

## Harmonisation within the Spanish Development Cooperation Framework: Some Ideas for Debate<sup>1</sup>

**Ana R. Alcalde**

Coordinator, Quality of Aid Programme Centre for Studies on Latin America and International Development Cooperation, Carolina Foundation

Both the Rome (2003) and the Paris Declaration (2005) have approached an old theme in development aid policies - the need for greater articulation between donors when defining policies, carrying out programmes, managing and controlling economic packages and when asking their partners for accountability. The known donor coordination, that occupied a small part in the development cooperation agenda over the past decade, left us with some lessons on development cooperation exercises under the initiative of the multilateral organisations, it revealed the difficulties that many developing countries had to lead the way towards donor coordination, but above all, it showed that beyond the Declarations, the real coordination between donors involved a lot of unpleasant work where they found themselves struggling with the 'egos' and 'visibilities' of the agencies and the nitty-gritty of their management procedures.

Harmonisation has given new momentum to old donor coordination and has approached articulation among them in a more integral, and at the same time, operative fashion while taking advantage of the opportunities that the pragmatic aid association model and new cooperation procedures offer. But, above all, it has given new value to the term and has situated this issue at the centre of the debate on the quality of development cooperation policies. Although it is still early to evaluate what has been achieved, early signs seem to indicate that donors and partners in development, and above all, the bilateral agencies are developing a new model of development cooperation in which harmonisation, amongst other concepts, has a central role.

The Spanish International Cooperation Agency (AECI) has traditionally not played a key role in the coordination of donors, but in the field it has participated, to a greater or lesser degree, in several groups, depending on the capabilities and the vision of each Technical Cooperation Office (OTC). The new 2005–2008 Master Plan has incorporated the main international commitments on aid efficiency and has given new momentum to harmonisation, together with other elements and essential guidelines of the current process of change of Spanish development cooperation, as was described in another paper presented in this forum.

As part of this process of change there are, beyond the explicit political will, two essential elements that could smooth the path towards progress vis-à-vis harmonisation in the near future. These elements are: (1) the recent approval of the State Agencies Law, with the subsequent adoption of a results-based management model for the AECI, which should mean greater flexibility in hiring

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<sup>1</sup> This paper excludes observations on the need for coordination and harmonisation among the various actors in Spanish development cooperation, especially at the inter-ministerial level and between the central government and decentralised cooperation.

procedures, designation and follow-up of resources; and (2) the progressive increase in Spanish aid channelled through mechanisms such as the General Budget Support and the sectorial focus (SWAP). These two driving factors (agency reform and the so-called new instruments), accompanied by other elements and processes such as the current revision of the Management Cycle of Spanish Development Cooperation - recently initiated by the General Directorate for the Planning and Assessment of Development Policies (DGPoIDE) - and the adoption of an Operative Programming system based on results of the AECl, can be the pillars to substantially improve the harmonisation levels of Spanish development cooperation.

In any case, the criteria that should guide the way to harmonisation will involve: (i) a strategic vision on potential on-the-field harmonisation partners; (ii) medium term foreseeability in the designation of the AECl's economic resources; (iii) flexibility, agility and simplification of the AECl management procedures; (iv) greater decentralisation towards the OTC in the decision-making process regarding management; and (v) recognition of the necessary leadership of the partner States to encourage harmonisation in their countries.

Below are references to some areas where Spanish development cooperation could make progress over the following years. This list does not claim to be all encompassing but rather simply indicate some key topics for debate:

#### 1. Strategic view of potential harmonisation partners in each country:

a. Some OTCs already have work experience in coordination with other donors and they participate more or less actively, depending on their abilities and their specific weight in development cooperation, in sectorial mechanisms of donor harmonisation. Nevertheless, this participation has seldom corresponded to a medium range, articulated vision of the role of Spanish development cooperation in relation to the rest of the donor communities in every country; instead it focuses on more immediate circumstances and opportunities. The OTCs do not generally have a systematic analysis of the positions of other donors and the opportunities for harmonisation, nor do they generally identify the main practical obstacles. The Country Strategy Papers (CSP) and Special Action Plans (PAE) advance towards identifying the priorities of other agencies but the first results of these exercises indicate that it is still necessary to carry out a more in-depth analysis of their agendas in order to identify medium range harmonisation opportunities and to define who could be strategic partners in harmonisation.

b. From a regional point of view, the AECl has been making advances in identifying some partners with whom to consolidate some previously-started coordination processes such as UNDP or the GTZ<sup>2</sup>, but these agreements have not been turned into more operative harmonisations nor have they common positions in on-going specific harmonisation processes.

c. An important wager already exists in the AECl for the development of regional development cooperation programmes. It is important not to sideline the role of harmonisation with other donors in those programmes, especially when an important part of them is carried out bilaterally. This could imply (i) revising some of the already existing instruments; (ii) modifying some of the professional profiles of the experts in the programmes; (iii) foreseeing diverse completion modes so that they eventually can resort to delegated cooperation or to contribution to common

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<sup>2</sup> The GTZ is an international cooperation enterprise for sustainable development with worldwide operations.

funds, for example, or these programmes can be receptors of delegated cooperation or generate common funds....The most evident case is that of the cooperation with the Central American Integration System (SICA). Here the SICA has taken the initiative to lead the harmonisation process - a process which the AECI must join in the upcoming months. It could be that, in the medium term, this leads to modes of performance similar to budget support.

d. Another element that needs reinforcement is harmonisation with the European Commission's development cooperation. At the field level, harmonisation has generally been scarce and not exactly problem free. The leadership of the Commission in the usage of budget support mechanisms and SWAP in regions where Spanish development cooperation is as active as in Central America, opens a new potential way of greater harmonisation. However, to take advantage of this opportunity it could be convenient to open institutional dialogue with the Commission regarding Spain's interest to have a more active role in the harmonisation processes and how best to articulate the Commission's performance in each country.

e. Another key aspect is the need to improve some of the capabilities in the OTCs in order to participate more substantially in the harmonisation processes: capabilities on public policy analysis, follow-up systems aimed at pragmatic aid processes, transversal focus integration in said processes... but also more instrumental training in matters such as facilitating dialogue and consensus. In practice an important part of the weight of the harmonisation process falls on the donor partners who contribute larger volume budget packages, but even so the coordination of the donor groups is usually rotational, so Spanish development cooperation actors must be prepared to play this role when it is their turn.

2. The management procedures and especially the AECI justification procedures continue being elements that, in practice, most hamper harmonisation at the procedure simplification level among donors:

a. Channelling traditional State subsidies of Spanish development cooperation through General Budget Support and SWAP in Mozambique in 2005 permitted flexibility of some budget management norms and the acceptance of audits of partner countries as basic justification documents. Nevertheless, in the framework of the AECI reform, it will be necessary to adopt a complete series of new instruments that permit harmonisation and reduce the partners' transition costs, not as an exception to the general rule but rather as a more ordinary form of management. This implies, among other things:

- a. Planning and pluri-annual AECI budget management to adapt to the partners' budget cycles and to the donors' common commitments (this topic is partially being approached with the new AECI operative programme tool).
- b. Greater decentralisation in the OTCs, so as to make the necessary management decisions quickly in order to make harmonisation operative.
- c. Validity and acceptance of the follow-up and expenses justification systems, which should be done, led by or carried out by other partners (donors and recipient countries) of the harmonisation process.
- d. With respect to technical assistance, Spanish development cooperation has to face a series of issues such as: (i) free up technical assistance so that it can be carried out by specialists of any nationality; (ii) take on board reports and technical assistance results carried out or financed through the sponsorship of other partners. To do this, it will be necessary to design tools and mechanisms together that ensure quality; and (iii) develop mechanisms

- that allow agile participation between human resources or economic resources.
- e. Reconsider the current model of project co-management in interventions of a lesser importance.
- b. The current revision of the Management Cycle of Spanish development cooperation led by the DGPOIDE should take into account that commitment to harmonisation requires:
- a. Developing common agreements between donors to carry out joint planning and diagnoses, which requires taking a closer look at the completion of the current CSP process in relation to the planning processes in each partner country.
  - b. Perceiving evaluation as a 'shared phase' in managing the intervention cycle so that its momentum, realisation and retro-alignment in many cases be the responsibility of the various development cooperation partners (donors and recipient countries), of which Spanish development cooperation is just one more.

Likewise, DGPOIDE could create a tool to indicate the steps that the various actors in the Spanish development cooperation should follow in order to advance in the harmonisation agenda.

c. Delegated development cooperation is seen as an option in the Master Plan. It is necessary that the AECI's management procedure review includes the possibility to opt for this modality and that the decision can be easily made. Beyond administrative obstacles, the most important thing to change is the mentality of the actors in bilateral development cooperation so that they can consider delegated cooperation as a serious work option in certain countries or in certain sectors. In order to do so it is necessary to open the debate, make the experiences of other donors in this field known and identify some pilot experiences from where to begin.

3. Recognise the necessary leadership of the partner States to impel harmonisation in their countries. Some initiatives of the AECI aimed at supporting governments so that they can improve their development aid classification and donor harmonisation do exist. It would be interesting to delve deeper and even consider them as a line of work. But all this should be focused on guaranteeing the management capacity and transparency of the public management systems of the partner countries.

Lastly, it is worth mentioning an important matter to improve harmonisation levels. That is, the design of institutional incentives that reward conduct aimed at harmonisation. At this moment in time it is difficult to think about the design of mechanisms that could work, given the absence of professional careers in the AECI and of an evaluation system, but the eminent reform of the Agency could clear the way to considering these incentives especially through the new role that the State Agencies Law attributes to the public directive.

## **Foroaod – Spanish Development Aid**

FRIDE organised the project “Spanish Development Aid - Mid-term Review and a Proposal for a Participative Consultation” between June 2006 and April 2007. This project aims to develop a consultation process about the current Spanish government’s development cooperation policy. We have created a forum for participation and debate, in order to assess the Spanish development cooperation reform agenda and to identify the main achievements and shortcomings in operationalising the initiatives based on the principle of “More Aid, Better Aid”. A set of recommendation guidelines were developed, through participative methods, with the objective of putting into practice the aspirations of the Spanish development cooperation policy.

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