Development policy from a systemic perspective: changes, trends and its future role within a broader framework for transnational co-operation

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Abstract

Over the past decade a number of changes can be observed within the development policy system. This paper presents and discusses these changes along three dimensions: narratives, strategies and operational approaches. Changes are manifold, ranging from the application of new narratives, such as the migration narrative, to alternations in strategic objectives (e.g. developing countries’ graduation issues), new instruments (in the form of development finance at the interface with the private sector), and the application of new concepts for project implementation (e.g. through frontier technologies). We discuss the implications and effects of these changes for the current and potential future role of the development policy system, as well as preliminary ideas for a concept of global co-operation for sustainable development (GCSD), spanning beyond the development policy system.

Keywords: Development policy; Development cooperation; South-South cooperation; Foreign aid; International relations; Organisation for Economic Co-operation and Development.

Introduction

The Covid-19 pandemic and the resulting socio-economic crisis is testing global structures of co-operation.¹ The challenges give rise to new forms and expressions of transnational co-operation. We expect that the future framing of development co-operation and policy will be significantly impacted by the global health crisis. With the crisis acquiring global dimensions, the provision and support of global public goods (GPGs) seems

¹ The first two paragraphs refer to Klingebiel and Izmestiev (2020).
to be increasingly important (Kaul 2013). The North-South Co-operation model remains important, but it is continuously losing significance as the predominant co-operation model in developing regions (Mawdsley 2019; Chaturvedi et al. forthcoming). South-South Co-operation (SSC) has received a push – at least in terms of visibility - but has also spurred creative solutions. At the same time, we also see other forms of co-operation becoming increasingly prominent (Swiss forthcoming), including “South-North co-operation” (e.g. China's medical support to Italy) and “East-North co-operation” (e.g. Russia sending medical material to the United States).

These examples highlight co-operation that is increasingly multi-directional and universal. Will these developments herald a new form of co-operation or do they indicate the reinforcement of existing tendencies? The establishment and adjustment of institutional structures will mainly be a non-linear process; it will take place through incremental steps and adjustments. However, change can also happen through abrupt political decisions (like the United States’ decision on its WHO membership). Covid-19 may turn out to be a super-accelerator of a number of trends that existed before the pandemic (Haas 2020; Duclos 2020).

At the same time, addressing the needs of the most vulnerable countries through development co-operation and policy will be an essential part of future co-operation structures, while a number of changes can already be identified and will likely be observed in the future. Which trends can be observed in development co-operation and policy, not only in response to the recent developments of the Covid-19 pandemic, but more generally throughout the last decade? And how do these trends inform the role of the development policy system within a broader framework of transnational co-operation for global sustainable development?

The purpose of the paper is twofold. First, it aims at presenting and discussing trends and changes within the development policy system along three dimensions: 1) Narratives, concepts and theories; 2) Strategies and institutional set-up; and 3) Instruments, modalities, tools and activities. Second, the paper reflects on the future role of the development policy system for transnational co-operation for global sustainable development while also presenting preliminary ideas for a concept of Global Co-operation for Sustainable Development (GCSD).

In particular, we examine the relationship between the dimensions and the continuing and potentially growing disconnections between these dimensions in the development policy system. While one might argue that disconnections within a policy system by itself are not a new phenomenon, we argue that the importance of such disconnections has increased in the recent past and in particular in light of the Covid-19 pandemic. The Sustainable Development Goals (SDGs) represent a more complex and multi-faceted goal system than ever agreed before. This paper postulates that serving such a complex goal system, while new forms and expressions of transnational co-operation emerge and new challenges, like the Covid-19 pandemic, arise, requires addressing the interrelationships...
among the different system dimensions to a greater extent than ever before. Thus, the persistence of disconnections in the development policy system becomes problematic in the context of the availability of a universal agenda and the need to scale up delivery to achieve the SDGs.

The information used in this paper has been gathered from a literature review, expert interviews and group discussions. The literature consulted addresses discourses on global challenges and global solutions, both inside and outside the development policy system, along with ideas on “rethinking” and transforming development and development co-operation. This paper builds a qualitative research design around and above the outcomes and findings of the literature consulted.²,³

Development policy system and the importance of continuing and potentially growing disconnections

In our understanding, the term “development policy system” refers to a complex system, which is based on rules that underpin, govern and structure development policy and a set of incentive systems that ideally steer behaviour and decision-making processes in the desired direction, much of which the Development Assistance Committee (DAC) has sought to influence in its nearly sixty years of work.

Development policy comes in at three levels: (i) the level of partner countries (improving local living conditions through development co-operation); (ii) the international level (involvement in shaping global framework conditions and international regulations in line with development goals); (iii) the domestic level in donor countries (improving policy coherence for sustainable development, as well as providing information and delivering education on development and development co-operation) (Ashoff and Klingebiel 2014, 1).

Neither country groups nor development approaches are entirely fixed or stable (Esteves and Klingebiel 2018). We use the development policy system as an entry point through which changes can be observed in three system dimensions – why, how and what - as presented in Figure 1.⁴

² During the study period from September 2018 to early 2019, 22 explorative expert interviews and a number of focal group discussions and brainstorming sessions complemented the literature review.
³ The paper is presented mainly from the perspective of OECD DAC donors. However, the presentation of a variety of responses at different levels by diverse actors in the field is also informed by main global and Southern debates on development co-operation and global sustainable development.
⁴ The interrogatives, why, how and what, point to more detailed questions for each of the three dimensions. We are using the interrogatives as abbreviations for the three dimensions to make the arguments clearer.
A conceptualisation of the development policy system along three dimensions provides the basis for assessing whether observed changes build on and re-inform each other to create synergies and to overcome continuing disconnections. While one might argue that the phenomenon of disconnections within a policy system by itself is not new, we argue that the importance of such disconnections has been increasing, over the last decade, roughly since 2010, hindering the capacity of transnational co-operation and global co-operation to derive sustainable solutions.

The SDGs have moved the political agenda from a simple to a complex goal system. They succeeded the Millennium Development Goals (MDGs), but emerged from the sustainable development policy community, rather than the development co-operation community. While significant progress in achieving the MDGs was made, a wide variety of challenges remained, and within the prevailing framework of the MDGs “development and sustainability aspirations were largely approached disjointly” (Kharas and Rogerson 2017, 18). Kharas and Rogerson (2017) list, for example, the underdeveloped role of non-state and private actors, the inadequate concern for peace and institutions and the strong emphasis on goals that were relatively easy to measure. The SDGs aim at addressing these shortcomings and introducing a narrative to the development policy system, which is wider in scope and accounts for development in developing and developed countries alike (Fukuda-Parr 2017; Fukuda-Parr and McNeill 2019; The World in 2050 2018).

Simultaneously, and especially throughout the most recent years, the growing pressure of these global (sometimes regional) challenges is contrasted with a reduced readiness and willingness of several main actors to take collective action. The announced withdrawal of the United States...
(US) administration (in 2017) from the 2015 Paris Climate Agreement and the threat to withdraw from other multilateral mechanisms, such as the World Trade Organisation (WTO), is but one example of the decreased willingness for collective action of key actors.

Other trends, including but not limited to the Covid-19 pandemic, have further contributed to profound structural changes. The growing role of rising (super-) powers, especially China and India, and several other dynamic countries (such as Turkey and Indonesia) has a strong impact on global governance structures (Zürn 2018; Gray and Gills 2018; Chaturvedi et al. forthcoming; Paulo and Klingebiel 2016). The rise of the Group of Twenty (G20) is a part of this trend. Acharya (2017) provides an in depth analysis of several main aspects related to a “multiplex world” which goes well beyond multipolarity and is a world of multiple modernities, among which the Western liberal modernity is only one option (Acharya 2017, 277).

These developments, that can largely be associated with the last decade, provide the time horizon that is framing the changes under consideration in this paper. These developments have provided an environment within which opportunities to address solutions for global sustainable development with joint approaches are eroding, and where competition among states is gaining more emphasis. More specifically, these challenges provide an environment within which the 2030 Agenda’s transformative power and its demand for universality and reciprocity have been pushed aside; and within which development policy as one of the few policy fields aimed explicitly at global sustainable development is more often becoming part of a tool box for competition instead of co-operation on a global scale (see, for instance, debates on development policy as a dimension of soft power; see also Morris (2018).

Hence, this paper assumes that catering to such a complex goal system, despite reduced collective action in light of new challenges, requires addressing the relationship between the different dimensions of the system to a greater extent. In particular, the persistence of, and potentially growing disconnections between the dimensions of the development policy system can prove more problematic in the face of a universal agenda and the need to upscale co-operation to achieve sustainable solutions.

Changes and disconnections in the development policy system

Changes within the development policy system that occurred throughout the last decade are manifold. Here we examine each of the three dimensions.

Narratives, concepts and theories

The first dimension poses the question of why the development policy system is changing, and presents narratives, concepts and theories from inside and outside the development policy system (see Figure 2). Narratives, concepts and theories are informed by and refer to ideas that connect trends and events, and define the landscape within which the development policy system is embedded.

5 For a more general debate on “ideas” in international relations, see, for example, Acharya (2012) and Williams (2004).
What do the changes identified in Figure 2 imply when looking with a bird’s-eye view at the development policy system? In order to shed light on this question, the new migration narrative is discussed in more detail. Migration, along with the transparent manifestation of national self-interests, influences the development policy system in a way which turns out to be a major game changer.

**Why? - The migration narrative**

Coming from outside the development policy system, the migration narrative has clearly prompted change within the system, demonstrating that while sustainable development challenges today span national borders, collective action is diminishing, and countries are increasingly looking inward. A main trigger for a changing narrative, especially in the EU and US, lies in the much more pronounced, even dominant, place of migration in overall political debates, with highly relevant connections to the development narrative. A new demand to bring “national interests” transparently on board in formulating development policy considerations for Organisation for Economic Co-operation and Development (OECD) countries is one indication in this regard (Barder 2018; Hulme 2016; Keijzer and Lundsgaarde 2018; Mawdsley et al. 2018). Motivations and priorities in development policy today address, for instance, Brexit-related objectives for the United Kingdom (UK), migration-related goals for the US administration under President Trump, and (in a different way) for European donors (Europe Union institutions and member states), just to mention few examples. Thus, the migration narrative is of increasing concern to many actors, both outside and inside the development policy system.

A new narrative of changing donor interests is largely replacing the former aid and development effectiveness discourse promoted and supported by OECD DAC donors. As such, managing
migration has become a driving force for increasing Official Development Assistance (ODA) budgets and revisiting the rationale for development co-operation.

(Dis-)connections to the other system dimensions: how and what

With the aid effectiveness agenda pushed aside and ODA budgets in several OECD DAC countries increasing to respond to the new migration narrative, there comes into question to what extent actors in the development policy system have responded along the two other dimensions – how and what. Within the strategic dimension (“how”), the migration narrative touches issues of allocation priorities (in terms of country selection and priority sectors/activities). Bilateral development co-operation actors aim at channelling their funds to countries of origin and transit countries, the argument being the need to address the “root causes” of displacement and reintegrate migrants in their countries of origin.

Within the operational dimension (“what”) these allocation aspirations are finding traction within special funding vehicles and concepts, such as the EU Emergency Trust Fund for Africa and the EU Migration Partnership Framework (Castijello 2017). Programs and activities aim at the creation of jobs within countries of origin as well as reintegration. However, many scholars argue that migration is multifaceted and requires broader approaches that lead to co-operation with partner countries (Schraven et al. 2017). Furthermore, academic debates are emphasizing that improved living conditions (supported by development co-operation) do not lead to less migration pressure.

The observations point out that with an eroding momentum for aid effectiveness and little political interest for the SDGs among the wider public, actors in development policy tend to focus on short-term challenges, such as the current migration narrative, instead of high-level debates on a long-term vision for development policy. Even though the importance of the SDGs is widely acknowledged, compared with the migration narrative, the 2030 Agenda cannot seem to find similar political traction outside development policy in domestic debates in OECD countries. These fundamental shifts result in widespread discussions regarding the need for a fundamental recasting of the development policy system, reflected in calls for “rethinking” or “transforming” development co-operation. Such calls are becoming numerous and prominent in discussions among practitioners (e.g. Organisation for Economic Co-operation and Development (2017a, 2)) and academics.

At the same time, there is no institutional set-up or platform at the meta level where the development policy system lens can be embedded within its wider system environment and within a broader concept for global sustainable development. OECD’s DAC, whose role as a rational development policy actor is recognised, could be a force for innovation, but displays little appetite for fundamental reflections. In addition, while the OECD represents a large number of countries, it still only represents a specific group of industrialised democracies. The United Nations (UN) fora and entities dealing with development co-operation topics, such as the United Nations Development Co-operation Forum (DCF), have a global mandate, and bridge the science policy interface. However, they are neither effective in providing a platform for innovative discussions nor in setting effective rules for development co-operation.

6 See, for example United Nations (2020).
Strategies and institutional set-up

The second dimension addresses how changes in the development policy system occur. We present “how” changes occur from a strategic and an institutional perspective. A strategy typically involves the development of a long-range plan to achieve broader objectives, as identified by debates on narratives, concepts and theories (“why”). Such long-range plans and corresponding institutional adjustments could also emerge as a response to changing operational activities (“what”) and attempts to structure, merge or scale up such activities.

The changes that occurred range from allocation models for financial and non-financial resources to corresponding institutional structures for the above-mentioned attempts to structure, merge or scale up activities, and include, but are not limited to, Multi-Actor Partnerships (MAPs). Figure 3 presents these changes in two sub-clusters: (i) institutional reform and managing resources and (ii) interface modi between various policy fields.

Figure 3. Strategy and institutional set-up within the development policy system

| Institutional reform & managing resources | Interface modi between various policy fields |
|------------------------------------------|-------------------------------------------|
| • Allocation models for (non)-financial resources: | • Policy Coherence for Sustainable Development |
|   · Thematic allocation | • Multi-actor partnerships & "orchestration": |
|   · Geographic allocation |   · Sectoral platforms and initiatives, e.g. EITI, |
|     - Geographical political mandates: engagement in domestic |   Global Delivery Initiative |
|     development in OECD countries |   · Private Sector Engagement through ODA |
|     - Beyond” ODA graduation/gradation & exit: | • Nexus management/whole of government |
|       · New forms of cooperation | • Cross-cutting themes (e.g. gender, results) |
|       · Adjustments to eligibility criteria | |
|       · Using other resources beyond ODA | |
|       · Hand over to other policy fields | |
|       · Exit options | |
|     - “Within” ODA graduation: from LDC to LIC to MIC | |
|     · Allocation for bi- and multilateral channels | |
| • Institutional structures for operationalisation: | |
|   · General set-up within the government system | |
|   · Use of business models within aid agencies (incentive systems | |
|     and customer orientation) | |
| • Global DC architecture: | |
|   · Platforms and initiatives: | |
|     - Global, e.g. GPEDC | |
|     - Regional, e.g. LAC-DAC dialogue | |
|     Southern cooperation approaches | |
| Notes: Extractive Industries Transparency Initiative (EITI); Latin American and Caribbean Countries – Development Assistance Committee (LAC-DAC) |
| Source: Authors, based on the information gathered during the study period |
Again, conceptualising changes along three main dimensions might lead to the perception that each of these dimensions exists in its silo. However, system interactions typically are at work, re-inform each other and create overlaps and interconnections.

While many potential paths exploring those overlaps and interconnections could be considered, we analyse them based on the example of co-operation with middle-income Countries (MICs). Global dynamics have moved the world order beyond a North/South dichotomy. As such, development success in many developing countries and regions is demanding a response to the question of how co-operation with more developed countries might be strategically organized. Within this context, one topic that is of particular interest is “graduation”. Graduation implies that a decreasing number of ODA-eligible countries leads to a fundamental questioning of the relevance of ODA and a global ODA target.

How? - Co-operation with MICs

The list of ODA recipients provided by the DAC and the history of ODA recipients show a significant graduation trend\(^7\) over the past decades. In the future, only a limited number of countries, mostly LICs and fragile states will be relying on development co-operation as currently classified. As of January 2018, Chile, together with the Seychelles and Uruguay, graduated from the list of ODA-eligible countries. Sedemund (2014) predicts that “over the period until 2030, 28 developing countries with a total population of 2 billion are projected to exceed the income threshold for ODA eligibility”. Graduation, first of all, simply means that a country’s per capita Gross National Income (GNI) surpasses the current threshold for ODA eligibility. As a result, development policy programs and projects in support of those countries cannot be reported as ODA expenditures any longer.

From the strategic and institutional perspective, graduation seems to be only a technical aspect, and after all implies, most importantly, an increase in countries’ GNI, and hence an increase in prosperity, reflecting development success. However, if graduation limits are being maintained, graduation comes along with a number of questions that remain to be answered. These questions include, for example, ongoing co-operation activities that are, at the time of graduation, in place: will co-operation activities be continued using funds from ODA actors or will they be continued using alternative sources? Alternatively, will they be restructured to address the likely different demands of a more prosperous country or will they simply be phased out or stopped the moment funds are not ODA-eligible any longer?

Even more broadly, for development co-operation, graduation implies a significant reduction in the number of partner countries, not least of some of the most important ones (e.g. in terms of population size). While this does not automatically imply a cut-off to all international relations, it does involve a reflection on how co-operation in general could be organised between OECD countries and multilateral institutions on the one hand, and graduated developing countries on the other, in order to contribute to the provision of GPGs (Kaul 2018; Klingebiel 2018), for

\(^7\) For an overview on the “graduation debate”, see Calleja and Prizzon 2019, Kolsdorf and Müller 2020
instance global health issues. When funds spent in these countries cannot be declared as ODA anymore, does this automatically imply that actors beyond the field of development policy take over? Moreover, if so, do these actors (already) have appropriate resources and professional capacities for this type of cross-border co-operation? A new series of DAC reports on “transitions” beyond ODA status addresses such questions on a country-by-country basis.

As a result, major actors in development policy (namely government departments, implementing agencies, and so on) discuss adjustments to eligibility criteria, the use of other resources beyond ODA, a hand-over or link to other policy fields, as well as exit options at a strategic/institutional level. The elaboration of the strategic dimension is crucial to add a missing link and, as such, to fully explore possibilities for co-operation with MICs within and beyond the development policy system. For example, in their co-operation with India, the UK Department for International Development (DFID) and the United States Agency for International Development (USAID), “take on a central role as hubs for expertise, knowledge and partnership building” (Paulo 2018). The OECD Development Centre, on the other hand, discusses the concept of “gradation” whereby development is understood as a continuum of not just the income category but of a number of multiple categories identifying well-being multi-dimensionally (United Nations Economic Commission for Latin America and the Caribbean and Organisation for Economic Co-operation and Development 2018). The Development Centre has a programme of Multi-Dimensional Country Reviews. Furthermore, the OECD’s Global Relations Service, Economic Peer Reviews and country policy reviews by other OECD Committees are generating development co-operation activities beyond the traditional mandate of the DAC.

**(Dis-) connections to the other system dimensions: why and what**

Within the “why” dimension, co-operation with MICs, or more specifically with rising powers, has been discussed both inside and outside the development policy system for some years already. At the same time, the findings of development institutions and think tanks are not very conclusive on the topic or the implications for policy. For example, some argue that the poverty narrative of development co-operation remains valid and should lead to a clear focus on low-income countries (LICs). Other debates are rather emphasizing global challenges as a crucial frontier for the development policy system and the important role MICs are playing in the provision of GPGs.

The “why” for doing development only in the Global South has long been questioned (Horner 2017b). As the example above illustrates, from outside the development policy system, the world is moving beyond the geographical binary North/South divide, with economic, human and environmental issues being relevant to countries irrespective of their level of income (Horner 2017a). Even though the phase of global economic convergence is slowing down for several countries, the period since the beginning of the 2000s was characterized by a phase of “shifting wealth”

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8 Refer to Organisation for Economic Co-operation and Development (2018d). See also Janus et al. (2015).
9 Refer to Organisation for Economic Co-operation and Development (2020)
(Organisation for Economic Co-operation and Development 2018c). Within the development policy system, in the past, development co-operation was guided by a geo-economic typology of the world, “developed countries (North), with the responsibility to offer aid; and developing countries (South), with the right to receive it” (Bracho 2015, 1). Today, though, it is acknowledged that developing countries cannot simply be clustered as a homogeneous group anymore, and the differentiation of the “Global South” has become highly complex.

Within the operational dimension, the “what”, and with changing narrative and context, actors in development policy are increasingly considering MAPs and incorporating southern approaches to development policy, including but not limited to SSC and triangular co-operation instruments. As a result, a whole variety of projects has emerged (displayed within the OECD trilateral co-operation project repository), going further than the past common understanding of such categories as “provider of SSC”, “beneficiary partner” and “provider of North-South co-operation” (Organisation for Economic Co-operation and Development n.d., 1).

The analysis of the example shows that disconnections between the three dimensions exist. Identifying them is not only crucial for adjustments within the development system, but also to identify development system issues that potentially create artificial boundaries hampering co-operation with other policy fields. The development policy system operates under its corset of rules and regulations for ODA, which does not provide incentives beyond traditional North-South co-operation. In terms of providing focus and credibility, this can be regarded as a strong point of the ODA system. At the same time, it does not embrace or trigger other forms of cross-border co-operation (e.g. in those cases where non-ODA-eligible countries would benefit) in support of global sustainable development.

Also, the analysis shows that many aspects not only span across dimensions, but also beyond the development policy system, to build interfaces with other policy fields, such as those required to deliver the SDGs. Climate change, scientific co-operation, security issues or global health are all important examples. For example, a broadening of the interface between the development and energy transition agendas characterises the UNFCCC COP process, although the climate change financing debate in the COP continues along traditional North-South lines.

Lastly, overlaps that exist not only among the dimensions of the development policy system, but rather beyond it, raise important issues of roles, responsibilities and operationalisation for addressing today’s most pressing challenges. Traditional actors in the development policy system typically employ geographic strategies (geographic allocation of resources, etc.) with a rigid developing “recipient” country focus. However, regarding the pressing challenges of issues spanning beyond national borders, one has to question whether such an approach is still appropriate and whether an incentive system which is (at least to a large extent) more issue-based might be more suitable. The recent trend for some donors to allocate their resources in accordance with global issues (“thematic allocation”) and to use vertical funds is an indication in this regard (Keijzer et al. 2018; Paulo et al. 2017; Thalwitz 2016).

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10 Refer to Bracho (2015) for a historical presentation of the North-South and South-South co-operation traditions.
Instruments, modalities, tools and activities

The third dimension addresses the question of “what” these changes translate into, focusing not only on instruments, modalities and tools, but also on the resulting operational activities and projects. Figure 4 presents an overview of main changes in this dimension and presents them in two categories: 1) Instruments, modalities, tools and 2) Activities. Changes in the first category include: using ODA differently in terms of results- and performance-based approaches; new forms of policy-based lending; non-financial transfers, such as knowledge and technology; and the creation of interfaces with the private sector. Changes in the field of activities, on the other hand, focus much more on project implementation, and group new concepts based on local problem-driven solutions; the application of frontier technology; and the use of evidence, in form of Randomised Control Trials (RCTs), for example.

Figure 4. Instruments, modalities, tools and activities within the development policy system

| Instruments, modalities, tools |
|-------------------------------|
| • Using DC differently |
| • Results & performance-based approaches |
| • New forms of policy-based lending (LICs and MICs) |
| • Private sector engagement |
| • Public private mechanisms |
| • Managed funds (e.g. The Global Fund, Gavi) |
| • Development impact bonds |
| • Impact investment |
| • Microcredits |
| • Blending |
| • Challenge funds (e.g. InsuResilience and finance for innovation such as Global Innovation Exchange) |
| • Safeguard mechanisms |
| • Cooperation formats beyond North/South |
| • Triangular cooperation (beyond trilateral formats) |
| • Domestic resource mobilisation |
| • Supporting foreign direct investment |
| • Export finance |
| • Identification/development of norms and standards |
| • Remittances |
| • Provision of finance by new donors |
| • Non-financial transfers |
| • Knowledge (e.g. generation, dissemination, sharing experience) |
| • Technology |

| Activities |
|------------|
| • Sourcing and embedding locally-driven solutions |
| • “Doing Development Differently” |
| • Problem-driven iterative adaptation |
| • Use of evidence |
| • Randomised controlled trials |
| • Experimental design |
| • Measuring & tracking development innovation |
| • Data, including geocoded data |
| • Use of evaluations |
| • Application of frontier technology |
| (e.g. Drones, 3D printing, blockchain, artificial intelligence) |
| • Emergence of social entrepreneurship |
| (e.g. Toms shoes, US; Wecyclers, Nigeria) |

Notes: Gavi: The Vaccine Alliance
Source: Authors, based on the information gathered during the study period
When examining the changes presented in Figure 4, once again there comes into question whether they have occurred in isolation, or whether they have translated into changes within the other dimensions. Each of the elements in the table could be explored and debated in more detail, but this would go beyond the depth of this paper. However, one particularly striking example that emerged from our interviews is the term “innovation”.

Outside the development policy system, innovation has become a buzzword, and social entrepreneurship in particular has gained increased attention around the world, in and beyond the development policy system. Social entrepreneurs develop business solutions to address a particular problem. Examples for social entrepreneurship can be observed all over the world and can range from charitable shoe production by private individuals (e.g. TOMS in California/US) to new recycling methods addressing respective shortcomings in public service delivery (Wecyclers in Lagos, Nigeria). However, actors in the development policy system have also picked up the term. Thereby, a whole cosmos of expertise around new designs of development interventions has generated a lot of pioneer research and pioneer activities.

**What? - Innovations at the operational level**

Within the “what” dimension, innovation at the local level is rooted in local voices and often operates closer to self-reliance, with private sector co-operation and demand-driven feedback loops. These demand-driven feedback loops are important to strengthen ownership and trust, and reduce risks of efforts not being taken up or even being sabotaged. Innovation can then be a central element for development as it is rooted within the local context and “establishes a bridge between the territory, social and political contexts, and economic activities” (Cassiolato et al. 2014).

In the development policy system debates on “locally driven solutions”, it can be found within concepts such as Doing Development Differently (DDD) or Problem-Driven Iterative Adaptation (PDIA). These approaches build on locally identified and selected problems, and are designed adaptively in order to inform project development and maximize impact (Andrews et al. 2013). Development initiatives are thereby incorporating rapid cycles of planning, action, reflection and revision that stimulate experimentation to maximize impact for the beneficiaries.

Furthermore, applying frontier technologies for development co-operation interventions is a game-changer in many regards, adding a universe of activities with a fundamentally new design. Actors in development policy increasingly apply frontier technology within their implemented projects and operational activities. Frontier technology is not only being used to design systems and processes more efficiently, but also to solve particular problems at hand, or even to spur the transformation of industry functioning. Blockchain, for example, could potentially increase transparency and traceability through a secure transfer of value and data directly between parties (Organisation for Economic Co-operation and Development 2018a, 3). However, experience in

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11 See, for example, United Nations Development Programme 2018
project implementation involving frontier technologies, scaling up of such projects and embedding lessons-learnt within a wider narrative for innovation, remains limited. Development co-operation actors must not only discuss implementation, scaling up and narratives, but also the accompanying array of challenges that need to be considered when embedding frontier technologies in development policy activities (Organisation for Economic Co-operation and Development 2018b).

(Dis-) connections to the other system dimensions: why and how

Incorporation of innovation in the “how” dimension remains limited, with relatively few examples. USAID integrated their appetite for organisational evolution by establishing a Global Development Lab. The lab functions as an innovation hub with a portfolio of more than 1000 projects, in co-operation with a variety of actors ranging from academic and private partners to Non-Governmental Organisations (NGOs). Besides organisational and strategic adjustments among bilateral co-operation partners, the debate on “innovation” as a broader theme has only found traction through the creation of the International Donor Innovation Alliance and the uptake of the topic within the DAC. 12

A complete bridge to the “why” dimension and its corresponding narratives, concepts and theories does not yet exist (Organisation for Economic Co-operation and Development 2017b). Some scholars address innovation from a technological perspective (Brook et al. 2014). However, we argue that the establishment of a collective narrative going beyond technology is a crucial missing link in understanding the causes of change in the development policy arena and, as such, in fully embedding innovation within the development policy system. Such a narrative, concept or theory is not straightforward and clearly extends beyond technology as a megatrend.

The observations show that even though changes within all three dimensions (why, how, what) are taking place, they are not applied holistically throughout the dimensions, resulting in disconnections. Current changes are initiated by “development policy frontrunners”. Thus, change still often occurs in the form of pilots or in niches, which are not yet in the mainstream development discourse or in the actions of development institutions. Innovation is one example, with highly relevant changes at the operational level, but so far with limited impact on strategies, and especially on development narratives.

Discussion: the current and future development policy system

The analysis has shown that the key changes occurring across these are largely disconnected within the development policy system. The changes that impact the development policy system are diverse. However, changes in terms of narrative often do not lead to related changes in terms

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12 See, for example, Organisation for Economic Co-operation and Development (2017b)
of strategies and operations, and *vice versa*. Furthermore, neither academic debates nor policy-oriented discussions take these disconnects into account.

Also, key actors within the development policy system (including government departments and implementing agencies) tend to focus on their traditional policy fields, limiting their ability to broaden their vision. As such, the development policy system’s political economy increases the perception of some actors being part of a “dying system”, or a system whose influence is diminishing (Janus et al. 2015). We assess the reemphasised focus on poverty reduction in some international development co-operation debates as a reflection of such a traditional and narrow development policy perspective. Although reduction of extreme poverty remains a valid and significant rationale for the development policy system, it implies a shrinking “market” (what are the main tasks for development co-operation in the future?) and a “running out of a business model” for the future.

Additionally, actors in development policy need to acknowledge their limitations, which are rooted in the universality of the 2030 Agenda and the creation of a point at which diverse agendas converge outside of the development policy system. This implies significant disconnections beyond the development policy system, and more generally beyond the Policy Coherence for Sustainable Development (PCSD) agenda. How should foreign, trade, security and national health policies, as well as other policy areas, be adjusted accordingly? In that sense, re-determining system boundaries, redefining interfaces with other policy areas, as well as playing into institutional settings at the meta level are crucial aspects for such a new understanding of the development policy system in the context of global sustainable development.

Against this background, we propose a focus on potential contributions, comparative advantages and certain limitations of the development policy system. Thereby, neither self-preservation for the development policy field, nor questioning the overall framing of development policy as such are at the heart of the debate. Rather, development policy, and more specifically the development policy system, should be positioned as a chosen platform for wider discussions. For example, the development policy system is composed of a vast number of transnational platforms, networks and institutions that support coordination beyond national borders and across a wide-range of themes and stakeholders. In addition, main actors in the field have acquired a substantial amount of knowledge, especially with regard to operational modalities and realities. Knowledge on implementing and delivering projects abroad and establishing cross-cultural and sectorial networks of partners for co-operation constitute indistinguishable comparative advantages of the system - none of which are readily available within other policy fields for the time being. Lastly, resources allocated to the development policy system, especially ODA, can function as an innovation hub, a catalyst or even a last resort. Development actors are already beginning to label activities and strategies as “innovations”, although this is rather a niche role so far. This creates the potential for development co-operation actors, international and local alike, to engage systematically in cutting-edge advances spurring the most promising avenues for sustainable development.
Conclusion: Towards Global Co-operation for Sustainable Development?

We do not know the details of what a post-Covid-19 world will look like. However, we do know that effective transnational co-operation is fundamental for dealing with existing and emerging global challenges. In particular, we assume a strong need to scale up transnational co-operation as essential for global sustainable development, while simultaneously rethinking and potentially repositioning existing structures, such as development co-operation and policy. From our understanding, such an overarching concept for co-operation – spanning beyond development co-operation and policy - does not yet exist. We label such a wide concept as global co-operation for sustainable development (GCSD).

While the analysis and discussion of changes and trends within the development policy system have presented ideas for the current and future system itself, this concluding section goes one step further and introduces a concept encompassing but spanning beyond the development policy system. In our understanding, GCSD includes manifold actions focusing on norms (norm generation, setting or diffusion) and operational activities. These actions and activities are (at least partly) intended to contribute to sustainable development by bringing together (at least) two actors who cooperate across borders. Actors involved in GCSD might come from a variety of backgrounds; they include, among others, governmental and legislative actors, civil society organisations, private sector actors, think tanks and other academic institutions. Simple forms of GCSD might be based on governmental representatives coming from two countries. More complex forms of GCSD would, for example, include multi-actor constellations with a need for ‘orchestration’. GCSD might refer to co-operation efforts to reach a variety of goals. The 2030 Agenda with its SDGs and the Paris Climate Agreement are prominent components requiring global co-operation for sustainable development.

The norms we are proposing are different from the existing set of norms that are prevalent within the development policy system. In today’s world, where divisions of the Global North and South are ideally irrelevant and where we have moved from “development in developing countries” to “global development”, such norms should include a universal geographical coverage of transnational co-operation approaches and include all countries and regions. This does not exclude options to offer different conditions for co-operation (e.g. based on the needs status of a country). Also, in an increasingly complex world where income is not the single determinant for a country’s well-being, sequencing of development and establishing new forms of co-operation, such as knowledge sharing, need to become more relevant and widely acknowledged. Today, co-operation formats for global sustainable development expand beyond mere financial instruments. These do not only include Southern Approaches, but also non-financial transfers, such as knowledge, technology and science co-operation. As such, there is a need to embed the development finance debate within

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13 See also Kloke-Lesch forthcoming.
14 See for example Jerven (2013).
the wider aspects of the system, and to equally consider new emerging forms. Furthermore, norms should not only reflect on the universal geographical coverage, but also on a universal coverage of global goals, especially as the SDGs, spanning beyond policy fields. Today, no single policy field should be observed in isolation and hence needs also not be treated as such. Moreover, new forms of co-operation, universal goals and geographical coverage require multi-stakeholder approaches. Symbolically, this would mean that the “o”, as in ODA, would need a redefinition. More specifically, the main actors are identified on the basis of their competence for themes and topics rather than on the basis of the type of transfers being made. Lastly, engagement within a broader framework for GCSD is guided by a regulatory framework guiding co-operation while allowing for sufficient space for innovative approaches. A regulatory framework is clearly needed, with an exponentially higher number of actors, in such a broad field as GCSD. However, co-operation with the private sector, for example, has shown that innovation breeds where there is room to step outside of the box, take (calculated) risks and deploy a customer-centred approach.

A question emerging from the discussion on a set of norms for GCSD relates to the platform and/or institutional body for GCSD that would actually be assigned with such a task. Two options could thereby be considered. One relates to the development of a new inter- or transnational platform or organisation for GCSD. While such an organisation might be beneficial to develop a normative concept and equip it with more traction and relevance, the proliferation of institutions and associated costs need to be clearly weighed against its benefits. The second option would refer to a usage of existing platforms. These could, for example, be the UN High Level Political Forum (HLPF) and Financing for Development (FfD) process on the global level. For debates within the OECD, the DAC and the Development Centre could play a proactive role to trigger debates within this club format. While associated costs with the proliferation of institutions or other platforms might be avoided, a clear challenge exists regarding path dependencies and stigmas that have emerged over time which have to be carefully considered when selecting an already existing platform.

While the previous aspects inform on a rather normative scale, the role of the development policy system, technical implications and practicalities should also be considered. This implies that roles and responsibilities need to be addressed more prominently and critically discussed. Such a review of roles and responsibilities does not only cover mandates across main actors, including budgetary implications, but also institutional forms for development agencies which are broadly categorised by the OECD DAC. Also, and (at least partly) interlinked to the previous aspect, is the discussion of allocation models. Hereby, one comes across topics ranging from multilateral SDG financing models, widely discussed, for example, by Kaul (2017) and Kaul et al. (2015), or thematic versus geographical allocation models. Within the German development policy setting, for example, potential questions address whether the Federal Ministry for Economic Co-operation and Development (BMZ) should be restricted to ODA funds or whether its mandate should span

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15 E.g. the OECD DAC is as much a country club as an organisation from the Global North.
beyond the ODA definition and thereby beyond geographical allocations based on its acquired
capacities on the implementation of projects abroad. In a similar vein, the mandate and
functioning of the BMZ could be addressed critically, and the consideration of a thematic pooling
of funds within the international departments of sectorial ministries might be of interest.

The presented norms, platform and/or institutional body, as well as technical implications and
practicalities, are only preliminary ideas and a thought experiment shaping a concept for GCSD.
Ultimately, political decision trajectories, random shocks, such as the Covid-19 pandemic, etc.,
will shape not only the future of transnational co-operation, but also the role of the development
co-operation and policy system.

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