



# Designing the development agency of the future

Framing paper

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April 2015



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## Acknowledgements

The authors are grateful to the Bill and Melinda Gates Foundation for their generous financial support to this research. The views in the paper are those of the authors and do not necessarily reflect those of the funder or ODI. We would also like to thank Raphaëlle Faure for providing research support and Simon Maxwell for his review of an earlier draft of this paper.

Production: Elize Hefer

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ISSN: 2052-7209

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# Introduction

The emerging post-2015 sustainable development framework embodies a broad and complex development agenda. If the Millennium Development Goals (MDGs) prompted a focus on foreign aid as the main international response, the same will not be true for the Sustainable Development Goals (SDGs). The latter will require a host of other measures – both financial and non-financial – to support future progress.

The sweep of this new policy agenda poses strategic and operational challenges for development cooperation. All agencies, new and old, are exposed to these changes. This does not imply that all agencies will need to evolve in precisely the same direction. History and experience will shape institutional futures differently in different countries and different agencies will fill different niches in the development landscape.

Nevertheless, all agencies will need to ask themselves what the implications are of a changing development agenda for how they deliver development cooperation. As the international landscape grows in complexity, how should governments respond?

The purpose of this paper is to frame the debate on the implications of a changing development landscape for the bilateral governmental agencies that deliver aid. It attempts to set out a normative framework for how agencies could evolve and explores some of the features and institutional arrangements that make them capable of addressing new challenges in development.

Development cooperation is organised in different ways in different countries. In this paper, the term ‘development agency’ refers to the full range of government organisational configurations, whether a development ministry, a separate implementing agency, or a department in a foreign ministry responsible for development cooperation.

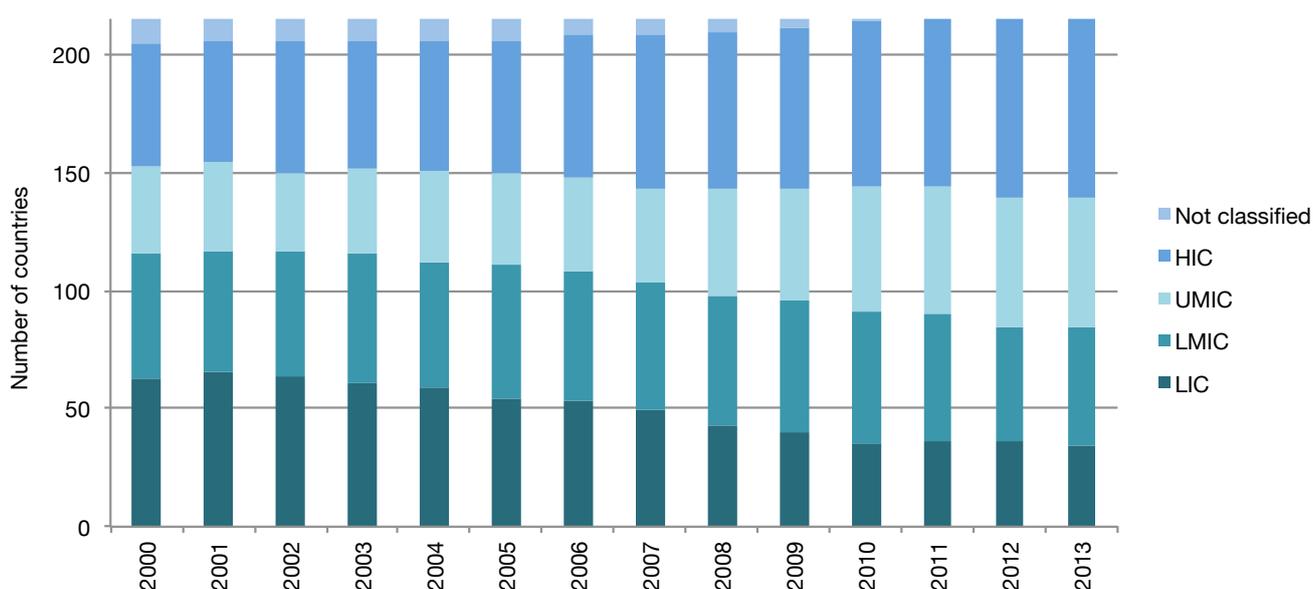
# Development and aid in transition

The challenges for future development cooperation deriving from the changing global landscape cannot be understated. Economic growth is continuing to narrow the gap in wealth and economic power between developed and developing countries. There are now only 33 low-income countries (LICs) left in the world, compared with 63 in 2000 (see Figure 1). Geopolitical power is shifting towards a growing, heterogeneous group of middle-income countries (MICs). Meanwhile, all countries now have a wider range of options for financing their development. Developing countries' domestic revenues are increasing, reaching \$7.7 trillion in 2012, having increased, on average, 14% annually since 2000 (UN HLP, 2013). South-South Cooperation or financial and technical assistance from emerging economies is on the rise. Developing countries now absorb more foreign direct investment than high-income countries and they are increasingly accessing finance through international capital markets. Several developing countries, including in sub-Saharan Africa, have issued bonds as an alternative source of external finance. Lending from emerging economies like China and India to developing countries is steadily increasing and newer actors such as philanthropic

organisations and social impact investors are proliferating (Greenhill et al., 2013).

There are also new and emerging concerns to be tackled. Intra-country inequality is growing in all countries against a backdrop of tremendous population growth and rapid urbanisation. Estimates suggest that in 2030 around 5% of the world population will remain below \$1.25 a day (Basu, 2013). The remaining LICs are characterised by fragile state structures and vulnerability to civil conflict. Protracted crises have lengthened and broadened the inputs of humanitarian assistance provision. In 2014, more than 90% of countries with annual humanitarian appeals have had them for three or more years; 60% have had annual appeals for more than eight years including long-running relief programmes in Somalia, Sudan, the Democratic Republic of Congo, Ethiopia and northern Kenya (Swithern, 2014). Meanwhile the international community sees an expanded role for development cooperation, best exemplified by the broadened scope and ambitious targets of the post-2015 Sustainable Development Goals (United Nations General Assembly, 2014).

Figure 1: Country classification by income level



Source: Kharas et al., 2015.

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This changing landscape has led to a fundamental questioning of the importance of foreign aid in the future development agenda. As things currently stand, aid looks likely to remain crucial in humanitarian emergencies, but in its current form it is not equipped to meet the range of needs long-term crises involve. Aid will also continue to have a role in fragile states, but an effective response will require interventions beyond traditional delivery of projects and programmes. Aid will continue to be relevant to a large number of people who are still, by any standard, very poor. Yet many of the poor, perhaps even the majority, will live in MICs. The absolute volume of aid in these countries is likely to decline relative to tax revenues, and is already small in comparison: aid already accounts for just 0.3% of MICs' GDP (Greenhill and Prizzon, 2012). The challenge then becomes how to make aid 'smarter' in countries where it is less important, and more effective in leveraging other sources of finance where it remains influential.

The declining relative importance of aid, however, also focuses attention on other areas of policy that are essential for supporting continued development. This 'beyond aid' agenda underlines that other policies can bring larger benefits to the poor than are provided by aid. Moreover, looking beyond aid also implies supporting global regimes that enable development, including those that champion climate change mitigation, financial stability and international trade, among others.

This new global landscape is prompting some to ask whether development agencies will rise to the challenge. In particular, Kharas and Rogerson (2012) have pioneered a 'stress-test' of development agency business models. The ratings set out how relevant an agency's aid programme is likely to be in a world where extreme poverty is focused in fragile states, where the primary financing for most developing countries' development strategies will be from domestic revenue and government borrowing, and where the provision of global public goods is of increasing importance. They conclude that 'those agencies that are nimble and responsive can be expected to survive and thrive. Others, caught unaware of the changing aid landscape, or too rigid to adapt, are likely to face problems'.

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# Implications for foreign aid

Are development agencies whose sole purpose is to deliver aid becoming redundant? Or can new worthwhile niches for foreign aid be identified?

## Aid in humanitarian emergencies

Aid remains important in humanitarian emergencies. Humanitarian crises are becoming increasingly protracted, and in response to this, humanitarian aid has extended into longer-term food assistance and social protection measures. However, the architecture of humanitarian assistance remains focused on short-term interventions, rather than facilitating a transition to development and strategic national planning. Donors face significant blockages in linking their various forms of assistance. And despite a new focus on efficiency, accountability and value for money, they have not been able to adjust their approaches or structures to make the most efficient and effective use of the limited resources they have (Bennett, 2015).

Addressing protracted crises requires a fundamental rethinking of how aid is approached, adapting donor structures, practices and behaviours. Better ways of coordinating humanitarian and development assistance will need to be found so that short-term humanitarian activities can better support long-term development, and development interventions can work earlier and more flexibly in crisis contexts. Solutions might come from fully integrating development and humanitarian functions down to the country level and from further decentralising decision-making to country offices to facilitate joint planning and coordination. Most importantly, there needs to be sustainable financing and a mix of instruments that can respond to the range of needs experienced in protracted crises. This could be done by balancing bilateral aid with more substantial investment in multilateral global and country-based pooled funds, whether humanitarian, development or fragility-oriented, as their demonstrated advantages include donor coordination and harmonisation, the pooling of risk in insecure and fragile contexts, and channelling limited donor funds to areas of high vulnerability and need, irrespective of donor aid priorities (Bennett, 2015).

## Aid in fragile states

Growth in stable countries means that the remaining LICs will mainly be fragile and conflict-affected states. In projecting the International Development Association's (IDA) client base, Moss and Leo (2011) find that by 2025, half of countries will have graduated, and that remaining IDA-eligible countries will be overwhelmingly African,

with the majority fragile or post-conflict states. Reflecting the smaller number of LICs, the projected IDA allocations these countries would receive would be significantly higher. While these projections focus on IDA, similar results would be obtained if all ODA flows remained at their current levels and focused on LICs.

However, the priorities the World Development Report 2011 identifies for support in fragile states – security, justice and jobs – are arguably areas where disbursement of large volume of assistance are less relevant than for more traditionally funded areas such as infrastructure and basic social services. Arguably, in fragile states the limiting constraint is not finance, as in humanitarian contexts, but knowledge and approach.

If donors are to effectively support fragile states, they will need to ensure that pressures to disburse aid do not prevent them from working in more effective ways. The complexities and difficulties of operating in fragile states mean that the 'process' of learning, experimenting and scaling what works may be more important than trying to select the best projects *ex ante* (Blattman, 2014).

## Aid in middle-income countries

As aid will be a relatively small proportion of total public resources in MICs, it will need to be better targeted and better spent. Focusing on regions with lower per capita incomes, delivering projects focused on sectors that reach the poorest, and developing innovative approaches and partnerships to improve effectiveness, may all offer some scope at maintaining a niche in such countries (Kanbur, 2011).

Kharas et al. (2015) suggest that market-related public borrowing, especially through the Multilateral Development Banks, could address the need for resources in MICs. They document a 'missing middle', as total resources available to a country fall as it moves from low-income until it is well into middle-income status. Being a LIC is the main criterion for eligibility for grants and concessional loans under IDA, and this status also informs the allocation policies of many other agencies. However, as countries graduate, international assistance falls faster than tax revenues rise.

A further reason for expanding market-related borrowing is to address a potential trade-off between financing poverty reduction and spending on global public goods – for example, climate change mitigation in MICs (Kharas et al., 2015).

Some developing countries have expressed a preference for OECD Development Assistance Committee (DAC) donors to shift to a more enabling role, including providing

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‘more and better technical and policy advisory support’. This desire for a changed role has been most evident in MICs, who see ‘the provision of public policy support as the top purpose for DAC assistance in the future, even ahead of filling domestic financing gaps’ (Davies and Pickering, 2015).

Demand for technical assistance is thus increasing for issues as diverse as domestic revenue collection, building resilience, and withstanding global shocks. At the same time, providing more support through technical assistance is a logical response to the declining importance of aid in overall resources available to countries. However, technical assistance is not a panacea. Some have gone as far as to criticise it as one of the ‘least effective modalities for aid’ (Easterly and Pfitze, 2008).

In sum, donors face a ‘double dilemma’ (Sumner, 2014) of making aid smarter and more relevant in MICs, and finding ways to effectively support fragile states, bridging the humanitarian-development divide.

# Implications for the design of development agencies

If the challenge of foreign aid is to tailor it to the various contexts of long-term humanitarian crises, fragile states and MICs, the development agency of the future will need to create mechanisms to promote transnational boundary-spanning, nationally and internationally (see Box 1). How can development agencies champion the cause of global development while engaging effectively across government, and across territorial boundaries?

## Donor governance structures

There is a range of possible organisational design configurations for development agencies. The OECD DAC categorises its 28 member countries into four institutional models (OECD, 2009):

- Model 1: Development cooperation is integrated in the Ministry of Foreign Affairs that takes the lead and is responsible for policy and implementation. Example: Denmark.
- Model 2: Development cooperation is managed by a department or an agency within the Ministry of Foreign Affairs that leads and is responsible for policy and implementation. Example: Ireland.
- Model 3: A ministry has overall responsibility for policy and a separate executing agency is responsible for its implementation. Example: Sweden.
- Model 4: A ministry or agency (other than the Ministry of Foreign Affairs) is responsible for both policy and implementation. Example: UK.

These arrangements are not static, though they are often anchored in a country's political and administrative history. Governments tend to reform their structures to reflect major changes in strategic orientation and policy priorities, and often in response to decisions about the political salience of international development assistance. In the past few years, three members of the DAC dramatically changed their organisational structures for bilateral development cooperation policy and implementation.

Notwithstanding highly visible reforms, there has been little evidence to date to suggest that one specific governance structure trumps others in the delivery of more effective development assistance (Faure et al., 2015).

### Box 1: Transnational public administration and the future development agency

Transnational public administration (TPA) is a conceptual framework that can inform the design of the development agency of the future as it seeks to deal with a much wider range of countries, actors, issues and policies. It is first and foremost a reference to multilateral bureaucracies set up to advance, champion and manage global activities to solve global problems. However, TPA also refers to traditional national public administrative systems that are now more likely to be engaged in activities with global ramifications (Gulrajani, forthcoming). When national ministries of health are asked to put into place stringent quarantine measures for symptomatic returnees from Ebola-afflicted countries, and these domestic measures inform global control efforts, TPA is in operation. TPA is a product of globalisation infusing national policy objectives, resulting in national public administrations unable to pursue objectives single-handedly. In many cases, spheres of responsibility have widened while competencies remain constant (Warning, 2009). The challenge is to design structures, improve capacity and strengthen ways of working to match these growing, globalising agendas.

Irrespective of their historical legacies, organisational forms and domestic contexts, TPA is by definition **boundary spanning**, working across territorial, organisational and sectoral borders. Furthermore, the imperative of negotiating to create agreement and searching for solutions across boundaries puts a premium on collaborative ways of working (**collaborative management**). Himmelman (2002) distinguishes between informal networking at one end of the spectrum of collaborative management, to the formal sharing of risks and responsibilities for mutual benefit and common purpose at the other (Himmelman, 2002 cited in O'Flynn, 2014). But with this comes the need to develop inclusive **horizontal accountability systems** that can apportion responsibility across traditional boundaries.

TPA is also an adaptive response to demands for openness and transparency that accompany collaborative activity. Expectations of greater **citizen engagement** in national public policy-making and implementation processes put a premium on administrative systems that permit access to information and offer mechanisms for feedback and dialogue.

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While comparative case studies suggest that autonomous development ministries may have more leeway to protect the integrity of the development agenda in the face of countervailing national policy interests, this appears to be because this structure is complemented by organisational features such as senior cabinet representation, special Parliamentary committees devoted to development, and political prioritisation of development that can move past competing interests and foster the conditions for donor effectiveness (Gulrajani, 2014 and Gulrajani, 2010). This finding is also supported by Faure et al. (2015) who demonstrate that models 1 and 4 are associated with higher aid quantity and aid quality – results largely driven by Denmark, Norway and the UK, where there is high-level domestic commitment to the cause of aid and development. These studies all lend credence to the high-level policy advice stating that a shared structural foundation is no guarantee of high performance (OECD, 2009; House of Commons International Development Committee, 2015). But crucially, they also support evidence that the new global landscape demands from the development agency of the future a commitment to transcend conventional government and national boundaries and champion a holistic and pragmatic approach to global development policy-making and implementation.

## Achieving domestic policy coherence across government

Reducing global poverty is one of a number of competing objectives in a country's external policies. Other objectives – enhancing security or boosting national competitiveness – may take priority. For policy-makers seeking to balance the interests of diverse interest groups within and beyond their borders, the imperative of policy coherence may not be obvious. Even in cases of strong policy statements on coherence, systemic design hurdles prevent countries from fundamentally transforming their policies to make them consistent with development objectives.

The challenge is to ensure that a closer coordination of development, defence, trade and foreign policy goals leads to greater policy alignment with the overarching objective of a more stable and prosperous world, rather than the co-option of development policy in the service of these other interests. For example, whilst providing support for domestic companies to invest abroad can be consistent with both supporting domestic trading interests and promoting development, supporting domestic firms by maintaining trade barriers to products from developing countries is obviously not. Similarly, the domestic interests of the arms industry in the sales of arms to undemocratic regimes can encourage repression and instability overseas, in tension with developmental objectives.

This is not to say that development must hold the trump card always and everywhere. Policy trade-offs and compromises are a necessary part of the negotiation

process. But there is a need for development to stand a fair chance of holding its ground in relevant decision-making fora, and with the possibility of strong and credible representation. Owen Barder makes an analogy between the role of a development policy agency and a finance ministry. A finance or economics ministry has a legitimate role in scrutinising policies across government for their impact on sound public finances and economic productivity. A ministry responsible for development policy 'should have an analogous role working with other departments, to protect the long-term interest of [developed country] citizens in shared, sustainable global prosperity from short-term political or commercial expediency.' A development ministry will not come out on top of every policy issue that is debated with other agencies, but it does have 'an essential role collaborating with, and if necessary challenging, other government departments.'

The OECD has set out a series of lessons for making progress on policy coherence for development (OECD, 2009). Achieving this will be a long-term process, so countries need to develop wide grassroots support for aid and development in the media and among citizens if the commitment to policy coherence is to be sustained. This can be done by underlining the development impact of all spheres of national policy to both parliamentary representatives and the general public. Practically, there is need for coordination mechanisms that can ensure development interests are forcefully heard in policy debates and negotiations. This can be informal fora, the systematic screening of legislative proposals and the establishment of dedicated teams to promote policy coherence. However, ultimately there should be a formal mechanism at a sufficiently high level that involves ministries beyond development and foreign affairs for inter-agency coordination and policy arbitration.

Cross-government responsibility for development cooperation policy is a common approach to promoting coherence and addressing multiple objectives. But going beyond policy platitudes requires introducing boundary-spanning mechanisms that bite. The most recent OECD DAC peer review for Sweden concluded that thanks to the implementation of all three building blocks for policy coherence (i.e. policy statements, coordination mechanisms and reporting systems), Sweden has an effective whole-of-government approach that promotes a strong policy environment for development (OECD DAC 2013). Similarly, in the mid-1990s, the Netherlands chose a matrix management approach to redistribute responsibilities between ministries and enhance coordination between sector ministries and the Ministry of Foreign Affairs. This new organisational arrangement was supported by changes in the budget: 'All spending on international cooperation is funded by a consolidated 'homogeneous' budget coordinated by the Ministry of Foreign Affairs but tapped by all relevant government entities' (Netherlands Ministry

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of Foreign Affairs, 1995). Not only must coordination mechanisms hold water, they should also actively look beyond policies where mutual benefits are assured and seek to address inconsistencies and make difficult trade-offs. In the UK, policy coherence has been too focused on seeking out win-win opportunities where the UK national interest aligns with development priorities (OECD, 2014; House of Commons International Development Committee, 2015). This has translated into far less attention devoted to mitigating the threat that many British policies — on migration, global taxation, financial transparency, intellectual property rights and arms sales, to name but a few — pose to achieving global development.

### Resolving global collective action problems

As alluded to in the UK example above, progress on policy coherence does not always translate into a national policy environment that is conducive to global development. The challenge is for the development function within government to be a vocal proponent of a global perspective in sector-specific policy debates.

When lacking influence in bringing the global position to bear on national policy, development agencies may advance the cause of global collective action via greater collaboration with the multilateral agencies. The latter has the mandate to advocate global causes, and much less to lose politically in doing so. Development agencies may thus exploit international fora to drive domestic policy change and resolve global collective action problems to

which their own national administrations are contributing. Using international fora in this way offers a powerful way to work across national boundaries. For example, consider the UK's recent decision to become an inaugural member of the Asian Infrastructure Investment Bank, notwithstanding the Foreign and Commonwealth Office's much-publicised concerns regarding Anglo-American diplomatic relations (Anderlini, 2015). By championing the multilateral bank, Treasury officials advanced the commercial case that supported membership. Development agencies might have emulated the Treasury's strategy, advocating membership for the poverty benefits to be had from greater investment in Asian ports, dams, roads, bridges and railways and the potential geopolitical benefits of bringing China centrally into the multilateral development regime.

To some degree, bilateral development agencies are exploiting multilateral institutions where the latter are arguably less partisan and more effective arbitrators across the global commons (Girod, 2008; Steele, 2011). Earmarking multilateral funds ensure that multilaterals pursue policy objectives that are of interest to bilateral agencies, but perhaps domestically untenable as policy priorities. Such earmarked 'multi-bi' ODA allocations can advance domestically-driven aims of global policy, though it may also undermine the credibility of a sincere, non-partisan multilateral system as well as contribute to multilateral aid's geographic and sectoral fragmentation (Selbervik and Nygaard, 2006; OECD, 2012).

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# The development agency of the future: organisational directions

Which features and organisational apparatus make a development agency capable of addressing the ‘beyond aid’ agenda? Turning the development agency of the future into a high performing public administrative system capable of adapting to the ‘beyond aid’ agenda can take a number of organisational directions. Below, a non-exhaustive selection of possible features is identified.

## Mandate

Barder (2005) concludes after examining the UK set-up, ‘it is the mandate – rather than the structure – of development agencies that determines whether they are or can be effective in this “beyond aid” agenda.’

In the UK, the International Development Act, passed in 2002, clarified the purposes for which aid could be given: every development assistance project or programme must by law either further sustainable development or promote the welfare of people and be likely to contribute to the reduction of poverty. Nevertheless, the International Development Act applies specifically to the Department for International Development (DFID) and not to the whole government’s development assistance policy. DFID disbursed 88% of the UK’s ODA in 2012/13, with the remaining 12% covered by other government departments. Those departments are not covered by the 2002 Act and are under no obligation to align their spending with the objective of reducing poverty (Gavas et al., 2014).

In Sweden, the Parliament adopted a Policy for Global Development (PGD) in 2003. Ministries from all policy areas have a shared responsibility to implement the PGD and the Department for Development Policy within the Ministry of Foreign Affairs provides overall coordination.

The OECD’s 2009 review of DAC member practices highlighted as one of its key lessons the need for ‘a clear, top-level statement of the purpose of development cooperation, whether in legislation or another form, that has wide ownership and can remain relevant for a sufficient period’ (OECD, 2009). Similarly, Gulrajani (2014) finds that donor performance is improved when there is a robust political commitment to use development assistance for poverty reduction. A clear articulation of purpose that sets out clear mandates both across

government and between the policy and implementing structures can ensure that the development function in government is sufficiently strong to prevent subordination to foreign policy aims. This mandate need not be legislative but should be sufficiently institutionalised that it informs the activities and policies of all national entities. Meanwhile, a mandate that supports the development agency’s position within a ‘beyond aid’ agenda and its ability to work across government can also support success in boundary spanning.

## Cabinet level representation

A senior political figure championing the development agenda is one way of securing the political leadership that underwrites an effective development agency and development policy environment. As Faure et al. (2015) highlight, ministers can either be senior cabinet-rank or junior figures without cabinet status, and they can either be exclusively in charge of development or share the development portfolio alongside others. Donors with a cabinet-rank minister for development cooperation have higher volumes of aid and score higher on aid quality indicators than donors where the development portfolio is the responsibility of a junior minister.

In the UK context, the presence of a senior cabinet minister for international development brought real influence to the development agenda, giving development a media and political profile that allowed it to influence cross-government debates. DFID’s present position can be contrasted with the relatively weak position of USAID in this respect, with the Administrator of USAID ‘running a foreign assistance programme but excluded from most of the key decisions relevant to development outcomes’ (House of Commons International Development Committee, 2015). Nevertheless, cabinet-level representation is no panacea and cannot substitute for political leadership and commitment. To illustrate, from 1996 to 2013, a cabinet-rank Minister for International Development in Canada sat on both the Foreign Affairs and Defence Committee and the National Security Committee, even as the quality and credibility of Canadian aid languished both nationally and internationally. A

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conducive political context is necessary for the success of a cabinet-rank minister, if somewhat trickier to foster.

## Collaborative management

The boundary spanning work of development agencies demands capabilities to build and manage relationships. It involves integrating diverse insights, experiences and expertise from people within different organisations to find potential solutions to intractable policy problems (Ho, 2012). However, collaborative management is also more easily said than done, at best existing as simple networking characterised by informal relations where information is exchanged for mutual benefit and where there is limited trust and sharing of responsibility. Collaboration is a more significant phenomenon than coordination, where the latter provides only limited access to other's turf and the pursuit of mutual benefit (O'Flynn, 2014). Instead, what is required is an ability to share resources in pursuit of common purposes, a willingness to enhance capacity for mutual benefit and the sharing of risks and responsibilities.

Building and managing relationships within agencies, across governments and across multiple actors has certainly become increasingly important for development agencies. Yet the variety of challenges that need to be dealt with lead to a dilemma: should they develop their own policy capabilities across a range of issues, or should they be able to leverage this from other government agencies as well as other partners like NGOs and the private sector?

'Whole-of-government' frameworks and 'joined-up approaches' offer opportunities for collaboration, especially if accompanied by a supportive political contexts, appropriate frameworks of accountability and a shared vision of what is to be achieved. This might suggest a preference for avoiding the creation of silos and harnessing that of others. However, in areas where there is no shared vision, where incentives for collaboration do not exist and/or well-entrenched special interests prevent change, agencies may prefer to develop their in-house capacity. They will not be able to rely on the leading agency changing its mind or loaning policy staff to work on the issue, but instead will need to be able to fight their corner and articulate alternatives in the policy-making process.

## Skills and competencies

As the functions of development agencies evolve, so too must their delivery capabilities. There will be much greater emphasis on the softer skills of managing partnerships and brokering deals, albeit against a backdrop where professional autonomy is encouraged.

Officials will need to be entrepreneurial, understand what is politically feasible and discover smart ways to make headway (Wild et al., 2015). This is likely to be easier to achieve where more significant levels of

responsibility are devolved to those closest to the problems that can result in more appropriate policy, effective practical solutions and greater public accountability (Lipsky, 1980; Elmore, 1979). Evidence from the development field suggests that when significant levels of responsibility are devolved to country offices, greater aid effectiveness is fostered in fragile states (Honig, 2015). There is also evidence that discretion for aid officials, which is bound by a clear and unambiguous statement on the purpose of development, can improve donor performance (Gulrajani, 2014).

In pursuit of collaboration, development officials will also need to negotiate compromises and manage partnerships across government agencies (Faure, et al., 2013). For transnational challenges, diplomats can sometimes be more effective than project managers. For example, Atwood (2012) sets out the diplomatic processes leading to the agreement of the Busan Partnership for Effective Development Co-operation. The influencing and negotiation skills of foreign diplomats to manage multilateral negotiations were more critical than the project management or technical skills of a traditional aid worker. This perhaps shows an important strength of having development policy led by a foreign ministry, although this is not to say that diplomatic skills cannot be cultivated internally among technically competent development professionals.

Relying on foreign diplomats to advocate on development carries risks, including side-lining technical competence for more a more generic skill set. One alternative is suggested by Evans and Steven (2010), who propose that in order for the UK Foreign Office to develop a strategic external role where it would effectively lead the government response to global issues, at least half of its mid-level and senior headquarters policy staff should be seconded from other government departments.

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# Questions for discussion

The changing landscape of poverty is causing growing concerns about the role of foreign aid. At the same time, complex global issues are now considered central to development policy. Many of these issues have not historically been in the domain of a development agency.

The test of any government system is whether it can deal efficiently and effectively with the challenges it faces. As the development landscape continues to evolve, the system may find itself delivering aid in protracted humanitarian crises and in complex fragile and conflict situations, and helping to finance and broker the global deals that are necessary to provide global public goods. The development agency of the future will need to address the global development priorities of an increasingly complex and diverse environment:

- How can aid programmes remain relevant in a world where extreme poverty is focused in fragile states, where aid is declining in importance as revenue in most countries, and where the provision of global public goods is of increasing importance?
- Fragile and conflict affected states are a particular challenge. Where crises are protracted, how can agencies better address these? How can humanitarian and development assistance be better coordinated? How can short-term humanitarian activities better support long-term development and how can development interventions work earlier and more flexibly in crisis contexts? More fundamentally, how can development cooperation adapt to the different priorities in fragile states, and learn and scale what works?
- Development agencies also need to deliver on a range of policies ‘beyond aid’. What will make it more likely that closer coordination of development, defence, trade and foreign policy goals will lead to greater policy alignment for development, rather than the co-option of development policy for shorter-term security and commercial interests?

In addressing these challenges, development agencies will need to grapple with a range of organisational questions: how to generate strong political leadership and accountability, more coherent cross-government working and collaborative management, and more agile institutional capability and competencies in brokering deals and negotiating joint action:

- How can agencies obtain a mandate to work across government on a ‘beyond aid’ agenda? How can the

political priority needed to make progress on these issues, expressed in organisational features such as cabinet-level ministers responsible for development and specialised parliamentary committees, be generated?

- How can agencies engage effectively across government, and internationally, to promote a ‘beyond aid’ agenda? How can development agencies be vocal proponents of the development perspective within government across all relevant policy debates?
- How can development agencies build the capacities to work across this diverse range of issues? Should they develop their own policy capabilities across a range of issues, or should they be able to leverage this from other government agencies, NGOs and the private sector? How can agencies develop strengths in both diplomatic and negotiating skills and in technical development skills?
- In delivering these goals, how should countries and their development agencies work through multilateral agencies? Can working through the multilateral system more effectively promote development than attempting to drive policy change domestically?
- How can authority be effectively decentralised to country offices so that they can take decisions to facilitate country-level coordination and better respond to the circumstances on the ground? How can development and humanitarian functions be better integrated down to the country level?

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ISSN: 2052-7209

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