

What the aid effectiveness agenda has to say about decentralised aid

Some reflections from a “provincial” Development NGO¹

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Summary

Decentralised government aid amounts to around 15 percent of total Spanish ODA. Added to this significant quantitative element are the important institutional developments which have taken place in recent years in the shape of regional legislation, strategic planning, the creation of aid agencies and even the opening of offices and the posting of staff overseas. The debate on aid effectiveness which has arisen in recent years at the international level, and which crystallised in the Paris Declaration, was conceived of by states and for states. Whilst attempts have been made in recent years to incorporate civil society into the debate, there have been no serious efforts to include aid agencies from lower governmental echelons in the reflection process.

In the case of Spain, the debate on aid effectiveness, along with other questions, has led to an increasing number of analyses and proposals on what role decentralised aid should play. There is much talk of the necessary coordination between autonomous regional governments and their counterparts at the national level in aid matters, so as to avoid overlap and the duplication of work, and thereby enhance the aggregate efficiency of the system. Currently, coordination difficulties range from the limitations of existing mechanisms, to a lack of real political will, not to mention the absence of an adequate incentive structure for coordination. At the same time, the case is made for decentralised aid to specialise in certain sectors or geographical areas, applying at the national level some of the EU-backed principles of donor division of labour.

However, at the same time as coordination is essential, and without questioning the debate on the specialisation of decentralised aid, this comment piece suggests that the added value of decentralised aid should be sought out by exploring its proximity to the grassroots level, where a different kind of relationship between the actors who take part in aid processes is prevalent.

¹ Address delivered in the Bilbao seminar “Democratic ownership and mutual responsibility: new challenges for government-donors relations” organised by FRIDE, ALBOAN and HEGOA. The meeting took place on 19 June 2008, in the central offices of ALBOAN in Bilbao. The text has been slightly edited, but its original tone has been largely maintained.

1. First of all, it is worth pointing out that the Paris Declaration (PD) was made by central governments and for central governments. The PD aims to alter some of the elements of aid management which occur at the government to government level, especially with regard to countries with a high aid dependency. Civil society - development NGOs - were practically absent in the beginnings of the debate, and we were not even partially incorporated until almost a year ago, at which point a vague acknowledgement began to emerge that we had to be included in some shape or form, on account of the fact that we were relevant actors. And this in despite some of the things mentioned in the PD reflecting the classic demands made by civil society over the years, the same arguments we have long formulated in perhaps a somewhat more political and somewhat less technical language. For example, what is now called "ownership" is nothing other than a re-hashing of the old adage that the "south is the main actor in its own development" or that "nobody develops anything from the outside, much less by imposing policies". Another example is what is now called "mutual accountability" which seems a new fangled way of saying "North and South have a shared responsibility in development matters."

2. If the inclusion of civil society has been a long time coming, and only now are we feeling its effects, I can see no evidence that any meaningful effort has taken place to date to include regional authorities (local and autonomous governments) in the discussion. It is true that a large part of decentralised aid uses development NGOs as its vehicle and that as a consequence anything said about the latter could be said to apply to the former. It has been noted that one of the key points of the PD is how it will affect the behavior of donors/recipients *on the ground* and there is a good deal of decentralised aid that owes its presence *on the ground* purely to development NGOs. In any case, the absence is worth pointing out. In the case of Spain, the issue is especially relevant because decentralised aid amounts to as much as 15 percent of total ODA. Besides, given central government's tendency over the last few years to increase multilateral aid, decentralised aid represents an important part of overall bilateral Spanish aid, adding up to one third of its net total. That's why it's so important to make room for decentralised cooperation in this debate and to recognise it has things to give as well as take from the aid effectiveness agenda.

3. One of the points related to the PD which is causing a lot of interest in the aid community is the matter of actor coordination. The PD reflects this in the principle of harmonisation, where it mentions the need to advance towards "coordination and a division of labour based on comparative advantage and complementarity". I would like to use this topical issue as a starting point to lead on to some of the other principles contained in the PD. The matter is very much in fashion, that the coordination of central, regional and local aid is essential. We ourselves have stressed this point in the Basque context in our report *Debating Public Basque Aid*. We can go on to look at some examples.

- In the Spanish aid "peer review" it is pointed out that *"actor diversity is both a source of strength and also presents challenges. Different actors provide ideas, approaches, and instruments to the development process... However... there is widespread acknowledgment - from the Secretary of State to the NGOs on the ground - that the system raises coordination challenges and increases running costs". In consequence, it goes on to propose that "the aim of the reform for regional and local public bodies is the creation of a state-wide aid policy which will apply to the activities of the above mentioned decentralised public governmental actors".²*

² DAC-OECD, Peer Review of Spain 2007. Available at: http://www.oecd.org/document/40/0,3343,en_2649_34603_39677544_1_1_1,00.html

- The priority of making inroads in coordination between actors has also received backing from the academic world. For example, J.A. Alonso points to coordination as the main challenge which Spanish aid policy has to respond to when he notes that *"Spanish aid structure is characterised by a great deal of dispersion; it involves many actors with a high level of autonomy. This has advantages, but also comes at a cost, not only in terms of efficiency, by increasing running costs, but also in the degrees of pressure it puts on recipient countries. The proliferation of actors makes the passage of Spanish development aid to more ambitious models more difficult (to achieve)... and limits the influence Spain enjoys at the heart of the donor community"*.³ In a similar way, Homrado describes coordinating development aid between central and regional government as an "outstanding matter" in a recent and exhaustive study for the Fundación Alternativas.⁴ I think something similar could be said of the Basque case, as we have noted on other occasions.
- Finally, at a practical level, central government has established actor coordination as a priority in policy documents. A recent sign of this can be found in the Yearly Development Aid Plan (Plan Annual de Cooperación Internacional or PACI, 2008), in which dialogue and agreement between actors was prioritised, especially with a view to preparing the ground for the forthcoming national aid Plan Director 2009-2013. Everything suggests actor coordination and complementarity will be one of the cornerstones of the aforementioned plan. In some of the preparatory documentation there is even reference to a *"single aid policy"*.

4. Considered overall, I believe the need for coordination between aid agencies escapes nobody's attention, because the proliferation of donors amounts to a heavy burden for recipient governments. As Sanahuja notes, *"the number of donors has increased over time, and the appearance on the scene of 'new' donors points to a continuing tendency... currently there are more than 50 of them. To those we have to add around 230 international organisations, a growing number of regional and local governments active in the field, and numerous international NGOs. Global funds... are counted by the score.... The average number of official donors in each recipient country has gone from 12 in 1960 to 33 in 2004, and there are over 30 countries with more than 40 active donors."*⁵ All of which is to say, the real problem of fragmentation is the multiple obligations which it entails for receptor countries, along with the multiplication of small initiatives which occur outside the coordination of overarching strategies. For example, decentralised aid in 2006 distributed 43 million euros for the purposes of education... amongst 111 countries! This statistic is taken from the *ODA Education Examined 2005-2006*, pioneered by our own organisation along with Entreculturas and ETEA, which will be published in September.

5. But how do we make this coordination effective in the field of Spanish state aid? I think there are a number of principles which have entered the discussion and are worth highlighting:

- Firstly, the recognition that, whilst decentralised aid is important, it amounts to between 15 percent and 20 percent of total spend. Perhaps Spanish aid's biggest coordination issue can be found between the central government ministries which administer aid (Foreign Office and the Ministry of Economic Affairs, principally). The other great coordination issue, although we don't refer to it as such, pertains to policy coherence in relation to development (trade, migration, defense, tourism...). Of course, the issue of policy coherence is not to be found in the PD, but there can no doubt that it is of an entirely different scale of importance. By

³ Alonso, José Antonio, "Cooperación española: desafíos para una nueva legislatura", ICEI Paper nº3, Instituto Complutense de Estudios Internacionales, 2008. Available at: www.ucm.es/info/icei/pdf/iceipaper03.pdf

⁴ Hombrado, Angustias, "Coordinación entre el gobierno central y las comunidades autónomas: asignatura pendiente de la cooperación española", Fundación Alternativas, working paper 20/2008. Available at: <http://www.falternativas.org/opex/documentos-opex/documentos-de-trabajo/coordinacion-entre-el-gobierno-central-y-las-comunidades-autonomas-asignatura-pendiente-de-la-cooperacion-espanola>

⁵ Sanahuja, José Antonio, "¿Más y mejor ayuda? La Declaración de París y las tendencias en la cooperación al desarrollo", en Manu-ela Mesa (Coord.), *Guerra y conflictos en el siglo XXI: Tendencias globales. Anuario 2007-08*, Centro de Educación en Investigación para la Paz. Madrid, CEIPAZ, 2007. (pp. 71-101)

the way, whilst on the matter, reflection is required at the regional and local levels too, taking into consideration, for example, the promotion of companies abroad, the search for “skilled” or “manual” labour in the South to cover shortages of skilled professionals at home, etc.

- Coordination should be based on the respect for the independence of each entity and its sphere of competence and action. Coordination is not, nor can it ever be, a synonym for submission. Our own experience in the Basque case, in the relationship between government and town councils, shows there is a great institutional tendency for competences to be invaded. In such a context, we were surprised to hear that the word “coordination” was rejected. It might sound far-fetched, but it is true nonetheless.
- There are at least three prerequisites for real coordination to take place: (i) the political will of different actors; (ii) adequate mechanisms which enable decentralised entities to make joint decisions on development policies, not simply give their opinion about them or be informed of them (nowadays there is talk of a Development Aid Industry Conference, such as exists in other spheres, in order to overcome the limitations of the Inter-territorial Commission, a framework which is clearly insufficient in spite of the reforms passed during the last parliament); (iii) institutional incentives for aid coordination. The questions must be asked: what does Basque development aid gain by coordinating with central government aid? What does local or municipal aid gain by cooperating with regional government aid? And what do they stand to lose if they fail to coordinate?
- Nowadays delegated aid is much discussed within the context of the EU-backed code of conduct for donors, with the idea being that each actor specialises in certain sectors or countries where it would act as the lead donor, with other donors entrusting them with administration of their funds. Could such a formula be applied at the national level, or in the heart of the Basque regional government? That would require, first of all, an identification of each actor’s geographical and sectoral area, examining what the advantages of one actor vis-a-vis another might be, a process which is still far from clear. And subsequently, that the delegation of power could apply both ways, not only from lower levels upwards (councils or town halls to regional governments, and those in turn to central government), but also the other way around, from bodies further up the governmental chain downwards (providing, of course, that the necessary capacity at each level can be verified). As things stand today, this is unthinkable, for a number of reasons. I would go even further, although it is difficult to say aloud - why shouldn’t Catalan, Andalusian or Basque government aid agencies one day handle total Spanish aid to a certain country or sector? Or, to take another example, why shouldn’t the regional governments of Galicia or Extremadura entrust their aid programmes to the central government aid agency? Today that sounds like a fantasy, but we can still think about what the necessary conditions are for something like this to come about.
- Although it is a tall order, what the above requires is that we move towards a *federalisation* of the state, where autonomous regional governments jointly decide and execute policies, and where they can attend international forums in co-representation with the state. There is some experience of this - albeit limited - in the area of EU activity, where some autonomous regional governments represent the state itself in certain forums. But in the matter of aid, there is no sign of either a debate or a demand for this from the CCAA, Spain’s joint regional autonomies. (Something, by the way, which may indicate how little political importance is attributed to aid policies; we insist upon attending the meetings on farming and fishing, but the DAC sessions seems to be of less interest)
- Lastly, it is worth pointing out that where we used to say state and autonomies, in the Basque case, we could say town councils-local authorities-regional government.

6. I believe all of the aforementioned ideas are sound and necessary. And it is worth repeating that we ourselves have suggested on occasions that they at least be discussed.⁶ But underlying them all is a premise which is not always made explicit; that of understanding decentralised aid as state aid on a small scale. That is, the tendency of decentralised aid to emulate the policies of state aid, reproducing its mechanisms, procedures and instruments at a lower level. And so laws, decrees, agencies, national and country-wide strategy plans are created, and projects and programmes are put out to tender, at the same time as direct budgetary aid and industry-wide approaches are implemented, with technical offices being opened in partner countries etc. All of this is absolutely legitimate. And no doubt, up to a certain point, it might even seem to be necessary and in line with the demands of civil society. Institutional development was a step which had to be taken in order to consolidate decentralised aid. But the question which arises a legitimate if somewhat provocative one, is the following: do we not risk losing the soul of decentralised aid in the process? Or to put it another way, if the whole *modus operandi*, set of instruments and procedures of state aid are copied, will there be any room left for decentralised aid to give full voice to some of its alternative values, such as its closeness to the grassroots level, flexibility, etc? Because it seems to me that if decentralised aid has embarked on that road, it has no choice but to “buy” into the Paris agenda, entering into it and measuring itself against its standards. But perhaps we might leave some space to think of alternative ideas which could broaden and add new layers to the aid effectiveness agenda.

7. One of the risks of the PD, and of certain forms of understanding its principles - especially those related to coordination - is uniformity and a shutting down of the space for dissent. The PD champions the case for Southern countries setting the development agenda, but on many occasions the term “Southern countries” is confused with that of “Southern governments”. National poverty reduction or development strategies do not necessarily reflect the plurality of actors in a country (civil society, local and regional governments). Do we need to line up 100 percent behind this vision? The question of coordination also creates tension in the sense that, on the one hand, costs do have to be minimised, fragmentation overcome, and strategic thinking fully articulated; but on the other, room ought to be made for a plurality of readings and alternative proposals which emerge from within countries.

8. That’s why when we talk about donor “division of labour”, the suggestion that decentralised aid specialise only in certain sectors or particular countries is perhaps too narrow a vision. Division of labour, harmonisation and coordination refer to *what* we do and *where* we do it, and in those areas we can and should coordinate. But a decentralised approach can lend something to the questions of *how* we should do certain things and *with whom*. I will now go on to propose some ideas in this regard:

9. Firstly, a suggestion regarding the overall philosophy. The Paris agenda, and all that went before it, (MDGs, Monterrey, in short, the entire new development consensus which has emerged in the last ten years) raises the question of aid in terms of a signed “contract” between two parties. Of course we know that it is a contract between two quite unequal parties undertaken to ensure the rights and obligations outlined in the contract are put into practice. This, it seems to me, is a step forward in the general approach to the matter of aid, which is no longer considered a magnanimous concession by states, but instead forms part of a contract. I’ll give you this, and you agree to do that. Naturally, we would like aid to be understood as an obligation which emanates from each country’s right to development. That would really be *the* big step forward, the one we have long fought and argued for. The day states recognise this fact and act accordingly, we’ll have truly taken a giant step forward. But even allowing for all of this, we are still very much in the realm of “state logic”.

⁶ See: “Zenbakiez haratago: la cooperación pública vasca a debate”. ALBOAN, 2007.

10. However, there is another paradigm, one which we could call “alliance”,⁷ rather than contract. In a contract, what is important is the service provided and the consideration given in return. In an alliance, what is important is mutual recognition, loyalty and reciprocity, in short, the relationship. A contract is maintained by an external force (although in the matter at hand, such a force doesn’t exist). Alliance is governed by an internal sense of obligation. The space which gives rise to the notion of alliance is where civil society is located, without any question. It is a different kind of logic altogether (this is why certain calls for the PD’s contract and state-based logic to be enforced on NGOs without any further ado may be a desire to control more than anything else, or at least to turn us into the mere executors of the policies of third parties). Decentralised aid has to swim between two streams of the contract-based approach (“I give you money, and you give me recognition and international legitimacy”) and alliance (“let’s co-operate, let’s learn from each other, forming a dynamic relationship is what is important above all” etc.). It is contract-based to the extent the CCAA are still governments with all of their trappings - a similar logic, and a foreign affairs agenda. But there are also elements of alliance in there too, in the participation of societies and citizens. If it has been noted that decentralised aid is born to a great extent as a response to social sensitivity as manifested locally, then there are good grounds for that assertion.

11. What I was wondering before was whether a certain form of decentralised institutional development aid which emulates cooperation between states does not skew our aid policy towards a contractual logic, distancing it from the alliance or relationship logic. Aid which privileges the relationship-based approach⁸ should, in consequence, underline certain characteristics which I will now detail. These are neither particularly groundbreaking, nor are they limited to decentralised aid. Some state aid policies make use of some of these features, and many others could do so as well. But they would seem particularly relevant to decentralized aid, which must be aware of the fact that a large part of its *raison d’être* can be found in them. The scale and the lesser importance (though not complete absence) of the issue of “national interest” and the closeness to grassroots social organisations allows for this, or at least makes it easier for regional government agencies than their central government counterparts. These are some of the salient features in my opinion.

- Different voices and a plurality of visions on development should be included and defended, although this cannot be used as an excuse for passivity on coordination efforts. One thing is defending the plurality of visions, but justifying overlap, the duplication of workloads and institutional goal-scoring in an inexistent supposed plurality is quite another.
- In this sense, the weakest actors and subjects, with less opportunity to influence official development aid agendas in their respective countries should be strengthened, and a broad political expression backed. We are referring, of course, to local and regional government and associations linked to them, social movements etc. This can only be achieved by a working knowledge of the grassroots context and its processes, something which local organisations and NGOs from civil society provide. As can be seen, this and the previous point are related to the call for “democratic ownership”.
- The participation of civil society in policy-making should be taken very seriously, going beyond a merely consultative mechanism which, under the guise of participation, often amounts to no more than a legitimising operation. If, as I have said, the origin of decentralised aid can be found at the grassroots level, any detachment from that is tantamount to cutting off its lifeblood. This, of course, entails a very demanding challenge for development NGOs. In

⁷ I am borrowing the distinction between the “contract” and “alliance” based approaches in understanding human ties from Adela Cortina.

⁸ The importance of the relationship between development aid agents has been made clear and analysed recently by Rosalind Eyben in *Relationship for aid*, Earthscan 2006 and in “Power, Mutual Accountability and Responsibility in the Practice of International Aid: a Relational Approach”, Institute of Development Studies, working paper 3005, 2008.

any event, for this to take place, a basic level of confidence must be nurtured which would allow, for example, for a space where criticism of local government could be clearly made by local organisations.

- Long-term investments in social organisations - in local NGOs - should be strengthened, going beyond its typical instrumental expressions (projects and programmes). This implies adopting a broad vision of target-based management, in the knowledge that social reality is complex, and does not to respond to lineal logic, and that results should be judged over the long-term. It also means embracing flexibility in terms of tools, avoiding the rigidity of obsessive administrative-economic accountability and the bureaucratic complications that go with it. If regional aid procedures are bureaucratically more demanding, and the philosophy of targets more prone to the malady of "specificity" than at the national level, then clearly something is amiss and requires review. Or is this a competition to see who can be stricter in setting down prerequisites, as if that word were a synonym of transparency?
- The boundaries of innovation and creativity should be pushed, supporting original and groundbreaking processes which cannot find a home in the areas of finance managed by bigger donors.

12. We should invest in the notion of institutional learning, assessing, evaluating and systemising not only the results and indicators of the interventions which are supported, but also indicators of the processes and the relations between all of those involved in the initiative. It would also seem straightforward to see what we can learn from the South and transmit findings to our societies. A better and more informed debate on development aid in society at large should be one of the outcomes of this, rather than the all too often simplified messages and clichés which do nothing to further an understanding of reality. In this, development NGOs should also take part, obviously.

13. In short, I think the aid effectiveness agenda as it is conceived by decentralised actors offers a good chance to set ourselves some real challenges in aid policies and allow us to gauge whether the road we have taken is the right one with which to cooperate with nations from the South and fully tap all of the potential on offer. This debate will further awareness that naturally there are a lot of things we need to coordinate and harmonise. We are duplicating our workload and we need to create mechanisms which allow us to avoid the pitfalls of fragmentation. But, above all, the debate on decentralised aid can help us recover and rediscover the very best and most authentic of its features, which are likely to be found in *how* we do things, rather than *what* things we do.

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