

THE CHALLENGES OF MULTILATERALISM AND THE NEW ROLE OF SPANISH DEVELOPMENT COOPERATION

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As rich countries start assuming the long overdue commitment to designate 0.7% of their national incomes to cooperation and development, the debate on the effectiveness of aid becomes more and more necessary. Despite the 37 years that have passed since the Canadian Prime Minister Lester Pearson first proposed assigning 0.7%, the members of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) – the 23 largest donor countries in the world – have barely reached 0.3% in 2005.

Nevertheless, significant advances have been made. An announcement to double Official Development Aid (ODA) to reach 100,000 million dollars for 2010 was made following the European Union Summit in May 2005 and the G8 Summit in Gleneagles. In fact, the DAC members increased ODA by 27.9% in 2005 and everyone confirmed their commitment to reach 0.7% in 2015.

But the increase of these resources makes it necessary to reassess the existing official aid donation system and question the efficiency of both bilateral aid and the traditional management systems. One of the direct effects of the globalisation process has been the interdependence of States; above all in the management of externalities and international public assets. The extreme poverty and inequality that currently reign should not be seen as exclusive only to those who suffer it directly, nor can it be managed solely at a State level. Its multi-dimensional quality puts pressure directly on natural resources, on migratory flows, on the spread of diseases, on the humanitarian crises and on environmental deterioration.

Therefore, the solution to lessen these problems cannot be subject to the ambit of the State; it requires an international, institutional framework that permits the coordination of economic aid flows to maximise their positive impact on development. It is not only a matter of avoiding the opportunistic behaviour of the donors but also of increasing their limited capabilities, reducing transaction costs and creating coherent global policies aimed at improving the impact on development.

It is not feasible to expect the 2,000 million people who live in poverty to depend on the wavering charity of rich governments. Bilateral aid, especially the aid directed at specific projects, not only conditions the investment priorities of recipient countries but also limits their democratic development as they have no choice but to respond more and more frequently to the demands of donors and not to those of their own people.

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As various OECD, European Commission or World Bank¹ studies have shown, the implementation of development cooperation projects is seriously conditioning the management capacity of developing countries. More than 60,000 projects were financed over the course of 2004. Some countries received more than 800 new projects per year, were home to 1,000 donor missions and had to present 2,400 follow-up reports. Zambia for instance, has more than 1,200 accounts with donors. Mozambique is carrying out around 1,000 external activities worth less than 2 million dollars. In all of these cases, 70% of the projects are for less than three years time; which conditions the continuity and sustainable planning of the programmes.

Under these circumstances, one is not surprised by the statement made by the Tanzanian Minister where he asked for a period free of any external missions in order to work and pursue specific development goals at a local level.

One of the most latent pieces of evidence in the management analyses of official aid and of the attempts to maximise efficiency is that neither bilateral aid nor development cooperation by project will be able to meet the global challenges of the fight against poverty. As long as development cooperation assistance continues to depend on the wilfulness of States and its distribution does not respond to criteria agreed upon within a legal, international framework, it will be very difficult to differentiate the designation of aid from the geopolitical, commercial and partisan interests of States.

A solution that in part solves the so-called '*projectitis*' disease of donor countries is budget support. The Millennium Declaration² confirms that the main responsibility for overcoming the vicious circles of extreme poverty belongs to developing countries themselves. The obligation to set up poverty reduction strategies, to designate the necessary public budgets, to promote governance, transparent management and the mechanisms to fight corruption that allow them to reach the desired goals should fall on them.

Donor countries have never shown much enthusiasm for this type of direct aid, since as they say, it does not guarantee that aid will be directed at the priority of ensuring basic public needs (such as elementary education, access to health care, etc) and could be used to other ends - whether those be military or political. Nevertheless, besides the fact that development cooperation by projects frees recipient governments from their public responsibilities of guaranteeing said needs, recent studies contradict the prevailing opinion that budget assistance generates corruption, since it has been demonstrated that it strengthens the financial management of public institutions in recipient countries, promotes transparency in management and creates strategies aimed at reducing poverty and generates a fairer connection between donors and recipient countries.³

On the other hand, it is necessary to ascertain the risk that budget assistance could entail if it were used by donor countries to condition budget formulation or to designate the priorities of recipient countries. Incentives such as the United Nations proposal to designate 20% of the public budget to basic social services, or to

¹ For further information, see the World Bank reports: *Global Monitoring Report 2005* and *Aid Effectiveness Review 2006*; OECD and European Commission reports: *EU Donor Atlas 2006*, Volume I and *Mapping Official Development Assistance*; or the Oxfam International report: *Paying the price: Why rich countries must invest now in a war on poverty*. Oxford: 2005.

² United Nations (2000), *Millennium Declaration (A/RES/55/2)*, New York.

³ OECD/DAC (2005), *Effective practices in conducting Multi-Donor Evaluations*, Paris.

promote the participation of Parliament and civil society in the debate on the formulation of policies that benefit the poorer communities, would help establish the premises needed to consolidate the global pact between donors and recipient countries that would guarantee reaching the development objectives.

On the other hand, the multi-dimensionality of poverty and the way in which globalisation has affected international public assets leaves the incapability of States to resolve these problems unilaterally increasingly more evident and make it necessary to think twice about the role that a new multilateral order could and should play.

To achieve this it is important to take another look at the reform process of international organisations since their political authority continues to be based on the model of sovereign States who exercise exclusion and tend to not give representation to other global players who have a great effect on obtaining concrete development goals.⁴

The United Nations reform process, that was proposed in the 2005 Millennium Summit⁵ and posed in the UN Secretary-General's report *In larger freedom*,⁶ proposed a series of measures directed at reaffirming the achievement of the Millennium Goals, adopting a new consensus on the concept of collective security and strengthening the system of the United Nations through a reform of its General Assembly, its Security Council, the Economic and Social Council and the creation of a new Human Rights Council.

Except for some specific triumphs, the reform was not only considered a failure but also, in December 2005, the main contributors to the organisation, led by the United States, decided to approve the budget for the current biennium (2006–2007), authorising the Secretary-General to spend only what was needed for the first six months, insisting that this limitation would be lifted once significant progress had been achieved.

The situation in this new globalised world order needs international organisations that are able to guarantee the maintenance and consolidation of peace, defend human rights, fight extreme poverty and humanitarian disasters and fight against infectious diseases.

It is not feasible to consolidate such a proposal without an in-depth reform of such organisations. Just as Kofi Annan requested at the beginning of July, "The time has come for those who are really interested in reform to come together in a new coalition, to overcome the false and harmful divide between the North and the South and congregate everyone who is prepared to work together because they share the idea of an efficient United Nations Organisation that works for the good of all of the peoples of the world."⁷

In this context it is necessary to review the responsibility that States have to not only direct their official aid coherently, but also to guarantee an efficient,

⁴ For more information on these deficiencies see José Antonio Sanahuja 'Multilateralismo y desarrollo en la Cooperación Española', *Realidad de la Ayuda 2005-2006*, Intermón Oxfam; and Commission for Global Governance *Our Global Neighbourhood*, Oxford University Press.

⁵ United Nations (2005) *Millennium Declaration 2005*. (A/RES/60/1). New York

⁶ United Nations (2005) *In Larger Freedom: towards development, security and human rights for all* (A/59/2005/), New York, 21 March 2005.

⁷ Kofi Annan, 'ONU. La hora de la verdad', *El País*, 2 July 2006.

multilateral system that resolves the main global threats that States cannot solve unilaterally.

The 2004–2008 Spanish Development Cooperation Master Plan establishes that Spain's multilateral policy is an essential part of its foreign policy. Likewise, it affirms that the main objective that is proposed through its multilateral policy is to support the international community in its efforts so that they can meet the promises made in the Millennium Declaration. It is the first time that the Spanish Government has put forward a coherent multilateral strategy that contrasts with the role and the responsibilities that it has as a donor country.

Spain is the eleventh largest world economy and it is the eighth contributing country to the UN's ordinary budget, (2.52% which represents about 81 million US dollars for 2004–2005). Nevertheless, its voluntary contribution policy is painfully deficient and scarce. In fact, until now, the contributions to these funds have been amongst the lowest of all the DAC donor countries and there has been an incomprehensible void in the reduced participation of Spanish representatives in the policy-making process of multilateral organisations. One of the main reasons has been the use of official aid as a tool to promote other strategic policies that are not linked to the eradication of poverty, and the defective ties among aid management, foreign policy and geographic, commercial or cultural interests.

The Government's new strategy for multilateral development policy - that will be presented this autumn – marks a turning point in the role that Spain will play in the international environment. The annual, voluntary contributions are expected to grow to 330 million euros over 2006; 120 million euros of this money will go to United Nations' agencies and 200 million euros to fiduciary funds. Moreover, the first mixed commission with the United Nations Development Programme (UNDP) was created in April, another is to be organised in July with the Food and Agriculture Organisation (FAO), in September with UNICEF and in October with the United Nations Population Fund (UNFPA), among others.

It seems evident that these new economic contributions, together with the strategy to promote Spanish professionals who are in international organisations in order to provide them with more influence in the decision-making processes, demonstrate Spain's resolution to have a preferential role in the new multilateral framework.

Spain's multilateral strategy clearly shows resolve for a participative process that aspires to include all the main organisations involved in development as well as to foment, coherent aid policies, commerce, debt, human rights and peacebuilding. Although there are some doubts on the capacity to create integrated coherent policies among the various ministerial agencies that currently manage the development cooperation funds, its administrative system is being reinforced with political intentions to promote said coherence in such a way that it reinforces the role of Spanish development cooperation as well as the influence that Spain has in the multilateral framework.

To do this it will be necessary to not only increase contributions and better position Spain and Spanish professionals within these organisations, as they have been doing, but also to promote an active role in the reform process so as to reinforce its legitimacy and maximise its efficiency in those areas that cannot be tackled by the action alone of States, as is the case in the eradication of poverty.

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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