

## Секция 1

# ДРАЙВЕРЫ ИНКЛЮЗИВНОГО ЭКОНОМИЧЕСКОГО РОСТА: ПРАКТИЧЕСКИЙ ОПЫТ РЕСПУБЛИКИ БЕЛАРУСЬ И МИРОВОЙ ОПЫТ

## THE ROLE OF FOREIGN AID IN PROMOTING INCLUSIVE GROWTH

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The Commission on Growth and Development of the World Bank defines the concept of *inclusive growth* as output growth that is sustained over decades, is broad-based across economic sectors, creates productive employment opportunities for a great majority of the country's working age population, and reduces poverty [1, p. 5]. On the other hand, OECD simply defines inclusive growth as an economic growth that is fairly distributed across society and creates opportunity for all. According to the ADB, it focuses on creating opportunities and making these accessible to all, not just the poor [2, p. 29].

Although there is no agreed and common definition of the concept of inclusive growth within the international community it has been set as a pace and pattern of the development agenda of both developed and developing countries of the world. Moreover, the post-2015 challenges of sustainable development have clearly articulated the need for more inclusive policies [3, p. 8].

Having defined the concept of inclusive growth, the question arises in defining the proximate factors supporting inclusive growth. A study by R. Anand, M.S. Mishra and S. J. Peiris shows the evidence that initial incomes, trade openness, fixed investment, moderate inflation and output volatility, and a better educated workforce have helped countries achieve more inclusive growth [4, p. 14]. Scholars I. Ali and J. Zhuang suggest that inclusive growth strategy of the country should have two anchors: first, high and sustainable growth to create productive and decent employment opportunities and second social inclusion to ensure equal access to opportunities by all.

While the first anchor is dependent mainly on the private sector of economy with government's limited role on enabling sound environment for development of private sector, promotion of social inclusion requires enhanced public intervention. Government's role in promoting social inclusion consists of three main functions:

- 1) investing in education, health, and other social services to enhance human capacities;
- 2) promoting good policies and sound institutions to advance economic and social justice;
- 3) providing social safety nets to prevent extreme deprivation [5, p. 12–15].

Above mentioned public intervention required to promote inclusive growth shifts up the burden of government budget and finance. Thus, development assistance can be a critical factor to addressing the issue of inclusive development. Even though the number of studies investigating the determinants of inclusive growth with a focus on foreign aid is quite limited,

there have been some attempts to fill existing research gap in the literature. For instance, study by Y. Huang and M.G. Quibria shows that aid can stimulate inclusive growth if it is effectively used. According to the authors, for a developing country to guarantee equal access to job opportunities and social services, finance and investments are must. At the same time majority of developing countries lack sufficient resources and capacity to ensure mentioned opportunities. Thus, foreign aid provided by donor countries can be essential in promoting inclusive growth in developing countries [6, p.1-3]. In a study by G.Rauniyar and R.Kanbur development assistance's impact on rural infrastructure development with the objective of inclusive development has been investigated. Author's argue that the issue in most developing countries is too little infrastructure to support rapid growth. They further suggest that one of the reasons why the structural adjustment did not have as much success in Africa as expected was because of the poor infrastructure [7, p.9-16]. Empirical investigation based on the sample of 53 African economies for the period 2005-2012 by A. Asongu and Ch. Nwachukwu result positive relationship between inclusive development and foreign aid. Authors have applied decomposition of the aid types, authors find out that aid for social structure, aid for economic infrastructure and productive sector have positive impact on inclusive development indicator. Based on results, authors suggest that multilateral development agencies with a strategic focus on infrastructural development should be continuously supported by developed countries in their efforts toward infrastructural improvement for inclusive human development [8, p. 9-15].

Development aid or foreign aid is financial aid given by governments and other agencies to support the economic, environmental, social, and political development of developing countries. R. Riddle defines foreign aid in its broad meaning as all resources physical goods, skills and technical know-how, financial grants, or loans transferred by donors to recipients [9, p.6] The standard definition of foreign aid comes from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), which defines foreign aid as financial flows, technical assistance, and commodities to developing countries and territories that are:

- undertaken by the official sector of the donor country;
- with the promotion of economic development and welfare in the recipient country as the main objective;
- at concessional financial terms (i.e. if a loan, have a grant element of at least 25 percent).

Foreign aid or *official development assistance* (ODA) is frequently seen as a key instrument for economic growth and development. This perspective is often linked to theories that under-developed economies suffer a vicious circle of poverty, which essentially means these countries' poverty leads to low current savings/investments and consequently minimal future savings/investments, which make them poorer, and this circle continues indefinitely. This vicious circle is also known as a Poverty Trap [10, p.958]. As a result, most economists recommend a policy that promotes exogenous investments –foreign aid– to bring poor economies out of such a trap. Throughout the post war era and the great success of The European Recovery Program launched in the late 1940s –also known as The Marshal Plan– this topic has become an integral component of the economics of development [11, p.110-115].

Foreign aid is provided to developing countries by donor countries can be channeled through bilateral and multilateral sources. Bilateral transactions are those undertaken by a donor country directly with a developing country. They also include transactions with national and international non-government organizations active in development. Foreign aid delivered via these bilateral channels are hypothesized to be based on the strategic interests of the donor countries, or historical ties between donors and recipients. Such bilateral aid is often criticized for adopting a practice of “tying” aid to specific conditions. For instance, such conditions often take the form of conditions requiring aid funds to be used to purchase goods from the donor country, which can reduce the value of aid to recipient countries. Thus, with an aim to promote inclusive growth in developing countries aid channeled through multilateral organizations are favored. Aid flows that are delivered through international financial institutions (i.e., multilateral aid) has been hypothesized as promoting development outcomes, owing to the development orientations of multilateral organizations [12, p. 313-341].

Established during the post war era, based on the great success of *The European Recovery Program* have been widely recognized as an effective channel of development finance. Another argument in favor of the multilateral organizations in promoting inclusive development is the fact that infrastructure is primary beneficiary of multilateral outflows. According to the OECD report on Multilateral development finance of the OECD infrastructure sector is the largest recipient of funding by multilateral organizations with 27% of the total outflows in 2018 being addressed to the sector [13, p. 25].

To sum up, achievement of inclusive growth has been set as an agenda of post-2015 development by international community. In its broad meaning, inclusive growth is a pace and pattern of the growth major determinants of which are sustainable growth rates accompanied with the social inclusion component. Foreign assistance provided by donor countries can be critical factor in promoting inclusive growth for a number of reasons. First, foreign funding provided can be addressed to the transformation of the social services required to assure social inclusion in aid receiving countries. Second, poor economic and social infrastructure might be the reason for failure of achieving inclusive growth. On the other hand, mainstream of the foreign aid by multilateral development institutions is allocated to the development of the sound infrastructure. Thus, highlighting the importance of foreign aid as a factor of promoting inclusive growth in developing countries.

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### **СОДЕЙСТВИЕ РАЗВИТИЮ КАК ФАКТОР ОБЕСПЕЧЕНИЕ ИНКЛЮЗИВНОГО РОСТА ЭКОНОМИКИ**

*Данная статья посвящена анализу официальной помощи развитию, как фактора обеспечения инклюзивного роста экономики. Анализ результатов теоретико-эмпирических исследований свидетельствует о том, что иностранная помощь может стимулировать инклюзивный рост, при условии эффективного использования и распределения странами-реципиентами. В работе также выявлено что, иностранная помощь направленная на развитие экономической и социальной инфраструктуры способствует инклюзивному росту.*

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Рассмотрены демографические и миграционные процессы в контексте устойчивого развития экономики; обозначены теоретические основы, практические аспекты управления человеческими ресурсами; выявлены и систематизированы драйверы инклюзивного экономического роста в Беларуси и за рубежом; раскрыты актуальные финансовые и экономические аспекты развития отраслей; приведены актуальные проблемы и тенденции развития логистики на современном этапе; отражены современные тенденции совершенствования финансово-кредитного механизма; освещены актуальные проблемы учета, анализа, аудита в контексте устойчивого развития национальных и зарубежных экономических систем; представлены новейшие научные исследования различных аспектов функционирования современных коммуникативных технологий.

Для научных работников, докторантов, аспирантов, действующих практиков и студентов учреждений высшего образования, изучающих экономические дисциплины.

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