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## Whither Cooperation Policy? (ARI)

*Kattya Cascante, Rafael Domínguez, José María Larrú, Iliana Olivíe, Javier Sota & Sergio Tezanos Vázquez\**

**Theme:** The formation of a slimmer government (in terms of the number of Ministries and Secretaryships of State), but with several economic departments appears to confirm the new Spanish Government's commitment to austerity and economic reform as the way out of the current financial and economic crisis, and to Europe as the centrepiece of its foreign policy. The question now is what role international cooperation policy will play among these new priorities and what its main objectives will be.

### Analysis:

During the weeks of campaigning in the run-up to the Spanish general election on 20 November 2011, the then-presidential candidate, Mariano Rajoy, repeatedly highlighted two key aspects for the 10<sup>th</sup> Parliamentary Term which has just begun. First, the need to 'do things properly', which would seem to mean boosting the quality, efficiency and effectiveness of the public services provided by the Central Government; and this against a backdrop of budget cutting. Secondly, in several interviews Rajoy hinted that the focus of the new Government would be the economy, and that this would also permeate foreign policy.

The formation of a slimmer government (in terms of the number of Ministries and Secretaryships of State), but with several economic departments (a Tax and Public Administrations Ministry; a Ministry for Economic Affairs and Competitiveness; an Industry, Energy and Tourism Ministry; and the appointment of a Minister with experience in European monetary affairs at the helm of the Ministry for Foreign Affairs and Cooperation) appears to confirm the new Government's commitment to austerity and economic reform as the way out of the current financial and economic crisis, and to Europe as the centrepiece of its foreign policy.

The question now is what role international cooperation policy will play among these new priorities and what its main objectives will be. Furthermore, it is to be designed in the midst of a turbulent international context and considering that there are a number of bottlenecks in Spain's international development cooperation system which must be overcome to achieve better standards in this policy area and to enhance Spain's global projection.<sup>1</sup>

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\* *Members of the Elcano Royal Institute's Working Group on the prospects of Spanish Cooperation.*

<sup>1</sup> The analysis and proposals contained in this text summarise the work, coordinated by Iliana Olivíe, entitled "[Nunca desaproveches una buena crisis: hacia una política pública de desarrollo internacional](#)" recently published as Elcano Report nr 13. The authors of this paper are also members of the Elcano Royal Institute's Working Group on the prospects of Spanish Cooperation that was entrusted with its preparation.

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## A Changing International Context

It is well known that the epicentre of the global economy is shifting from the Atlantic to the Pacific. In the sphere of international development cooperation, the main consequence of this is the increase in the number of inappropriately-called 'emerging donors', such as the BRICs,<sup>2</sup> who are demanding an increasingly active role in defining the agenda in this area of international relations, as well as in others.

Meanwhile, the fiscal crisis in 'traditional donor countries' has boosted the growth of private aid in relation to public aid. This is mainly due to the fiscal austerity drives (and, accordingly, the cuts in Official Development Assistance –ODA–) by members of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). However, as shown by recent OECD data, the crisis has also compounded the inequalities in the distribution of income, facilitating the appearance of private donors in the shape of mega-philanthropists or so-called 'celebrity philanthropists'.

Furthermore, 2015 is approaching, and with it the deadline for achieving the Millennium Development Goals (MDGs) that have guided the agenda and doctrine of international cooperation –focusing on the social aspects of development– so far this Century. The results are likely to be ambivalent. To cut a long story short, Latin America and Eastern Asia will meet more Millennium goals and more easily than the rest of developing regions.

The emergence of new public and private donors (with their own agendas and goals that are different from those of the traditional donor community), the Great Recession, plus a certain 'disenchantment' among the international community with the MDG agenda, are triggering major changes to the agenda. Post-MDG, we will possibly see a return to the economic development objectives of the 1980s and 1990s, although with the added nuance of inclusive or 'pro-poor' growth. We will also witness a transition from the concept of ODA (which to an extent confines the agents of development to the Administrations of the old and decadent DAC countries) to a broader one, of global development funding, which will allow to account more economic flows, and therefore more players, such as foreign direct investment, migrants' international remittances and private aid, and, in turn, disguise the massive cuts in ODA.

## Emergence of New Global Governance Bodies

If the agenda and the players change, then necessarily so will the governance of the international development system, which has so far been ruled by the DAC. What we do not yet know for sure is who will govern the new system, but there is every indication that it will be the Global Development Partnership, created at the recent Forum on Aid Effectiveness in Busan, South Korea.

The United Nations, the OECD and the G-20 have been vying to control governance of the international development system.

On the one hand is the OECD's Working Party on Aid Effectiveness –WP-EFF–. The WP-EFF was set up in 2003 to monitor (and determine) the aid effectiveness agenda, which was gradually becoming one of the key aspects of the international development agenda. Indeed, it is this group that was responsible for organising the various aid

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<sup>2</sup> Brazil, India, Russia and China.

effectiveness summits (Rome in 2003, Paris in 2005, Accra in 2008 and Busan in 2011). The WP-EFF has considerable experience in effectiveness, efficiency, accountability and adaptation; an experience that it has amassed over the more than 50 years of operation of the DAC, although it has also encountered significant challenges in each of these spheres.

Over the past few years the Development Cooperation Forum of ECOSOC (the UN Economic and Social Council) has also been positioning itself; this body is highly representative, and highly politicised, and has five years of experience but lacks the technical and financial clout of the OECD environment.

In this regard, and despite the loss of economic power among its members, the DAC is making a concerted effort to adapt in order to create an inclusive partnership for development with emerging donors, suppliers of South-South Cooperation (SSC) and Arab donors. Also in its favour is the clear pro-DAC positioning of several emerging countries.

Furthermore, the G-20, which gained a much more pivotal role from 2008 onwards (when it became the focus of debate on the measures to respond to the financial crisis), is broadening the scope of its work from international financial architecture towards the global development agenda. After all, it includes the world's leading emerging economies, the 'new donors' which have not found a platform for discussion or representation in the traditional forums. Consequently, the G-20, as a new multilateral club which has expanded swiftly from its original role of crisis committee to that of *de facto* standing committee for global economic governance, now has a multi-year plan focusing on economic objectives (the 2010 Seoul Development Consensus for Shared Growth), a Task Force on Development to boost that plan, an explicit mandate to coordinate with the aid effectiveness agenda of the WP-EFF and a process to enhance internal governance which heralds the G-20 as a broadened standing committee for the governance of international cooperation.

Accordingly, there is every indication that the DAC donors will use the G-20 to reinvent a mechanism for the global governance of aid. This is suggested by Busan's final statement in which the Global Partnership for Effective Development Cooperation (GPEDC), which is scheduled to be launched in June 2012 (when the next G-20 summit will take place in Los Cabos, Mexico), will have inter-ministerial group status and will have to work as a complement to, and in conjunction with, other forums (Table 1).

**Table 1. The race towards global development governance**

	Effectiveness	Representativeness
DAC-OECD	XXX	X
DCF – ECOSOC	X	XXX
WP-EFF	XX	XX
G-20	XX	XX
GPEDC	XXX	XX

Source: the authors.

## What Can Spain Do?

It is against this complex backdrop that Spanish cooperation policy must be cemented into a real policy for international development in order to achieve a dual goal, namely to impact on development and to promote the country's global presence. For this purpose, Spain's international development policy must have its own identity, with a strategic

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vision, and must seek, as an operating goal, to achieve the best standards of aid quality in order to maximise its impact on development.

The Elcano Global Presence Index (IEPG) shows that Spain's global presence, in relation to the countries currently covered by the EGPI and to GDP size, is comparatively smaller in the economic and scientific spheres. This is offset by the huge appeal for tourism and migrants, and, in particular, Spain's increasing presence in international development cooperation (with Spain ranking 6<sup>th</sup> out of 54 countries in the sector-based EGPI for this category in 2010).

The deceleration of the European economies, including Spain's, makes it unlikely that we will see, in the short term, growth or even a maintenance of the global presence in the economic and migratory spheres. Even if there were a firm commitment to the 'knowledge society', the results in the local production system and in Spain's global economic and scientific-technological presence would not materialise until the medium-to-long term. In other words, in the short term, Spain's commitment to an international presence necessarily depends on its maintaining a high political profile of development cooperation as part of its foreign policy action.

Moreover, in the broader sphere of international relations the global financial and economic crisis, compounded by national political and social crises, are leading the former Atlantic powers to scale down their foreign policy agendas. Accordingly, it appears neither feasible nor advisable to bind one's foreign policy action to strategic links with one or a few major powers whose weighting is irremediably set to decline. Relations must be diversified in order to reduce risks, tapping into cooperation relations with emerging or re-emerging powers, based on the gradual shift in the epicentre of global power and the increasing multi-polarity of the international system. Indeed, President Obama admitted as much at the APEC summit, when he defined the US as a Pacific Power.

As for the quality of assistance, the available indices reveal a mixed scenario in which there is significant room for improvement. In the Center for Global Development's Aid Quality Index –which basically ranks the amount and efficiency of ODA, penalising the lack of selectivity, tied aid, fragmentation and the lack of incentives to private donors, and covers 22 donor countries (all DAC members except Luxembourg)– Spain ranked 10<sup>th</sup> in 2011. In other words, it has dropped three places from 7<sup>th</sup> in the list of top donors, which means that the quality of Spain's aid (slightly below average) is also below its quantity, with highly deficient results in selectivity (where Spain ranks 18<sup>th</sup>), untied aid (16<sup>th</sup>), fragmentation (18<sup>th</sup>) and incentives to private aid (14<sup>th</sup>).

In the World Bank's Pilot Aid Transparency Index, based on this institution's effectiveness criteria (selectivity and specialisation) and on the Paris Declaration (alignment with national systems and harmonisation in the country), which covers 38 donors –23 DAC members, four non-DAC members and 11 multilateral donors– Spain comes out even worse: it ranks 25<sup>th</sup>, with very low scores in specialisation (26<sup>th</sup>, measured by the geographical and sector concentration indices and the average scale of actions), alignment (27<sup>th</sup>) and harmonisation (21<sup>st</sup>).

In QuODA, another ODA quality assessment index, linked to the Center for Global Development, four areas are assessed, broken down into 31 indicators taken from the evaluation of the Paris Declaration and other sources: maximising efficiency in implementing ODA, fostering institutions, reducing the administrative burden and

transparency and learning, covering 31 donors (23 DAC members and eight multilateral donors). Spain also performs poorly in this index, ranking 26<sup>th</sup>, 21<sup>st</sup>, 22<sup>nd</sup> and 21<sup>st</sup> in the four areas, respectively.

In Easterly & Williamson's ranking of best/worst aid agency practices, which comprises the spheres of specialisation, selectivity, delivery to effective channels, minimal overheads and transparency, Spain currently ranks 34<sup>th</sup> of a total of 42 agencies (23 bilateral and 19 multilateral donors), well below the average achieved in these spheres by bilateral agencies (21<sup>st</sup>), which in itself is 'highly unsatisfactory by minimum standards'.

Lastly, in the ODA Pilot Aid Transparency Index from *Publish What You Fund*, despite having signed the International Aid Transparency Initiative (IATI), Spain appears in the very poor range, ranking 44<sup>th</sup> out of 58 donors (44 bilateral and 14 multilateral donors) and with a percentage score of 19% (Table 2).

**Table 2. The quality of Spanish aid must improve**

Index	Ranked
Aid Quality Index	<b>10/22</b> selectivity: 18/22 untied aid: 16/22 fragmentation: 18/22 incentives to private donors: 14/22
QuODA	fostering institutions: 26/31 reducing administrative burden: 21/31 transparency: 22/31 learning: 21/31
Aid Quality Index	<b>25/38</b> specialisation: 26/38 alignment: 27/38 harmonisation: 21/38
Best/worst practices	<b>34/42</b> Specialisation, selectivity, delivery to effective channels, minimal overheads and transparency
<i>Publish What You Fund</i>	<b>44/58</b> aid transparency

Source: the authors, based on data from the World Bank, Center for Global Development, Easterly & Williamson (2011), and *Publish What You Fund*.

There are a number of challenges in achieving these two quality goals in aid and global presence.

In the medium and long term, the promotion of Spain's international projection should be made manifest by taking positions in the various debates and forums in the international development community, from the pillars of the development agenda to the development of a governance system, which is currently being redefined. To achieve this, a number of different measures must be undertaken, but, if we (the authors of this paper) were facing the timing and budgetary restrictions faced by the new Spanish government, we would choose those that enable us to overcome what we have defined as the four major bottlenecks of Spain's public international development policy.

It is necessary to adapt the existing institutional architecture to the new national and international requirements of the cooperation system, to match capacities and human resources, to focus aid on fewer countries and sectors, and to improve the accountability system –including assessment–. In order to achieve these goals, a whole range of measures could be adopted: first, to draft a Spanish proposal to define the comparative

advantages of the European donors to outsourcing assessment (outside the Spanish cooperation system); secondly, to implement more stringent requirements in terms of personnel training; and thirdly, to necessarily reduce the number of countries receiving Spanish aid. These and other proposals are included in a recent Elcano Royal Institute publication on the outlook for public policy on international development (Table 3).

**Table 3. Recommendations regarding a Spanish public policy on international development**

<b>Spanish cooperation must have a profile of its own.</b>			
<p>0.1. Resulting in greater productivity with regard to positioning in international forums.</p> <p>0.2. This positioning must include aspects ranging from the compilation of the post-MDG agenda to the configuration of global governance, and must be based on an improvement in institutional design, capabilities, monitoring and assessment.</p> <p>0.3. Prevalence of qualitative goals over quantitative goals in the political agenda of international assistance.</p>			
<b>For this purpose, it is necessary to adapt the institutional architecture to the national and international needs of the cooperation system,</b>	<b>adapt capacities and human resources,</b>	<b>focus aid on fewer stakeholders, sectors, countries and instruments,</b>	<b>and enhance the accountability system, including assessment.</b>
<p>1.1. Shift the making of meta-political and strategic decisions on development policy to the Executive Committee located in the Government's office of the Presidency or Vice-Presidency.</p> <p>1.2. Prepare the Secretariat of State in charge of the development policy for greater coordination and less execution.</p> <p>1.3. Transfer the tasks of planning and monitoring to the Spanish International Development Cooperation Agency (AECID), and create a specific unit.</p> <p>1.4. State Territorial Pact on International Development Cooperation.</p>	<p>2.1. Institutionally and financially support development research.</p> <p>2.2. Raise the profile of development research within the academic sphere (in the medium term, consider creating a specific area of know-how).</p> <p>2.3. Pool academic-government personnel (and create a unit for analysis and research at AECID).</p> <p>2.4. Offer post-graduate training with greater emphasis on development (vs. cooperation) and of a higher standard.</p> <p>2.5. Introduce more stringent requirements with regard to the training and knowledge of IDC personnel (including FONPRODE staff).</p>	<p>3.1. Reduce the number of countries benefiting from Spanish cooperation (exclude the most developed countries and those where Spain's contribution is marginal from the standpoint of both the impact on development and Spain's presence abroad).</p> <p>3.2. Direct cooperation (Spain as leading donor) in Central America, Bolivia, Paraguay and North Africa.</p> <p>3.3. Indirect cooperation (multilateral and delegated) in the less developed countries of Africa and Asia.</p> <p>3.4. Combination of indirect cooperation tools and other foreign policy tools with other countries in Latin America.</p>	<p>4.1. Improve monitoring and political responsibility by the competent institutions.</p> <p>4.2. Introduce legislative changes that ensure transparency and access to public information.</p> <p>4.3. Unify the statement of results for all stakeholders based on international and national indicators.</p> <p>4.4. Create multi-year budgetary frameworks to enhance planning of aid.</p> <p>4.5. Transfer <i>ex-post</i> assessment to an external agency in charge of evaluating public policies, and furnish it with the necessary resources for this purpose and capitalise on the resources of the current Assessment Unit.</p>

<p>1.5. Transfer the technical functions from the Inter-territorial Commission to the Sector Conference.</p> <p>1.6. Render more democratic and transparent the involvement of the various cooperation sectors in the Council for Development Cooperation.</p> <p>1.7. Spanish proposal regarding the international division of tasks among donors (proposed criteria for defining comparative advantages).</p> <p>1.8. Coordination initiatives with emerging donors.</p> <p>1.9. Rationalisation of the division of AECID-FONPRODE (recently created unit for the management of financial cooperation) functions.</p> <p>1.10. From operating micro-management to the political management of FONPRODE (calculation of profitability and global risk, criteria of impact on development).</p>	<p>2.6. Amalgamate on-the-ground management staff under expatriate labour legislation.</p> <p>2.7. Change the group (from B to A) of the body of civil servants specializing in cooperation.</p> <p>2.8. Create an international development itinerary in the professional diplomatic services.</p> <p>2.9. Mobility of on-the-ground personnel.</p>	<p>3.5. In the medium term, refine the geographical selection based on the setting of criteria for comparative advantages.</p> <p>3.6. Maintain a high proportion of funds via multilateral cooperation.</p> <p>3.7. Reduce the number of bodies and multilateral funds receiving Spanish cooperation (based on criteria of geographical location, sector and efficiency).</p> <p>3.8. Reduce the number of aid sectors.</p>	<p>4.6. Increase the number of total and published assessments with clearly-defined and transparent selection criteria for activities for evaluation: create annual assessment plans that strategically and justifiably encompass all stakeholders (including partners on the ground) and instruments necessary for evidenced-based decision-making.</p> <p>4.7. Design a swift and influential monitoring system that permeates the entire cycle of activities and projects (at headquarters and on the ground).</p> <p>4.8. Devise improvement plans based on the results of assessment and monitor them.</p>
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Source: I. Olivié (Coord.) (2011), 'Nunca desaproveches una buena crisis: hacia una política pública española de desarrollo internacional', Elcano Reports, nr 13, Elcano Royal Institute, December.

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