innovation of cooperation management process** in the financial proposal. We intend to eliminate as much interference as possible, based on a single working instrument, maximising our potential for response and joint and coherent work with all regions of the planet.

**The new role of International Cooperation is not a theoretical discussion, it has to be a discussion in terms of implementation and how to materialise all this potential.** We have all the answers, probably not. But we are counting on our partners in Latin America and the Caribbean to help us explore the potential of the facilitating role that international cooperation can play.

We **are co-creating** a new agenda, a new reality, generating new paths. All change and exploration requires courage and conviction, as well as being prepared for criticism. But we are doing the right thing at the right time. This must be our shared commitment, ‘to open dialogue and create new paths’.



## What system of international cooperation do we need to achieve Agenda 2030?: Reflections from Uruguay?

**Andrea Vignolo and Karen Van Rompaey**

**Andrea Vignolo is Executive Director of the Uruguayan Agency for International Cooperation (AUCI) & Karen Van Rompaey is Responsible for Knowledge Management at the Uruguayan Agency for International Cooperation (AUCI).**

International cooperation has been transforming itself in close alignment with changes in the concept of development and in how it is treated at an international level ever since the end of the Second World War.

In this respect, Agenda 2030 and the Sustainable Development Goals (SDGs) crystalize in the international community the paradigm of sustainable development as a multidimensional and global phenomenon, which needs to be tackled in an integrated and coherent way across the economic, social and environmental spheres, as well as between the various level of government and between the various different actors. It likewise indicates major ruptures: it merges the agenda of cooperation for the eradication of poverty, which focussed on the countries of the South, with that of cooperation to provide public global assets such as care for the environment and the fight against climate change and it regards inequality as a global issue. It is no longer an agenda for the South, but a universal one, where all actors have common yet differentiated responsibilities, in line with their roles and capacities.

Furthermore, understanding the sustainable development proposed by Agenda 2030 implies rethinking the ways we study, travel, work, produce, consume and relate to each other and to nature, and this implies that we all have to change to a greater or lesser extent and to do this we will have to unlearn old habits and incorporate into our lives new ways of being and living that are more sustainable and liberating. To a greater or lesser degree, we must all make these changes as actors in development and, therefore “best practice” is not only found in

the countries of the North, but may also come from the South, which has had to develop “frugal innovations” to find sustainable solutions with scarce resources, or they may be inspired by the indigenous cultures that live in greater harmony with nature.

Like many other countries of Latin and South America, Uruguay plays a dual role in cooperation for development. Our country has shown steady growth over the last decade and a half, driven by the rise in prices of commodities, but above all as a result of the commitment to economic and institutional stability, and a commitment to the most vulnerable groups and to reducing inequality, which has made it possible to improve their levels of well-being and human development.

The country has made great progress in dealing with poverty, improving the distribution of income, employment, salaries, productive investments and universal access to health. Particular progress has been made in protecting sexual and reproductive rights, in recognising the rights of sexually diverse groups, and in establishing legal and institutional bases to deal with gender violence in an integrated manner. Progress has also been made in digital inclusion, in the open government agenda, tertiary and higher education of a technological nature, territorial decentralisation and in transforming the energy matrix with great emphasis on renewable energy, among other achievements.

At the same time, various Uruguayan policies, such as the fight against smoking and the national care system have awakened interest at international level. Uruguay is closely watched be-



cause of its scale, its institutionality and its technical-professional capacity that is well suited to introducing pilot projects and innovative policies to produce sustainable development results, such as transforming the energy matrix or the national implementation of the Ceibal Plan (One Laptop per Child) and experiences and lessons learned are being shared through south-south and triangular cooperation.

In all the areas mentioned, progress co-exists with new challenges which in many cases require joint management at regional or international level, that is, with a solution based on cooperation.

However, the graduation of Uruguay, together with Chile and Seychelles, from January 2018, leaves the country outside the list of countries eligible to receive Official Development Assistance (ODA), thus removing strategic support that the country needs to consolidate its achievements and face up to new challenges to make the transition to sustainable development. This has direct effects: amounts of bilateral, regional and multilateral cooperation are withdrawn or significantly reduced. Support for organisations of civil society is also affected, which makes it increasingly difficult for these actors to be able to play their role as lobbyists and/or watchdogs for public policies and the rights agenda. The number of grants for training human capital is significantly reduced in a country which has difficulty covering all areas of knowledge because of its small population.

At the same time the graduation also has indirect effects expressed in the increase in financial contributions to maintain some international agencies and organisations, which have an overall effect on the capacity of cooperation to support the consolidation of progress made, leverage new reforms and improve public policies, as well as to reinforce the capacity for innovation, research and development.

The graduation of countries because of their per capita income represents a contradiction with the SDGs' aim to "not leave anyone behind". Some cooperating partners and international organisations that understand this contradiction are joining this debate. Others have gone further and found ways of continuing to cooperate with the recently graduated countries as partners in their existing instruments and/or launched new instruments of cooperation to support their transition to development.

Faced with this situation, Uruguay set in motion a process of reflection and of drawing up a "Policy of International Cooperation for Sustainable Development to the 2030" with all cooperation actors in the country, headed by the Uruguayan Agency for International Cooperation. This process enabled the identification of challenges and the setting of strategic objectives and lines of action to support the transition to sustainable development of Uruguay and of the world from a dual role and with a focus on rights. To this end the document suggests including non-state actors and from the South-South Cooperation Academy, which would make it possible to widen the provider capacity of the country and involve strategic actors in the initiatives where we are beneficiaries, and in addition to forge new partnerships and new ways of working with our traditional partners.

Like other countries in the region and in the South, Uruguay seeks to help build a system of inclusive international cooperation, with a dual role in cooperation: that is, contributing to the fulfilment of Agenda 2030 from its strengths and abilities and receiving cooperation to support its transition to sustainable development.

To sum up, in order to make progress with building a system of inclusive cooperation to respond adequately to the challenges of Agenda 2030, it will be necessary to overcome institutional inertia that focuses solely on reducing poverty and on the per capita GDP as the only measure of development. This requires moving from "graduation" to the "gradation of instruments and supports" for countries at each stage in accordance with a multidimensional analysis of their needs. It also involves recognising the value of the instruments of cooperation that are now available to us, reinforcing them from their complementarities and innovating whenever necessary so that they can adequately support countries with flexible instruments as they transition towards the following stages. And all this with the focus on achieving results in sustainable development, centred on rights, to contribute to fulfilling Agenda 2030 and reducing inequalities within and between countries.





## Development in transition in Latin America and the Caribbean: A new approach for inclusive and sustainable development in the region

**Mario Pezzini**

**Director of the Organisation for Economic Co-operation and Development (OECD) Development Centre.**

Judging by GDP statistics, growth in Latin America and the Caribbean since the 90s is undeniable. The region's income per capita has increased by around 50%. Most countries have moved up from low-income status and are now upper middle-income economies. Some have even moved from middle to high-income, including Argentina, Chile, Panama, Trinidad & Tobago, and Uruguay, while others such as Costa Rica or Mexico should do so in the next few years.

But higher national income in Latin American countries has not automatically translated into higher levels of well-being for all. Many still present socioeconomic conditions typical of low-middle income economies, like high informality and low social protection coverage. Countries across the region present disproportionate impacts of climate change, inequalities remain high and other vulnerabilities such as homicide rates and violence are still persistent or growing.

This non-conventional narrative is at the roots of the Development in Transition (DiT) approach, promoted by the UN Economic Commission for Latin America and the Caribbean, the European Commission and the OECD Development Centre. The idea of better understanding LAC's development process made us quickly realise that the region is not following a linear development pathway. LAC countries are far from following their peers in South-east Asia where many have managed to translate economic growth into inclusive and wealthier societies and have surpassed the middle-income trap in few years. LAC countries present dynamic economies but they also show

persistent vulnerabilities that require a renewed look at the "development models" of the region, including by developing new tools at the national and international levels to meet their full potential.

Persistent challenges in the region have evolved as self-reinforced traps impeding countries to move to a sustainable development pathway. The social vulnerability trap appears since 40% of LAC's population is currently at risk of falling back into poverty. This "vulnerable middle-class" is caught in a vicious cycle of low-quality jobs, poor skills and volatile income, and unequal access to public services. Additionally, a low labour productivity: output per worker has remained stuck at 40% of that of the European Union for the last 30 years. Furthermore, an institutional trap: 64% of Latin-Americans express no confidence in their own government, more than 1/3 are not satisfied with the education available in their country and more than 1/2 are not happy with the health care they receive, and are therefore less willing to pay taxes. And finally, an environmental trap: LAC - which holds 40% of the planet's biodiversity and has one of the world's lowest ecological footprints - withstands the worst of collective global inaction. The Caribbean's exposure to surging natural disasters is a stark example.

International co-operation can do a lot to help countries escape these traps. International co-operation as a facilitator can provide countries with the necessary tools to increase the share of policy experiences and to promote more inclusive partnerships. Stronger domestic capacities are indeed necessary to address



LAC's persistent challenges, coupled with stronger multilateral collaboration that can also help identify further policy priorities and co-ordinate knowledge sharing dialogues between peer countries. Indeed, a renewed international co-operation system that would better fit more complex social and economic realities should be focused on at least three main features:

**Working inclusively:** Engaging countries at all development levels on equal footing as peers, to build and participate in multilateral and multi-stakeholders partnerships to tackle shared multidimensional development challenges with multidimensional responses.

**Building domestic capacities:** Strengthening countries' capacities to design, implement and evaluate their own development policy priorities and plans, encouraging the alignment between domestic and international priorities and ensuring integrated approaches to more complex and interlinked challenges.

**Operating with more tools and actors:** Expanding the tools for greater international co-operation, such as knowledge sharing, policy dialogues, capacity building, technology transfers, and including more actors, including public actors in a "whole-of-government" approach.

For structural challenges we need structural solutions. The international co-operation system needs a structural transformation if we aim at leaving no-one behind.



## Challenges of inclusive social development in Latin America and the Caribbean: the importance of regional commitment

**Laís Abramo**

**Director of the Social Development Division of the Economic Commission for Latin America and the Caribbean (ECLAC).**

Latin America and the Caribbean are facing decision time in their options for progress towards sustainable development. After one and a half decades of major advances in the reduction of poverty and in various inequality indicators, these positive tendencies are seeing a slowdown or even a reversal. Although poverty, extreme poverty and unemployment have been considerably reduced between 2002 and 2014, these trends were reversed between 2015 and 2017. In 2017, 30.2% of the population (184 million people) were living in poverty and 10.2% (62 million people) were in extreme poverty. This coincides with the slowdown in reducing income inequality as measured by the Gini index (ECLAC, 2019a). Factors related both to the worsening labour market and lower earned income and to accessing social protection policies (especially policies of conditional transfers of income and social pensions) are key to explaining these trends, as are responses aimed at tackling them (ECLAC, 2019a, 2019b). To these dynamics must be added the persistence of structural inequality that goes beyond income and ownership of physical and financial assets, and which is also affected by aspects such as gender, ethnicity and race, age and geographical area and is reflected in every area of social development (education, employment, health, social protection and care, access to basic infrastructure and to the opportunities to participate and live a life free of violence, among other things).

To these must be added other structural and emerging challenges: insufficient development of human capacity and lack of access to basic services; a shortage of decent work and the uncertainties related to changes in the world of work; the di-

lemmas of a social framework under construction and an insufficient level of social investment, together with phenomena of as yet unsuspected magnitude, such as increasing migrations, disasters and the effects of climate change, the technological revolution and the aging of the population associated with an accelerated process of demographic change (ECLAC 2018a, 2019b).

On the other hand, there is also a range of opportunities. These include the considerable experience accumulated in the region in designing and implementing innovative social policies based on rights (which has even been used as a benchmark for countries in other developing regions), as well as the global commitment expressed in Agenda 2030 for Sustainable Development and the priority this gives to eradicating poverty and hunger, reducing inequalities and constructing societies based on peace, justice and inclusion. This ideology presents a powerful regulatory framework, which stimulates commitments between countries to extend their efforts in the three areas of sustainable development (social, economic and environmental), without anyone being left behind. In this respect, and faced with the imbalances evident in these three areas, the Economic Commission for Latin America and the Caribbean (ECLAC) has proposed a pathway focussed on gradual structural change, with considerable environmental momentum, and equality at the centre as the strategic direction of a new style of development (ECLAC, 2016a, 2012).

From the perspective of sustainable development in its entirety, the social dimension is closely and equally related to the eco-



conomic and environmental dimensions (ECLAC, 2016c, 2017). Opting for inclusive social development, from a focus on rights and a universalism that is sensitive to differences, is an essential task, and requires a determined effort to close gaps and end inequalities in accessing well-being that are more severely felt by populations of greatest vulnerability or those suffering exclusion.

The notion of inclusive social development refers to “the capacity of States to guarantee full enjoyment of the social, economic and cultural rights of people, consolidating areas for their participation and recognition, tackling gaps in access to essential areas of well-being and taking account of social inequalities and their structural axes from the perspective of a universalism that it is sensitive to differences” (ECLAC, 2018a, page 77). This is achieved against a context of complex structural and emerging challenges, as well as setbacks compared to the progress of past decades.

Tackling these critical issues in the region requires greater commitment, the reinforcing of multilateralism and more cooperation in its various forms, as these are shared challenges and largely interconnected. The member countries of the Regional Conference on Social Development in Latin America and the Caribbean, a subsidiary body of ECLAC, aware of these processes and of the imperative of consolidating progress and avoiding setbacks, decided to move forward with defining a regional agenda for inclusive social development (ECLAC, 2018b). The objective of this agenda, from the activity of the Ministries of Social Development and equivalent bodies, is to contribute to tackling these issues, within the framework of the social dimension of Agenda 2030, emphasising the importance of the systems of universal and integral social protection throughout the life cycle, the full social and employment inclusion of people, the reinforcement of social institutions and cooperation and regional integration. The task is imminent and the future is now, to guarantee a society of rights, equality and well-being for all men and women.

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## From “graduation” to “gradation”: a new approach for EU-LAC development cooperation

**Jonathan Glennie**

**Writer, researcher and practitioner on human rights and international cooperation**

While finance is only one component of the EU-LAC relationship, it is nevertheless a critical one. In her recent letter to Ms. Jutta Urpilainen, the new EU Commissioner for International Partnerships, the incoming EU President, Ms. Ursula von der Leyen calls for, “a new comprehensive coordination mechanism with the aim of ensuring we collectively use [the sizeable financial assistance capacity of the EU, its Member States and the international financial institutions in which they hold shares] in a coherent way that promotes the EU’s values and strategic objectives.”

Official Development Assistance (ODA) is, perhaps, the financing stream whose future is most uncertain in the EU-LAC relationship. What is the future of EU ODA (from the EU institutions and EU members) as most LAC countries mobilise more finance independently from both public and private sources, and as they are significantly better off than other parts of the world? What makes ODA of particular value vis-à-vis other financing flows?

The language of “graduation” is pervasive in the development sector, particular with regard to the LAC region. It is assumed that concessional international public finance will soon be drying up as LAC countries pass the arbitrary middle-income threshold. However, there is strong evidence that financial aid continues to be a critical to progress even as GNI/capita increases.

**Many of the SDG challenges in LAC require large amounts of public finance**

Discussions continue about the right level of concessional financial transfers to the LAC region given its continuing need and its political and environmental importance. To take one example, as the recent Amazon fires made news across the world, it became clearer than ever that the EU will play a pivotal role in safeguarding this global good, and that will require money.

It is often argued that countries crossing the middle-income threshold, as defined by the World Bank, should “graduate” from ODA i.e. concessional financial transfers. Paul Collier, author of influential books on aid such as the Bottom Billion, has argued that: “there is no place for development cooperation in middle income countries”. However, concessional financial transfers can continue to play a role in catalysing change in such countries. Rather than graduating from aid itself, countries need to emerge from dependence on aid, a crucial distinction.

In their study on the impact of the Paris Agenda on Aid Effectiveness, Wood et al (2011) carried out country case studies. Their analysis of Colombia, a country which receives very small amounts of financial support relative to the size of its GDP, argues that:

“The evaluation [of aid to Colombia] found that in certain fields – such as the environment, institutional strengthening, and productive system support, as well as problems related to the struggle against inequality, internal displacement and human rights violations – the selective use of



aid financing, expertise and shared experience was ‘a determining factor in achieving better development results’” (emphasis added)

Dependence on aid is harmful, undermining the long term development of institutions and subjugating autonomous policy choices to the preferences of outside aid providers. But aid at relatively low levels (compared with GDP and government expenditure) can be a crucial support to progress. Aid as a proportion of GNI has never been high in the LAC region, and it has fallen yet further over time, from about over 0.5% of GNI in the late 1980s to just over 0.2% in 2016.

These amounts are small, relative to the size of the recipient economy, but may still be large relative to the overall pot of aid e.g. for a very large country like China or India or, in LAC, Brazil or Mexico, billions of dollars of aid would still only count as a small percentage of the overall size of the economy (e.g. \$2bn of financial aid to Brazil would be equivalent to 1% of the economy).

LAC countries should push back against the idea that concessional financial transfers are inevitably on their way out. The region speaks with a sometimes confused voice on this issue, pushing for more aid while at the same time accepting the dominant narrative that more aid is unlikely.

### **Income categories are out-dated**

The SDG agenda makes it clear that countries with higher income/capita are still evolving and developing, and can still benefit greatly from outside help to achieve ambitious goals. But the categorisation of countries by income status means they are less likely to receive development cooperation on favourable terms, and that their development needs may be less prioritised in trade deals and other political relationships. High-income countries are not generally considered to be “developing”, although the term is fluid (five of the LAC HICs are still eligible for IBRD loans).

Martin Ravallion, the former Director of the Development Research Group at the World Bank, argued that, “Is it not time for

these arcane income thresholds for ‘graduating’ from ‘low-income’ status to be laid to rest?” Many scholars, including José Antonio Alonso, have demonstrated how different criteria can be applied for accessing varied and complementary assistance. LAC should trailblaze a more appropriate categorisation system. The present system has already been much criticised, but no clear counter-proposal has emerged, meaning that debates generally revert to old fashioned language of “developed” and “developing” and the traditional income categories. Scholars of the LAC region have led much of the thinking in this area and should be bolder in setting out a new system. It could be applied in the first instance to the region itself. In particular, Francisco Sagasti, the Peruvian scholar, has led the criticism of terms like “graduation” preferring “gradation” i.e. relating aid transfers to contextual issues beyond just GNI/capita. The countries of the region should set up a regional commission to provide guidance on graduation.

### **The EU as its own reference**

The EU itself demonstrates the importance of concessional transfers to support development even to UMICs and HICs. The paradigm of convergence is at the heart of the theory behind some of the EU’s major funds. Every year, the bloc funnels huge sums of money from richer parts (generally the North and West of Europe) of the continent to poorer ones (mostly in the South and East). These funds, intended to “narrow the development disparities among regions and member states”, are spent on areas such as infrastructure development, job creation, research and innovation, and environmental protection.

The reason these countries (or regions) have not “graduated” from aid – despite no longer being particularly poor – is that aid is not focusing only on extreme poverty, but on growth, infrastructure and convergence, with higher living standards in neighbouring countries. Why, then, is it argued that both multilateral and bilateral aid money should be reduced – or even axed – in LAC, which is far poorer and in urgent need of infrastructure development similar to that being supported in Europe. With the adoption of the SDGs, the door for applying EU-style thinking to a broader global context seems to be wide open.



Convergence and reduction in inequality should be the new standards for development cooperation finance, not just ending extreme poverty. In the words of Adolf Kloke-Lesch, a former Managing Director at GIZ, the German development agency, “Development only really begins when extreme poverty is eradicated.”

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<sup>3</sup> [https://ec.europa.eu/commission/sites/beta-political/files/mis-sion-letter-jutta-urpilainen\\_en\\_0.pdf](https://ec.europa.eu/commission/sites/beta-political/files/mis-sion-letter-jutta-urpilainen_en_0.pdf)

<sup>4</sup> Conversation with Andy Sumner on IDS website <http://www.mixcloud.com/ids/paul-collier-and-andy-sumner-in-discussion-on-the-ids-paper-the-new-bottom-billion/>

<sup>5</sup> <https://www.oecd.org/derec/dacnetwork/48152078.pdf>

<sup>6</sup> <https://blogs.worldbank.org/developmenttalk/should-we-care-equally-about-poor-people-wherever-they-may-live>

<sup>7</sup> Alonso, J. A., Glennie, J., & Sumner, A. (2014). Recipients and contributors: Middle income countries and the future of development cooperation (DESA Working Paper No. 135, ST/ESA/2014/DWP/135). Retrieved from [http://www.un.org/esa/desa/papers/2014/wp135\\_2014.pdf](http://www.un.org/esa/desa/papers/2014/wp135_2014.pdf)

<sup>8</sup>Francisco Sagasti, Keith Bezanson and Fernando Prada, *The Future of Development Financing: Challenges and Strategic Choices*, New York, Palgrave/Macmillan, 2005.

<sup>9</sup> In a presentation to the UN Development Cooperation Forum (UNDCF) in New York in 2011.



## ”Who owns poverty?”

### Martin Burt

Founder and CEO of Poverty  
Stoplight & Fundación  
Paraguaya.

What if nearly everything we thought we knew about poverty was wrong? What if the legions of policymakers, social scientists, economists, charities and NGOs marching across the globe have been using the wrong strategy, and the wrong tactics, to wage the wrong war against poverty?

Views on poverty have been subject to long debate, with explanations ranging from the cultural to the geographical — and most everything in between. In our earliest attempts to define poverty, we thought of poverty as a lack of money. Armed with this understanding, our solution was to throw money at the problem—in the form of alms, conditional cash transfers and (more circuitously) trickle-down economics.

When our progress in poverty reduction hit a plateau, we reconsidered. Some converted poverty from a problem into an opportunity; microfinance was born. Others started talking about ‘multidimensional poverty’, which encompassed a lack of voice, health, sanitation, and more. Our current definition of multidimensional poverty, however, comes preloaded with two unsettling consequences.

To understand the first of these, consider the United Nations’ Sustainable Development Goals (SDGs). There’s nothing inherently wrong with getting everyone working from the same definition and toward the same goals. It’s the manner in which the SDGs are formulated that creates the problem. That’s because when one person’s poverty is partly, or even wholly, subject to forces beyond their control, we negate the efficacy and agency of any individual effort in overcoming that poverty. In

short: the way we define poverty makes it too complex to solve. Reliance on external solution-providers is baked in, by design.

The second unsettling consequence of the current definition of multidimensional poverty is that it renders development organizations’ current solutions obsolete. Development organizations, by nature, typically focus on one or two issues, despite often recognizing that there are many interlocking pieces to the puzzle.

At the same time, no one can doubt that poverty — however defined — is a growing threat to existing institutions and the cause of much unnecessary suffering in the world.

Against this backdrop, I offer a deceptively simple question: who owns poverty? It’s certainly not an idea we’ve ever articulated before — although, if you re-examine development thinking and practice through the lens of this startling question, you might conclude we had quite strong feelings on the subject all along.

Arguably, owning a thing starts with naming it. We name territories, diseases and social trends in order to bring them into our sphere of influence. We name, we claim.

When it comes to who has naming power over poverty, it is almost too obvious to point out that poor people have traditionally been relegated to a non-speaking part in someone else’s narrative about their lives. They are passive recipients of someone else’s poverty definition and measurement. As a consequence,





poor people are also locked out of the room where decisions about poverty solutions get made, unable to articulate their perspectives and priorities.

The question ‘who owns poverty?’ emerged slowly, as a reaction to a number of things about the global poverty agenda that I found very puzzling indeed.

The initial seed of doubt was the realisation that the commonly used definition of ‘poor person’ rarely seemed to line up with what we were seeing in our work as a Foundation supporting microentrepreneurs in Paraguay (Fundación Paraguaya). Or rather, it didn’t describe everything about them, like their joy, creativity, and entrepreneurial spirit – or the uniqueness of their individual experiences.

The next seed was one of discontent with the absurdity of there being so much poverty data — but none that served the needs of poor people themselves. We take it for granted that governments and development organizations need poverty data to make good decisions. But rarely do poverty experts consider poor people as equally important decision-makers, despite the fact that every day they solve problems related to their family’s well-being. As a result poor people have no access to information collected about their lives and no control over what gets done with it, or by whom.

There are exceptions. I can point to a few promising initiatives that are ‘listening to the voices of the poor’ through participatory data collection and qualitative research. I wonder, however, whether we’re only listening to what we want to hear, and what happens to the insights generated through this listening.

The questions that the Foundation began asking were: What would happen if we gave poverty back to poor people? What would happen if we could find a way for poor people to ask their own questions and create their own poverty indicators? What if we could collect poverty information in a way that put relevant data into the hands of families, so they could be the ones planning and implementing their own family poverty-elimination program?

The Foundation’s ongoing journey to do just that is signposted with a number of interesting discoveries. The first is that the richness of poverty can be found in its nuance. No single index can adequately capture the diverse ways in which a family experiences poverty and non-poverty. The second relates to efficacy. When people have the power to name their own poverty, they also have the power to do something about it, to eliminate their poverty once and for all.

What’s more, we have seen poor families connecting to each other to share solutions and ideas, rather than sourcing them from external aid workers. After all, not every individual in a community suffers from, say, malnutrition. Where a poor person can identify someone else beating the odds in one particular aspect of poverty, they can create horizontal learning networks that tap into locally held knowledge and solutions. The poor can help not only themselves but also each other.

We might have started with a small question, but what we’ve ended up with is nothing short of a revolution.

Martin Burt is author of a book called *Who Owns Poverty?*, published by Red Press on September 3 2019.

# EU-LAC Foundation's Activities



EU-LAC Foundation (2019)

## Corporate Social Responsibility in the context of Relations between the European Union and the Community of Latin American and Caribbean States

EU-LAC Foundation: Hamburg

[...]

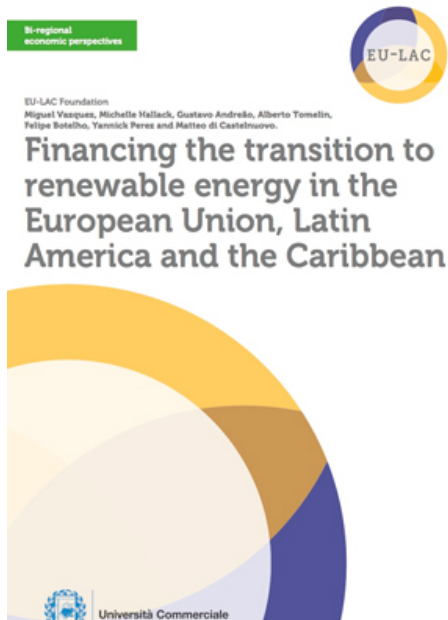
EU-LAC Foundation (2019)

## Case studies on Circular economy models and integration of Sustainable Development Goals in business strategies in the EU and LAC

EU-LAC Foundation: Hamburg

[...]





EU-LAC Foundation (2019)

## Financing the Transition to Renewable Energy in the EU, Latin America and the Caribbean

EU-LAC Foundation: Hamburg

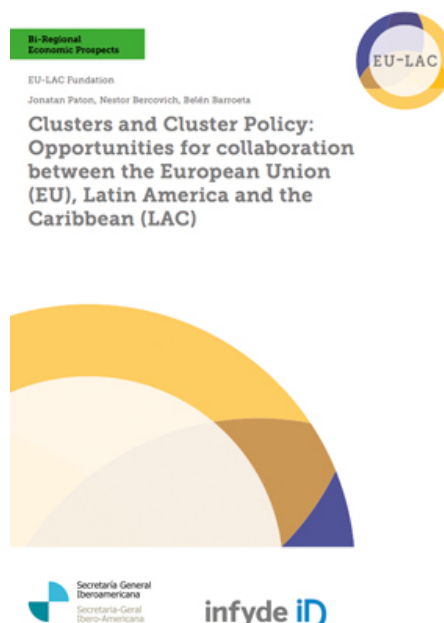
[...]

EU-LAC Foundation (2018)

## Clusters and Cluster Policy: Opportunities for collaboration between the European Union (EU), Latin America and the Caribbean (LAC)

EU-LAC Foundation: Hamburg

[...]



EU-LAC Foundation (2017)

## The internationalisation of Latin American SMEs and their projection in Europe

EU-LAC Foundation: Hamburg

[...]





CEPAL (2018)

**The European Union and Latin America and the Caribbean: Convergent and sustainable strategies in the current global environment**

Chile

[...]

Catherine Paquette (2019)

**The Sustainable City, a key driver for social transformation in Europe, Latin America and the Caribbean**

Institut des Amériques, Agence Française de Développement, EU-LAC Foundation: Paris

[...]



# Events of the Foundation



Rome, Italy. 5 July 2019

## Industrial maps of Latin America. Italian Companies and Investment Opportunities: The Case of Colombia

This presentation was organised by the EU-LAC Foundation, in cooperation with the Italian Ministry of Foreign Affairs and International Cooperation and the SME Foundation, with the sponsorship of the Italian Union of Chambers of Commerce, Industry, Crafts and Agriculture, the Embassy of Colombia in Italy and Formiche.

[...]

Barcelona, Spain. 11 July 2019

## Inclusion of Young Women in the Labour Market in Latin America, the Caribbean and Europe: from good practices to innovative policies

This presentation was organised by the EU-LAC Foundation in cooperation with the EUROsocial+ Programme and was attended by Maria Rosa Renzi, coordinator of the study, and representatives of the Fundació Pau i Solidaritat, the EULAC Focus Project and the Federation of Young Women of Spain. During the event, the main experiences of actions and policies favouring the inclusion of women in the labour market in the EU and LAC were presented and debated.

[...]





Madrid, Spain. 22-23 July 2019

## Workshop: Knowledge Management and Agenda 2030: Partnerships between Development Agencies and Universities

This event was selected by the EU-LAC Foundation in the framework of the Annual Call for Co-financing Events on Relevant Issues for the Biregional Partnership between the European Union, Latin America and the Caribbean offered by the Foundation. The event was organised with the purpose of knowing and exchanging the different processes of knowledge generation and management developed by cooperation agencies and universities in the Euro-Latin American space.

[...]

Kingston, Jamaica. 19 September 2019

## A Destiny of Geography?: Climate Change preparedness and response in Caribbean SIDS'

This event was selected by the EU-LAC Foundation in the framework of the Annual Call for Co-financing Events on Relevant Issues for the Biregional Partnership between the European Union, Latin America and the Caribbean offered by the Foundation. The purpose of the event was to improve public awareness and foster dialogue on the region's vulnerability to the adverse effects of climate change and the measures to be taken to improve the region's readiness and response capacity.

[...]

Hamburg, Germany. September-November

## Latin America and the Caribbean Fall Festival 2019 Edition

The "Lateinamerika Herbst" Festival takes place every year in Hamburg since 2014. Its aim is to promote knowledge and visibility of Latin America and the Caribbean through a wide range of events and activities. For the third consecutive year, the EU-LAC Foundation coordinates the activities, with the support of the City of Hamburg, the Latin American and Caribbean Embassies in Berlin and their Consulates in Hamburg.

The central theme of the 2019 edition is "Science & Knowledge".

[...]



Hamburg, Germany. 24-25 September, 2019

## “Youth and Citizenship in the UE and LAC” Seminar with the GIGA Institute.

The EU-LAC Foundation and GIGA-ILAS organised the International Seminar “Youth and Citizenship in the European Union, Latin America and the Caribbean”, with the aim of creating a broad debate on the challenges, opportunities and deficits for the active participation of young people in different political and social spaces.

[...]

Buenos Aires, Argentina. 17-19 October, 2019

## Meeting of the Social Circus: “Successful experiences in working with young people in situations of social vulnerability”

This event was selected by the EU-LAC Foundation in the framework of the Annual Call for Co-financing Events on Relevant Issues for the Biregional Partnership between the European Union, Latin America and the Caribbean offered by the Foundation. The purpose of the event is to present successful experiences in activities with socially vulnerable youth.

[...]



Sevilla, Spain. 14-15 November, 2019

## In-betweeners in Turbulent Times: Migrants in the Epicentre of Crises in Europe and Latin America

This event was selected by the EU-LAC Foundation in the framework of the Annual Call for Co-financing Events on Relevant Issues for the Biregional Partnership between the European Union, Latin America and the Caribbean offered by the Foundation. The purpose of the event is to promote an open debate on the implications of current migration trends for Latin America and Europe

[...]



EU-LAC Foundation  
Fundación EU-LAC

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EU-LAC 10/2019 -24

[WWW.EULACFOUNDATION.ORG](http://WWW.EULACFOUNDATION.ORG)

[INFO@EULACFOUNDATION.ORG](mailto:INFO@EULACFOUNDATION.ORG)

GROSSE BLEICHEN 35, 20354 Hamburg, ALEMANIA

T: +49 (0)40 80 60 11 45-0

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