

Finding a place of one's own: development agency choices in a new landscape¹

Simon Maxwell

Summary

Development agencies face hard choices about their future priorities. The landscape is changing. Fewer countries qualify as low income, and more of those that do can be classified as fragile states, requiring different kinds of support. Global issues like climate change or trade play an ever more prominent role in development policy-making. 'Beyond Aid' or 'Policy Coherence for Development' have become catch-words. Further, there are more development actors, both public and private. How, then, should development agencies position themselves? What mandates, powers and competencies will be required? And how can individual agencies identify their comparative or competitive advantage?

1. Introduction: bridging research and policy

It is a great honour to be asked to commemorate David Hopper, and to do so at the University of Guelph and under the patronage of the IDRC. These three great Canadian institutions – and David Hopper can fairly be described as an institution – combine a commitment to human progress, a passion for research, and an unwavering engagement with real-world challenges.

This is evident at Guelph, whose work on development studies embraces disciplinary contributions across the spectrum, from epidemiology and engineering to economics and environmental science (and those are just the Es on the IDS label!). We know that multi-disciplinarity is hard. It requires sustained investment in communication and real effort in building cross-cutting epistemic communities. Multi-disciplinarity is, however, essential, if we are to tackle the great contemporary challenges, including those now highlighted by the adoption of the new global goals. We will come back to those.

Guelph is committed to praxis, linking research to action, and that is also the mandate of IDRC, which has long been a beacon for those of us who have lived our lives at the interface of research and policy. IDRC has funded work which has shaped the narrative of international development since it was founded in 1970; but it has also nurtured individuals, leaders and future leaders, often in difficult political environments, who have led turned ideas into practice. At least two past-Presidents, Keith Bezanson and Maureen O'Neil, have been – are -friends and mentors. Indeed, Keith was briefly my boss at the other IDS, in Sussex.

Research, research-into-policy, praxis – these are all words which can be used to describe David Hopper. His career was extraordinary, beginning (at least when he had finished breeding rats and playing with radios) as a field researcher in India, for a PhD at Cornell, then deeply engaged with agricultural development and the Green Revolution, working with both the Ford and Rockefeller Foundations, then IDRC, of course, then a long period at the

¹ Text of the 2016 Hopper Lecture, University of Guelph, Canada, 23 February 2016

World Bank in what some might describe as its glory days. I can strongly recommend the 80-page transcript of David Hopper's interview for the World Bank's oral history project, declassified in 2012². The great names of our profession, and of mid-twentieth century history, process through the account of his life: Theodore Schultz and A.T. Moser, Sir John Crawford and Robert McNamara, Jawaharlal Nehru and Indira Gandhi. The great debates are also there: how to balance economics and social development; how to overcome state failure and market failure; how to balance the environment and the demands of economic growth and poverty reduction; how to build multilateral institutions. All these are highly pertinent to the task of delivering the SDGs.

It is also worth saying, before moving on, that the work of Guelph, IDRC and David Hopper – and the values that all three embody - resonate strongly with my own experience in a think-tank environment. Our role models are Scheherazade, Paul Revere, Isambard Kingdom Brunel and Rasputin: respectively, the story-teller, the networker, the engineer and the political operator. Our challenge is to combine their skills.

2. The new landscape of development cooperation

(a) Development progress and the new global goals

The need to adopt new Sustainable Development Goals, or new global goals, might be taken to imply that we remain on an endless treadmill in tackling global poverty. That is not the case. Of course, much remains to be done. 800 million people live in absolute poverty. Over 160 million children are stunted by malnutrition. Maternal mortality still runs at over 200 women per hundred thousand live births. And 57 million children are out of school. This year's El Nino highlights the extreme vulnerability of the world's poorest, with over 10 million threatened by famine in Ethiopia. Over 60 million refugees and displaced people live in often deplorable conditions. Each of these numbers represents a human tragedy.

And yet, consider that

- the proportion of people living below the poverty line dropped from half in 1990 to only 14 per cent in 2015;
- 91 per cent of children now go to school;
- the under-five mortality rate has dropped by more than half;
- As has maternal mortality; and
- According to the World Bank, there are only 31 countries now on the Low Income Country list.

Overall, 'development' has been a success – driven by the people of developing countries themselves, by their Governments, and, to a limited extent, by aid.

In this context, the new global goals (Figure 1) offer ambitious targets to 'finish the job', especially with regard to poverty and human development indicators. The 'SDG-deficit' is especially large in sub-Saharan Africa. The global goals also, of course, do something else, which is to place environmental goals on similar pedestals, with equal prominence. Dealing

² http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/12/15/000442464_20141215121500/Rendered/PDF/931630TSCP0Hop00Box385395B00PUBLIC0.pdf

with climate change is especially important, and is prominent after Paris. There are, however, other important environmental goals, including with respect to air quality, oceans and biodiversity. In general, the new goals contain elements which relate to the 'Five-Ps', viz people, planet, prosperity, peace and partnership. They also apply to all countries, rich and poor, North and South.

It remains to be seen whether an agenda this complex and on this scale can be made to stick. There will certainly be difficult trade-offs and decisions about sequencing.

Figure 1
The new Global Goals



Source: <http://www.globalgoals.org/>

(b) Describing a new development agenda

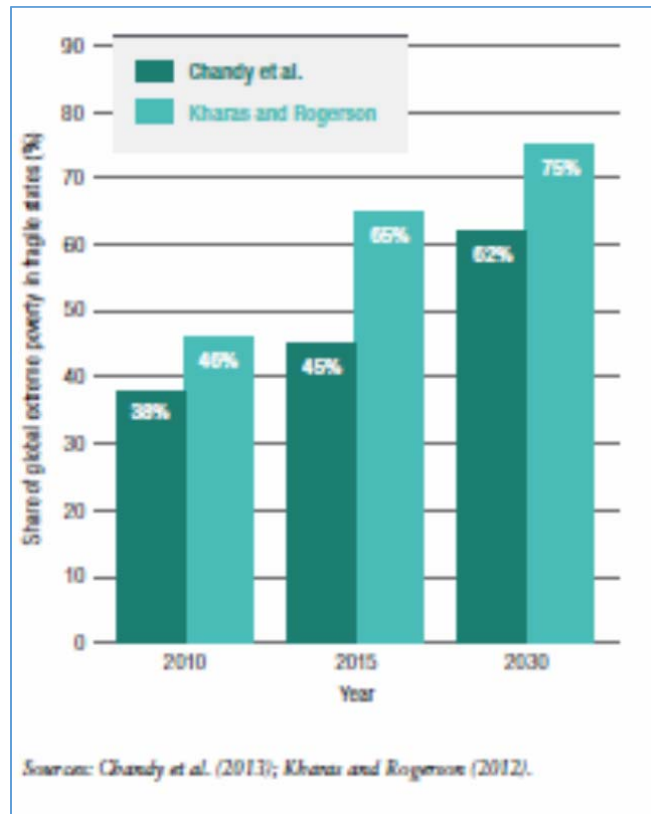
The combination of development progress and lack of in some areas, put together with a new set of global goals, reframes the development agenda in four ways.

First, it is true that much remains to be done to achieve zero poverty, but much of that is in middle income countries where the case for aid is harder to make than in poor countries, and where mostly aid is a much smaller share of GNI.

Second, most low income countries, which have fewer resources and less capacity to raise revenue domestically, are fragile states. 18/31 countries on the World Bank’s low income country list are also on the harmonised list of fragile states. Many of these countries (for example those in the Sahel, or Somalia, or South Sudan) need multiple interventions, often

including peace-making or peace-keeping – tools not immediately classified under the heading of ‘development cooperation’. Humanitarian aid becomes proportionately more important, especially in protracted crises. The proportion of poverty in fragile states is likely to rise, as various researchers have suggested: by 2030, two thirds to three quarters of extreme poverty could be concentrated in fragile states (Figure 2).

Figure 2
Concentration of poverty in fragile states

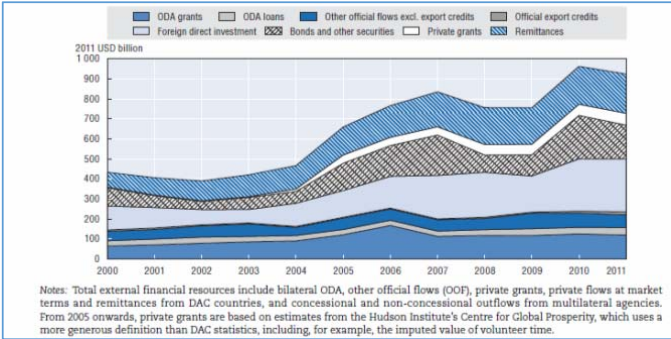


Source: <http://www.odi.org/publications/9462-financing-future-international-public-finance-should-fund-global-social-compact-eradicate-poverty#downloads>

Third, the emphasis on ‘partnership’ in the SDGs (building on the old Goal 8 of the MDG framework) is a reminder that progress in developing countries is intimately linked to a wide set of developed country policies. The specific targets cover: finance, technology, capacity-building, trade, policy coherence, and multi-stakeholder partnerships³. In fact, this is only a sub-set of the issues normally covered by the Beyond Aid agenda. Figure 4 shows the topics raised by evidence to a UK House of Commons Select Committee Enquiry into the subject in 2015. Tax, corruption, human rights conditionality, and the private sector all figured prominently.

³ <https://sustainabledevelopment.un.org/sdg17>

The relative weight of oda in external financing to developing countries, 2000-2011

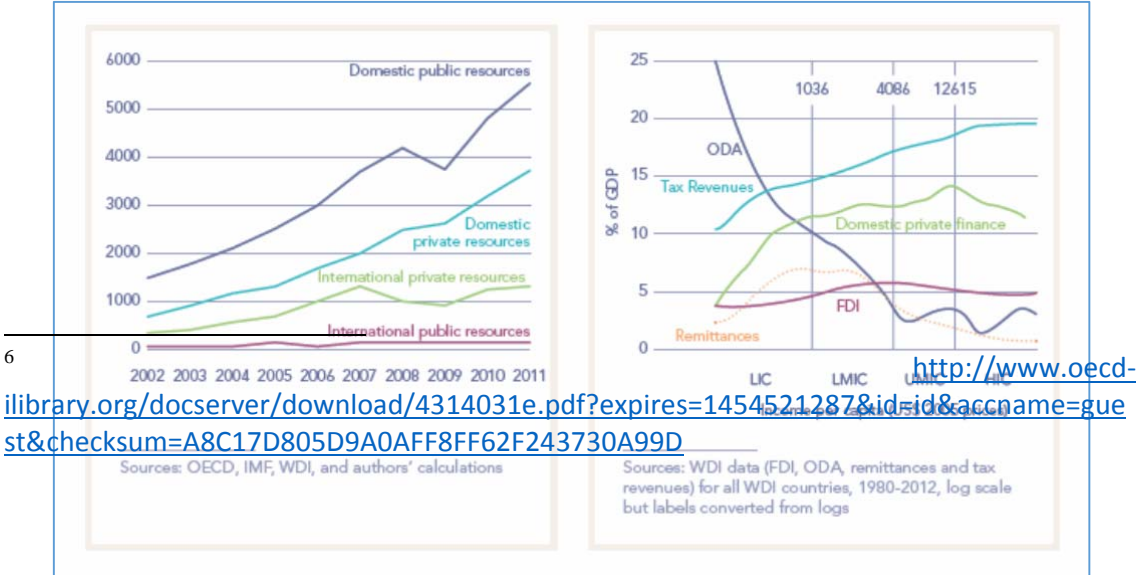


Source: <http://www.oecd-ilibrary.org/docserver/download/4314031e.pdf?expires=1454521287&id=id&accname=guest&checksum=A8C17D805D9A0AFF8FF62F243730A99D>

Of course, the position is not even across income groups. Figures from the European Report on Development for 2015 confirm the change in the balance of resources, but also show that low income countries in particular remain dependent on oda (Figure 6). Nevertheless, the Chair of the DAC, Erik Solheim, was surely right to observe that

‘There is plenty of money in the world that could be used for development. Just stopping the enormous sums illegally flowing out of developing countries could provide billions of dollars for poverty reduction. Redirecting fossil fuel subsidies to renewable sources of energy would reduce the pace of climate change and more than double investments in green energy. Every child would be enrolled in school and teachers celebrated as heroes if peace entrepreneurs were able to mobilise as much money as war entrepreneurs. Money can be allocated and used much more effectively if we choose to do so.’⁶

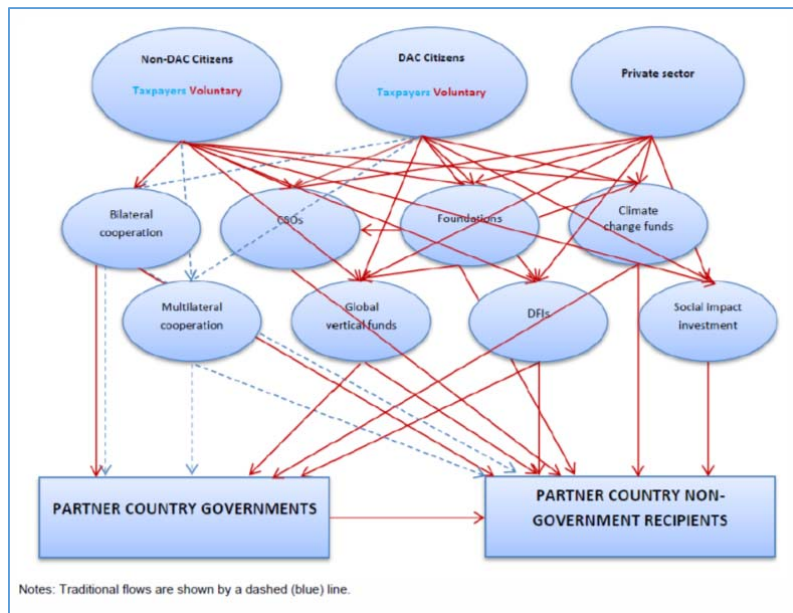
Figure 6
Trends in finance (\$Bn 2011 prices) and Financial flows (%GDP) by income level



Source: <http://ecdpm.org/wp-content/uploads/2015-European-Report-on-Development-English.pdf>

The second trend is the proliferation and diversification of aid donors. ODI have captured this in their work on the Age of Choice⁷, identifying the range of different channels (Figure 7), but also the growth in the relative importance of non-traditional donors, global funds, climate finance, and philanthropic assistance (Figure 8). The growth of climate finance illustrates the way in which global negotiations have influenced financial flows.

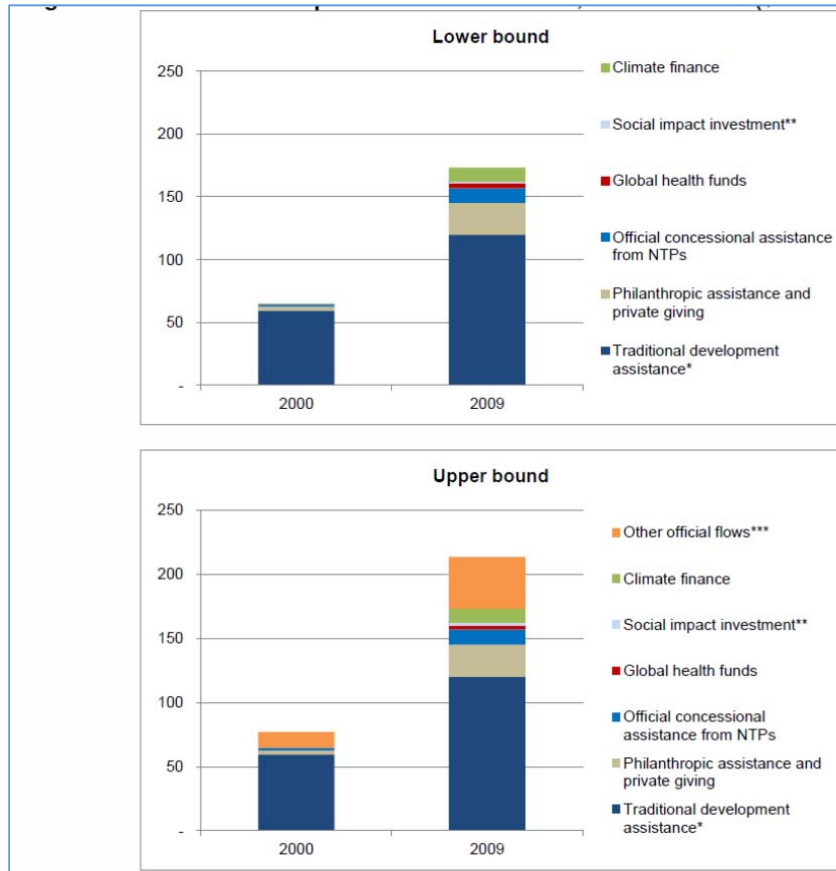
Figure 7
Mapping traditional and non-traditional development assistance flows



Source: <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8188.pdf>

Figure 8
Trends in development assistance flows, 2000 and 2009 (\$Bn)

⁷ <http://www.odi.org/publications/7163-age-choice-developing-countries-new-aid-landscape>



Source: <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8188.pdf>

(d) The future of development cooperation

To summarise, the adoption of the SDGs illustrates the importance of a new development agenda, which will have to be tackled in a greater variety of settings, with a multiplicity of instruments, and in a more complex financial environment. All this will change development cooperation. We might imagine that a comparison of past and future development cooperation will be as in Figure 9: less emphasis on traditional aid to stable, low income countries, and much more emphasis on deploying a range of Beyond Aid measures, including in crisis situations, but also in middle income countries. Importantly, this will require close coordination across ministries and probably also, given the importance of global public goods, a greater emphasis on multilateralism.

Figure 9

Implications for the future of development cooperation

Less?	More?
Poverty	Global public goods
Stable low-income countries	Fragile states
Official Development Assistance	Beyond aid
Separate aid funds	Integration of relief and development
Single ministries	Whole of Government
Bilateral	Multilateral
Government-to-Government	PPPs and civil society partnerships

21

At ODI, this analysis has given life to a programme of work on Future Development Agencies⁸. We concluded that

‘The test of any government system is whether it can deal efficiently and effectively with the challenges it faces. In this case, the system needs to deliver aid at country level, integrate the instruments of foreign policy in complex political emergencies, and help broker the global deals that are necessary to provide global public goods.

There are many different models of organisation and path dependency is an important determinant of institutional design. Nevertheless, there are core principles at stake.

First, both national interest and development coherence require that a joined-up approach be in place.

Second, these approaches need to be articulated, possibly in the form of national strategies.

Third, different instruments need to be integrated, but without sacrificing the special characteristics of each. In particular, the principles of humanitarian aid, including impartiality, must be protected.

Fourth, there needs to be strong leadership from the centre, to prevent inter-institutional conflict.

Fifth, the necessary skills need to be in place, both at country level and internationally.

⁸ <http://www.odi.org/programmes/aid-public-expenditure/future-development-agencies>

Sixth, there needs to be constant assessment of performance, including through monitoring and evaluation.'

The next section builds on these points.

3. Finding a place of one's own

(a) Responding to a new agenda

The so-called 'international community' is grappling day by day in different ways with the challenge of delivering a new agenda; for example, at the London Conference on Syria (migration and refugees)⁹, at the OECD/DAC High Level Meeting (definitions of oda)¹⁰, at meetings of the UNFCCC (climate finance)¹¹, and at the Humanitarian Summit (funding protracted crises)¹².

Individual donors are also responding. A case in point is the UK, which published a new aid strategy in November 2015¹³. The overall framing is that a re-think is required because global issues are more prominent than previously, and these affect both the development prospects of poor people, and the prosperity and safety of the UK. In the words of the Preface

'our aid budget will be restructured to ensure that it is spent on tackling the great global challenges – from the root causes of mass migration and disease, to the threat of terrorism and global climate change – all of which also directly threaten British interests.'

Four new strategic priorities are identified, viz

- Strengthening global peace, security and governance: the government will invest more to tackle the causes of instability, insecurity and conflict, and to tackle crime and corruption.
- Strengthening resilience and response to crises: this includes more support for ongoing crises including that in Syria and other countries in the Middle East and North Africa region, more science and technology spend on global public health risks such as antimicrobial resistance, and support for efforts to mitigate and adapt to climate change.
- Promoting global prosperity: the government will use Official Development Assistance (ODA) to promote economic development and prosperity in the developing world, including in Middle Income Countries.

⁹ <https://www.supportingsyria2016.com/>

¹⁰ <http://www.oecd.org/dac/dac-hlm.htm>

¹¹ <http://newsroom.unfccc.int/>

¹² <https://www.worldhumanitariansummit.org/>

¹³

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/478834/ODA_strategy_final_web_0905.pdf

- Tackling extreme poverty and helping the world's most vulnerable.

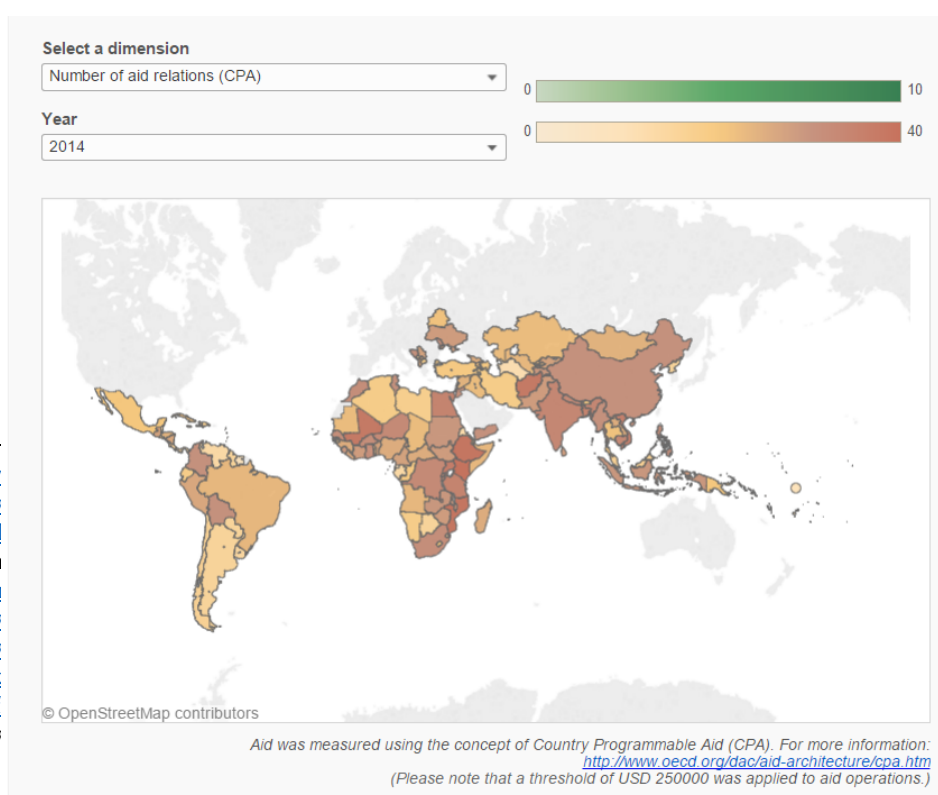
The document promises a 'geographic re-focus', with more funding to fragile and conflict-affected states, including Syria and other countries in the Middle East and North Africa. A cross-Government approach is promised, with 'more aid administered by other Government Departments'. Many specific funding announcements are also made, for example a new, £1.3bn Prosperity Fund, managed by the Foreign and Commonwealth Office¹⁴, and an expanded Conflict, Security and Stability Fund, managed by the National Security Council¹⁵. Further decisions will follow when outstanding reviews are completed, including Bilateral and Multilateral Aid Reviews, and a Civil Society Review.

Other donors are engaged in similar reviews¹⁶, but a question arises about how the various pieces of the jigsaw fit together. At the end of this process, will every donor look the same? Will all be pursuing the same countries, programmes and spending opportunities?

(b) From coordination and division of labour to comparative or competitive advantage

A first answer to this is to hope that they will coordinate, following the aid effectiveness principles agreed by the DAC in Paris in 2005¹⁷, and subsequently reaffirmed in Accra, and Busan¹⁸. In Europe, initial steps have been taken in the direction of joint programming¹⁹. More widely, there are initiatives underway at the DAC on 'division of labour'²⁰, including the vexed question of how to rebalance aid between 'aid orphans' and 'aid darlings' (Figure 10).

Figure 10
N^o of aid relations



¹⁴ <https://www.gov.uk/government/news/foreign-secretary-announces-new-prosperity-fund>
¹⁵ <http://www.nsc.gov.uk/news/expanded-conflict-security-and-stability-fund>
¹⁶ For example, see the <http://www.ec.europa.eu/europe-aid/2014/04/2014-04-20-ec-announces-new-approach-to-aid>
¹⁷ <http://www.oecd.org/dac/aid-architecture/cpa.htm>
¹⁸ <http://www.oecd.org/dac/aid-architecture/cpa.htm>
¹⁹ <http://ec.europa.eu/europe-aid/2014/04/2014-04-20-ec-announces-new-approach-to-aid>
²⁰ <http://www.oecd.org/dac/aid-architecture/cpa.htm>

Source: <http://www.oecd.org/dac/aid-architecture/fragmentation-orphans.htm>

An alternative way to think about the problem is to approach it via the lens of comparative advantage, or, in Michael Porter's vocabulary, 'competitive advantage'²¹. This focuses attention on the resources and capabilities of an entity, which can be intrinsic, but can also be built over time²². There are many lists, from different fields, of the factors that contribute to competitive advantage. For example, Figure 11 illustrates the resource and capability factors that might apply in a private sector enterprise; and Figure 11 shows the country-level framework used by the World Economic Forum in developing its Competitiveness Index. Note especially the importance in these frameworks of flexibility and the capacity to innovate. These are characteristics much-prized in development thinking, for example in work on complexity theory²³.

Figure 11
Sources of competitive advantage

<p>Resources and Capabilities</p> <p>According to the resource-based view, in order to develop a competitive advantage the firm must have resources and capabilities that are superior to those of its competitors. Without this superiority, the competitors simply could replicate what the firm was doing and any advantage quickly would disappear.</p> <p>Resources are the firm-specific assets useful for creating a cost or differentiation advantage and that few competitors can acquire easily. The following are some examples of such resources:</p> <ul style="list-style-type: none">• Patents and trademarks• Proprietary know-how• Installed customer base• Reputation of the firm• Brand equity <p>Capabilities refer to the firm's ability to utilize its resources effectively. An example of a capability is the ability to bring a product to market faster than competitors. Such capabilities are embedded in the routines of the organization and are not easily documented as procedures and thus are difficult for competitors to replicate.</p> <p>The firm's resources and capabilities together form its distinctive competencies. These competencies enable innovation, efficiency, quality, and customer responsiveness, all of which can be leveraged to create a cost advantage or a differentiation advantage.</p>	<p>ent Policy Review: 287823- alingam.html</p>
---	--

²¹ <http://www.hi>

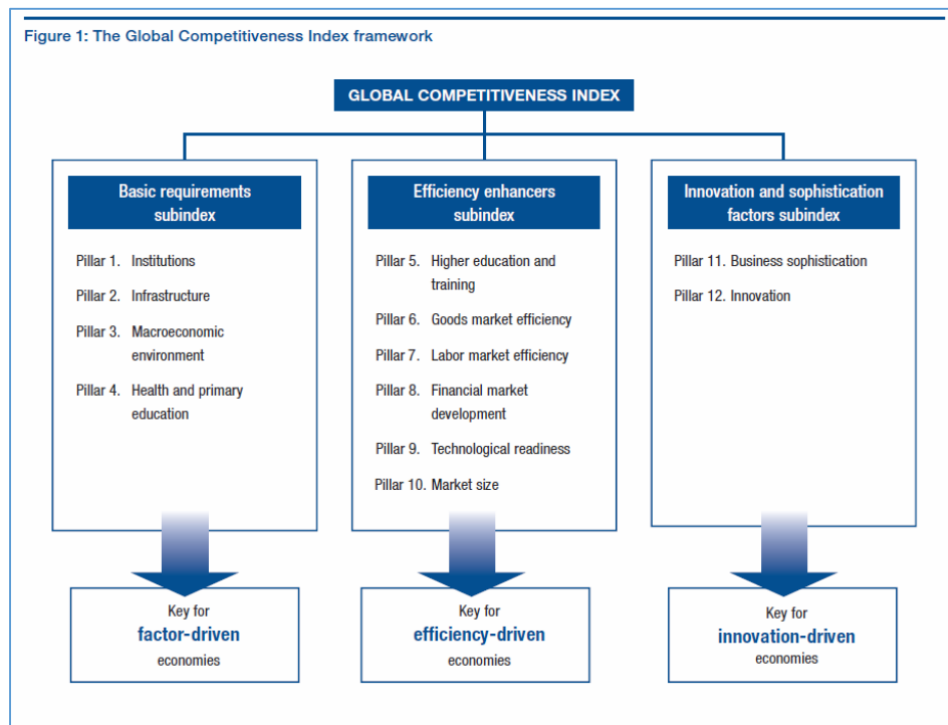
²² On this, see th
<http://siteresour>
1256848879189

²³ <http://www.si>

Source: <http://www.quickmba.com/strategy/competitive-advantage/>

Figure 12

The Global Competitiveness Index Framework



Source: http://www3.weforum.org/docs/gcr/2015-2016/Global_Competitiveness_Report_2015-2016.pdf

How might these ideas be applied to development cooperation agencies? Each has a history, an acquired sectoral expertise and legitimacy, a geographical infrastructure, a set of current staff capabilities, and an ongoing programme. Each is enmeshed in a web of international relationships and commitments. Each plays by different internal rules relating to mandates and budgets. Each is embedded in an economic, political and social context. Each is accountable to public opinion at home, and engages with a different set of civil society actors (including development NGOs). Each has a different leadership with different ideas about what matters in development, and a different appetite for change. A SWOT analysis is a good way to start²⁴.

²⁴ For an application to DFID, see <http://www.simonmaxwell.eu/blog/finding-a-niche-for-dfid-in-the-sdgs.html>

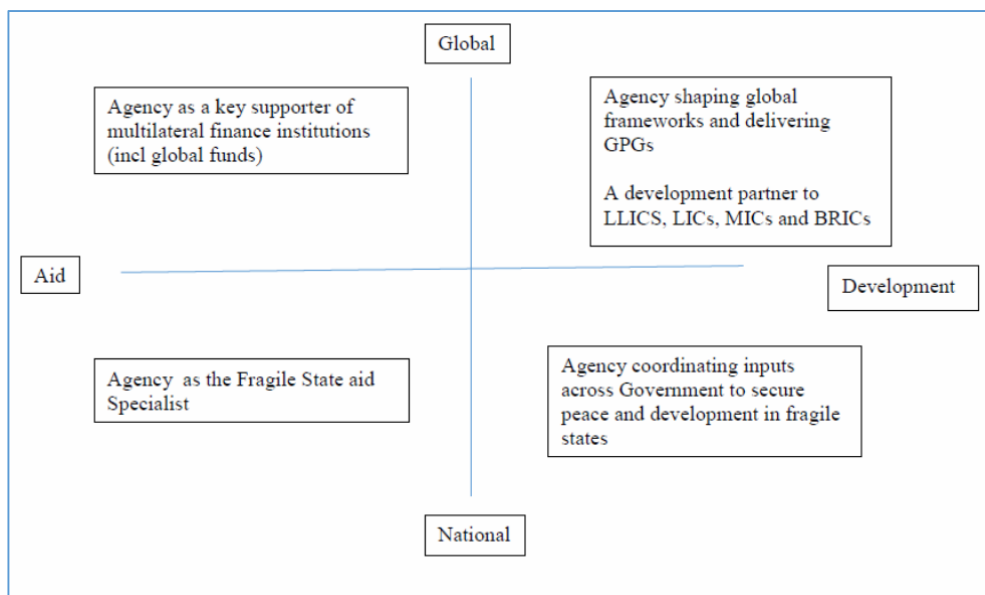
None of these factors is immutable, but it is possible to imagine all of them shaping the way development cooperation agencies respond to the new agenda. For most agencies, it is probably sensible not to try to do everything. It is helpful to distinguish between the ‘must do’, the ‘might do’ and the ‘could do’²⁵.

Options include being (or some combination of being):

- Principally a broad bilateral aid donor, with multilateral contributions handled elsewhere in Government and wider issues not especially high on the agenda;
- Principally a bilateral aid donor, with a very specific geographical or sectoral focus;
- Principally a bilateral aid donor, working mainly through NGOs;
- An all-encompassing aid donor, covering both bilateral and multilateral aspects (and including humanitarian);
- A development actor, responsible for all aspects of development cooperation policy.

One way to represent the choices is in a scenario-planning matrix, as in Figure 13. The two key dimensions are global versus national and aid versus development. This gives four options with key differences in relation to the multilateral orientation of the agency and the balance between aid and non-aid engagement²⁶. Many agencies will be present in all four boxes, but will make choices at the margin.

Figure 13



²⁵ For an application to the priority-setting of the European External Action Service, see <http://www.simonmaxwell.eu/blog/what-should-be-the-priorities-for-the-new-eu-security-strategy.html>.

²⁶ There are other ways to cut the cake. For example, Dan Honig has researched the need for autonomy in highly complex delivery environments. See: <http://scholar.harvard.edu/dhonig/home>

(c) The building blocks of change

Indeed, Governments have to make choices about future development policy, best expressed in a White Paper or similar. Beyond that, issues arise in relation to (a) legislation, (b) cross-Government mandate and institutions, (c) organisational structure, (d) staffing and competences, and (e) accountability. For example:

- Should there be a governing law, setting out the objectives of development cooperation?
- Does the development agency need special authority and procedures to engage in non-aid issues?
- Should there be a unified development budget, including bilateral and multilateral, development and humanitarian, handled by a single agency?
- Does the development agency need non-aid specialists?
- Should parliamentary accountability be managed by a single committee, responsible for all aspects of development policy, including these relating to e.g. trade, climate change and security?

All these questions are much-debated in development circles. In the UK, for example, the House of Commons International Development Select Committee touched on all of them in an important 2015 review of 'The Future of Development Cooperation'²⁷. It asked whether DFID should continue to exist, or be merged into the Foreign and Commonwealth Office. It examined the role of the National Security Council. And it looked at the accountability framework, including the remit of the Independent Commission on Aid Impact²⁸.

As the Committee found, there are many different organisational models. See, for example, Figure 14, which describes the organisational set up in different agencies. The Committee was advised, however, that the fine detail of organisational structure was less determining of outcomes than the overall intent. Nilima Gulrajani observed that

'It is widely assumed that the functional task of managing aid and non-aid policies is better achieved within a single organisational unit [...] (However) there are a number of reasons to be sceptical about the narrative of policy coherence requiring and benefitting from a merger of aid and development functions into a ministry of foreign affairs.'²⁹

The OECD DAC concurred. It said that 'looking across our reviews, it is clear that it is not the institutional organisation so much as the inherent capabilities that make the difference in effective development co-operation'³⁰. On the other hand, Annalisa Prizzon has found a strong correlation between high level leadership, high oda levels and effectiveness³¹.

²⁷ <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmintdev/663/663.pdf>

²⁸ <http://icai.independent.gov.uk/>

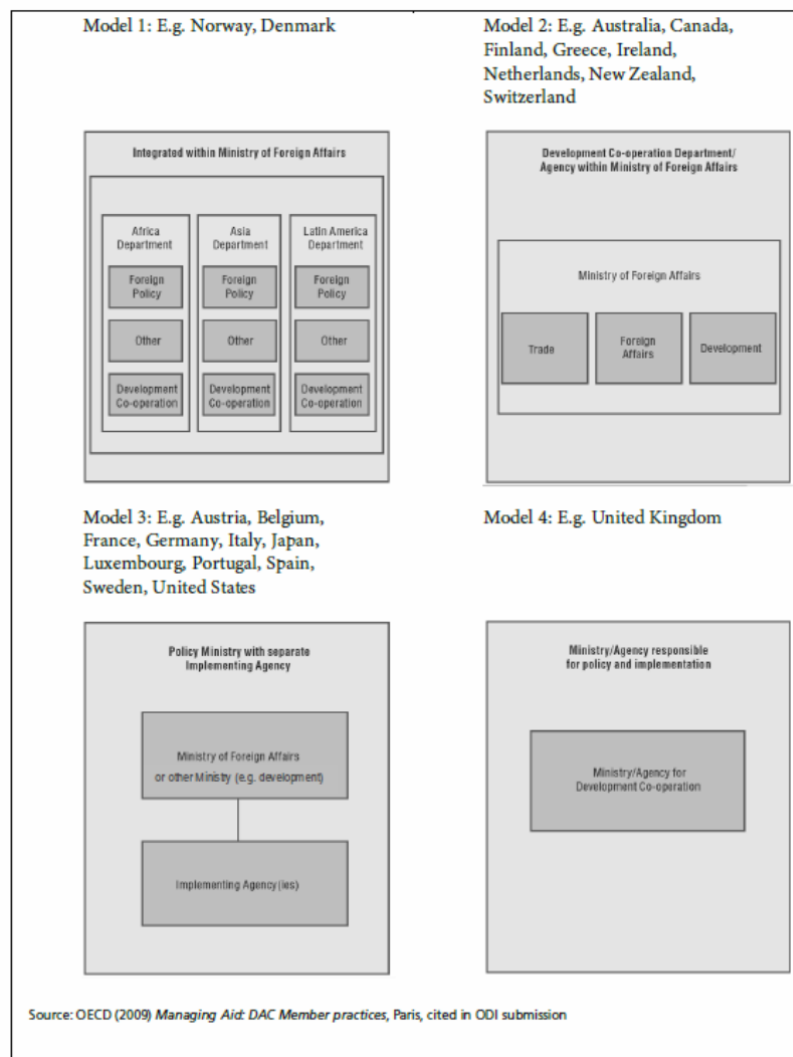
²⁹ <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmintdev/663/663.pdf>

³⁰ Ibid.

³¹ <http://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9611.pdf>

On reflection, my own view is that, to avoid back-sliding, there is a strong case to be made for: an overarching Act of Parliament, which specifies the objectives of all development cooperation, including all aid and all related policies; a single agency with the right competences and control over a unified budget; a set of procedures across Government, including ex-ante impact assessments; and a single framework for cross-Government accountability, either to a National Audit Office, or to an independent body like the Independent Commission on Aid Impact, both working in tandem with a parliamentary committee.

Figure 14
Models of donor governance



Source: <http://www.publications.parliament.uk/pa/cm201415/cmselect/cmintdev/663/663.pdf>

4. Conclusion

I have been careful in this lecture not to talk about Canada, or to explore the implications of the argument for Canadian development cooperation. I know my place!

Let me end, however, by mentioning some of the attributes of Canadian development cooperation that I have long admired, and which seem to me to form the core of your comparative, even competitive, advantage.

First, a long-standing and deep internationalism, expressed in friendships and alliances (including the Commonwealth) and reflected in the contributions Canada has made to the design and delivery of collective action through the United Nations.

Second, strong civil society, including an especially rich ecology of universities, think-tanks and NGOs working in development. I would like to acknowledge especially the work of my friends at the North-South Institute.

Third, intellectual leadership on many topics, including the Responsibility to Protect, conflict resolution, the environment, global economic governance, work on health and nutrition, food security, results frameworks for international development, and many other topics.

Fourth, the personal leadership of individuals like Lester Pearson, Maurice Strong, Gerry Helleiner, Paul Martin, and others mentioned at the beginning of the lecture – including, of course, David Hopper. CIDA's commitment to gender equality has always been an inspiration.

