Capability and capacity in future EU development cooperation

The world is changing, new actors are on the rise and challenges are becoming increasingly global. This moving context will require some adjustments and new thinking on the part of development cooperation actors. In this age of uncertainty, development agencies need to reform and adapt themselves. The nature of poverty is changing and this represents an opportunity, as a recent article in *The Economist* (2013) put it: 'Poverty used to be a reflection of scarcity. Now it is a problem of identification, targeting and distribution. And that is a problem that can be solved.'

In the short term, agencies are under pressure to perform better in terms of results and transparency. In the longer term, development agencies will have to:

1. Engage more effectively in a government-wide approach on topics such as global macro-economic management, climate change, security or state fragility.
2. Understand and be effective in delivering global deals, e.g. climate change or arms control.
3. Demonstrate leadership in managing the international system, including the reform of international agencies.
4. Step up engagement with the private sector, for example, through challenge funds.
5. Work more intensively in difficult environments, including especially fragile and conflict-affected states (Maxwell, 2010).

Options for the future role of development agencies at the Member States and EU levels

1. Visionaries

National development agencies could move away from a role of administering aid budgets toward one of exerting political influence and acting as a thought leader (Evans and Steven, 2010). Countries like the UK are too small to act on their own; the way to continue having an influence on development cooperation, is to develop a clear vision with which to approach other actors and convince them to pursue shared goals together.

2. Efficient disbursers

Development agencies could concentrate on being efficient disbursers of official development assistance (ODA) in a context where they face reduced demand on the one hand and, on the other, increased competition from new kinds of business models and new forms of finance (Rogerson, 2012).

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3. Brokers and managers

Development agencies could broker and manage ODA and ODA-like funds, concentrating on financial issues, but with a stronger focus on partnerships with the private sector and with non-traditional donors, and on expanding the share of funds being used for regional and global public goods (Rogerson, 2012).

4. Deal-makers

Development agencies could become deal-makers and brokers across government and internationally, providing a unique perspective and resources (financial and non-financial) on the issues that shape global well-being (Rogerson, 2012).

Development architecture – the relationship with foreign policy

Many European countries have a merged structure at the policy level where development cooperation decision-making falls under the prerogatives of foreign affairs ministries, while the implementation of development cooperation is delegated to a specialised body. This offers opportunities in terms of the potential for greater policy coherence; but it also increases the risk of seeing short term objectives undermine longer-term development. The EU system is hybrid in this regard, as some of the development policy responsibilities rest with the External Action Service, while others fall under the Development Commissioner's authority.

Options for the EU as a development actor

The EU could play a stronger role in the provision of global public goods, or it could focus on its role as an aggregator of its Member States' influence. It could also do both by identifying and focusing on areas where it has a comparative advantage.

To do this effectively, the EU will need to build capacity and expertise. Large institutions often suffer from groupthink and struggle to harness new ideas and innovations. This is partly due to the low turnover among senior staff who tend to build their career within a given organisation, therefore having limited external experience compared to senior staff in the private sector for instance (Goldin, 2013). Building capacity that is relevant to today's environment in a large organisation like the EU will require joined-up thinking and action across departments, together with strong leadership and capacity in order to operate across policy areas and at national and international levels. This will be particularly challenging as the European Commission is under pressure to reduce the size of its staff. Other organisations have been through similar constraints; the UK's Department for International Development (DFID), for example, managed to increase its pool of advisers (specialised staff) by 45% while reducing its pool of administrative posts in 2011-12.

Issues for discussion

- How are development agencies responding to the changing development landscape?
- What will the development agency of the future look like?
- Does a focus on the provision of public goods risk diverting attention from the poorest?
- Is the ambition for the EU to become: (1) a great global multilateral aid agency, (2) an agile catalyst for all sources of development finance, (3) a powerful hub for coherent global policies far beyond aid, or (4) all of the above?

Further Reading

Evans, A. and Steven, D. (2010) 'Organising for Influence. UK Foreign Policy in an Age of Uncertainty', *Chatham House Report*, London; Chatham House.

Gavas, M. (2013) 'The EU and Global Public Goods. Challenges and Opportunities', *DIIS Report,* Copenhagen: Danish Institute for International Studies.

Goldin, I. (2013) *Divided Nations. Why global governance is failing, and what we can do about it*, Oxford University Press.

IPPR (2010) *Policy Coherence and the Future of the UK's International Development Agenda*, March, 2010, London: Institute for Public Policy Research.

Kharas, H. and Rogerson, A. (2012) *Horizon 2025 creative destruction in the aid industry*, London: ODI.

Maxwell, S. (2010) 'Visioning the aid agency of the future', unpublished.

Rogerson, A. (2012) 'The policy and institutional response to development challenges: forging new partnerships', in *Inclusive and sustainable development: challenges, opportunities, policies and partnerships*, paper prepared for the International High Level Conference to mark DANIDA's 50th Anniversary: 'Development policy in a changing world', September 2012.

Sumner, A. (2013) 'Aid agencies of the future. Poverty, geography and the double dilemma', Guest blog, *The Economist*, 3 June 2013.

The Economist (2013) 'Poverty. Not always with us', *The Economist*, 1 June 2013.

Annex – Number of adviser posts at DFID

Number of adviser posts by cadre, planned growth between
September 2012 and March 2013, and March 2013 and March 2015

	September 2012 actual	Planned increase (decrease) September 2012 to March 2013	March 2013 planned	Planned increase (decrease) March 2013 to March 2015	March 2015 planned
Conflict	29	1	30	3	33
Economics	122	14	136	-5	131
Education	35	6	41	0	41
Environment	54	5	59	-1	58
Governance	108	17	125	-1	124
Health	70	3	73	0	73
Humanitarian	23	5	28	-1	27
Infrastructure	25	7	32	-1	31
Private Sector	46	13	59	-5	54
Rural	27	5	32	2	34
Social Development	73	1	74	2	76
Statistics	41	-1	40	3	43
Evaluation	35	3	38	-1	37
Total	**690**	**77**	**767**	**-6**	**761**

NOTE

1. The values for individual elements may not sum exactly to the total because of rounding.

Source: National Audit Office, http://www.nao.org.uk/wp-content/uploads/2012/12/Briefing_DfID_Annual_Report_Accounts_2011-12.pdf