

## ■ SPAIN

# New pronouncements. A new era?



In 2004 there was a big change in Spanish foreign policy and commitments to international cooperation, but the challenge remains to increase aid to the levels that have been set internationally, and to adopt a multi-disciplinary perspective for development. It is equally important to modify the system whereby foreign aid is conditional upon the acquisition of Spanish goods and services, and to cancel the foreign debts of the poorest countries.

NGO Development Coordinator (CONGDE)<sup>1</sup> - Campaña Pobreza Cero

Pablo Martínez Osés

### New foreign policy

Since the beginning of the present administration in 2004, José Luis Rodríguez Zapatero's Government has taken Spanish foreign policy in a dramatic new direction by shifting to a multilateral stance and making serious commitments to the developing world.

The change has been particularly marked in the sphere of international cooperation, at least as a declaration of intent, and it is reflected in the leading role Spain has played in the Alliance against Hunger<sup>2</sup> presented to the United Nations in 2004. This is in complete contrast to the previous Government of José María Aznar (1996-2004), whose foreign policy was built around the coalition against international terrorism under the unilateral leadership of the United States.

The present Government gave an early signal of its intentions to give a greater importance to international cooperation when it re-named the Ministry of Foreign Affairs by adding to it the words "and Cooperation". It also reinforced the administration's policy planning and evaluation apparatus and upgraded the old Planning Office to the rank of Under-Secretariat of State. Some of the new posts have been filled by specialists in international cooperation for development.

The first results were not slow in arriving. At the start of 2005 a new Directing Plan for Spanish Cooperation (DPSC) for the period 2005-2008 was passed. This essentially embraces the principles of the international development agenda, which include combating poverty through specific and quantifiable commitments, support for public policies, and most importantly the will to contribute to meeting the Millennium Development Goals (MDGs) outlined by the United Nations in 2000.

### Pending challenges, little progress

The agenda needed for Spain to reach the MDGs is clear. Donor countries will have to make an effort to increase the quantity and quality of their Official Development Assistance (ODA) and eradicate foreign debt from the public accounts of poor countries. They must do this in line with MDG 8 (promote a world association for development) and in the framework of the various norms and agreements (including the 2002 International Conference on Financing for Development, the Barcelona Commitment of 2004, the 2005 Report on the Millennium Project, and the 2003 Rome Declaration on Harmonization).

Until then, current international trade rules constitute serious obstacles for impoverished countries, which can only be removed by the group of economic powers of which Spain is part.

Although the DPSC involves a public commitment on the part of the Government to increase ODA to 0.5% of GNP in 2008, the budgetary framework does not yet have the annual evolution needed to reach this figure, so there are no effective guarantees that the target will be attained.

In each national budget, ODA increases will have to be discussed and balanced against other areas of public spending that have traditionally been given priority. The new Government's first budgets to go through Parliament have run into serious difficulties reaching only 0.3% of GNP, basically because of resistance from the Government's own economic team.

The Minister of Economics and Finance must take responsibility for complying with the electoral commitments and public declarations made by Rodríguez Zapatero, who has said repeatedly that the aim is to reach 0.7% by the end of his (as yet unconfirmed) second term in office, in 2012. This is good news given that the MDGs should be reached only three years later.

Experience has taught us to be cautious about the chances of the Government actually reaching the levels of aid that it has promised. It has not yet implemented its first complete budget, and it is too soon to analyze its orientation or the extent to which it will be executed.

Spain has forged links with the countries that are committed to exploring the feasibility and suitability of new mechanisms for financing development through the Alliance against Hunger. Yet again,

we can only evaluate this from declarations of intent since little has been done so far in the framework of this alliance, and Spain seems to be concentrating on making studies and specific proposals about the possibilities provided by remittances from immigrants to their countries of origin.

The reorientation of ODA so that it can make a contribution to the MDGs will mean big changes in the whole Spanish system of cooperation including its direction and priorities, management capacity and the overhaul of some instruments.

### Assistance or conditions?

In Spain conditioned aid<sup>3</sup> still has too much weight in terms of the proportion of investment allocated to aid, as well as in terms of the influence over political decisions exerted by commercial interests related to the expansion of the national economy. On numerous occasions the analyses made by the Development Assistance Committee (of the Economic Cooperation and Development Organization) has pressed Spanish governments to reduce the specific weight of conditioned assistance.

The Development Assistance Fund is still coming in for a lot of criticism because of its inefficacy in the fight against poverty. This instrument has yet to be revised. Its regulations were passed by the previous Government without parliamentary debate, and in practice priority is given to support for internationalizing Spanish enterprises rather than to the development needs of the countries that receive aid.

In the new DPSC, assistance will continue to go mainly to middle-income countries, based on the comparative advantages that stem from historical, cultural and language links. Even accepting the virtues of these advantages, it is evident that to combine them with the MDG agenda, Spain would have to adopt specific strategies to combat the inequality and inequity that are devastating the lives of millions of people in this group of countries.

Although the fight against poverty and the fight against inequality have synergies, they each involve specific strategies that make them markedly different.

1 The Coordinator of NGOs for Development - Spain (CONGDE) is made up of 94 NGOs and 14 autonomous coordinators that together amount to more than 400 organizations working for international cooperation.

2 The Alliance against Hunger is an international initiative led by the President of Brazil, Luis Ignacio "Lula" da Silva, and supported by Chile and France.

3 Assistance that is linked or conditioned is any aid, donation or loan which is granted by the donor under conditions. Most commonly it is conditioned to the acquisition of goods and/or services from the donor country.



It is essential for the cooperation system to have precise tools to ensure that cooperation with middle-income countries is oriented to both these aspects.

The DPSC does not take these differences into account, so the geographical priority given to middle-income countries may mask cooperation that is still very focused on promoting Spanish commercial and cultural interests rather than on the needs of the beneficiary countries themselves.

### The question of quantity and quality

What is more alarming is that Spain's international commitment (Copenhagen 1995) to give between 0.15% and 0.20% of GNP to the group of Least Developed Countries (LDCs) is very small. In recent years Spain has only allocated around 0.04% to these countries. To reach the proposed percentage its policy of giving priority to middle-income countries does not have to be abandoned, but it is essential to combine it with multilateral bodies and/or global funds, at least while the country does not have new capacities or specialists that could make up for its lack of experience in cooperating with this group of countries.

Spain has also failed to comply with the Copenhagen commitment to allocate at least 20% of total ODA to basic social services. At the moment only around 13% goes to these services. The Government recently announced new contributions to the Catalytic Fund of the Basic Education Fast Track Initiative and to the Global Fund against HIV/AIDS, and this is welcome and can be taken as an unequivocal and concrete sign of good intentions in this area. However, in the case of HIV/AIDS, it is worrying that while the DPSC gives priority to 23 countries only two of these, Mozambique and Namibia, have a high incidence of the disease.

There is no doubt that reforming the cooperation system requires an enormous improvement in administrative capacity, and it is essential to bring in multi-disciplinary teams. Development requires different focuses, and these have to be combined and coordinated intelligently to make intervention more effective.

The Government has made an effort to optimize planning capacity, but the expected results could be seriously jeopardized if this is not accompanied by investment in multi-disciplinary research and resources to sustain the implementation of the new plans.

### Cancelling the debt

When it comes to foreign debt, the explicit demands of the international agenda are only too clear: the Heavily Indebted Poor Countries (HIPCs) will only be able to reach their MDGs if 100% of their bilateral and multilateral debts are cancelled immediately. The HIPCs initiative has not worked so it is essential for main creditor countries to cooperate.

It would require no great effort from Spain to cancel its bilateral debt since it was mostly contracted by middle-income countries. The Government has announced agreements with Ecuador and Argentina to exchange foreign debt for investment in education. But before they are put into practice it is necessary that the funds that are freed are used to finance national education strategies instead of projects that are unconnected with this, or for aid to remain tied to the purchase of Spanish goods and services.

It is sad to see that foreign debt cancellation was not even mentioned in the general budget of 2005, and it seems that a special fund for this purpose will have to be set up. This would have its own annual budgetary allocation, and it would serve as another tool in the debt cancellation policy. It could receive resources not utilized by the Development Assistance Fund, and it would facilitate contributions to multilateral institutions and at the same time make it easier to plan the year. The Government would make twice-yearly reports to Congress and the Senate about the fund's operations.

### Commercial interests versus development

The big challenge that remains is for the present Government to make its policies more coherent particularly in the area of its commercial interests and its position in different trade negotiations connected to attaining the MDGs.

Spain has not made any great contribution to the task of creating a fairer system of international trade. In the ambit of European negotiations it has not challenged the dominating position of the interests of the big European producers or support for a production model that is intensive in the use of capital, toxic agro-products and labour rather than for the commitments arising from the IV Ministerial Conference of the World Trade Organization (WTO), which took place in 2001 in Doha, Qatar.

Spain has also opposed reform of the conditions under which cotton is traded. It has supported guaranteed prices and quotas for sugar, and this indirectly favours the developing countries, but these countries' access to European Union markets has not been facilitated. And Spain's position with regard to rice is sure to be very conservative because it is the biggest cereal producer in the European Union.

While the Government has been transparent as regards information on its positions in trade negotiations, it has not allowed non-government development organizations into official delegations, and it has only called meetings to give information, never for consultation. There is nothing to show that this stance will change.

### Urgent measures for a unique opportunity

To sum up, Spain must guarantee the adoption of more far-reaching objectives in its policies for ODA

cooperation, foreign debt and international trade: 0.7% of GNP, the objectives of the 2003 Rome Forum on Harmonization, cancellation of 100% of the foreign debt of the HIPCs, and proposals for changing the norms and the representation of poor countries in the WTO.

In the multilateral ambit, and specifically when it comes to cooperation through financial institutions for international development, Spain should make its trade policies more coherent by setting up some concrete mechanisms to implement the recommendations in the DPSC. In particular this means ensuring coordination among the different ministries involved, social participation, and dialogue with Parliament and with civil society.

To promote this, a very wide group of social organizations and movements across the country have joined the Poverty Zero campaign in the framework of the Global Call to Action against Poverty. The aim is to get a commitment from all political forces with parliamentary representation to support a State Pact for the Eradication of Poverty that includes the following measures:

- It is most urgent to increase ODA to 0.7% of GNP, with at least one fifth of this amount allocated to basic social services (education and health) and a fifth to the least developed countries. Conditional aid is to be avoided.
- To improve the quality of assistance by reforming the cooperation system to enhance its capacities and bring in multi-disciplinary teams specialized in the fight against poverty and in promoting sustainable human development.
- To cancel 100% of the bilateral foreign debt of the least developed countries of which Spain is a creditor, and to press the Government to take the lead in urging the international financial institutions to cancel these countries' multilateral debts.
- To take initiatives to exchange bilateral foreign debt for development so that the resources freed can be oriented to reaching the MDGs.
- To change international trade norms that currently favour rich countries and their businesses and prevent governments in impoverished countries from deciding how to combat poverty or protect the environment.
- To eliminate the subsidies that allow the products of rich countries to be exported at prices below production cost thus damaging the basic livelihood of rural communities in poor countries.
- To protect public services from liberalization and privatization so as to ensure the right to food and access to potable water and essential medicines. ■

