

[POLICY BRIEF]

›New‹ Actors and Global Development Cooperation

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The global financial crisis has reinforced trends of shifting wealth and power in the world economy. One expression of this changing global context is the rising role of so-called ›new‹ actors as development assistance providers. The ›new actors‹ term is a convenient (though not entirely accurate) label to describe a heterogeneous group of state and non-state actors that OECD-DAC donors increasingly recognise as interesting partners for engagement. For many partner countries these new actors have provided a welcome source of additional development finance. In the context of this work programme, the global development players China, India, and Brazil, regional players such as Mexico and South Africa, private foundations and corporate philanthropies have all been included in this group. Yet the current landscape of development cooperation also extends beyond these actors to include states as diverse as Chile, Colombia, Egypt, Indonesia, Turkey, and Vietnam, to name a few examples.¹

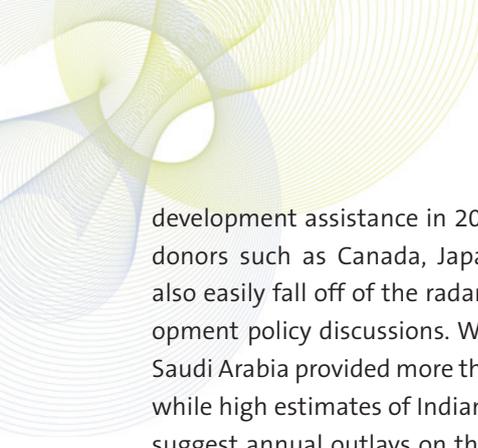
One starting assumption in this work package was that an improved knowledge base about the priorities and activities of new actors in developing countries is a prerequisite for designing more effective European strategies for engagement. Drawing on the publications from the work package, this paper paints a general portrait of the development cooperation efforts of new actors and highlights issues to guide thinking on how to respond to their growing presence.

The Development Cooperation Engagement of the New Actors

As the salience of new actors has risen on the global development agenda, efforts to estimate the scale of resources committed to development cooperation have also increased. The attention given to particular actors is not necessarily always related to the volume of development financing they provide. Within Europe, for example, Italy's profile as a donor receives little attention, even though it provided over \$3 billion in

This paper presents an overview of key issues raised by the EDC 2020 work package on ›New Actors in International Development‹. In a series of publications, this programme has analysed the global development engagement of a variety of emerging state or non-state actors and discussed the implications of their growing prominence for European donors. One main conclusion to draw from this line of study is that these actors not only create new demands for external coordination, but should also provide an impetus for European self-reflection on the future of development cooperation.

¹ For more discussion of less commonly examined emerging actors in global development, please see Schulz, N. (2010) The Third Wave of Development Players. FRIDE Policy Brief no. 60. Available at <http://www.fride.org/publication/818/the-third-wave-of-development-players>.



development assistance in 2009. Other large OECD-DAC donors such as Canada, Japan, and the United States also easily fall off of the radar screen in European development policy discussions. Within the new actor group, Saudi Arabia provided more than \$3 billion in aid in 2009, while high estimates of Indian development cooperation suggest annual outlays on the order of \$1 billion. Many of the new actors are in a league with small or medium-sized European donors, though a standard qualification to make is that development cooperation flows from these actors continue to be inadequately reported, indicating that the engagement of some actors may be underestimated.

Chinese development cooperation has attracted special attention due to its larger scale (estimated to represent about \$2.5 billion annually following DAC definitions of development assistance), China's high-level political engagement in Africa, its association with trade and investment ties, and the perception that China's development forays may undermine political reform efforts in partner countries. China can also be distinguished by the global scope of its action, to which its presence across the African continent testifies. India is similarly expanding its engagement beyond the South Asian neighbourhood that has been a traditional focal region for investment, mirroring China's move to expand its presence in a wide variety of African countries. Brazil is another globally active new actor and distributes approximately half of its technical assistance in Africa. Development cooperation focussed within the regional neighbourhood nevertheless remains a common feature of many of the new actors, with the Arab donors, new EU member states, South Africa, and Mexico providing key examples. This implies that European strategies for engagement with new actors should be tailored to different regional contexts and the specific actor constellations that exist across regions.

Development cooperation activities of the new actors cover a broad spectrum of activities, including funding infrastructure development which has been perceived as an area of neglect among traditional donors and investments in social sectors where OECD donors have been very active in recent years. In relying on instruments such as export credits or project-focused assistance, some non-DAC development assistance providers may be returning to forms of assistance that more established aid providers moved away from due to concerns about their effectiveness in promoting development goals.

In spite of their diversity in terms of funding priorities, many of the new actors share common traits in terms of the general principles guiding their development cooperation programmes and a similar self-perception concerning their relationship with partner countries and their distinction from OECD donors. These principles include non-interference in internal affairs, the importance of pursuing equal or horizontal partnerships, and their commitment to creating ›win-win‹ outcomes or partnerships for mutual benefit. As the new actors become more visible globally, one can expect that the fit between these principles and development practice will be subject to increasing scrutiny. The provision of development assistance may by itself represent a form of interference (whether positive or negative), for example, and the non-interference principle alone does not indicate that new actors rely on the existing aid management systems of partner countries in implementing assistance. The sensitivity of many new actors to the use of the term ›donor‹ partly suggests a difficulty in protecting an image of equal partnership in the context of economic asymmetries. The principles of horizontal partnerships and promotion of mutual benefits are similar to guiding principles that have been advanced in European development cooperation in recent years. Hence there is room for increased dialogue with new actors on how these notions can be translated into effective development practice.

Shared Challenges

New actors face many challenges that are not uncommon to European and other OECD donors. One challenge relates to the organisational set-up: donors such as Brazil, China, India, and Mexico have fragmented development policy systems due to the involvement of a variety of governmental actors in cooperation programmes. Effectively managing diversity in the formulation and implementation of development cooperation is a problem already facing many European donors, and this problem could be exacerbated by the growing external orientation of a variety of sectoral ministries. For both old and new actors, the engagement of line ministries offers an opportunity to mobilise expertise from diverse policy communities. To ensure that these policy communities work toward common goals and do not undermine the efforts of other governmental actors, governments need to create institutions that provide a cross-governmental

mandate for coordinating development cooperation programmes. Ministries of foreign affairs represent a natural place to house such coordinating bodies, although many observers are uneasy with a tight linkage between foreign policy and development cooperation agendas. Among European actors and non-DAC development assistance providers alike, more exchange can take place on how to reform organisational structures to improve the coherence of external action and ensure that development goals are prioritised within them.

One result of organisational fragmentation in the development cooperation programmes of new actors is a difficulty in accurately estimating development assistance flows. Investment in better data collection and improvements in financial reporting on state and non-state development assistance providers are essential in order to determine where cooperation with these actors can be intensified and what lessons can be drawn from the approaches they adopt. An extension of the limited transparency of development assistance flows from new actors is that the assessment of the actual impact of their engagement continues to be at an early stage. For both research and policy, more analysis of the effectiveness of the development investments of new actors at the country level is needed to assess the benefits of competing models of providing assistance. The need to increase transparency in aid flows also applies to OECD donors, and addressing this issue goes hand in hand with improving partner countries' capacities to track foreign financial flows at the country level.

Discussions on competing definitions of 'aid' and how to report financial flows are related to the close linkage between foreign economic policy more broadly construed and development cooperation, seen as a key characteristic of prominent new actors in international development. The straightforward linkage between trade ties and development assistance in the Chinese and Indian cases not only forces European donors to reflect on the actual balance of material versus more altruistic goals in their own development cooperation programmes, but also opens room for discussion on how different elements of foreign economic policy can be complementary in promoting economic growth and poverty reduction in partner countries. The discussion of policy coherence for development at the European level already acknowledges the need to improve the consistency of externally-oriented policies. The conception of development cooperation advanced by new actors covering an agenda broader than the provision

of development assistance encourages European donors to increase their attention to identifying how foreign investment and official development assistance can be better linked in supporting global development.

In addition to their roles as development assistance providers, the economic and political weight of the new actors makes them increasingly important players in global governance forums. As multiple contributions to the new actors work package have highlighted, reforming global governance structures to allow these actors to make a larger contribution to the management of global challenges is in the interest of European actors. A key element of such reform is the willingness of Europe to cede representation in international institutions in order to increase the legitimacy of decision-making processes within them.

Pressures for European Self-Reflection

The rise of new actors in international development is one of several stimuli for reflection on the future of European development cooperation, with pressures related to member state preferences within the EU and the higher salience of issues such as climate change and energy security offering additional examples. One of the general questions that the new actors bring into the spotlight is how to achieve a global division of labour in development cooperation that promotes a more efficient deployment of resources at the country level while exploiting the benefits that may come from the availability of a diverse set of development partners. If the EU still faces considerable challenges in achieving a more effective division of labour between the EU and its member states and among bilateral actors in the EU system, the new actors add pressure for the EU to better define its comparative advantages as a development cooperation partner and to articulate a stronger vision of its global development role. The creation of the European External Action Service provides an important window of opportunity in terms of embedding this global development role within a more coherent European foreign policy. In the spirit of the principles articulated in the Paris and Accra agendas, partner countries should play a central role in assessing the comparative advantages of old and new actors in order to inform movement toward more effective multi-lateral action in global development and should provide the EU with some guidance on this question.

Resources from the EDC 2020 ›New Actors in International Development‹ Work Package

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This series provides summarised research outcomes of the EDC2020 project on European Development Co-operation to 2020. This project carries out research on three major emerging issues: new actors in international development, the linkage between energy security, democracy and development and the impact of climate change on development.

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