

## Technical Competencies – Economic Advisers

DFID Economists are members of the GES (Government Economic Service) and must have the economic knowledge defined by the 'GES core' as below. More information on the GES is available on [www.ges.gov.uk](http://www.ges.gov.uk)

A Masters degree in economics including macro, micro, international economics and quantitative methods is a pr-eligibility requirement for DFID economists.

| REQUIRED  |  |
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| <b>Macroeconomic knowledge</b> as defined by the GES core | <p>Knowledge/understanding of:</p> <ul style="list-style-type: none"> <li>the derivation, use and limitations of AS and AD analysis</li> <li>supply-side economics</li> <li>aggregate demand and demand management</li> <li>inflation – causes and control</li> <li>Solow/neo-classical growth model</li> <li>business cycles</li> <li>public finances</li> <li>endogenous growth theory</li> <li>micro-foundations of macroeconomics</li> <li>monetary policy regimes</li> <li>fiscal policy topics</li> <li>sustainable growth</li> </ul> <p>plus for DFID</p> <ul style="list-style-type: none"> <li>development macroeconomics including growth diagnostics</li> </ul>   |
|   | <p>Enabling Advisers to:</p> <ul style="list-style-type: none"> <li>provide advice and guidance to colleagues in DFID and externally on macroeconomic management policies, taking account of political realities and incentives, the specific context of the policy advice and its likely impact on poor people</li> <li>interpret and analyse economic aspects of the public expenditure management system in developing countries, including issues related to the provision of external assistance through the budget, development of medium term fiscal and expenditure frameworks, appropriate budgeting of capital and recurrent expenditure, and debt management</li> <li>interpret and analyse macroeconomic data (such as national accounts, aid, fiscal, monetary, balance of payments, debt and foreign exchange), including drawing out the implications for growth and poverty</li> </ul> |
| <b>Microeconomic knowledge</b> as defined by the GES core | <p>Knowledge/understanding of:</p> <ul style="list-style-type: none"> <li>'traditional' constrained maximisation problems</li> <li>'traditional' microeconomic issues of decision and choice</li> </ul>  |

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|  | <p>the interdependency of markets<br/> production<br/> how markets work<br/> (neo-classical) welfare economics<br/> public choice theory<br/> appraisal and cost-benefit analysis<br/> game theory<br/> real options analysis<br/> principal-agent problems<br/> adverse selection and moral hazard<br/> behavioural economics</p> <p>plus for DFID</p> <p>poverty analysis and welfare<br/> institutional economics and the relevance of incentives and market failures to the way in which developing-country institutions operate<br/> political economy of budget processes<br/> impact assessment and evaluation of development interventions<br/> labour economics in developing country context</p> |
|  | <p>Enabling Advisers to:</p> <p>provide advice to colleagues in DFID and externally on the microeconomic aspects of public expenditure management, including impact of revenue, taxation and other policies on incentives, income distribution, and poverty</p> <p>provide advice to colleagues in DFID and externally on making markets work better for poor people, including the implications for competition and regulatory policy</p> <p>apply project appraisal economics (cost-benefit analysis and cost-effectiveness analysis)</p>  |
| <p><b>International economics</b> as defined by the GES core</p> | <p>Knowledge/understanding of:</p> <p>gains from trade<br/> Heckscher-Ohlin theorem<br/> protectionism/liberalisation (including the economic issues arising from trade preferences and trade in services including intellectual property)<br/> international distributions<br/> inter-dependency<br/> exchange rate regimes<br/> purchasing power parity<br/> capital markets (including debt relief and the role of international institutions such as the IMF, World Bank and WTO)<br/> customs unions/free-trade agreements<br/> optimal currency areas</p>  |

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|   | <p>plus for DFID</p> <p>international debt and capital flows and restrictions, including portfolio and foreign direct investment flows, and trade and growth</p>  |
|   | <p>Enabling Advisers to:</p> <p>provide advice to colleagues in DFID and externally on the role of international economic linkages in development processes (growth and poverty impacts), including trade, finance and technology transfer</p>  |
| <p><b>Econometrics and data as defined by the GES core</b></p>  | <p>Knowledge/understanding of:</p> <p>the nature of econometrics and economic data</p> <p>multiple regression analysis</p> <p>interpreting results</p> <p>Gauss-Markov – violations and remedies</p> <p>discrete dependent variables</p> <p>using econometric software</p> <p>plus for DFID</p> <p>poverty and results monitoring techniques</p> <p>National Accounts</p>   |
|   | <p>Enabling advisers to:</p> <p>apply theory and techniques for the measurement and analysis of poverty</p>   |
| <p><b>DESIRED</b></p>   |   |
| <p>Basic knowledge of the economics relevant to key sectors</p> | <p>For example, knowledge/understanding of:</p> <p>policies, reforms and development assistance in social sectors including health and education, and in productive sectors such as agriculture, forestry, rural livelihoods, infrastructure, mining and manufacturing</p> <p>environmental economics</p> <p>financial sector issues, including supervision and regulation of financial institutions and development of capital markets</p> <p>impact of public expenditure programmes and contribution of individual sectors</p> |
|   | <p>Enabling advisors to:</p> <p>work effectively with advisers from other cadres</p> <p>apply the basic tools of environmental economics</p>  |

## SHARED TECHNICAL COMPETENCIES (REQUIRED)

There are four areas of knowledge and skills are common to all advisory groups. These are intended to add value to DFID's professional advisory skill base and the ability of advisers to meet business needs.

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| <p><b>Knowledge and understanding of international aid</b></p>  | <ul style="list-style-type: none"> <li>▪ The Millennium Development Goals (MDGs) and international architecture for aid and development the UN, European Union, G20, International Finance Institutions, regional institutions and NGOs</li> <li>▪ Aid instruments and how they are deployed – project financing, sector-wide approaches, budget support, technical assistance, results based aid, and global funds</li> <li>▪ The changing aid landscape and the role of new players – e.g. emerging economies, BRICS, private foundations, business and think tanks</li> <li>▪ The UK international policy framework and its implications for international development – e.g. trade, security, fragility and climate change</li> </ul>  |
| <p><b>Collating, analysing and presenting evidence/research using statistical and wider analytical skills</b></p> | <p>Able to access, critically appraise and use evidence, demonstrating skills in the following areas:</p> <ul style="list-style-type: none"> <li>▪ Understand a range of qualitative and quantitative research methodologies including the application of basic statistical methods</li> <li>▪ Critically appraise* and assess the quality of published research and other potential sources of evidence</li> <li>▪ Interpretation, use and presentation of data and evidence in defining policy and practice</li> <li>▪ Comprehension of key concepts from social and cultural analysis and basic understanding of the use and application of political economy analysis</li> </ul> <p>*Critical appraisal is the process of carefully and systematically examining research to judge its trustworthiness and its value and relevance in a particular context</p> |
| <p><b>Economic concepts, appraisal and value for money</b></p>  | <ul style="list-style-type: none"> <li>▪ Familiarity with key economic concepts</li> <li>▪ Good level of general numeracy</li> <li>▪ Understanding economic approaches to project appraisal and evaluation, including different ways of measuring efficiency, equity and impact</li> <li>▪ High quality professional input to programme design and evaluation in line with assessing value for money and results</li> </ul>  |
| <p><b>Evaluation and results</b></p>  | <ul style="list-style-type: none"> <li>▪ Competent (level II or above in DFID's evaluation competencies) in applying best practice in evaluation design, using a range of rigorous methods, and ensuring high standards of independence and quality</li> <li>▪ Ability to design, commission and manage evaluations including rigorous impact evaluations, with appropriate technical support, in line with DFID standards</li> <li>▪ Familiarity with the core concepts underpinning DFID's approach to results</li> </ul>  |