

What Does It Mean for Agencies to Be Effective in a Changing Development Landscape?

RACHAEL CALLEJA · SARA CASADEVALL BELLÉS · BEATA CICHOCKA

Abstract

For official bilateral development agencies, the realities of providing effective development cooperation are increasingly complex, as competing demands and changing international and domestic contexts are raising fundamental questions around what it means to be an effective agency. This paper explores the concept of *agency effectiveness* to demonstrate why agencies – and their leadership – should consider how their structures and processes interact with the changing landscape as part of their efforts to remain relevant and resilient. To do so, we consider how the current challenges facing agencies – including the need to respond to climate change, global instability, and changing domestic political environments – affect *why* agencies act, *what* they do, and *how* they do it. We then explore dominant understandings of agency effectiveness, which provide a lens for thinking about what it may mean for agencies to be effective in the years ahead. Overall, we suggest that the challenges facing development agencies in the changing landscape raise key issues for agencies to consider, particularly around what they prioritise, how they are structured, and the capabilities or ways of working needed to respond to complex demands. While there is unlikely to be a single approach for agencies looking to adapt to changing contexts, considering the implications of new – and future – pressures for the work of development agencies will be a necessary first step towards supporting their resilience and relevance in the years ahead.

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Introduction

For development agencies, the realities of providing effective cooperation in the current development landscape are increasingly complex. Driven by a combination of pressures to respond to global challenges like climate change, pandemics, and conflicts alongside country-focused action, as well as domestic pressures to use part of (and in many cases, declining) official development assistance (ODA) resources to promote providers' national interests, agencies now face an expanding array of objectives to which they are expected to respond.¹ These multiple pressures not only raise questions about on *what*, *where*, and *how* to spend limited development resources to effectively meet competing demands, but also highlight more fundamental questions around what it means for agencies to be effective and what they are expected to achieve in today's shifting landscape.

This paper is the first of a three-part series that explores the implications of the changing development landscape for the effectiveness of development agencies. This series starts from the understanding that the changing goals or purposes that agencies now seek to pursue will likely require them to develop new strategic, operational, and (potentially) structural approaches to deliver on shifting demands. This logic builds from long-held theories of organisational effectiveness, which posit that shifting goals often require fresh structures or approaches to maximise efficient and effective action in alignment with changed priorities.² As a result, our focus is on the agency-level factors that play a critical role in mediating and informing the effectiveness of development programming – sometimes called agency or donor effectiveness³ – and that will need to adapt to ensure that agencies remain resilient and fit for meeting complex development purposes.

We aim to explore and frame the concept of agency effectiveness to demonstrate why agencies – and their leadership – should consider how their structures and processes interact with the changing landscape as part of their efforts to remain relevant. To do so, we begin by briefly defining agency effectiveness and identifying why it matters to overall development outcomes. We then explore major pressures facing development agencies in the current landscape, highlighting how shifting demands are affecting the purposes agencies are called to pursue, where and on what they engage, and how they operate to achieve shifting aims. The next section explores five key understandings of agency effectiveness that have emerged over time, providing a basis for understanding dominant interpretations of how effective agency practice has typically been understood. We then highlight open questions about the implications of current complexity and uncertainty for the future

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- 1 Rachael Calleja and Beata Cichocka, "Development Effectiveness in the 'New Normal': What Do the Changing Roles and Purposes of ODA Mean for the Effectiveness Agenda?," CGD Policy Paper 225 (London: Center for Global Development, 2022), <https://www.cgdev.org/sites/default/files/development-effectiveness-new-normal-what-do-changing-roles-and-purposes-oda-mean.pdf>.
 - 2 Robert H. Hall, "Effectiveness Theory and Organizational Effectiveness," *Journal of Applied Behavioral Science* 16, no. 4 (1980): 536–545, <https://doi.org/10.1177/002188638001600408>.
 - 3 Nilima Gulrajani, "Organising for Donor Effectiveness: An Analytical Framework for Improving Aid Effectiveness," *Development Policy Review* 32, no. 1 (2014): 89–112, <https://doi.org/10.1111/dpr.12045>.

of development agencies and, critically, the effectiveness of their ongoing cooperation, before closing with short overarching conclusions.

A note on terminology and scope

Throughout this paper, we refer to *development agencies* as the primary official actor, or combination of actors, responsible for setting development cooperation policy and implementing development programmes on behalf of provider governments. This means that the scope of our analysis is limited to official bilateral development agencies and, specifically, those that are members of the OECD Development Assistance Committee (DAC). We limit our analysis to DAC member agencies, which include 31 countries plus the European Union, on the understanding that DAC members subscribe to a series of shared norms and standards on development cooperation, including the types of cooperation they provide (i.e., grants and concessional loans) and what makes for effective practice. While DAC members differ in size, priorities, and structure, they share similar guiding principles that make them more directly comparable than other types of development agencies, such as development finance institutes, multilateral agencies, or bilateral agencies from non-DAC countries.⁴

As there is no single model for how governments organise responsibility for development programmes, the term *development agencies* denotes the full spectrum of configurations adopted by OECD-DAC providers, regardless of whether development cooperation is managed via the foreign ministry, using a separate implementing agency, or by a dedicated development department.⁵ However, this term does not include other government departments, such as line ministries, which may spend development resources but are not considered part of the primary development architecture.

While our focus is on development agencies, we acknowledge that development agency-related purposes, priorities, and actions are often informed and constrained by the political context in which they exist. This means that development agencies do not typically have full autonomy over key factors that may influence their operations and effectiveness, such as strategic priorities or their location within broader government systems and are subject to system-wide dynamics that influence their scope for action. As a result, we view development agencies – and their

4 Indeed, while our prior research showed that there are currently at least 54 non-DAC countries with institutions for allocating development cooperation, substantive differences in the types of cooperation such countries provide (e.g., South-South Cooperation, which is driven by its own principles that differ from ODA), as well as the norms that drive their engagement, mean that the factors informing development agency effectiveness may differ. See Rachael Calleja, Beata Cichocka, and Sara Casadevall Bellés, “How Do Non-DAC Actors Cooperate on Development?,” CGD Policy Paper 294 (London: Center for Global Development, 2023).

5 For more on the range of organisational models used by provider governments, see: OECD, *Managing Aid: Practices of DAC Member Countries* (Paris: OECD Publishing, 2009); Nilima Gulrajani, “Merging Development Agencies,” Briefing Paper (London: Overseas Development Institute, 2018); Ranil Dissanayake and Rachael Calleja, “What Could the UK’s Future Development Structure Look Like?,” CGD Policy Paper 319 (London: Center for Global Development, 2024), <https://www.cgdev.org/publication/what-could-uks-future-development-structure-look>.

effectiveness – as connected to the broader development management system, where their scope for future reform will necessarily be tempered by their governments’ political preferences and realities.

What is agency effectiveness, and why does it matter?

Agency effectiveness can be understood as related to but distinct from the broader concept of development effectiveness.⁶ While development effectiveness generally refers to the outcomes achieved through activities or policies designed to support development regardless of the type of finance provided (including public and private finance, as well as the development impact of adjacent policy areas such as trade or taxation),⁷ agency effectiveness is a subset that focuses on the provider-level tools, structures, and management practices mediating how agencies behave, and that impacts the ability of agencies to achieve desired results.⁸ From this perspective, agency effectiveness can serve as an input to development effectiveness to the degree that certain bureaucratic structures or practices can better enable the achievement of development outcomes.

The logic around agency effectiveness suggests that the internal features of development agencies, including how they are structured, managed, resourced, and operated, influence their ability to achieve effective outcomes or desired goals.⁹ In other words, agency-level factors are part of the enabling environment that can either support or undermine overall performance.¹⁰ The understanding that provider-level factors can influence performance outcomes is not new, linking to basic organisational theories that consider agency efficiency and effectiveness as derived from structural design and management processes.¹¹ From this perspective, agencies can be made more effective at achieving any given goal through ensuring that internal and external design features are tailored to their organisational constraints (i.e., size, external environment, etc.) and created to match key objectives.¹²

The diversity in both the goals pursued by development agencies and their unique organisational contexts means that it is difficult to identify a single type of operating model associated with

6 Janus Heiner, Paul Marschall, and Hannes Olher, “Bridging the Gaps: An Integrated Approach to Assessing Aid Effectiveness,” IDOS Briefing Paper (Bonn: German Institute of Development and Sustainability, 2020), https://www.idos-research.de/uploads/media/BP__12.2020.pdf.

7 Eric Pichon, “Understanding Development Effectiveness: Concepts, Players and Tools,” (Brussels: European Parliamentary Research Service, 2020), [https://www.europarl.europa.eu/RegData/etudes/BRIE/2017/599401/EPRS_BRI\(2017\)599401_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2017/599401/EPRS_BRI(2017)599401_EN.pdf).

8 Gulrajani, “Organising for Donor Effectiveness.”

9 Albert O. Hirschman, *Development Projects Observed* (Washington, DC: Brookings Institution, 1967); J.H. Schulthes, “The Effectiveness of Aid as a Problem of Bureaucratic Management,” in *Poverty, Development and Food*, edited by Edward Clay and John Shaw (London: Palgrave Macmillan, 1987), https://doi.org/10.1007/978-1-349-09214-7_11; Dennis A. Rondinelli, *Development Projects as Policy Experiments: An Adaptive Approach to Development Administration* (London: Routledge, 1989).

10 Gulrajani, “Organising for Donor Effectiveness.”

11 Lex Donaldson, *The Contingency Theory of Organizations*, Foundations for Organizational Science (Thousand Oaks, CA: SAGE Publications, 2001), <https://doi.org/10.4135/9781452229249>.

12 Donaldson, *The Contingency Theory of Organizations*.

better outcomes. Indeed, organisational theories have long noted that differences in basic factors including size, political context, and bureaucratic history or culture inform the types of structures or practices deemed most efficient in specific contexts (i.e., smaller agencies with limited staff or budget will operate more effectively through different processes and structures than larger counterparts).¹³ This means that the approaches, capacities, structures, or ways of working that are most effective in Germany, for instance, may not be effective in Australia or South Korea, and vice versa. At the same time, evidence that agencies often view effectiveness from the “supply side, in terms of the effectiveness of their own policies and programmes or how well they are achieving stated organisational objectives and goals,”¹⁴ further prevents singular understandings of effective practice given that different organisational goals will likely be maximised through varying organisational approaches. As a result, the different purposes that providers pursue through development programmes – which traditionally have teetered between altruism and self-interest and everything in between¹⁵ – necessarily limit the ability to develop clear guidelines for effective agency action due to differing starting places for the type of effectiveness agencies seek to achieve.

Moreover, the agency-level features associated with effective action are likely to shift over time alongside changing international demands or domestic contexts. Consider, for instance, how pressures to support new developmental purposes, such as tackling global challenges, could require agencies to invest in different skills and know-how to programme cooperation effectively, while budget cuts could necessitate re-prioritisation of resources across competing demands. As a result, changes to the external or internal environments that constrain agencies could render their practices out of step with those needed to most effectively respond to shifting demands. To the degree that agencies seek to adapt in response to shifting pressures, such changes can be understood as efforts to ensure agencies’ long-term resilience and relevance through attempts to adopt approaches that support effective action in response to changing conditions.

Three pressures on agency effectiveness in the SDG era

In recent years, the shifting goals and expectations for what development cooperation – and the agencies that deliver it – are called to achieve have renewed conversations about what it means for agencies to be effective and fit for purpose in the changing development landscape. Faced with the complexity of delivering on the SDGs in a turbulent international environment, and where domestic

13 Max Weber, *The Theory of Social and Economic Organization* (New York: Oxford University Press, 1947); Peter M. Blau, “A Formal Theory of Differentiation in Organizations,” *American Sociological Review* 35, no. 2 (1970): 201–218, <https://doi.org/10.2307/2093199>.

14 Shannon Kindornay, “From Aid to Development Effectiveness: A Working Paper,” Working Paper (Ottawa: North-South Institute, 2011), https://www.icnl.org/wp-content/uploads/Transnational_2011WP_Development_Effectiveness_Kindornay.pdf.

15 Carol Lancaster, *Foreign Aid: Diplomacy, Development, Domestic Politics* (Chicago: University of Chicago Press, 2006), <https://doi.org/10.7208/chicago/9780226470627.001.0001>.

pressures are changing public and political attitudes towards development, the work of development agencies is seemingly in a state of flux. These challenges are changing (1) *why* development agencies engage in cooperation, (2) *what* development agencies do, and (3) *how* they do it.

Pressures on *why* development agencies act

Perhaps most substantively, the purposes that development agencies are expected to tackle through their cooperation are shifting in an increasingly complex global and domestic political context. On one hand, recognition of the interlinkages between planetary and people-focused development as part of the SDG agenda has created the imperative for development agencies to address global challenges as a key purpose of development cooperation alongside poverty reduction and growth, as well as in response to humanitarian crises and emergencies. Indeed, is it now commonplace for development agencies to identify the provision of global public goods as part of their strategic objectives; for instance, a recent survey of development agency officials showed that 85 percent of respondents identified tackling global challenges as an increasingly important purpose of their agency, followed closely by supporting the development of the private sector (81 percent).¹⁶ At the same time, more traditional purposes – including poverty reduction – saw some of the largest declines. While these shifting purposes could reflect the changing poverty landscape, which has seen a decline in extreme poverty since the beginning of the SDG era (despite the setback of COVID-19¹⁷) alongside growing awareness that the world's poorest will bear the greatest impact from climate-related shocks,¹⁸ in-country development needs have not eased, with many developing countries currently facing high debt burdens¹⁹ and “the worst medium-term economic outlook in a generation.”²⁰

On the other hand, domestic fiscal and political realities within provider governments, including the (re)emergence of populism as part of the 2024 election super-cycle, have seen many providers become more explicit about intentions to utilise development resources for geostrategic or domestic political purposes. Consider the example of Sweden, for instance, which now has stemming migration as a major component of its development priorities.²¹ While the pursuit of self-interested

16 Calleja and Cichocka, “Development Effectiveness in the ‘New Normal.’”

17 R. Andres Castaneda Aguilar et al., “September 2024 Global Poverty Update from the World Bank: Revised Estimates up to 2024,” *World Bank Blogs*, September 20, 2024, <https://blogs.worldbank.org/en/opendata/september-2024-global-poverty-update-from-the-world-bank-revise>.

18 OECD, *Development Co-operation Report 2024: Tackling Poverty and Inequalities through the Green Transition* (Paris: OECD Publishing, 2024), <https://doi.org/10.1787/357b63f7-en>.

19 UNCTAD, *A World of Debt: Report 2024 – A Growing Burden to Global Prosperity* (Geneva: UNCTAD, 2024), <https://unctad.org/publication/world-of-debt>.

20 UN, “Key Messages: The Sustainable Development Goals Report 2024,” (New York: UN DESA, 2024), https://unstats.un.org/sdgs/files/report/2024/SDGs_Report_Key_Messages_2024.pdf.

21 Frey Lindsay, “Sweden Announces Development Aid Linked to Irregular Migration Control,” *Forbes*, October 25, 2024, <https://www.forbes.com/sites/freylindsay/2024/10/25/sweden-announces-development-aid-linked-to-irregular-migration-control/>.

development purposes are not new,²² the current era of competition across great powers and the erosion of global trust has, for several major providers, led to more transactional views of development cooperation.²³ For agency effectiveness, this raises critical questions about how to understand organisational performance and agency effectiveness in the first instance – especially in contexts where traditional development outcomes may be secondary to other objectives – and may ultimately contribute impetus for reforms designed to ensure institutional closeness between development and other foreign policy objectives.

Pressures on *what* development agencies do

The changing purposes driving development agency engagement will have clear implications for *what* agencies do in terms of *where* and on *what* they provide cooperation. Consider, for instance, that the growing prioritisation of tackling global challenges has resulted in almost all DAC members identifying climate change as a priority area in strategic documents,²⁴ with the OECD reporting that almost one-third of bilateral sector allocable ODA from DAC members was marked as targeting climate objectives in 2021–2022 (latest available).²⁵ Moreover, the need to respond to urgent crises, including COVID-19 and conflict, has driven development finance trends in recent years, with health-related sectoral spending increasing by 85 percent between 2019 and 2021 in response to the pandemic, while recent growth in overall ODA spending has been attributed to responses to conflict in Ukraine – including the cost of hosting refugees in provider countries – as well as growing humanitarian needs.²⁶ At the same time, domestic pressures for agencies to more explicitly align development spending with the national interest could also trigger a realignment of resources to support commercial, diplomatic, or security related priorities – including around stemming irregular migration or supporting strategically important regions like the Indo-Pacific. For development agencies, international and domestic pressures on development resources raise important questions not only about how agencies prioritise their budgets across competing objectives but also about the broader capacities, skills, and structures that might be needed to enable effective programming.

Pressures on *how* development agencies work

Lastly, the rapidly changing international contexts in the years since the COVID-19 pandemic have amplified the need for agencies to change their ways of working, particularly to support more

22 Nilima Gulrajani and Rachael Calleja, “Understanding Donor Motivations: Developing the Principled Aid Index,” ODI Working Paper 548 (London: Overseas Development Institute, 2019).

23 Mikaela Gavas and W. Gyude Moore, “A Third Node of Power,” CGD Brief (London: Center for Global Development, 2024), <https://www.cgdev.org/publication/third-node-power>.

24 Rachael Calleja, “How Do Development Agencies Support Climate Action?,” CGD Policy Paper 207 (London: Center for Global Development, 2021), <https://www.cgdev.org/sites/default/files/PP207-Calleja-Agency-Action-Climate.pdf>.

25 OECD, “DAC Members’ Bilateral ODA for Climate Change over the Years,” in *Development finance for climate and environment*, accessed December 9, 2024, <https://www.oecd.org/en/topics/sub-issues/development-finance-for-climate-and-the-environment.html>.

26 Anthony Kiernan, Lou Turroques, and Yasmin Ahmad, “Official Development Assistance Trends in Times of Crisis,” in *Development Co-operation Profiles* (Paris: OECD Publishing, 2024), <https://doi.org/10.1787/479b1a72-en>.

flexible and risk-tolerant cooperation in response to crises. While the pandemic itself required speedier actions as providers sought to respond to the dual health and economic emergencies that were facing all countries at pace²⁷ and raised questions about how providers could re-prioritise budgets more effectively in response to emerging crises, multiple international conflicts in the years that followed further highlighted the imperative for agencies to develop more flexibility, particularly in their financing systems.²⁸ In response, some agencies have started to rethink their existing development offers. Consider, for instance, the EU's shift in how it allocates development spending through a set of new instruments implemented following its 2021 Multiannual Financial Framework.²⁹ This restructuring not only consolidated previous instruments to facilitate a more integrated approach enabling more trans-regional, multisectoral, and global development action but also incorporated new budgetary flexibilities designed to expedite responses to unforeseen global crises and account for new emerging priorities. Additionally, long-standing calls for greater risk tolerance have been renewed in the context of recent conflicts; yet obstacles to meaningful improvement remain, including ensuring "sufficient capacity to enable risk management"³⁰ and the realities that the institutional decisions related to risk appetite may be beyond the mandate of development agencies or foreign ministries.³¹ Indeed, many providers acknowledge that their agencies are not currently well equipped for expanding local partnerships,³² citing "political, administrative, and systematic barriers to change" including limited human resources and "restricted flexibility to adapt to local contexts."³³ Still, the disruption caused to regular cooperation delivery models during recent crises has highlighted the importance of advancing locally led development practice.

Five dimensions of agency effectiveness

For development agencies grappling with how to navigate shifting pressures on *why*, *what*, and *how* they work in the changing development landscape, exploring the different dimensions of agency effectiveness that have informed both past and current interpretations of agency practice can

27 Mikaela Gavass, Rachael Calleja, and Andrew Rogerson, "How Are International Development Agencies Responding to the COVID-19 Crisis?," *CGD Blog*, 2020, <https://www.cgdev.org/blog/how-are-international-development-agencies-responding-covid-19-crisis>.

28 Rachael Calleja, "What Is a Resilient Development Agency? Findings from a Survey of Development Leaders," *CGD Blog*, 2022, <https://www.cgdev.org/blog/what-resilient-development-agency-findings-survey-development-leaders>.

29 Alix Delasnerie, "Background Information for the BUDG Public Hearing on EU External Action and Crisis Response: Is the EU Budget Fit for Purpose?," briefing requested by the BUDG Committee (Brussels: European Parliament, 2023), [https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/746372/IPOL_BRI\(2023\)746372_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2023/746372/IPOL_BRI(2023)746372_EN.pdf).

30 OECD, "Risk Management and Locally Led Development: Understanding How to Better Manage Risks for Sustainable Impact," DCD(2023)48 (Paris: OECD, 2023), [https://one.oecd.org/document/DCD\(2023\)48/en/pdf](https://one.oecd.org/document/DCD(2023)48/en/pdf).

31 INCAF, "Report on the Implementation, Dissemination and Continued Relevance of the DAC Recommendation on the Humanitarian-Development-Peace Nexus," DCD/DAC/INCAF(2023)1/FINAL, (Paris: OECD, 2023), [https://one.oecd.org/document/DCD/DAC/INCAF\(2023\)1/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC/INCAF(2023)1/FINAL/en/pdf).

32 Calleja, "What Is a Resilient Development Agency?"

33 OECD, *Pathways towards Effective Locally Led Development Co-operation: Learning by Example* (Paris: OECD Publishing, 2024), <https://doi.org/10.1787/51079bba-en>.

provide a starting place for considering the dimensions of effective action that may need to change in response to shifting demands. Since the 2000s, there have been roughly five major understandings of development agency effectiveness presented in academic and policy literatures – related to (1) how well agencies allocate their ODA in line with effectiveness best practice, (2) compliance with the global effectiveness principles, (3) promoting cost-effective ODA spending, (4) adapting their organisational structures to support development outcomes, and (5) implementing adaptive management processes to respond to complexity.³⁴ While not all interpretations have been adopted by all agencies to the same degree, they broadly demarcate popular thinking in the practices associated with effective action over time. They do not, however, necessarily represent a linear evolution of thinking on effective agency practice, and multiple perspectives often overlap or coexist within development bureaucracies.³⁵

Agency effectiveness as allocation

Emerging from lacklustre development outcomes in the 1990s,³⁶ which some associated with ODA flowing to “dictators and corrupt regimes”³⁷ or its use to support the geopolitical interests of providers in the context of the Cold War period,³⁸ many began to question whether ODA’s failure to promote growth was a consequence of allocation decisions³⁹ and to consider the conditions under which allocations could lead to the greatest potential results. Growing interest in allocation resulted in a series of normative principles that functionally linked where and on what providers spent their budget to their overall effectiveness. Broadly, this logic had two main strands. The first focused on the

34 We focus our review of agency effectiveness understandings on the years since the turn of the millennium, on the basis that the widespread political attention on aid effectiveness and the rise of prominent debates on how to ensure the quality of development cooperation mostly find their roots in the early 2000s.

35 In the years prior to the 2000s, questions about the effectiveness of development action seemingly prioritised macro returns from development spending in terms of growth and poverty reduction, issues related to motivation and the implicit link between development orientation and outcomes, or mainly asked questions about how the *recipients* of development cooperation could ensure greater returns on investments received.

36 Molly Sundberg, “Donors Dealing with ‘Aid Effectiveness’ Inconsistencies: National Staff in Foreign Aid Agencies in Tanzania,” *Journal of East African Studies* 13, no. 3 (2019): 445–464, <https://www.tandfonline.com/doi/full/10.1080/17531055.2019.1628384>; Geske Dijkstra, “The New Aid Paradigm: A Case of Policy Incoherence,” DESA Working Paper 128 (New York: UN DESA, 2013), <https://desapublications.un.org/file/252/download>.

37 Mark Sundberg and Alan Gelb, “Making Aid Work,” *Finance & Development* 43, no. 3 (2006), <https://www.imf.org/external/pubs/ft/fandd/2006/12/sundberg.htm>.

38 Robert D. McKinlay and Richard Little, “A Foreign Policy Model of U.S. Bilateral Aid Allocation,” *World Politics* 30 (1977): 58–86, <https://www.semanticscholar.org/paper/A-Foreign-Policy-Model-of-U.S.-Bilateral-Aid-Mckinlay-Little/d24d81176da4ac93109fe918ff3a59bfceab9058>; Robert D. McKinlay and Richard Little, “A Foreign-Policy Model of the Distribution of British Bilateral Aid, 1960–70,” *British Journal of Political Science* 8, no. 3 (1978): 313–331; Robert D. McKinlay and Richard Little, “The French Aid Relationship: A Foreign Policy Model of the Distribution of French Bilateral Aid, 1964–70,” *Development and Change* 9 (1978b): 459–478; Robert D. McKinlay and Richard Little, “The US Aid Relationship: A Test of the Recipient Need and the Donor Interest Models,” *Political Studies* 27, no. 2 (1979): 236–250; Alfred Maizels and Machiko K. Nissanke, “Motivations for Aid to Developing Countries,” *World Development* 12, no. 9 (1984): 879–900, [https://doi.org/10.1016/0305-750X\(84\)90046-9](https://doi.org/10.1016/0305-750X(84)90046-9); Peter J. Schraeder, Steven W. Hook, and Bruce Taylor, “Clarifying the Foreign Aid Puzzle: A Comparison of American, Japanese, French, and Swedish Aid Flows,” *World Politics* 50, no. 2 (1998): 294–323, <https://doi.org/10.1017/S0043887100008121>.

39 Paul Clist, “25 Years of Aid Allocation Practice: Whither Selectivity?,” *World Development* 39, no. 10 (2011): 1724–1734, <https://doi.org/10.1016/j.worlddev.2011.04.031>.

recipient-level characteristics that were deemed to make a country better able to absorb and utilise ODA effectively,⁴⁰ where ODA was considered most likely to contribute to growth when allocated to poor countries with sound and stable policy environments.⁴¹ In other words, the effectiveness of ODA could be improved when agencies – or their political masters – made more strategic choices to allocate selectively to low-income countries with conducive institutional environments. The second strand focused on provider-level allocation practices that could undermine effectiveness in partner countries, including fragmentation⁴² – and encouraging providers to specialise in key sectors or countries – and aid tying,⁴³ where choices related to how, where, and on what providers allocated development budgets had direct impact on overall effectiveness.

From this perspective, the effectiveness of development agencies was understood as linked to provider allocation practices, where development outcomes could be improved through adopting specific criteria, models, or methods that maximised key principles of effective allocation practice. The logic was so popular that it was often used to create internal allocation methodologies to guide agency action⁴⁴ and in one instance was embedded into organisational design (see Box 1). Indeed, by the end of the 2000s, the link between allocation and agency effectiveness had become so well accepted that a series of indexes sought to measure and rank the effectiveness of development agencies against several indicators, many of which were linked to allocation-related decisions.⁴⁵

40 William Easterly and Sergio Rebelo, "Fiscal Policy and Economic Growth: An Empirical Investigation," *Journal of Monetary Economics* 32, no. 3 (1993): 417–458, <https://ideas.repec.org/a/eee/moneco/v32y1993i3p417-458.html>; Jeffrey D. Sachs and Andrew M. Warner, "The Big Rush, Natural Resource Booms and Growth," *Journal of Development Economics* 59 (1999): 43–76, <https://www.nber.org/papers/w5398>.

41 Craig Burnside and David Dollar, "Aid, Policies, and Growth," *American Economic Review* 90, no. 4 (2000): 847–68, <http://www.jstor.org/stable/117311>; Paul Collier and David Dollar, "Aid Allocation and Poverty Reduction," *European Economic Review* 46, no. 8 (2002): 1475–1500, [https://doi.org/10.1016/S0014-2921\(01\)00187-8](https://doi.org/10.1016/S0014-2921(01)00187-8); David Dollar and Victoria Levin, "The Increasing Selectivity of Foreign Aid, 1984–2002" (2004), SSRN, <https://ssrn.com/abstract=610344>.

42 Stephen Knack and Aminur Rahman, "Donor Fragmentation and Bureaucratic Quality in Aid Recipients," World Bank Working Paper no. 3186 (Washington, DC: World Bank, 2004), <https://ssrn.com/abstract=634453>; World Bank, *Assessing Aid: What Works, What Doesn't, and Why* (New York: Oxford University Press, 1998), <https://documents1.worldbank.org/curated/en/612481468764422935/pdf/Assessing-aid-what-works-what-doesnt-and-why.pdf>; Deborah Bräutigam, "Foreign Aid and the Politics of Participation in Economic Policy Reform," *Public Administration Development* 20, no. 3 (2000): 253–264, [https://doi.org/10.1002/1099-162X\(200008\)20:3<253::AID-PAD134>3.0.CO;2-V](https://doi.org/10.1002/1099-162X(200008)20:3<253::AID-PAD134>3.0.CO;2-V).

43 Catrinus J. Jepma, *The Tying of Aid* (Paris: OECD Publications, 1991).

44 This was the case with the UK's former Department for International Development (DFID) allocation model, which based allocation decisions on a combination of current and future country need and aid effectiveness (functionally, selectivity-based criteria) while focusing on a limited number of partners where DFID had a comparative advantage. DFID, "Bilateral Development Review: Technical Note," 2016, https://assets.publishing.service.gov.uk/media/5a8080fde5274a2e8ab50858/Bilateral-Development_Review-technical-note-2016.pdf.

45 William Easterly and Tobias Pfutze, "Where Does the Money Go? Best and Worst Practices in Foreign Aid," *Journal of Economic Perspectives* 22, no. 2 (2008): 29–52; Stephen Knack, F. Halsey Rogers, and Nicholas Eubank, "Aid Quality and Donor Rankings," World Bank Policy Research Working Paper No. 5290 (Washington, DC: World Bank, 2010), <https://ssrn.com/abstract=1601131>; Nancy Birdsall and Homi Kharas, *Quality of Official Development Assistance Assessment* (Washington, DC: Center for Global Development, 2010), https://www.cgdev.org/sites/default/files/1424481_file_CGD_QuODA_web.pdf.

BOX 1. Selectivity by design – The Millennium Challenge Corporation (MCC)

In 2004, the US Congress established the MCC as a new bilateral development agency designed to provide substantial foreign assistance to low-income countries that demonstrate a commitment to implementing “sound development policies.”⁴⁶ The MCC’s approach was influenced by effectiveness debates at the time, embodying the logic of selectivity via an allocation model that required would-be partner countries to perform above the median on at least half of the indicators used to measure the commitment of their governments to economic development and poverty reduction.⁴⁷ Moreover, the MCC was envisioned to manage a sizeable development budget – representing a proposed 50 percent increase over US aid spending at the time of the agency’s conception⁴⁸ – with the aim of incentivizing countries to pursue policy reform to gain eligibility to relatively sizeable MCC grants; this incentive was termed the “MCC Effect.”⁴⁹ Yet the MCC approach has not been without challenges, with some raising concerns about the rigidity of the indicator-based allocation model, particularly in cases where funding decisions rely on imperfect data.⁵⁰

While some of the allocation principles defined in this understanding of agency effectiveness – notably around specialisation – have remained in use, others have either become less prominent over time or been replaced by newer allocation criteria in response to the changing partner country landscape. Notably, selectivity has declined in importance as an allocation criterion, driven both by concerns over the evidence of a link between partner country policies and effectiveness,⁵¹ and by the reality that there are now fewer countries with both high need and good governance.⁵² Conversely, in the context of the SDGs, which recognises the interrelationship between national development and global economic and planetary shocks, it is increasingly understood that gross national income is no longer a useful measure of country need or a sufficient indicator of development, with some calls to explore a broader range of variables, including vulnerability

46 Steven Radelet, “The Millennium Challenge Account: Transforming US Foreign Assistance Policy?,” *Agenda: A Journal of Policy Analysis and Reform* 11, no. 1 (2004): 53–6, <https://press-files.anu.edu.au/downloads/press/p84671/pdf/11-1-A-4.pdf>.

47 Radelet, “The Millennium Challenge Account.”

48 Radelet, “The Millennium Challenge Account.”

49 Sarah Rose, “Does the MCC Effect Exist?,” *CGD Blog*, February 20, 2013, <https://www.cgdev.org/blog/does-mcc-effect-exist>.

50 Sarah Rose, “MCC Has a Corruption Problem,” *CGD Blog*, August 11, 2017, <https://www.cgdev.org/blog/mcc-has-corruption-problem>.

51 William Easterly, Ross Levine, and David Roodman, “Aid, Policies, and Growth: Comment,” *American Economic Review*, 94 (2004): 774–780, https://www.researchgate.net/publication/4732180_Aid_Policies_and_Growth_Comment; Raghuram G. Rajan and Arvind Subramanian, “Aid and Growth: What Does the Cross-Country Evidence Really Show?,” IMF Working Paper 05/127 (Washington, DC: International Monetary Fund, 2005), <https://www.imf.org/external/pubs/ft/wp/2005/wp05127.pdf>.

52 Paul Corral et al., *Fragility and Conflict: On the Front Lines of the Fight against Poverty* (Washington, DC: World Bank, 2020), <https://openknowledge.worldbank.org/server/api/core/bitstreams/ebc3ef9e-ca7f-5959-8dfe-2a8a1f2a25dc/content>.

to shocks, to assess varying needs across different types of countries including small island development states.⁵³

Agency effectiveness as compliance with global principles

The formation of the Millennium Development Goals, which called for a large scale-up in ODA volumes, was met with a parallel focus on improving the *quality* of ODA to make the most of new resources. Broad recognition of the need for more effective cooperation prompted discussions on effectiveness as part of major international development financing meetings, including the 2002 Monterrey Consensus, and led to the first High-Level Forum (HLF) on Aid Effectiveness, held in Rome in 2003, which outlined early principles of aid effectiveness including those related to local ownership and harmonisation. In 2005, the international community held a second HLF on Aid Effectiveness in Paris, resulting in the first ever agreement on international effectiveness principles – the Paris Declaration on Aid Effectiveness – that formalised five principles (ownership, alignment, harmonisation, managing for results, and mutual accountability) as best practice in development action to create common codes of conduct for providers that could be monitored to promote peer learning and accountability. These principles underwent refinement through subsequent HLFs held in Accra in 2008 and Busan in 2011, resulting in the Busan Agreement, which outlined four effectiveness principles – ownership, transparency and mutual accountability, results, and inclusive partnerships – that have remained the global standard in the years since.

For development agencies, the effectiveness principles provide guidelines for effective action, where their effectiveness can be understood in terms of the degree to which they utilise and implement internationally recognised effectiveness principles in their daily work. At its core, these principles primarily aim to inform provider behaviour in terms of *how* cooperation is provided, standing in contrast to allocation-based effectiveness, which prioritises where or on what cooperation is provided. Compliance with the latest iteration of the effectiveness principles – as agreed in Busan – is assessed against a series of indicators that are monitored through surveys with partner countries. The results of these monitoring exercises are compiled and reported publicly by the Global Partnership for Effective Development Cooperation (GPEDC, the custodians of the effectiveness agenda), and results have been used as part of recent OECD Peer Reviews of provider policies and performance. Some providers also actively commit to implementing these principles in their strategic and reporting documents, including in national-level performance measures (Box 2).

53 OECD, *Using the New UN MVI to Identify and Fill In Vulnerability Financing Gaps in SIDS*, DCD (2024)16 (Paris: OECD, 2024), [https://one.oecd.org/document/DCD\(2024\)16/en/pdf](https://one.oecd.org/document/DCD(2024)16/en/pdf).

BOX 2. Italy's use of effectiveness principles to measure development performance

In 2019, Italy's Agency for Development Cooperation and the Ministry of Foreign Affairs and International Cooperation published the *Effectiveness Plan of the Italian Development Cooperation Agency and the Directorate General for Development Cooperation 2020–2022* to monitor performance directly against each of the Busan effectiveness principles, the principles for effective humanitarian action and engagement in fragile states as outlined in the Grand Bargain and the New Deal for Engagement in Fragile States, and towards “leaving no one behind.”⁵⁴ The logic of the strategy was explicitly linked to improving the quality of Italy's development interventions through compliance with international effectiveness standards, where performance is seemingly understood through the lens of the international principles.

While the Busan principles remain the primary standard for effective action, what it means for provider agencies to act effectively has also broadened alongside the development of supplementary guidelines designed to outline effective action in specific country contexts or for different types of development finance. For instance, the 2016 Grand Bargain outlines best practice in humanitarian spending, while the 2019 Kampala Principles on Effective Private Sector Engagement establishes best practice in the context of public-private development partnerships. While the GPEDC also worked to develop a tailored approach for monitoring effectiveness in fragile contexts,⁵⁵ more recently several bilateral providers and foundations committed to supporting locally led development as part of a new extension of effectiveness best practice.⁵⁶

Agency effectiveness as cost-efficiency

In the wake of the 2008 financial crisis, public and political pressure on development budgets resulted in renewed emphasis on improving the efficiency of ODA resources by prioritising value for money and allocation modalities that more clearly linked development spending to the results achieved. Driven by a combination of austerity measures in many provider countries and the reality that a “decade-long reflection” on ways to improve the effectiveness of ODA had not improved results,⁵⁷ the late 2000s and early 2010s saw notable increases in provider attention to performance-based approaches that promised to make ODA more effective by strengthening the link between

54 Agenzia Italiana Cooperazione e Sviluppo, *Piano dell'Agenzia Italiana per la Cooperazione allo Sviluppo e della Direzione Generale per la Cooperazione allo Sviluppo del MAECI per l'Efficacia degli Interventi 2020–2022* (Rome: MAECI, 2019), [2019_11_19_final_piano_aics-dgcs_efficacia_interventi.pdf](https://www.aics.gov.it/Portals/0/2019_11_19_final_piano_aics-dgcs_efficacia_interventi.pdf).

55 GPEDC, *The Global Partnership's Tailored Approach for Monitoring Effectiveness in Fragile Contexts* (Paris: GPEDC, 2020), https://www.effectivecooperation.org/system/files/2020-06/FCAS-monitoring-approach_0.pdf.

56 USAID, “Donor Statement on Supporting Locally Led Development,” December 13, 2022, <https://www.usaid.gov/localization/donor-statement-on-supporting-locally-led-development>.

57 Javier Pereira and Carlos Villota, *Hitting the Target? Evaluating the Effectiveness of Results-Based Approaches to Aid* (Brussels: Eurodad, 2012), <https://library.concordeurope.org/record/1950/files/DEEEP-REPORT-2018-018.pdf>; Dinuk Jayasuriya, “What is Value for Money in Aid Programs?,” *Devpolicy Blogs*, August 19, 2013, <https://devpolicy.org/what-is-value-for-money-in-aid-programs-20130819-1/>.

money spent and measurable results achieved. Such efforts to align ODA to tangible results were not strictly new and can be traced to the 1990s, when recognition of the failures of ex-ante conditionality contributed to the emergence of early results-based allocation models, including those exemplified by key vertical funds such as GAVI and the Global Fund to Fight AIDS, Tuberculosis and Malaria in the early 2000s. However, domestic fiscal pressures in the early 2010s renewed emphasis on the efficiency of ODA as providers faced calls to do more with less. Indeed, the concept of efficiency as a criterion for measuring agency performance is also institutionalized as part of the OECD-DAC's Evaluation Criteria for development interventions, which encourage members to assess the degree to which activities deliver "results in an economic and timely way."⁵⁸

From this perspective, development agency effectiveness is linked to the cost-effectiveness of results achieved through prioritising approaches that either offer the best value for money ("best buys") or utilise modalities that connect disbursements to direct results achieved (i.e., performance-based or results-based financing approaches). In value for money approaches, effectiveness is often understood as obtaining the best results possible from the money spent, with some providers developing specific definitions and criteria for value-for-money monitoring (see example from DFID in Box 3).⁵⁹ For results-based financing approaches,⁶⁰ effectiveness is linked to the conversion of inputs to outcomes via provider promises to pay recipients for specific results achieved using ex-post conditionality that aims to incentivize better performance against project goals (i.e., by limiting payment without measurable outcomes). Under this method, the risk associated with ODA financing shifts from the provider to the implementer and favours partners that "offer value-for-money in their approaches to achieving development results."⁶¹

While value-for-money and results-based approaches remain in use, they functionally imply that development is a process controlled by the provider – rather than the partner country – and face concerns that the prioritisation of efficiency can create incentives to (1) prioritise "simple, single focus, single donor" interventions,⁶² (2) focus on "low-hanging fruit" (such as interventions in easy-to-reach regions) to deliver to the minimum standard needed to receive payment,⁶³

58 OECD, *Applying Evaluation Criteria Thoughtfully* (Paris: OECD, 2021): p. 58, https://www.oecd.org/en/publications/applying-evaluation-criteria-thoughtfully_543e84ed-en.html.

59 Chris Barnett et al., *Measuring the Impact and Value for Money of Governance & Conflict Programmes: Final Report* (London: ITAD, 2010), https://assets.publishing.service.gov.uk/media/57a08b1eed915d3cfd000b44/60797_ITAD-VFM-Report-Dec10.pdf.

60 Also called "cash on delivery" and "performance-based approaches."

61 USAID, "Mainstreaming Results-Based Finance: Actionable Recommendations for USAID," (Washington, DC: USAID, 2016), https://pdf.usaid.gov/pdf_docs/PA00TK3C.pdf.

62 ODI, "Aid Effectiveness and Value for Money Aid: Complementary or Divergent Agendas as We Head towards HLF-4," Event, <https://odi.org/en/events/aid-effectiveness-and-value-for-money-aid-complementary-or-divergent-agendas-as-we-head-towards-hlf-4/>; Duncan Green, "Value for Money in UK Aid: The Good, the Bad and the Ugly," *From Poverty to Power*, May 11, 2018, <https://frompoverty.oxfam.org.uk/value-for-money-in-uk-aid-the-good-the-bad-and-the-ugly/>; ICAI, *Report: DFID's Approach to Value for Money in Programme and Portfolio Management* (London: ICAI, 2018), <https://icai.independent.gov.uk/html-version/dfids-approach-to-value-for-money-in-programme-and-portfolio-management/>.

63 USAID, "Mainstreaming Results-Based Finance," 10.

or (3) neglect other qualitative development goals in favour of measurable outcomes.⁶⁴ Underlying such approaches was an expectation that the focus on results would improve the accountability and transparency of ODA to taxpayers and recipients, partly because both require better monitoring and data systems to account for results – and efficiencies – achieved.⁶⁵ While the emphasis on efficient development action has remained prevalent as governments seek to justify the use of taxpayer resources abroad, the combination of growing demands on development budgets and announcements of planned cuts in recent years could signal greater emphasis on cost-effective cooperation in the years ahead.

BOX 3. DFID's approach to value for money

From 2010, the UK's Department for International Development (DFID) focused strongly on ensuring the value for money of its development spending, which was defined as “maximising the impact of each pound spent to improve poor people's lives.”⁶⁶ DFID's approach was structured around a 4E Framework, where the value for money of its programmes was measured in relation to the achievement of economy (buying quality inputs at the right price), efficiency (how well inputs are converted into outputs), effectiveness/cost-effectiveness (how well outputs achieve desired results), and equity (how fairly benefits are distributed).⁶⁷ While a 2018 review of DFID's value-for-money approach highlighted that it tended to work well for simple interventions, it also found that, in complex programmes, the limited ability of value for money to meaningfully support experimentation and adaptation could reduce the ability to deliver lasting impact.⁶⁸

Following the UK's 2020 merger of DFID with the Foreign Commonwealth Office to create the Foreign Commonwealth and Development Office (FCDO), no clear definition of value for money has been established within the department.⁶⁹ At the time of writing, the UK Parliament's International Development Committee had launched an inquiry to consider “how the FCDO defines value for money, how it is currently funding its projects, and whether its funding model is cost effective.”⁷⁰

64 Geske Dijkstra, “Payment by Results in Aid: A Review of the Evidence,” Working Paper (Stockholm: The Expert Group for Aid Studies, 2023), https://cdn.openaid.se/app/uploads/2024/04/25160426/Payment-by-Results-in-Aid_A-Review-of-the-Evidence_WorkingPaper_May-2023.pdf.

65 DFID, *DFID's Approach to Value for Money (VfM)* (London: DFID, 2011), <https://assets.publishing.service.gov.uk/media/5a78a9ee40f0b632476992f1/DFID-approach-value-money.pdf>; Dijkstra, “Payment by Results in Aid: A Review of the Evidence.”

66 DFID, *DFID's Approach to Value for Money (VfM)*; Ed Laws and Craig Valters, “Value for Money and Adaptive Programming Approaches, Measures and Management,” ODI Working paper 572 (London: Overseas Development Institute, 2021), <https://media.odi.org/documents/odi-ml-rethinkingvfm-wp572-final.pdf>.

67 Laws and Valters, “Value for Money and Adaptive Programming Approaches, Measures and Management.”

68 ICAI, *DFID's Approach to Value for Money in Programme and Portfolio Management: A Performance Review* (London: Independent Commission for Aid Impact, 2018), <https://icai.independent.gov.uk/report/value-for-money>.

69 UK International Development Committee, “New Committee Inquiry: Is the FCDO Getting Bang for Its Buck?,” November 19, 2024, <https://committees.parliament.uk/committee/98/international-development-committee/news/203858/new-committee-inquiry-is-the-fcdo-getting-bang-for-its-buck/>.

70 UK International Development Committee, “New Committee Inquiry: Is the FCDO Getting Bang for Its Buck?”

Agency effectiveness as organisational design

The development policy discourse has long linked the effectiveness of development agencies to issues related to organisational design. In the 1990s and 2000s, for instance, OECD's Peer Reviews (previously called Aid Reviews) often recommended the consolidation of institutional responsibility for development within key institutions or agencies to improve coordination and effectiveness of the country's total aid portfolio in cases where the management of aid policy or implementation was disaggregated across several ministries.⁷¹ More recently, the association between structure and effectiveness returned to the fore following reorganisations in several major providers and growing fragmentation of ODA budgets across multiple government departments. Notably, Australia, Canada, and the UK saw the integration of autonomous development agencies into foreign ministries, as political conservatism in the aftermath of the financial crisis created renewed imperatives for government to utilise ODA coherently to support other foreign policy interests. Similarly, some have argued that parallel trends, which saw ODA increasingly spent by departments beyond those with primary responsibility for development, were also motivated by political desires to align ODA with national interests by spending through departments with mandates for promoting commercial or strategic interests.⁷²

From this perspective, agency effectiveness was seen as influenced by the design features that allow it to function efficiently and effectively towards specific objectives. Unlike other types of effectiveness, where best practice is clearly defined, there is limited guidance on the internal or external structural arrangements that best support effective action, with broad acknowledgement that the design of effective organisations differs across agencies based on their individual characteristics (i.e., there is no single optimum structure).⁷³ Theories of organisational effectiveness have tended to focus on three main logics. The first concerns the relationship between different forms of organisational autonomy – including structural, financial, legal, interventional, policy and managerial – and effectiveness, where greater autonomy is seen to improve an agency's ability to prioritise poverty-focused action and effective practice over other foreign policy motivations.⁷⁴ Yet the evidence of whether and to what degree autonomy – or lack thereof – meaningfully impacts provider effectiveness is mixed at best (see Box 4). The second logic concerns broader beyond-agency mechanisms for ensuring more joined-up or whole-of-government responses to development challenges. Based on the long-held understanding that other policy areas can support and reinforce development objectives through coherent policy actions, some have advocated for strategies and

71 See for example, OECD Peer Reviews of Germany, Japan, and Portugal in years 2006, 1999, and 2006, respectively.

72 Romily Greenhill, "Opinion: What Does Spending in the 'National Interest' Mean for UK Aid?," *Devex* July 10, 2018, <https://www.devex.com/news/opinion-what-does-spending-in-the-national-interest-mean-for-uk-aid-93080>.

73 Indeed, early organisational theories noted that the efficiency of a given organisational structure was based on its unique contingencies or characteristics that inform the types of internal and design features that best allow organisations to perform optimally. See: Donaldson, *The Contingency Theory of Organizations*.

74 Nilima Gulrajani, "Bilateral Donors in the 'Beyond Aid' Agenda," Global Economic Governance Programme Working Paper 106 (Oxford: University of Oxford, 2015), https://www.geg.ox.ac.uk/sites/default/files/WP_106%20Bilateral%20Donors%20in%20the%20E2%80%98Beyond%20Aid%20E2%80%99%20Agenda%20-%20The%20Importance%20of%20Institutional%20Autonomy%20for%20Donor%20Effectiveness%20Nilima%20Gulrajani.pdf.

structures to support cross-departmental coordination with the aim of leveraging the resources available across government to better support the government's development impact.⁷⁵ From this point of view, effectiveness can be improved through the creation of mechanisms designed to foster greater coordination across agencies responsible for delivering development resources. The third logic focuses on the internal organisational structures that support effective action related to specific types of agency function, notably for evaluation. In this case, the effectiveness of provider evaluation functions is improved through the institutional independence of evaluation units, to ensure that evaluations are credible and impartial.⁷⁶ While other internal organisational structures – including around the use of geographic, thematic, or matrix structures for unit management – are also critical design features for the management and function of development agencies, there is currently no real consensus or logic for the types of internal structures that may be best equipped to support outcomes.

BOX 4. Evidence on the relationship between structure and effectiveness

Despite the logic that agency autonomy can improve effectiveness through facilitating the direct pursuit of a more “robust and politically empowered development agenda”⁷⁷ and deeper focus on effective action,⁷⁸ the relationship between structures and performance is relatively thin. Indeed, a recent cross-provider study of the effects of structural independence on allocations found that autonomous agencies did not place greater emphasis on poverty-focused allocation or objectives.⁷⁹ Conversely, comparative assessments of provider performance following mergers showed only mixed results in the ability of integrated structures to promote efficiency, coherence, and effectiveness.⁸⁰ Instead, several have noted that agency effectiveness is often linked to factors beyond institutional structure, such as the strength of agencies' leadership, strategic clarity, or representation of the development portfolio opposite other branches of government.⁸¹

75 OECD, *Managing Aid: Practices of DAC Member Countries* (Paris: OECD Publishing, 2009), <https://doi.org/10.1787/9789264062689-en>; Nilima Gulrajani and Rachael Calleja, “Can We Better Manage Donor Institutions for Tackling Global Challenges?,” ODI online publication (London: Overseas Development Institute, 2021), <https://odi.org/en/publications/managingdonor-institutions-to-tackle-global-challenges>.

76 OECD, *Quality Standards for Development Evaluation*, DAC Guidelines and Reference Series (Paris: OECD Publishing, 2010), <https://doi.org/10.1787/9789264083905-en>.

77 Nilima Gulrajani, “Dilemmas in Donor Design: Organisational Reform and the Future of Foreign Aid Agencies,” *Public Administration and Development* 35, no. 2: 10 (London: London School of Economics and Political Sciences, 2015), <https://doi.org/10.1002/pad.1713>.

78 Vincent Arel-Bundock, James Atkinson, and Rachel Augustine Potter, “The Limits of Foreign Aid Diplomacy: How Bureaucratic Design Shapes Aid Distribution,” *International Studies Quarterly* 59, no. 3: 544–556 (Oxford: Oxford University Press, 2015), <https://www.jstor.org/stable/43868293>.

79 Ryan Cardwell and Pascal L. Ghazalian, “The Effects of Aid Agency Independence on Bilateral Aid Allocation Decisions,” *World Development* 106 (2018): 136–148, <https://doi.org/10.1016/j.worlddev.2018.01.003>.

80 Nilima Gulrajani, “Merging Development Agencies: Making the Right Choice,” Briefing Note (London: Overseas Development Institute, 2018), <https://media.odi.org/documents/11983.pdf>.

81 For example, some suggest that donors with cabinet-rank ministers for development cooperation perform better on aid quality indicators (Raphaëlle Faure, Cathal Long, and Annalisa Prizzon, “Do Organisational and Political Models for Development Cooperation Matter for Development Effectiveness?,” ODI Working Paper [London: Overseas Development Institute, 2015], <https://media.odi.org/documents/9611.pdf>), while others suggest that effectiveness may increase based on development ministers' personal characteristics and professional experience. See: Andreas Fuchs and Katharina Richert, “Development Minister Characteristics and Aid Giving,” *European Journal of Political Economy* 53 (2018): 186–204, <https://www.sciencedirect.com/science/article/abs/pii/S017626801630252X>.

Agency effectiveness as adaptive management

By the mid-2010s, growing recognition that development effectiveness was constrained by the willingness and ability of agencies to think politically about the context-specific constraints that shape development outcomes created impetus for approaches advocating more adaptive management practices.⁸² While recognition of the value of adapting to local, political, or other contextual realities as a means of enhancing development effectiveness was not new,⁸³ some argued that the interpretation of global effectiveness principles – as defined in Paris and Busan – had promoted narrowly technical approaches that failed to meaningfully recognise development as an inherently unpredictable and highly political process.⁸⁴ Principles of ownership, for instance, continued to prioritise country governments over broader community actors, while approaches taken to manage for results were often seen to restrict space for flexibility and adaptation in favour of tighter monitoring for narrowly defined, typically short-term, development outcomes.⁸⁵ By 2014, a meeting of academics and like-minded policymakers at Harvard University resulted in the creation of the Doing Development Differently manifesto, which outlined initial principles for the broader “politically smart” development agenda.⁸⁶ In the years that followed, adaptive approaches continued to gain attention within the provider community as a way to strengthen development outcomes, as agencies themselves sought to integrate guidance for more flexible and adaptive working into new institutional frameworks (consider USAID’s Local Systems Framework; see Box 5), while *adaptive management* was recognised as the buzzword of the day.⁸⁷

For development agencies, effective practice in the context of adaptive management frameworks is linked to context-sensitive and iterative modes of operation.⁸⁸ While the diffuse movement that created adaptive management meant that there was no singular approach, its proponents broadly shared three important features.⁸⁹ First, they proposed the adoption of a more contextual approach,

82 Thomas Carothers and Diane de Gramont, *Development Aid Confronts Politics: The Almost Revolution* (Washington, DC: Carnegie Endowment for International Peace, 2013); David Booth, Daniel Harris, and Leni Wild, *From Political Economy Analysis to Doing Development Differently: A Learning Experience*, ODI Report (London: Overseas Development Institute, 2016), <https://www.thepolicypractice.com/sites/default/files/2023-02/From%2520Political%2520Economy%2520Analysis%2520to%2520Doing%2520Development%2520Differently.pdf>.

83 Dan Honig and Nilima Gulrajani, “Making Good on Donors’ Desire to Do Development Differently,” *Third World Quarterly* 39, no. 1 (2017): 68–84, <https://doi.org/10.1080/01436597.2017.1369030>.

84 Carothers and de Gramont, *Development Aid Confronts Politics: The Almost Revolution*.

85 Carothers and de Gramont, *Development Aid Confronts Politics: The Almost Revolution*.

86 TWP Community, *The Case for Thinking and Working Politically: The Implications of “Doing Development Differently”* (Delhi: Thinking and Working Politically, 2018), <https://twppcommunity.org/wp-content/uploads/2018/02/the-case-for-thinking-and-working-politically.pdf>.

87 Nilima and Honig, “Making Good on Donors’ Desire to Do Development Differently.”

88 Maria Gonzalez de Asis and Michael Woolcock, “Operationalizing the Science of Delivery Agenda to Enhance Development Results,” World Bank Working Paper (Washington, DC: World Bank, 2015), <https://documents.worldbank.org/pt/publication/documents-reports/documentdetail/270011467995372873/operationalizing-the-science-of-delivery-agenda-to-enhance-development-results>.

89 Gonzalez de Asis and Woolcock, “Operationalizing the Science of Delivery Agenda to Enhance Development Results.”

mindful of local realities and political incentives.⁹⁰ Second, they sought to move beyond top-down and linear development planning toward more iterative implementation. Third, they suggested scaled-up investments in agency capabilities to manage complexity – including by supporting more flexible project delivery and learning,⁹¹ developing more collaborative and decentralised ways of working, and encouraging trust and autonomy among implementing partners and staff.⁹² Unlike earlier approaches that rigidly adhered to predetermined activities and short-term outputs, adaptive management focused on achieving agreed-upon development goals while remaining open to iterating strategies for success. For development agencies, this meant that effective action needed to balance key principles of flexibility and responsiveness to local environments with established effectiveness principles linked to results-based planning and ownership.

However, conservative approaches to risk, as well as other capacity and mandate constraints, have often confined adaptive management practices to “small pockets” within development bureaucracies,⁹³ with two main challenges impeding progress. First, while adaptive management focuses on achieving agreed-upon development goals through remaining open to iterating the strategies to success, in practice, agencies remain accountable to domestic publics and must balance adaptive practice with the imperative to report measurable results within defined timeframes. Second, despite calls to work more directly with local partners, DAC members’ aversion to fiduciary and reputational risk when channelling funds to local organisations have often led to policies that prioritise risk avoidance rather than strategic risk-taking for impact.⁹⁴ Indeed, a recent OECD review of members’ risk management practices recommends that providers allow for a higher risk appetite to enable more local engagement, while working to develop flexible systems and guidance to empower staff to strengthen the consideration of local actors as partners in development implementation.⁹⁵

90 Beyond the broader umbrella of adaptive management frameworks, recent scholarship also looks at the effective knowledge and management practices that are necessary to make do on the localisation and decolonising development agendas. See: Kharisma Nugroho, Fred Carden, and Hans Antlov, “Decolonizing Evidence-Informed Policy and Development Interventions: A Diversity of Knowledge Sources as a Hallmark of Effective Development Initiatives and Healthy Policymaking,” *SSRN Electronic Journal* (2023), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4359453.

91 Samuel Sharp, Craig Valters, and Brendan Whitty, “How DFID Can Better Manage Complexity in Development Programming,” Briefing Note (London: Overseas Development Institute, 2019), https://beamexchange.org/uploads/filer_public/cc/74/cc74495b-62aa-498e-b894-559051b22318/how-dfid-can-better-manage-complexity-in-development-programming.pdf; Nilima Gulrajani and Dan Honig, *Reforming Donors in Fragile States: Using Public Management Theory More Strategically*, ODI Report (London: Overseas Development Institute, 2016), <https://odi.org/en/publications/reforming-donors-in-fragile-states-using-public-management-theory-more-strategically/>.

92 Richard Hummelbrunner and Harry Jones, *A Guide to Managing in the Face of Complexity*, ODI Report (London: Overseas Development Institute, 2013), <https://media.odi.org/documents/8662.pdf>.

93 Samuel Sharp, “Adaptive Bureaucracies? Enabling Adaptation in Public Bureaucracies,” Working Paper 604 (London: Overseas Development Institute, 2021), <https://media.odi.org/documents/odi-adaptivebureaucracies.pdf>.

94 OECD, *Pathways towards Effective Locally Led Development Co-operation*.

95 OECD, “Risk Management and Locally Led Development: Understanding How to Better Manage Risks for Sustainable Impact,” DCD(2023)48 (Paris: OECD Publishing, 2023), [https://one.oecd.org/document/DCD\(2023\)48/en/pdf](https://one.oecd.org/document/DCD(2023)48/en/pdf).

BOX 5. USAID's Local Systems Framework

An early champion of adaptive management, USAID's 2014 Local Systems Framework set the agency's initial approach and vision for best practice for cooperation that is more adaptive, flexible, and locally led.⁹⁶ The Framework functionally identifies three steps for realising its development vision: (1) aligning to best practice when engaging local systems by adhering to 10 principles that aim to recognise, engage, and capitalize on local knowledge to design accountable and flexible interventions; (2) modifying USAID's risk assessment approaches to enable better adaptation and targeting of resources to where they are likely to have the greatest benefit; and (3) broadening results architecture to monitor USAID efforts in strengthening and sustaining local systems. Building on this initial approach, USAID has continued to play a leadership role in locally led development approaches, championing the most recent Donor Statement on Supporting Locally Led Development at the 2022 Effective Development Cooperation Summit in Geneva.⁹⁷

The future of development agency effectiveness: Three key considerations

In today's shifting development context, it is clear that more of the same from development agencies is unlikely to be sufficient for safeguarding their continued effectiveness, resilience, and – ultimately – relevance in the years ahead. Instead, changing priorities, ways of working, and goals of development cooperation will require agencies to grapple with the suite of reforms needed to match shifting global contexts and the roles they are expected to play within them. While the reforms needed to advance agency effectiveness will differ widely across countries based on their unique purpose (why), programming (what), and ways of working (how), trends in the global development landscape have raised important questions about how agency priorities, structures, and capabilities may need to change to remain fit for purpose.

Priorities

The realities of shifting agency purposes due to domestic pressures within provider governments, geopolitical tensions, and complex development demands have clear implications for *what* development agencies do and how they prioritise – or allocate – resources effectively across a growing array of complex and competing objectives. While allocation preferences have moved on from past understandings of effectiveness, questions about *how* and on *what* agencies prioritise limited concessional and developmental resources remain at the fore of debates about future agency effectiveness.

96 USAID, *Local Systems: A Framework for Supporting Sustained Development 2014–2024* (Washington, DC: USAID, 2014), <https://www.usaid.gov/sites/default/files/2024-10/LocalSystemsFramework%282014-2024%29.pdf>.

97 USAID, "Donor Statement on Supporting Locally Led Development."

At a technical level, key questions include commonly discussed concerns over the conditions under which different types of development resources – including concessional finance – should be used for different purposes, particularly around the provision of global public goods.⁹⁸ Part of the challenge is the absence of clear logics or meaningful guidance on where and under what conditions such spending is likely to be most effective; recall, for instance, that the global effectiveness principles are from 2011, with some evidence that these principles provide limited applicable guidance for what it means to be effective in response to the SDGs.⁹⁹ With many agencies currently seeing their budgets cut,¹⁰⁰ the risk is that pressures to meet multiple demands – especially in the absence of updated evidence of the most impactful and cost-effective uses of different types of resources across different purposes – could reduce the impact of their portfolio as a whole.

At the political level, questions about prioritisation are made more acute by growing preferences to instrumentalise development budgets, which risks diluting focus on development outcomes as a priority as well as altering understandings of the types of results that agencies look to achieve. The point is not that the use of development resourcing for self-interested objectives is particularly new, but rather that the more explicit pursuit of such goals raises substantive questions about the overarching purposes driving agency action and the implications of these purposes for how agencies understand, measure, and report their own performance. For instance, some have noted that agencies pursuing mutual benefit motivations for development often lack corresponding evaluative criteria for assessing the effectiveness of such programmes, making it difficult for agencies to interrogate assumptions about supposed win-win outcomes, synergies, or trade-offs between the different types of recipient-specific and donor-specific results that are expected from development interventions.¹⁰¹ Put simply, the changing objectives, purposes, and goals of development agencies – including those related to the national interest – prompt the question of whether their main priority is still development as previously understood or whether the changing nature of the development challenges is redefining the role and purpose of development agencies and, ultimately, what it means for them to be effective.

98 Charles Kenny, "Official Development Assistance, Global Public Goods, and Implications for Climate Finance," CGD Policy Papers 188 (Washington, DC: Center for Global Development, 2020), <https://www.cgdev.org/publication/official-development-assistance-global-public-goods-and-implications-climate-finance>.

99 Calleja and Cichocka, "Development Effectiveness in the 'New Normal.'"

100 Several DAC members are expected to cut development budgets, among them the EU Commission, France, Germany, and the Netherlands. Andrew Green, "Germany Plans Billions in Cuts to Development, Humanitarian Aid," *Devex*, September 10, 2024, <https://www.devex.com/shared/arh3fC3z>; "France Reneges on Its Official Development Assistance Commitments," *Focus 2030*, February 27, 2024, updated November 2024, <https://focus2030.org/France-reneges-on-its-Official-Development-Assistance-commitments>; Vince Chadwick, "Scoop: The EU Aid Cuts Revealed," *Devex*, September 26, 2024, <https://www.devex.com/shared/YOWaVsDg>; Bart H. Meijer, "Dutch Right-Wing Government Cuts Development Aid as Deficit Balloons," *Reuters*, September 17, 2024, <https://www.reuters.com/world/europe/dutch-right-wing-government-cuts-development-aid-deficit-balloons-2024-09-17/>.

101 Keijzer, Niels, and Erik Lundsgaarde. "When 'Unintended Effects' Reveal Hidden Intentions: Implications of 'Mutual Benefit' Discourses for Evaluating Development Cooperation," *Evaluation and Program Planning* 68 (2018): 210–217.

Structures

How development agencies should be structured to tackle shifting goals and priorities remains open for debate, with key questions ranging from how the agency should be positioned within the broader government architecture, to the types of internal structures or units housed within agencies, and the mechanisms used to support cross-government action. In each case, the types of structure prioritised will likely be driven by the strategic goals and purposes that the agency seeks to pursue.¹⁰² This means that a single recommended approach is unlikely, with effectiveness best achieved when design features are aligned with organisational contingencies and goals.

In the minority of cases, external design issues continue to occupy attention as political leaders consider ways to transform development systems alongside shifting political and strategic realities. Notably, the goal to deliver the SDGs and the related imperative to advance policy coherence around internationally focused thematic issues have raised important questions about how providers could, or should, reorganise to support more effective action. Some have questioned, for instance, whether single-mandate development agencies should still exist, or whether the changing nature of development challenges justifies replacing them with sustainable development agencies that could be responsible for a broader range of interrelated and internationally oriented expenditure.¹⁰³ At the same time, some countries face ongoing calls to reorganise structures with the aim of deepening alignment between development and foreign policy alongside changes in government.¹⁰⁴

More commonly, organisational adaptation to changing contexts has involved rethinking internal structures or relocating responsibility for key types of development engagement (such as humanitarian spending) to promote more synergistic action. In light of the increasing number of conflicts, wars, and crises, for instance, some providers (such as Norway) have recently transferred responsibility for humanitarian assistance from foreign ministries to implementing agencies with the aim of improving alignment between emergency and long-term development responses.¹⁰⁵ In other cases, the growing importance of policy coherence and need to develop new capacities or skills to address global public goods has had organisational implications, with some agencies creating new

102 Mikaela Gavas, Nilima Gulrajani, and Tom Hart, "Designing the Development Agency of the Future," ODI Framing Paper (London: Overseas Development Institute, 2015), <https://media.odi.org/documents/9610.pdf>.

103 Adolf Kloeke-Lesch, "Change or Crumble! Germany Needs to Reposition its International Cooperation," *CGD Blog*, September 2021, <https://www.cgdev.org/blog/change-crumble-germany-needs-reposition-its-international-cooperation>.

104 Consider Germany, for instance, where calls to merge its independent Federal Ministry of Economic Cooperation and Development with the Federal Foreign Ministry, which are routinely floated around election cycles, were renewed in 2024 with the explicit intention of promoting deeper alignment (and presumably instrumentalisation) of development through its co-location with foreign policy. See: Rachael Calleja and Jürgen Zattler, "A Merger in the Making? What Germany Should Learn from the Department Mergers of the Past," *CGD Blog*, September 25, 2024, <https://www.cgdev.org/blog/merger-making-what-germany-should-learn-department-mergers-past>.

105 Norad, "Administration of Norwegian Aid Centralised in Norad," *Norad News*, August 2024, <https://www.norad.no/en/news/news/20242/administration-of-norwegian-aid-centralised-in-norad/#:~:text=The%20Norwegian%20government%20has%20decided,number%20and%20becoming%20more%20protracted>.

internal units to house growing capacities for climate mainstreaming,¹⁰⁶ or building better cross-government systems to draw on the capacities that already exist in other departments or to improve policy coherence.¹⁰⁷ This is the case in Belgium, where a new climate strategy is being jointly created by the Directorate General for Development Cooperation and the environment ministry to support stronger cross-government cooperation and coherent government positions in international engagements on key issues such as fossil fuels.¹⁰⁸

Capabilities

At the same time, changing pressures on the work and results that development agencies are expected to achieve in the new development normal raise questions about the capabilities needed to programme cooperation effectively, respond quickly and flexibly to changing demands, and foster better partnerships with partner countries and other development actors.

On one hand, while agencies have long faced questions about the skill mix needed to successfully manage development programmes – particularly related to finding the optimal balance between specialists and generalists¹⁰⁹ – changing priorities will also likely have implications for the types of knowledge that agencies seek to retain. Consider the example of climate change and the imperative for agencies to integrate climate considerations across portfolio action and to develop the tools and approaches for “climate-proofing” development activities in the first instance.¹¹⁰ Whether such capacities should be recruited, developed, leveraged from across government, or brought in through temporary consulting arrangements will likely differ across organisations based on their size, bureaucratic cultures, and specific needs. However, in a development landscape where the objectives of agencies are shifting – often away from long-term development programming as the primary goal – a perhaps controversial question is whether the need for development specialists and expertise could be reduced over the medium to longer term.

On the other hand, recognition of the need for more flexible, adaptive, and local engagement will necessarily have implications for several ways of working. From a financial

106 This was the case in Australia, which created a Climate and Development Integration Unit to support climate mainstreaming across its portfolio, and in Ireland, where a new climate change unit located in headquarters is used to support embassies to integrate climate into their country-focused work. See: OECD, *Peer Review: Mid-term Review of Australia* (Paris: OECD Publishing, 2024), [https://one.oecd.org/document/DCD/DAC/AR\(2024\)3/23/en/pdf](https://one.oecd.org/document/DCD/DAC/AR(2024)3/23/en/pdf) and OECD, *Peer Review: Mid-term Review of Ireland* (Paris: OECD Publishing, 2024), [https://one.oecd.org/document/DCD/DAC/AR\(2024\)3/10/en/pdf](https://one.oecd.org/document/DCD/DAC/AR(2024)3/10/en/pdf).

107 This is the case in Belgium, where a new climate strategy is being jointly created by the Directorate General for Development Cooperation and the environment ministry to support stronger cross-government cooperation and coherent government positions in international engagements on key issues such as fossil fuels. See: OECD, *Peer Review: Mid-term Review of Belgium*, DCD/DAC/AR(2024)3/3 (Paris: OECD Publishing, 2024), [https://one.oecd.org/document/DCD/DAC/AR\(2024\)3/3/en/pdf#:~:text=A%20joint%20climate%20strategy%20between,and%20the%20Global%20Biodiversity%20Framework](https://one.oecd.org/document/DCD/DAC/AR(2024)3/3/en/pdf#:~:text=A%20joint%20climate%20strategy%20between,and%20the%20Global%20Biodiversity%20Framework).

108 OECD, *Peer Review: Mid-term Review of Belgium*.

109 Barbara Nunberg, *Improving Human Resource Management in Development Agencies*, ODI Report (London, Overseas Development Institute, 2017), <https://media.odi.org/documents/11453.pdf>.

110 Calleja, “How Do Development Agencies Support Climate Action?”

management perspective, the COVID-19 crisis highlighted the importance of financial flexibility and the importance of balancing rapid response with long-term stability.¹¹¹ For agencies, the challenge is not only balancing flexibility with due diligence and quality assurance standards but also ensuring that the flexibility to respond to urgent crises does not come at the absolute expense of other portfolio priorities through rapid, and potentially damaging, reallocations.¹¹² At the same time, efforts to bring the management of cooperation closer to the ground and increase agency responsiveness to local conditions have led several development agencies to devolve the primary responsibility for programme implementation to country offices,¹¹³ with further devolvement likely to remain a priority for those committed to deepening locally led development practice.

More broadly, many development agencies are recognising the need for better development partnerships – with local actors as well as with the private sector and other development agencies – to support meaningful progress towards shared development goals.¹¹⁴ Achieving this aim could include building capacities for – or openness to – new cooperation modalities that promote more equitable forms of collaboration and partnership, including triangular cooperation,¹¹⁵ or developing staff know-how, coordination mechanisms, and institutional incentives for seeking out and managing private-sector partnerships.¹¹⁶ In this context, the critical question facing the effectiveness of development agencies is what it means to be equipped to partner with diverse actors in today's complex and competitive development landscape.

Conclusion

Taken together, the scale and scope of the challenges facing development agencies – from the shifting and complex international environment as well as from domestic political pressures – are changing what it means for agencies to be effective in today's development landscape. As the pace of change facing development agencies in the SDG era – and presumably beyond – continues to grow, it is likely that a more substantive rethink of agency purpose, resilience, and effectiveness will be critical to supporting their long-term relevance.

111 Gavas, Calleja, and Rogerson, "How Are International Development Agencies Responding to the COVID-19 Crisis?"; Calleja, "What Is a Resilient Development Agency? Findings from a Survey of Development Leaders."

112 In 2022, for instance, the Swedish International Development Cooperation Agency announced plans to reallocate US\$1 billion in foreign aid to fund in-donor refugee spending in response to conflict in Ukraine, reallocating funding from several multilateral funds. See: Vince Chadwick, "Sweden Pulls \$1B in Foreign Aid for Ukrainian Refugees at Home," *Devex*, May 2022, <https://www.devex.com/news/sweden-pulls-1b-in-foreign-aid-for-ukrainian-refugees-at-home-103164>.

113 OECD, "Effective Aid Management: Twelve Lessons from DAC Peer Reviews," in *Development Co-operation Report 2007* (Paris: OECD Publishing, 2008), <https://doi.org/10.1787/dcr-2007-3-en>.

114 Calleja, "What Is a Resilient Development Agency?"

115 OECD, *Pathways towards Effective Locally Led Development Co-operation*

116 OECD, *Private Sector Engagement for Sustainable Development: Lessons from the DAC* (Paris: OECD Publishing, 2016), <https://doi.org/10.1787/9789264266889-en>.

To support agencies in this period of change, our analysis has highlighted several open questions that they will likely face as part of efforts to secure their long-term effectiveness. Notably, three stand out. The first relates to the shifting development purposes – driven by both international and domestic pressures – and their implications for *what*, *where*, and *how* agencies engage in development cooperation. While issues related to prioritisation – and allocation – of development budgets have long been associated with effectiveness, the scale and complexity of demands facing agencies will require reflection on the overarching purpose and role of agencies in the years ahead. The second is linked to structural issues, where agencies are facing critical questions about both the internal structures needed to deliver on competing demands and more existential questions about their role within government systems. The third pertains to the capabilities, approaches, and ways of working that agencies need to develop, refine, or institutionalize to effectively program, manage, and respond to the complexities of doing development in the years ahead. While differences in the domestic contexts that constrain development agencies mean that there is unlikely to be a single approach for how agencies choose to meet future challenges, there are opportunities to take a deeper look at emerging practices and new evidence that could help inform directions of travel.

Over the next year, we will take forward these and other questions about agency effectiveness with the aim of expanding the evidence on how agencies understand their own effectiveness and what it means to be a resilient and relevant agency in the years ahead. This will be done through mapping understandings of effectiveness across DAC members, paying close attention to the degree to which agencies align their understandings of effectiveness with international principles. Doing so provides a starting point for understanding the different conceptualizations of effectiveness present across development agencies, which impact how effectiveness is operationalized and mainstreamed in practice. Simultaneously, we intend to explore what it will mean for development agencies to be effective in the years ahead, with the aim of identifying the current gaps and opportunities for strengthening agency effectiveness and resilience. Overall, we hope this project can provide support for development agencies as they adapt to the long-term changes that are defining development cooperation needs, priorities, and, ultimately, the impact they are called to achieve.

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