



Oficina de Planeamiento y Presupuesto

“International Development Aid in Middle Income Countries (MIC). Institutional challenges in a new global context”

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I. URUGUAY Country Profile (2009 data)

President: **Mr. José Mujica** 2010 – 2015

- Total Population: **3.3 million**
- GNP (2009) **US\$ 31,532 million**
- Per capita GNP: **US\$ 9,410**
- HDI Ranking **50 (0,865)**
- Life Expectancy: **76 years**
- GINI **0.445 (2008)**
- Literacy rate: **98%**
- Access to clean water: **96.3%**
- Unemployment: **7%**
- Social Public Expenditure **75.4%**



I. High Development BUT...

- Poverty (2008): 20.3 %
- Extreme Poverty 1.3 %
- 6% of the pop. lives in shanty towns
- 1/ 5 young do not work or study
- 2/3 do not complete secondary education.
- Salary of qualified women is 30% lower than men's
- 55% of afro-descent children live in poverty conditions, 7/10 of women of that ethnic group work on nonqualified labor and housecleaning
- 71.3 % of exports are primary products (2008)
- External Debt / GNP: 2008=37.4 (in 2003 = 94.9)



II *Global context of Development Aid: change and new challenges*

- i. Countries do not fulfill their pledge of 0.7% of GNP to ODA
- ii. Aid Effectiveness Debate Paris Declaration and Accra
- iii. Concentration of ODA in LICs and aid reduction in MICs, particularly Latin America
- iv. Relevance of Global Funds (“global public goods”)
- v. New donors: Emerging Countries (BRICs, etc.), private actors (foundations, NGOs, etc.)
- vi. Boom / revitalization of South-South and Triangular cooperation.

II *Global context of Development Aid (2)*

- **MDG: 0.7 of GNP to ODA – Aid effectiveness**
 - Aid funds aprox. \$123 billion (2009) – 0.30 of global GNP.
 - Countries behind 0.7% of GNP to ODA. Only SWE, LUX, NL, NRW, and DNK reach that goal. Netherlands is the one that contributes the most among them (absolute value) and Spain is the country that contributes the most among underachievers.
 - Complexity and fragmentation– diverse actors and instruments, hundreds of organizations, thousands NGOs, tens of thousands of official missions, 80 thousand projects a year estimate U\$67 thousand average size.
 - Aid effectiveness debate: Paris Declaration (Alignment, Ownership, Harmonization, Mutual accountability, Results Oriented Management) and Accra Agenda of Action.

II *Global context of Development Aid (3)*

■ MICs (104 countries)

- LMIC (\$996 to \$3,945): 56 countries - UMIC (\$3,946 to \$12,195): 48 countries
- $\frac{3}{4}$ (1.3bill) of the world's poor live in MIC ("the China effect")
- Aid to MIC descent from 38 to 28% since 1995. **UMIC** only get **6% of aid**
- Inadequate categories, development is multi dimensional

■ Latin America

- **Aid share** 1980 - 2000: 13% - 2008: **6.4%**. Approx. 4.5 billion.
- 1 LIC (Haiti); 9 LMIC ; 20 UMIC
- In 2007 aid to Iraq only amounts to three times aid to Latin America
- 60% of poor and 50% of extreme poor in Latin America live in UMIC
- Bolivia or Nicaragua receive a $\frac{1}{4}$ of aid compared to Tanzania or Cameroon
- Vulnerability to external shocks

II *Global context of Development Aid (4)*

■ **GLOBAL FUNDS**

- Thematic / Sectorial or “Vertical” Funds, such as AIDS, Environment (GEF), Water, Education, etc.
- Are estimated in 2-3% of the ODA, 7% of multilateral aid, increased more than 50% since 2006. 8,000 projects are estimated in 130 countries.
- Multi donor Funds with their own institutional procedures.
- Climate Change, OCDE commits \$10bill/year, \$170bill are required.
- New logic of International Aid: combines multilateral, bilateral y sectorial efforts altogether.

■ **NGOs / PHILANTROPY**

- Increased 60% since 2005, over \$5bill.
- Big NGOs have higher budgets than \$500 million, globally around \$15 bill
- Foundations, only the Gates Fund. will contribute with \$2 bill in the next 2 years. Influence in multilateral organizations.

II *Global context of Development Aid (5)*

- **“BOOM” OF SOUTH-SOUTH AND TRIANGULAR AID**
 - Represents approx. 10% of global development aid.
 - South-South Aid initiatives in Latin America have increased 30% between 2007 and 2008 (SEGIB).
 - At least 60 countries are South-South Aid donors, e.g.. Brazil cooperates with more than 45 countries.
 - BRICs represent 25% of the World's GDP and 40% of its population.
 - Organizations such as the UN, SEGIB, OAE are developing new South-South Aid programmes.
 - “Strategic Actions” or “Partnership Programmes” between OCDE countries and Latin America such as Argentina, Brazil, Chile or México are increasing.

III. Transformation Process 2008-2010.

Weakened National Context

Weak State Capacity, lack of leadership

Previous Diagnosis (2007)

- Historical lack of strategic vision on international aid.
- Coordination between different actors is difficult.
- Too many actors and participants.
- Weak regulations and norms, their enforcement is difficult.
- Limited human resources, lack of professionalization.
- Inadequate & weak infrastructure.
- Absence of management and information systems
- Overlapping and duplication of donors, recipients, subjects and regions.

III. Reform in 6 strategic axes:

1. Knowledge systematization and development
2. Increase & professionalization of Human Resources
3. Improvement of infrastructure and information systems.
4. Development of policy coordination mechanisms.
Building a National International Aid System.
5. Development of new forms of aid (South-South and Triangular).
6. Legal and institutional framework.

III. *Transformation Process in 6 axes:*

Axis 1: KNOWLEDGE SYSTEMATIZATION AND DEVELOPMENT

4 Instruments:

- a. Compiling and analyzing academic knowledge.
- b. Round of consultations with Directors of agencies, civil society and experts.
- c. Workshops with national counterparts.
- d. Cooperation agreements with reference Aid Agencies: Chile, Colombia, Spain, México, Brazil.

III. *Transformation Process in 6 axes:*



Axis 2: PROFESSIONALIZATION OF HUMAN RESOURCES

- a. Training existing staff and hiring new specialized personnel.
- b. Diversifying professional profiles and broadening knowledge areas.

III

Transformation Process in 6 axes:

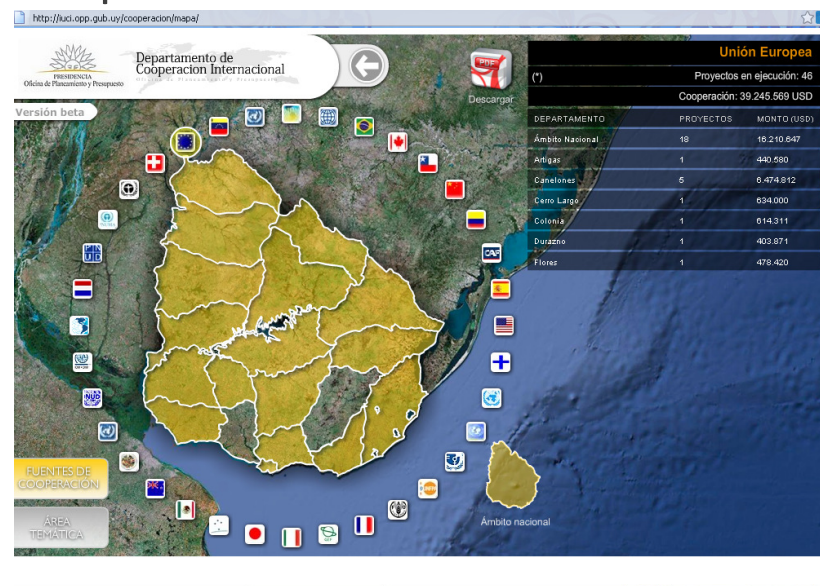
Axis 3: IMPROVEMENT OF INFORMATION AND MANAGEMENT SYSTEMS

a. Infrastructure and management protocols

b. Information Systems:

- Aid project info system
- Financial management
- Scholarship management

Map of International Cooperation in Uruguay



www.opp.gub.uy/cooperacion

III *Some figures of International Aid in Uruguay...*

395 projects

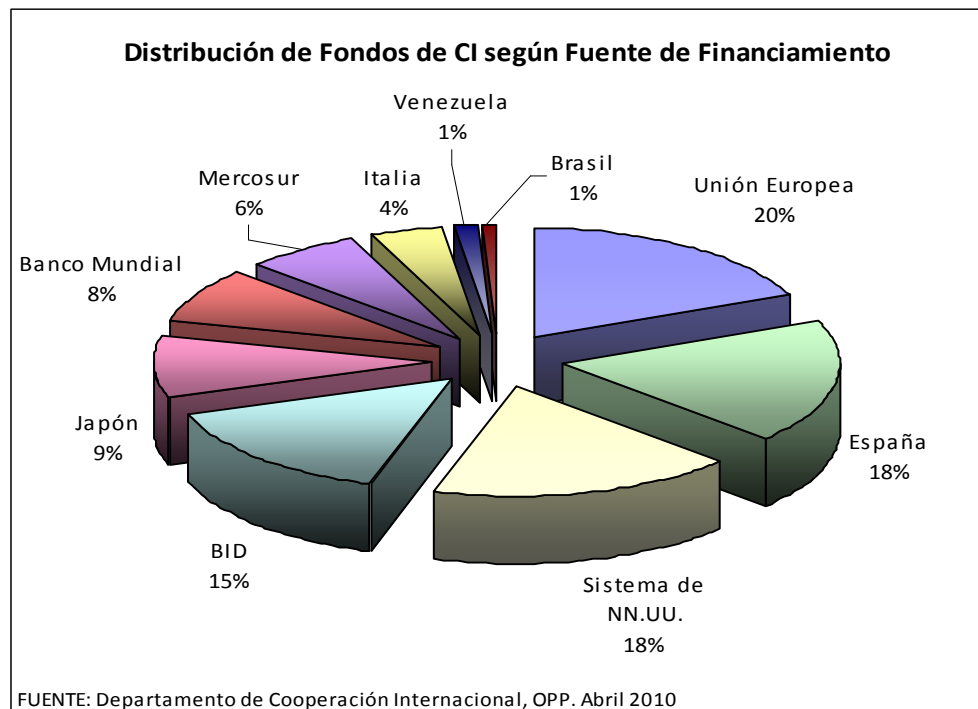
registered and active

Total amount*:

U\$S 215,8 million

In 2009, approx.

U\$S 63,9 million



**Only genuine aid resources. National counterparts funds are not considered in this figure . Regional projects are not considered either.*

Source: Department of International Coop ., May 2010

III. *Transformation Process in 6 axes:*



Informe de cooperación en Políticas Sociales

La Cooperación Internacional representa una contribución fundamental para el desarrollo del país tanto por el valor que aporta en cuanto a recursos netos como por el papel que juega en la transferencia de conocimientos y como catalizador de las políticas públicas del Estado. En este sentido, el diseño e implementación de políticas sociales constituye una prioridad fundamental en la estrategia de desarrollo del gobierno, en el camino por garantizar la igualdad de oportunidades y derechos de la población. En este contexto, el Departamento de Cooperación Internacional ha realizado un importante esfuerzo en la generación y sistematización de información que sea relevante en los procesos de toma de decisiones en este ámbito tanto por parte de actores nacionales como internacionales. Más aún, un esfuerzo por brindar a la ciudadanía información accesible y útil sobre el estado de situación de la Cooperación Internacional en el país en sectores estratégicos.

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Axis 4: COORDINATION OF INTERNATIONAL AID: NATIONAL INTERNATIONAL AID SYSTEM

- Vision by Sectors/Thematic Committees
- Counterparts strengthening
- Articulation and coordination of donors
- UN Delivering as One Programme

III. *Transformation Process in 6 axes:*

Axis 5: SOUTH-SOUTH AND TRIANGULAR AID

- Identifying capacities
- Articulating offer
- Designing a South-South and Triangular Aid Programme

*Water Purification Unit donated to
Haiti after earthquake*



III. *Transformation Process in 6 axes:*

Axis 6: NEW LEGAL FRAMEWORK AND INSTITUTIONAL ORGANIZATION

- Creation of Uruguayan Agency of International Cooperation (AUCI), basic structure and budget (Budget Law 2010)
- Institutional organization chart and competences (Presidential Decree)

***AUCI Budget Law 2010-2014 currently
being analyzed in Congress***



Uruguayan Agency for International Cooperation

- **Political leadership – technical management**
 - Board of directors: Presidency, Ministry of Foreign Affairs, Bureau of Budget and Planning
 - Technical CEO
- **Consulting Committee**
 - Local Governments, Academy, Civil Society, others actors
- **Budget**
 - Independent programme
 - South-South cooperation resources

IV *Institutional Challenges for MICs in International Aid*

1. Foreign Policy vs. Development Policy
2. Articulation and Coordination
3. Institutional Capacities

IV *Challenges 1: Foreign Policy vs Development Policy*

What do we want to do?

- **Foreign Policy:** Leadership of Ministries of Foreign Affairs
- **Development Aid:** Leadership of Planning / Development and Social Policies institutions. Inequalities and public policies in Latin America and the Caribbean.
- **Combine both:**
 - According to ratio recipient / donor;
 - Dynamic relationship according to thematic areas, countries or institutions, which evolves in time.

IV *Challenges 2: ARTICULATION Y COORDINATION*

¿How to do it?

■ **EXTERNAL:**

- **International Coop (IC) as a priority in foreign policy:** MICs global influence in institutions, forums and international aid organizations.
- **Multiple actors and instruments:** broaden and maximize offer.
- **Intelligent Negotiation of International Aid:** donor comparative advantages and counterparts/partners specific needs.

■ **INTERNAL:**

- **Strategic priority of IC in development policy:** political leadership + autonomy and technical capacity.
- **central and local government coordination/ Public and Private**
- **Demand articulation:** national needs
- **Capacities to offer IC:** identification, articulation, negotiation and management.

IV *Challenges 3: Institutional Capacities*

¿What capacities do we need?

- **Efficacy and efficiency:** improve results / impact of IC in the citizenship welfare, good management, M&E systems
- **Professional Human Resources:** selecting – training: which capacities, abilities and skills must professionals in IC must have?
- **Information Systems:** generation and use of quality information for informed public policy decision making in international aid.
- **Accountability:** management, resources and processes.
- **Development of IC offer:** having the capacities and not knowing how to transmit them. Lessons learnt in traditional International Aid.

THANK YOU

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