

Constituent Units, Development Cooperation and Multilateralism

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A new understanding of development is nowadays widely shared, in which the foreign policy priorities of donor states, that initially gave form to the existing international aid system, have been displaced by a new partnership for development between public and private agents. Under the leadership of multilateral institutions this new alliance tries to promote across the world, through diverse multi-stakeholders and multi-level international cooperation schemes, human development and sustainability.

That important change has created in addition the opportunity for sub-state governments to extend their own development cooperation policies, both as donors and partners, facilitating, along with NGOs and less frequently with multilateral institutions, the emergence of what can be called the decentralization of the international development cooperation system. Albeit not fully generalized among its member states, according to a recent report published by the OECD, the involvement of sub-state governments in development aid is nonetheless a reality that is rapidly acquiring an increasing importance in some countries, not necessarily federal, in which constituent units enjoy a significant level of self-government and autonomy.

It was with the purpose to explore this reality that an international roundtable was held in Brussels, under the auspices of the Forum of Federations and REGLEG, and in the context of a wider discussion on the foreign relations of federated entities. In order to illustrate conveniently that innovative trend, and as a point of departure for further discussions, two guest speakers were asked by the organizers to present to an experienced audience the main achievements in the field of both the Spanish autonomous community of Catalonia, and the Canadian province of Alberta. The speakers were, respectively, Mr. Xavier Martí-González, Joint Coordinator of Cooperation Areas at the Catalan International Development Agency for the Government of Catalonia, and Prof. Chris Kukucha, Professor of Political Science at the University of Lethbridge, in Canada. As expected, both them offered very interesting remarks on their respective cases and provided insightful reflections that later facilitated a fruitful debate among the participants.

The roundtable was attended by a number of 25 participating experts coming from countries such as Austria, Belgium, Canada, Germany, Italy, Japan, Spain, or United Kingdom. Most of them where in addition representatives of different sub-state

governments, with relevant institutional responsibilities, something that further facilitated the lively discussion between our guest speakers and the roundtable participants that this report aims to summarize.

In order to present the results of the roundtable we will organize this brief report with three objectives in mind. Firstly, and in accordance to the scheme also observed in the actual roundtable, we will introduce the theme offering some background information about the growing importance of sub-state governments' involvement in development aid, emphasizing some of its more prominent profiles either in terms of mobilized resources or deployed modalities. Secondly, we will summarize the most salient and contrasting aspects of the two case-studies –Alberta and Catalonia- that provided the basis for our further discussion about our thematic issue. Thirdly, and as a way of concluding, we will offer some final remarks about the domestic and international variables that could help us to understand why some constituent units appear as more or less active in this domain.

Recognizing the growing relevance of constituent units' involvement in international development cooperation, the OECD launched in 2005 a path-breaking report with the aim to identify the contours of this reality among its member states (OECD 2005). In addition to describe the scope and modalities of aid extended by local and regional governments this report attempted to ascertain in what extent these forms of decentralized cooperation may be qualified as Official Development Assistance (ODA) . When these were the case these modalities of sub-state cases should be reported to Development Assistance Committee (DAC) by its member states.

But the actual practice regarding this issue is far from being uniform. According to the mentioned OECD report development aid extended by constituent units –e.g. aid provided by public sector other than central government- is particularly important in terms of policy design and budgetary allocation, in Belgium, Germany and Spain; increasingly relevant in Austria, Canada, France, Italy, Japan, or Switzerland; and by the moment only of minor relevance for countries like Australia, Denmark, Finland, Greece, Ireland, Netherlands, Sweden or United States. Some countries belonging to the last group stated officially, in reply to OECD questionnaires, that they lacked of relevant statistical data or, even more, that they had not such modality of aid.

It is worth to remark however that in contrast with the apparent lack of interest in development aid extended by local and regional governments by the side of some OECD member states, other countries are discovering in the growing involvement of its constituent units in the development field a positive input to their own foreign aid policies and goals. Moreover, in countries such as Belgium, Germany or Spain, the additional funds provided by local and regional governments, once qualified as ODA, have proven to be highly relevant for the purpose to easier and faster progress towards the long time awaited objective to fulfil the old promise of dedicate 0,7% of their public budgets. The most salient case in this respect is that of Spain, where than around one-fifth of Bilateral ODA is provided by regional governments.

Sub-state governments involvement in development aid can be deployed through both bilateral and multilateral cooperating schemes. In the origin, and particularly in Europe, local and regional governments used to canalize most of its funds through NGOs. But more recently the most active entities have begun to create their own official development agencies, following the common practice of the most important donor states. In contrast, Canadian and the USA's constituent units tend to act more directly in contact with foreign governmental partners through selective and issue thematic bilateral cooperation schemes.

In spite of these trends, constituent governments all over the world also make increasingly use of different opportunities provided by multilateral institutions to realize their policy objectives. The venues for this are very diverse. Sometimes, sub-state governments simply declared themselves committed with the declared goals of some particular institution, offering complementary resources and contributing consequently to the effective achievement of these declared goals. In these cases constituent units do not pretend any form of formal membership, but the simple fact of being recognized as relevant partners in global development efforts. Illustrations of these would be the unilateral signing by many local and regional governments across the world, of the Agenda 21, or more recently, the United Nations' Millennium Development Goals' campaign.

Less frequently, and particularly when they are acting as donors, constituent units are able to sign diverse Memorandums of Agreements with such institutions as UNDP, UNICEF, FAO, UNESCO, UNIFEM or UNEP, among others. These agreements are usually implemented in a consistent and non-controversial way, generally under the silent supervision of the Official Development Agencies of each of the affected states. More exceptional, but probably even more relevant, are the cases in which constituent units have entered in direct negotiations with multilateral institutions like the IMF or the World Bank. Notwithstanding, in vast federal countries like Argentina, Mexico or India, and as a result of the initial interest of federal governments to diversify the allocation of its external borrowing, constituent units have become unexpectedly relevant interlocutors in negotiating the conditions for international loans. Finally, constituent units only rarely aspire to full membership in international organization formed by states. But in those exceptional cases, such as the case of Quebec in UNESCO in which some relevant steps have been taken, the final status has not been direct membership, but formal recognition of the special role of such a constituent unit as official part of the affected state delegation.

As the intervening variables at the international level tend to be similar across the OECD members, particularly within the European Union, differences in constituent units' involvement in development can be better explained in terms of domestic variables, political motivations and structure of incentives.

The contrasting cases of Catalonia and Alberta come to illustrate nonetheless that the phenomenon escapes from comfortable generalizations. Both are powerful economies greatly internationalized but their respective models of involvement in the development

aid field can not be more different. Catalan model is highly formalized and strongly institutionalized, its goals and means are subject to a Master Plan previously established and adopted with an important social support, it counts with financial resources which exceeds the amount of 150 millions of US\$, and seeks actively to be consistent with the policy guidelines established by multilateral institutions in the field. Moreover, it seems to be a clear policy priority for Catalonia. In contrast, Alberta interventions in the field have tended to be formulated more discretionarily, on the basis of ad hoc identified relevant opportunities. In addition, seems to have found in bilateral cooperation schemes its preferred policy instrument, and although highly effective in some cases, have lacked of both a long-term agenda and any substantial allocation of funds. In sum, for Alberta, until very recently, development cooperation has not been a real priority.

These differences that we have summarized can be explained on the basis of both functional and normative arguments. Among the functional explanations that our roundtable participants identified we can mention: the availability of economic, technical or administrative resources; the more or less favourable position of tax-payers regarding the allocation of public funds in foreign aid; or the expectations of a non controversial development aid agenda not in conflict with other policy priorities. Among the normative reasons roundtable participating experts suggest also the possibility of a genuine concern for social justice and solidarity as a motivation for development cooperation initiatives, but also the political will to project a distinctive collective identity in the international realm. Although the list is by no means exhaustive, these are surely some of the many aspects that could help us to understand the reasons behind the more or less relevant sub-states governments' involvement in foreign aid.

In sum, it remains to be seen if the rapid deployment by local and regional governments across the world will produce a real and differentiated add value ton the existing international development aid regime. Although some prominent exceptions exist and some best practices in the field are gaining recognition in the international aid system, by the side of both donors and partner states, the involvement of local and regional governments have proven to be by the moment a policy innovation more enthusiastic than effective. However, it is possible to foreseen that as result of its increasing relevance both in terms of financial amount and policy design, constituent units involvement in the development field will require in the middle term a more effective and fluid intergovernmental coordination, as well as important adjustments in the international development system policy mechanisms.

References:

OECD (2005) Aid Extended by Local and State Governments, DAC Journal, vol. 6, n 4. 52p. Document available at <http://www.oecd.org/dataoecd/47/62/35935258.pdf>. (accessed 20th. October 2008)