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# BEYOND AID: A CONCEPTUAL PERSPECTIVE ON THE TRANSFORMATION OF DEVELOPMENT COOPERATION

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# Beyond Aid: A Conceptual Perspective on the Transformation of Development Cooperation

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**Abstract:** Development cooperation is part of an international system characterised by fragmentation and limitations in global problem solving. Drawing on the term beyond aid, this article explores the transformation of development cooperation within this system. The article distinguishes four dimensions of beyond aid – actors, finance, regulation and knowledge – where aid loses relevance relative to other fields of international cooperation. Creating links to these beyond aid dimensions is at the core of the transformation of development cooperation. Understanding this transformation as a learning process, the article identifies ‘specialisation’ and ‘integration’ as two options for the future of development cooperation.

**Keywords:** aid; development; beyond aid; future of development cooperation; international cooperation

## 1 Introduction

Development cooperation is part of dynamically changing system of international cooperation that suffers from deficits in the way global challenges are being addressed. The current response to these challenges at the national, regional and global level is fragmented and poorly coordinated. Even in individual areas of international cooperation, such as development cooperation, there is a strong proliferation of actors and cooperation approaches (Acharya et al., 2006; Knack & Rahman, 2008; OECD, 2011).<sup>2</sup>

Proposals for addressing global problems more effectively can be broadly divided into two categories. The first comprises concepts that deal with global cooperation as a whole, with global governance and global public goods research being the main examples (e.g. Kaul et al., 2003; Dingwerth & Pattberg, 2006). The second perspective, which is the focus of this paper, takes the aid system as a starting point, seeking to reform development cooperation and embed it in broader efforts to promote development and overcome global challenges. This strand of the literature has generated a wealth of terminology to express the need for aid to adapt to a changing context. Examples include ‘the end of ODA’ (Severino & Ray, 2009, 2010), ‘the creative destruction of the aid industry’ (Kharas & Rogerson, 2012), the shift ‘from aid to global development policy’ (Alonso, 2012), ‘Aid 2.0’ (Sumner & Mallett, 2013) or

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<sup>2</sup> The same is true of other areas of international cooperation, such as environmental policy (Zelli & van Asselt, 2013).

the 'post-aid world' (Mawdsley et al., 2014). Beyond aid is another term often employed to question aid and to refer to changes in development cooperation.

The conceptual debate regarding beyond aid is still in its infancy. Development policymakers have used the term to describe reforms in their organisations and in development policy as a whole (Alexander, 2008; Zoellick, 2012; Greening, 2014). In the academic debate on development cooperation, the term has been increasingly present since the end of the 1990s (e.g. Browne, 1999). Far from being an established and unified concept, beyond aid rather serves as an umbrella term highlighting different perspectives on the transformation of development cooperation. These perspectives all reflect the decreasing relevance of aid for achieving development outcomes: the proliferation of development actors (e.g. Kragelund, 2008), the diversification of development finance (e.g. Ratha et al., 2008), the development coherence of different donor policies (e.g. Carbone, 2012; Barder et al., 2013; Büllles & Kindornay, 2013) and the importance of knowledge in development cooperation (e.g. Gatune, 2010; Zoellick, 2012). Given the ambiguity of beyond aid, this paper aims to advance the term's conceptual clarity.

The term 'aid' is used in this paper synonymously with development cooperation. The fundamental aim of development cooperation is to improve living conditions in poorer countries. The OECD's Development Assistance Committee (DAC) has defined official development assistance (ODA) to distinguish aid from other instruments of cooperation (such as official export credit and military assistance) as a specific form of international cooperation. However, this definition should not hide that aid donors also pursue other objectives. In fact, aid allocation literature and empirical evidence demonstrates that donors have always been driven by a mix of motivations. These include self-interest of donors (Alesina & Dollar, 2000; Berthélemy, 2006; Temple, 2010), recipient needs and altruistic motives of donors (Claessens et al., 2007; Headey, 2008), rewarding recipients' performance on specific indicators (Burnside & Dollar, 2000; Hoeffler & Outram, 2011) and what Lumsdaine (1993) has called a 'moral vision in international politics'.

Apart from discussions on the underlying motivations of donors, aid debates have always scrutinised the existing logic of cooperation, for instance, criticising the asymmetrical balance of power in aid relationships and the problematic concept of conditionality (Temple, 2010). Beyond aid is another way of framing the discussions surrounding the prevailing logic of development cooperation.

This paper defines beyond aid as a concept for the transformation of development cooperation as a policy area. As an umbrella term, beyond aid summarises different discussions on the decreasing role of aid relative to other contributions to development. These changes are the result of the dynamic context in which development cooperation operates (section 2). As a consequence, beyond aid instruments become more important as a means of achieving development goals. The third section of this paper breaks down the instruments referred to under beyond aid into four dimensions. Understanding the transformation of development cooperation as a learning process, section 4 presents 'specialisation' and 'integration' as future scenarios for development cooperation. These scenarios illustrate the spectrum within which development cooperation can change by creating links with the beyond aid dimensions.

In a scenario of 'simple learning' development cooperation specialises on poverty reduction in a smaller number of poor and fragile countries. In a 'complex learning' scenario, development cooperation integrates with other areas of international cooperation

embedded within a broader narrative of global challenges. In both cases, the challenge will be to establish effective links between the beyond aid dimensions and the respective overarching development goals or narrative. Moreover, these ideal-type scenarios will in practice continue to be driven or encumbered by a mix of underlying motivations including altruism, national self-interest and enlightened self-interest in collective solutions for global concerns – just as development cooperation has been until today.

## **2 The Dynamic Context**

While it has been recognised for some time now that aid on its own is not enough to promote development, the changing development landscape is contributing to diminishing the relevance of aid. Aid faces both external and internal pressure to change.

Global shifts in wealth and poverty over the past two to three decades have led to pronounced differentiation in the situation of partner countries putting external pressure on the aid system (Kanbur & Sumner, 2012; Kharas & Rogerson, 2012). Up until the 1990s, it was relatively easy from a development policy perspective to divide the world into a largely prosperous, industrialised North and a predominantly poor South. However, differentiation had already begun before. For instance, the introduction of the term ‘emerging economy’ in the 1980s pointed to the existence of a group of more advanced countries in the South. At the other end of the spectrum, the ‘least developed countries’, in which a high proportion of the population lives in absolute poverty, are another established category of countries. This differentiation process has become more complex, making the concept of a uniform ‘Global South’ increasingly redundant.

The differentiation process influences the role of aid in partner countries. On the whole, developing countries are becoming less dependent on aid, and the ability of donors to shape policy through aid is decreasing (Klingebiel, 2014). Strong economic growth in many developing countries, fuelled by increases in export revenues from petroleum, minerals and manufactured goods, has contributed to this trend (OECD, 2010). However, the relative decrease in the significance of aid is not found in all countries. There is a group of poor and fragile countries in which aid will continue to be crucial for public investment and service provision. In the long term, the number of countries receiving aid is set to decrease. According to projections, 28 developing countries, with a total population of 2 billion, will be crossed off the list of ODA-eligible countries as a result of increases in national income by 2030 (OECD, 2014).

In addition, the number of explicit goals being pursued with aid has increased as a consequence of the differentiation process. Poverty reduction is no longer the sole formal objective of aid. National and local problem areas in partner countries vary considerably, and global challenges, such as climate change, have become part of the development agenda. Donor countries and multilateral organisations are seeing growing competition between different globally focused policy areas, for example, between international environmental policy (climate finance) and security policy. Traditional attempts by aid actors to keep their formal goals for aid free of policy objectives other than poverty reduction are being challenged by new global demands related to the provision of global public goods for instance.

Internal pressure on aid stems from the need to cut costs in the face of the ongoing financial crises in the industrialised world. There is limited scope for expanding public development finance. In 2011, the amount of aid decreased for the first time in 15 years. The volume of aid provided by traditional donors is not expected to increase in the foreseeable future. A number of Southern European donor countries have made considerable cuts in their aid budgets in line with their austerity measures.

Against the backdrop of this changing context, actors from outside of the aid arena are playing a bigger role in the transforming policy area of development cooperation. These actors contribute in a number of ways to achieving development goals.

### **3 The Four Dimensions of Beyond Aid**

A broadly accepted definition of beyond aid does not exist. This paper first defines beyond aid as an umbrella term that synthesises different discussions on the decreasing role of aid relative to other areas of international cooperation. In order to explain the term beyond aid more precisely, this section structures these discussions into four partially overlapping dimensions: actors, finance, regulation and knowledge. These four dimensions refer to the main aspects of the transformation of development cooperation.<sup>3</sup>

While this section considers beyond aid primarily from a global perspective, the significance of domestic policies in partner countries should not be overlooked. After all, the debate on beyond aid has always stressed that a proper understanding of development processes needs to begin with actors, institutions and political processes in partner countries. In fact, the political responsibility of partner countries for successes and failures is sometimes underestimated, while that of external actors, particularly donors, is often exaggerated. In positive cases, aid can facilitate and support development processes. Nonetheless, the decisive policies, reforms and changes are mainly the result of political processes in partner countries (Kharas et al., 2011). The same caveat applies to the four dimensions of beyond aid presented in this paper.

#### **3.1 Actors**

There has been a marked increase in the number of actors engaging with developing countries through various forms of cooperation (Walz & Ramachandran, 2011; Zimmermann & Smith, 2011; Gore, 2013). Other actors operate in addition to the bilateral and multilateral actors providing aid as defined by OECD/DAC standards. This dimension of beyond aid describes the proliferation and diversification of the actor landscape.

The number of state actors has increased as a result of the growing significance of dynamic developing countries. Economically, successful Asian countries are entering the arena as cooperation partners, alongside Latin American and Arab nations (Kragelund, 2008).

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<sup>3</sup> We choose the structure of the four dimensions in this section because it covers the different uses made of beyond aid in the literature. The literature explicitly mentioning beyond aid usually focuses on one dimension in particular. The added value of our definition is to provide a more holistic picture by presenting beyond aid as consisting of all four dimensions. In addition, we include references to literature not using the term directly but dealing with the same aspects of the transformation of development cooperation.

Partnerships between these countries and developing countries are referred to as South–South cooperation. These new donors claim to engage in more horizontal cooperation, compared with the traditional vertical cooperation model between North and South. For instance, they emphasise the principle of non-interference in domestic political affairs and stress the mutual benefits of cooperation. They place greater emphasis on their own economic interests and often explicitly state their intention to link cooperation activities with commercial instruments. Estimates of the volume of South–South cooperation vary greatly, as such cooperation often involves many different elements (such as trade, investment and aid) and precise measurement is difficult (e.g. Bräutigam, 2011). Nonetheless, current trends point to a continual increase in South–South cooperation in the years to come (Chaturvedi et al., 2012).

New public actors such as line ministries are also emerging in traditional donor countries. Policy areas such as health, energy and science are increasingly international and therefore deal with actors from developing countries. Line ministries pursue specific sector goals, which are not always coordinated with other ministries. Moreover, sub-national actors such as cities also cooperate directly with their counterparts in other countries. This diverse group of public actors is complemented by a range of actors from the private sector; companies, non-governmental organisations and church-based, as well as private charities – such as the Bill & Melinda Gates Foundation – have all become progressively involved in development cooperation. Moreover, the number of multilateral actors is growing (among other things through the provision of funds for specific purposes, such as in the health care sector) (Reisen, 2009).

As a result of this proliferation of actors, competition between donors is increasing. Overall, developing countries have more options for cooperation to choose from. This choice has the potential to increase the quality and quantity of partnerships. Competition between actors can also promote innovation and provide developing countries with opportunities to test new models of cooperation. At the same time, the proliferation of actors can also cause problems: Despite initiatives to improve transparency, there is a lack of data and information about the scope and nature of the activities of individual actors. Furthermore, the proliferation of actors adds more coordination problems to the fragmentation that is already problematic enough with traditional aid actors. Partner countries need to integrate a growing number of cooperation initiatives into their national strategies and grapple with increasing transaction costs.

### **3.2 Finance**

Development cooperation has traditionally been financed through aid from bilateral and multilateral donors. By contrast, beyond aid refers to the proliferation of sources and mechanisms of finance (Ratha et al., 2008).

There is new potential for finance from private sources. Private international financial flows, whether foreign direct investment, security transfers or remittances play a bigger overall role than aid in financing economic and social development (Shafik, 2011). While aid accounts for just a fragment of the international funding available for developing countries, it remains a key component of national budgets, especially in low-income countries.

Moreover, the volatility of private financial flows presents a challenge for low-income countries in particular.

A large proportion of development finance is provided by mobilising developing countries' own resources. There has been a significant increase in domestic resource mobilisation over the last few years. For example, national tax revenues in Africa provided ten times as much finance for the continent as aid in 2011 (Atisophon et al., 2011). Greater involvement of partner countries in development financing can have a positive effect in terms of correcting deficits in political accountability. Governments that depend to a large extent on aid to fund their budgets tend to be more accountable to donors than to their own populations. Consequently, mobilizing developing countries' own resources in the form of taxes is relevant for financing but also for good governance (Bräutigam et al., 2008).

Furthermore, a range of innovative financing mechanisms has emerged that create incentives (often market-oriented in nature) to use private sources of finance for development purposes (Girishankar, 2009). These include public–private partnerships, which operate globally in specific thematic areas, such as health care and climate change mitigation. In addition, there are new financing instruments, such as international financial transaction taxes, carbon emission certificates and airline taxes (UNDESA, 2012).

OECD donors seek to catalyse resource mobilisation by deploying their funding in a targeted manner (Kharas et al., 2011). This includes combining concessional and non-concessional finance in order to make use of additional resources. Aid should increase the impact of other financial flows (such as private investments or remittances) by helping to crowd in (rather than crowd out) additional resources. However, it remains unclear whether aid can really have such a catalytic effect. Finally, changes are also taking place in traditional aid financing. New approaches, such as result-based aid, stress the importance of measurable results in development cooperation.

These ongoing changes have also led to a debate on the definition of aid. Questions on the types of financial flows that can be classified as aid and the degree of their concessionality are at the centre of this discussion. Given the fading significance of traditional aid, a technical and political challenge consists in finding new categorizations of financial flows that promote development (Vanheukelom et al., 2012). The goals of aid are also relevant in this context, as the provision of global public goods (such as a stable climate or global security) gains prominence in a beyond aid context alongside poverty reduction. A growing proportion of aid is already being devoted to such global public goods financing.

Developing countries view the wider choice of sources of finance positively where the new opportunities for development financing are greater than the additional transaction costs arising from fragmentation (Greenhill et al., 2013). Whether the increased range of financing options benefits recipients depends primarily on how flexibly they can adapt to the new situation.



### 3.3 Regulation

In the aid context, this dimension revolves around rules (soft law) for transferring and implementing aid (for example, the principles of the aid effectiveness agenda). By contrast, beyond aid places the focus on international regimes and national policy-making as the framework conditions for development processes (Carbone, 2012; Barder et al., 2013; Büllés & Kindornay, 2013).

Policy areas such as trade, migration, climate and security are usually far more significant than aid for achieving development goals. Since the beginning of the 1990s, debates about goal conflicts and synergies between development cooperation and other policy areas have been conducted under the label of policy coherence for development (PCD). Incoherence from a development perspective arises, for example, between the protection of intellectual property and the need for affordable medicine in developing countries. Agricultural subsidies in industrialised countries that impede market access for producers from developing countries and depress global prices are another example.

The OECD has promoted the concept of PCD and has elaborated recommendations for its member states. The basic idea behind PCD is that policies in OECD countries reflect interest constellations that possibly neglect long-term development concerns of poorer countries. PCD structures aim to align the formulation of these other policy areas more with development goals. The OECD/DAC peer reviews examine the implementation of these recommendations in a separate chapter on beyond aid (OECD, 2013). So far, member states have implemented these recommendations to differing extents.<sup>4</sup>

Given changes in the global context, the significance of PCD is likely to increase relative to aid. At the same time, the broadening development agenda and differentiation among partner countries make it difficult to analyse the interaction between policy areas. Conflicts of interest have never existed solely between development-oriented and non-development-oriented policy areas. A broader development agenda will see a growing number of conflicts arising between individual dimensions of development (for example, poverty reduction versus climate change mitigation). Differentiation among partner countries also results in policy coherence having varying effects on different groups of developing countries (Barry et al., 2010). Moreover, a growing number of dynamic developing countries do not necessarily need PCD structures in OECD governments to draw attention to their interests. Instead, these countries must themselves be included in efforts to achieve greater coherence for global goals. At the other end of the spectrum, PCD structures in rich countries remain relevant for many poor countries, particularly in the form of whole-of-government approaches for fragile states (Manning & Trzeciak-Duval, 2010).

Beyond policy-making in donor countries, coherence is equally important for the shaping of international regimes. Development policy can be affected just as much by an absence of regimes (for example, in the area of migration policy) as by existing regimes (for example, the international trade regime). What is more, many development issues (such as sustainability) cannot be dealt with in clearly defined, integrated regimes but must be addressed at the points where different regimes interact with one another, adding even

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<sup>4</sup> The Center for Global Development (CGD)'s Commitment to Development Index (CDI) represents an attempt to measure policy coherence. The index compares to what extent policies of wealthy countries support developing countries in the areas of trade, investment, migration, environment, security and technology. However, the CDI covers more than PCD as it also takes into account ODA (Barder et al., 2013).

more weight to calls for coherence (Oberthür & Stokke 2011). Ultimately, coherent international regimes contribute to the provision of global public goods (Kaul et al., 2003).

### **3.4 Knowledge**

The next dimension deals with knowledge about and experience of development processes. Knowledge sharing is relevant to a range of development areas, such as the dissemination of new farming methods in agriculture, the improvement of public financial administration, the establishment of welfare systems, and the introduction of measures to mitigate climate change. It includes scientific and technical expertise and, to a large extent, implicit knowledge gained from implementing development interventions and working in local contexts.

As in other policy areas, development-related knowledge is combined with policy processes in a cycle of knowledge generation, transmission and use (Jones et al., 2012). Aid actors have traditionally played a dominant role in that process as providers and sharers of knowledge, particularly through their advisory and capacity-building activities. The sharing of knowledge through development cooperation has always been closely linked to the transfer of financial resources. With aid as a source of development finance decreasing in importance, aid actors may focus to a greater extent on their role as sharers of knowledge. The World Bank has been pursuing this strategy for some time now. As early as 1996, at a time when the Bank was losing its financial clout, its former President James Wolfensohn coined the term 'knowledge bank'. Later, World Bank President Robert Zoellick interpreted the term beyond aid as a new way of thinking that considered access to knowledge to be at least as important as financial support (Zoellick, 2012). Within the framework of its knowledge strategy, the World Bank has progressively increased access to its data and publications and has encouraged the creation of networks for pooling and sharing knowledge with different partners (World Bank, 2011).

The broadening and specialisation of knowledge about development is a distinguishing feature of beyond aid. Knowledge relating to the expanded development agenda and the differentiated needs of partner countries is to a large extent found outside of the aid arena and exchanged between a range of different actors (not only from North to South). The global spread of information and communication technologies is facilitating this trend. In the beyond aid context, the challenge is to identify and share knowledge that is both specialised and scattered around many sources and to apply it to specific contexts. Aid actors can continue to play a key role in this process, although they will certainly face competition. Other policy areas or government offices (such as the offices of heads of government or foreign ministries), which are often more influential, may also consider themselves to have a knowledge-sharing role with regard to global issues. Moreover, knowledge intermediaries might become redundant in relations with developing countries, especially the dynamic ones. After all, knowledge about development issues is increasingly being shared directly between sub-state and non-state actors (for example, between technical bureaucracies or cities).

#### 4 The Transformation of Development Cooperation as a Learning Process

The transformation of development cooperation can be understood as a learning process that creates links between development goals and the four dimensions of beyond aid. Typical learning concepts distinguish between simple and complex learning (Haas, 1990) or between single-loop learning and double-loop learning (Argyris & Schön, 1996), depending on how instruments and goals interact with one another. While simple learning leads to instruments being expanded without redefining existing goals, instruments and goals influence each other in the case of complex learning.

This section presents ideal-type scenarios of how instruments, goals and their relationship might change because of the transformation of development cooperation. Here, aid and the beyond aid dimensions described in the preceding texts represent the instruments. Goals in this context are understood as the formal and explicit formulation of the purpose or the main narrative of a policy area. For aid, this objective has for a long time been to improve the living conditions in poorer countries – in short poverty reduction. The identification of overarching goals or narratives for the different scenarios presented here should not distract from the fact that in reality, actors pursue a complex mix of various objectives. However, tensions between explicitly agreed policy goals and implicit or even contradictory motivations are not unique to development cooperation. They exist in every area of international cooperation. Still, an accurate understanding of the conceptual relationship between instruments and goals is highly relevant for ongoing debates in development cooperation. These debates address the expansion of instruments beyond aid as well as the broader objectives in view of the post-2015 development agenda.

In the baseline scenario, the Millennium Development Goals (MDGs) have reduced development cooperation to a relatively simple goal-instrument relationship: Poverty reduction efforts in developing countries should be supported by aid from OECD countries. With the exception of MDG8 (Global Partnership for Development), the beyond aid dimensions were not represented in this development framework. The discussions on the new post-2015 development agenda question the MDG development paradigm. The new agenda is set to have a broader horizon in terms of goals and instruments (United Nations, 2013).<sup>5</sup> A United Nations (UN) report proposes the four goal dimensions of inclusive social development, inclusive economic development, environmental sustainability, and peace and security (United Nations, 2012). The report also lists 17 development enablers, including a stable global financial system, inclusive social protection systems and the sustainable use of natural resources, all of which are intended to help achieve development goals. Implicit in this approach is the recognition that broad goals, such as inclusive development, environmental sustainability, and peace and security, cannot be achieved solely by increasing aid. The mentioned development enablers underline the importance of beyond aid instruments for achieving such a development agenda.

Applying the concepts of simple and complex learning leads to two main scenarios of how development cooperation creates links with the beyond aid dimensions: specialisation and

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<sup>5</sup> We recognize that the development agendas formulated in the UN, such as the MDGs or the post-2015 agenda, are not the only formal objectives pursued through development cooperation. Other international organizations and donors have their specific agendas. However, as the unique universally legitimate intergovernmental body for setting international norms for development cooperation, the UN occupies a central role in shaping formal goals in policy field of development cooperation. The UN development cooperation agendas are therefore a useful proxy for identifying the main objectives of development cooperation as a policy field.

integration. Both scenarios correspond to a reorientation of development cooperation as a policy area.

Simple learning leads to the specialisation of development cooperation. The instruments include aid and extend to the beyond aid dimensions, but the main goal of the policy area remains unchanged. The goal continues to be the eradication of poverty in developing countries. In this scenario, development cooperation targets a shrinking group of countries and the specific problems they face. Specialisation represents a transformational shift in that the policy area gives up its more comprehensive role of cooperation with developing regions. Instead, development cooperation concentrates on the sub-group of the poorest countries. While domestic resource mobilisation and good governance are important in these countries, the basic assumption continues to be that a large proportion of the resources and measures needed to achieve development goals must come from richer countries. According to this view, there is a group of countries that have successfully pursued their graduation process for the most part and another group that is still working towards this goal. Contributions from the better-off countries are in the form of aid and would also involve the selective use of instruments from the four beyond aid dimensions. One example of this scenario is development cooperation in fragile states applying whole-of-government approaches. More generally, PCD to support development in poorer countries is another example.

Complex learning leads to the integration of development cooperation within the broader framework of global cooperation. In this case, learning calls key basic assumptions into question, leading to an expansion of instruments and to a substantial redefinition of goals. As for the instruments, development cooperation creates strong linkages with the beyond aid dimensions and thereby becomes integrated into the broader system of global cooperation. As for the goals, poverty reduction remains a part of this policy, but global cooperation is also intended to achieve other universal goals. The division of countries into developed and developing nations is no longer the defining characteristic of this scenario. Instead, development is an issue that occurs in a wide range of contexts, whether in fragile and conflict-affected countries or in middle to high-income countries with environmental problems or high levels of inequality. In other words, global cooperation addresses challenges that are of universal concern, even to industrialised nations. As such, the preservation of the global commons and the provision of global public goods are a universally shared concern on the development agenda. Examples of this scenario include the shaping of coherent international regimes to provide global public goods and global knowledge networks to deal with challenges common to all countries, regardless of their income level.

The two scenarios help to identify different options for the transformation of development cooperation. Nevertheless, specialisation and integration are not mutually exclusive and could occur simultaneously in practice. While the policy area of development cooperation as a whole could be characterised by both scenarios, individual development actors can move towards one or the other.

This paper considers the two scenarios mainly as guideposts for the future trajectory of development cooperation; yet, specialisation and integration illustrate trends that are observable already today. Some donors have implemented exit strategies in order to pull out from fast growing middle-income countries and increase the share of bilateral aid to the poorest or most fragile countries. The UK, for instance, has committed to allocate at least 50

per cent of aid to fragile countries (DFID, 2009). This is a case of specialisation that will require development cooperation to move beyond aid, for example, through improved whole-of-governance approaches in fragile and conflict-affected countries. As for integration, recent reforms of governmental structures in some donor countries provide examples of development cooperation being integrated with other policy areas such as trade. In 2013, for instance, the functions of the Canadian International Development Agency were merged into the Department of Foreign Affairs and International Trade (Bülles & Kindornay, 2013). The examples of the UK and Canada underline the strategic relevance of beyond aid. Development organisations will have to determine more systematically what specialization and integration implies for their work in the future.

## 5 Conclusions

This paper presents a conceptual perspective on the transformation of development cooperation as one specific policy area dealing with global challenges. Development cooperation is part of an international cooperation system that is characterised by fragmentation and incoherence. The dimensions grouped together under the umbrella term beyond aid identify potential synergies between development cooperation and other areas of international cooperation that could be leveraged to overcome deficiencies in global cooperation. This paper defines beyond aid by summarising different discussions held under this term into the four dimensions of actors, finance, regulation and knowledge. In these dimensions, the importance of aid decreases in comparison with other areas of international cooperation as a result of a changing global context.

As a learning process, the transformation of development cooperation can create links and synergies with other areas of cooperation. Specialisation and integration would form the possible spectrum of ideal-type options for the future of development cooperation. Development cooperation could become specialised (simple learning scenario), retaining its focus on poverty reduction and concentrating its efforts on an ever smaller number of poor countries. However, achieving this goal will require the use of beyond aid instruments, such as security policy in fragile states. In the complex learning scenario, development cooperation links up with other areas of international cooperation to tackle global challenges. This would demand mutual openness on the part of actors in both development cooperation and other areas of cooperation and would entail the use of both aid and beyond aid instruments in addressing a broader range of global challenges.

Both scenarios have different implications for the future orientation of development cooperation. In the case of specialisation, it is unclear to what extent aid actors are capable of working with other actors and instruments in order to achieve their own goals. In the case of integration, synergies could be leveraged between development cooperation and other areas of cooperation. Nevertheless, this would also lead to new conflicts of interest. The scenarios also differ as to how they resolve the trade-off between control and relevance. In the case of specialisation, aid actors have great potential for steering cooperation within their own sphere, but they have little influence outside of it. As part of global cooperation efforts, development cooperation becomes more relevant to a wider range of global challenges but plays a smaller role when it comes to steering overall cooperation.

The two scenarios are not mutually exclusive and might shape the future of development cooperation simultaneously. Nevertheless, individual development actors face choices. The conceptual perspective in this paper helps to structure and inform these choices in particular with regard to four concluding questions.

The first question relates to the clarification of the goal system. When traditional development policy goals, such as poverty reduction, are no longer focal issues in an increasing number of countries and these countries have their own means of financing development, the fundamental question arises as to the *raison d'être* of development cooperation. Should development cooperation become a specialised international policy area, focusing on an ever smaller group of developing countries and abandoning its former, more comprehensive role of cooperation with developing regions? Or should (and could) aid actors also be in charge of cooperation relationships involving a wider range of areas where demand for cooperation is growing (environment, climate change, security)? Ultimately, any redefinition of the scope of development cooperation also faces the question to what extent this change is influenced by the desire of aid actors to safeguard their own areas of work.

The second question addresses the governance of beyond aid instruments. The aid effectiveness agenda (Paris/Accra/Busan agenda) shows that aid actors have been capable of developing key principles for an international regime. However, it is unclear if and how these experiences can be transferred to other areas of cooperation (such as climate change mitigation). Moreover, the aid effectiveness regime has a mixed record in enforcing its rules. Studies show that donors have not yet achieved their goals in making aid more effective and less fragmented (OECD, 2011; Wood et al., 2011). One reason why the provision of aid does not fully comply with best practices is that donors pursue a number of different objectives and interests when allocating aid.

The third question concerns the strategic allocation of aid. How should development priorities on a national level be weighted in relation to global objectives, for instance, environmental goals and security interests? How many resources should be deployed in order to tackle transnational health risks (epidemics etc.) or alleviate pressure from international migration? Over the last years, corresponding allocation decisions have already been made with a greater focus on environmental goals. As development cooperation is linked with other areas of cooperation, conflicts of interest are likely to increase. A related issue is whether the volume of available resources will still be appropriate for a broader development agenda. There is a variety of conceivable models for allocating resources within international cooperation. Countries could have certain 'entitlements' to international cooperation. In this case, allocation would be country-specific, with sector-based allocations being secondary. Another option would be to prioritise global public goods. Here, the primary mechanism for allocation would be thematic and no longer based on specific country quota.

The final question deals with what the transformation of development cooperation means for development professionals and organisations. What skills and what type of knowledge should development professionals have in a beyond aid setting? The job profile for working towards eradicating poverty in fragile countries might be very different from the one for addressing environmental sustainability on a global level. How can professionals be trained for these respective functions? For example, the training could focus on regional and sector expertise, or it could be geared towards understanding cross-cutting global challenges and multidisciplinary. Moreover, what will the organisations that employ these development

professionals look like? Will practitioners work for cross-ministerial units on the ground, or will they be employed by multilateral and multistakeholder organisations? Many options are possible. Overall, the beyond aid dynamics shaping the transformation of development cooperation will ultimately lead to changes for development professionals and organizations.

The concluding questions underline the need for a conceptual debate about the future of development cooperation in the context of other instruments of international cooperation and its relevance to practical policy decisions. This debate has only taken place to a limited extent so far. The dynamic context in which development cooperation now takes place will make the need for the reform of development cooperation practice increasingly apparent over the coming years.

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