

SPAIN

1) QUANTITY OF AID

1.1. Current/Recent Quantity Performance:

Net ODA US\$m	6,686
% of GNI	0.43%

Source: OECD/DAC, preliminary 2008 data.

Since 2001, Spanish ODA has almost quadrupled in absolute amount (up from US\$ 1,737 m) and increased sharply relative to GNI from 0.30% Only 5%-6% of Spanish ODA was debt relief in 2007, with the recent ODA increases being channelled through multilateral institutions. The scaling up of Spanish aid is an exemplary model of how to increase aid dramatically in line with targets.

1.2. Future Quantity Intent

Spain is on track to meet targets of 0.56% of GNI in 2010 and 0.7% by 2012. The DAC estimates that this will mean US\$ 8,271m by 2010 (DAC, 2009).

2) KEY AGENCIES/MECHANISMS

2.1 Agencies and Structures

The State Secretariat for International Cooperation within the Ministry of Foreign Affairs and Cooperation is largely responsible for Spanish aid policy. The Ministry of Economy and Finance is responsible for debt relief, and the Ministry of Industry, Tourism and Trade manages the Development Aid Fund, which provides export credit-based aid (see below). In addition, Spain's Autonomous Communities and Municipalities also implement some ODA directly, i.e. not via the federal government (see Calvo, 2003).

Spanish International Cooperation Agency (AECI)

AECI is an independent agency attached to the Ministry of Foreign Affairs and Cooperation, and is responsible for the management of most bilateral Spanish Aid. AECI is largely centralised, but some programming and monitoring/evaluation takes place in its 36 country offices (AECI, 2007).

2.2 Key Policies and Documents

Master Plan for Spanish Cooperation 2005-2008 (MAE, 2005a)

The Master Plan provides the strategic framework for Spanish aid over the 2005-2008 period. It reorients Spanish aid to focus on the achievement of the MDGs and includes a definition of poverty based on capabilities. It also emphasises the importance of human rights, gender equality, environmental sustainability and cultural diversity. The Plan commits Spain to harmonisation with other donors, and alignment

with recipient strategies/priorities. Finally, it sets out Spain's sectoral and geographical priorities (see below).

International Development Cooperation Act 1998

This act defines the primary purpose of Spain's development assistance as poverty reduction/eradication, and continues to be the centrepiece of its development policy (see for example the reference in SECI, 2007).

Regional Development plans

Building on the principles of the Master plan, the Spanish cooperation also has specific three year plans for regions. As such there is the Africa Plan 2006-2008 (MAE, 2006) and the Action Plan for Asia and the Pacific 2005-2008 (MAE, 2005b). The Africa Plan is shaped around seven main aims, with the following lines of action:

- 1) To contribute to the consolidation of democracy, respect for human rights, peace and security;
- 2) The fight against poverty and the contribution to Africa's development agenda, with an emphasis on supporting health policies in Africa and combating communicable diseases;
- 3) To encourage co-operation to adequately regulate migratory flows;
- 4) Active participation in the development of the EU Strategy for Africa;
- 5) The strengthening and diversification of economic exchanges, as well as the encouragement of investment;
- 6) The strengthening of cultural co-operation;
- 7) Increase the political projection and institutional presence of Spain in the region.

3) RECIPIENT COUNTRIES AND ALLOCATION CRITERIA

3.1. Recipient Countries

Top ten	% of total ODA gross disbursements	% of bilateral ODA gross disbursements	US\$m
Iraq	4.6%	8.0%	192
Honduras	3.3%	5.7%	136
Guatemala	3.2%	5.5%	132
Madagascar	2.1%	3.7%	88
Peru	2.0%	3.5%	83
Morocco	1.7%	3.0%	71
Congo, Rep.	1.7%	2.9%	69
Nigeria	1.7%	2.9%	69
Ecuador	1.6%	2.8%	68
Nicaragua	1.6%	2.8%	67

Source: OECD/DAC, 2005-2006 data.

The top ten recipients listed above received 40.8% of bilateral ODA in 2005-06.

Distribution among different groups of recipients (% country allocated / region specified gross ODA disbursements):

Least Developed Countries	17.7%
Other Low Income Countries	14.1%
Sub-Saharan Africa	24.4%
Latin America and Caribbean	41.4%

Source: OECD/DAC, 2005-2006 data.

3.2. Allocation Criteria

3.2.1. *Pre-selection criteria*

Spain has no pre-selection criteria for allocation.

3.2.2. *Allocation criteria:*

The Master Plan (MAE, 2005a) sets out criteria for Spanish aid allocations:

- Low levels of development, as measured by a range of indexes including income levels, but also human development etc;
- Commitment by recipient governments to poverty reduction;
- Spain's comparative advantage (e.g. history of interaction with/knowledge of a country);
- Cooperation agreements or treaties between Spain and the recipient country.

The Master Plan sets out Spain's intention to increase the proportion of aid targeting least developed countries to at least 20% of ODA. (According to the DAC, in 2003-04, 14.5% of ODA went to LDCs).

Spain has identified a number of priority countries, for which Strategic Country Documents (SCDs) are being drawn up (see MAE (2007) for an overview of SCD availability):

- Latin America: Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Peru
- Maghreb, Middle and Near East: Algeria, Morocco, Mauritania, The Palestinian Territories, the Sahara Population (Western Sahara), and Tunisia
- Sub-Saharan Africa: Angola, Cape Verde, Mozambique, Namibia, and Senegal
- Asia and the Pacific: The Philippines and Vietnam

Spain intends to allocate up to 70% of bilateral ODA to priority countries, and at least 40% to Latin America.

Spain also identifies a number of 'countries for special attention', which face particular issues of disaster, conflict or governance:

- Latin America: Colombia and Cuba;
- Middle East: Iraq, Lebanon and Syria;
- Sub-Saharan Africa: D.R. Congo, Equatorial Guinea, Ethiopia, Guinea-Bissau and Sudan;
- Asia and the Pacific: Afghanistan, Cambodia, East Timor, and South East Asian countries suffering the consequences of the 2004 tsunami;
- Central and Eastern Europe: Albania and Bosnia-Herzegovina.

Spain further identifies a number of 'preferential countries' where aid will be targeted at particular regions or groups. These are mostly large and middle-income countries, as seen below:

- Latin America: Argentina, Brazil, Chile, Costa Rica, Mexico, Panama, Uruguay and Venezuela;
- Middle East: Egypt and Jordan;
- Sub-Saharan Africa: Sao Tome and Principe and South Africa;
- Asia and the Pacific: Bangladesh and China;
- Central and Eastern Europe: Medium-low income countries which are candidates for EU membership, and those which may need specific aid in the framework of

the South-East Europe Stability Pact (Stability Pact for South Eastern Europe, 2007).

4) AID POLICIES

4.1. Concessionalities

Grant share of bilateral ODA commitments (excluding debt reorganisation)	77.4%
Grant element of bilateral ODA commitments to LDCs	98.0%

Source: OECD/DAC, 2005-2006 data.

Terms of ODA bilateral loan commitments:

Grant element	70.9%
Average maturity	23.2 years
Average grace period	9.4 years
Average interest rate	0.5%

Source: OECD/DAC, 2006 data.

4.2. Types of Assistance

Breakdown of different types of ODA (commitments unless otherwise stated):

	\$USm	% of gross bilateral ODA disbursements
Stand-alone technical cooperation (disbursements)	438	19.2%
General budget support	11	0.4%
Sectoral projects and programmes (including some technical cooperation)	571	25.0%
Action related to debt	526	23.0%
Developmental food aid	29	1.3%
Other commodity assistance	5	0.2%
Emergency and distress (disbursements)	99	4.3%

Source: OECD/DAC, 2006 data.

Note: The breakdown into different types of assistance shown in the table is taken from different OECD/DAC data sources. As such, the final column does not add to 100%.

Until the launching of the Master Plan, Spain used only project related and TA modalities. However, it is now committed to increasing the range of aid instruments including budget support and sector-wide approaches. Sector-wide approaches and budget support will, in the short term, be used mainly in countries where other donors have already set up such systems. Spanish General Budget support is currently only being delivered in Mozambique.

Paris indicator 9, which measures the percentage of programme based arrangements (PBAs) in a donor's total aid portfolio, reports best practice in Albania (97%), Morocco (79%) and Sudan (72%). HIPC government officials analyse Spain as performing best in Bolivia, Mauritania and Mozambique with around one third of aid coming in programme-based forms.

Projects will continue to be used where they: *“...meet national priorities, are requested by the country, and are designed, executed and evaluated mainly by national personnel, who might if necessary be joined by external technicians and*

experts. Moreover, it is essential for projects to fit into other development initiatives in the country, in the sectoral sphere (sector approach) or on a broader level (Poverty-Reduction Strategies)” (MAE, 2005a, p90). Spain’s criteria for the use of different aid instruments are set out in more detail in Section 6 of the Master Plan (MAE, 2005a).

According to the Paris Declaration survey, best practice in TC being aligned to local strategies/plans (Paris indicator 4) is to be found in Bolivia, Dominican Republic and Morocco (all 100% aligned).

4.3. Channels of Assistance

In 2007 Spain allocated around 53% of its ODA via multilateral organisations, following a tripling (in absolute terms) of its contributions to multilateral institutions since 2004. Of the funds Spain allocated to multilaterals in 2007, 39% went to the UN, 23% to the EC and 4% to the regional development banks (data on Spain’s IDA contribution for 2007 were not available at the time of writing, but IDA constituted 13% of Spain’s multilateral ODA in 2006).

In the past, much Spanish assistance has been channelled off-budget. According to HIPC governments, in virtually all countries 25-50% of Spanish assistance off-budget, though Senegal indicates that more than 75% is via the budget.

However, as a member of the EU, Spain signed up commitments in Paris in 2005 to channel 50% of government-to-government assistance through country systems. The Master Plan includes a commitment to use recipient procedures where possible: *‘To limit the administrative burden of development aid for the countries with which it acts, Spanish Cooperation will, as far as possible, adapt to those countries’ current procedures.’* (MAE, 2005a)

4.4. Sectors and Projects

Sector	% of bilateral ODA (commitments)
Social and Administrative Infrastructure	33.2%
Of which: Education	9.6%
Health	4.6%
Population	1.8%
Water supply and sanitation	3.0%
Government and civil society	8.1%
Economic Infrastructure	14.9%
Of which: Transport and communications	8.4%
Energy	2.1%
Production	5.4%
Of which: Agriculture	3.2%
Industry, mining, construction	1.8%
Trade and tourism	0.4%
Multi-sector	7.6%
Programme Assistance	1.7%
Action relating to debt	25.3%
Emergency aid	5.9%
Administrative expenses	4.4%
Unspecified	1.6%

Source: OECD/DAC, 2006 data.

Historically, Spain has focused on the following sectors: energy, transport, fishing, health and education. However, the Master Plan identifies the following priority sectors for Spanish aid:

- Democratic governance, public participation and institutional development;
- Coverage of social needs;
- Promotion of the economic and entrepreneurial fabric;
- The environment;
- Culture;
- Gender;
- Conflict-prevention and peace-building.

Priorities within these sectors are set out in some detail in the Master Plan.

Spain will increase its funding for basic social services in particular in the coming years – the Master Plan allocates at least 20% of the budget for this purpose.

According to the HIPC-CBP survey alignment with PRS sectors is highest in Mauritania and Mozambique (with 75% of aid going to PRS priority sectors).

4.5. Flexibility

There is no information available indicating that Spain has contingency allowances or will provide additional fast-disbursing budget or balance of payments support. Among HIPC governments, those receiving most programme-based aid also indicate a higher level of flexibility (Bolivia and Mozambique).

4.6. Predictability

Disbursement procedures have historically been cumbersome, undermining its ability to make disbursements as planned, though this is changing. For example, one of the features of Spain's cooperation conventions is that they will be committed for several budget periods up to a maximum of four years (MAE, 2005a, p92). Strategic Country Documents are normally for a three-year period. It is not entirely clear how this programming exercise will fit in with the recipient country's budgetary cycle.

Paris Survey indicator 7 (ratio of disbursements recorded by Government compared to aid planned by donors) shows most predictable flows to Nicaragua (70%), Senegal (61%) and Afghanistan (58%). HIPC governments indicate that all aid is part of a multi-year framework in Bolivia, and most in Nicaragua and Honduras. Most HIPCs also indicate that 75% of more of aid is disbursed in the intended year.

4.7. Conditionality

As of the end of 2006, Spain did not include economic conditions in its bilateral aid arrangements. However, with the introduction of budget and sector support it is likely to sign up to multi-donor agreements with pooled conditions, as it already has in the case of Mozambique's Performance Assessment Framework (PAF). Nevertheless, because Spain limits its budget support conditions to those in the PAF, it is not seen as very cumbersome

4.8. Policy Dialogue

The Master Plan commits Spain to '*active participation in consultative group meetings organised in the partner countries*' (MAE, 2005a). It has not until recently

played any active role in the policy dialogue with the BWIs, but is expected to become more active given its new planned budget support.

Accordingly, HIPC governments indicate that, Spain's engagement in the policy dialogue is highest in Mozambique, followed by Bolivia and Ghana. In Mozambique, its disbursements are also not seen as being linked to those of the BWIs.

5) AID PROCEDURES

5.1 Conditions Precedent

For its priority countries, Spain draws up Strategic Country Documents, which have a three year life span. See MAE (2007) for accessing these documents.

When most aid was executed off-budget, governments were not much involved in any conditions precedent, which were run by separate project implementation units. However, for on-budget aid Spain generally insists on opening of a special account, a legal opinion and counterpart funds, though it has committed to streamlining PIUs as part of the EU Paris commitments.

Spain retains a considerable number of PIUs but in a limited number of countries, as evidenced by Paris indicator 6. No PIUs were reported in 15 of the 25 the surveyed countries including Afghanistan, Morocco and Nicaragua. As for evidence on counterpart funding, the HIPC-CBP survey shows no counterpart funds are demanded in Ghana, but CPF are still quite heavily used in Latin American countries. The number & type of conditions precedent (HIPC-CBP indicator) are least cumbersome in Ghana, but quite onerous in several other countries.

5.2 Disbursement Methods

Disbursement methods vary considerably. For tied aid, most payments are made directly to Spanish enterprises. According to HIPC governments, Spain hardly ever uses cash-in-advance payment methods, and therefore scores very low. Nevertheless, some countries manage to reduce the delays caused by these disbursement methods (eg Ghana and Mauritania).

5.3 Disbursement Procedures

In general, Spain demands considerable numbers of disbursement procedures (banking, accounting, auditing) outside those of the recipient government. It does not have a tradition of channeling its resources through recipient country Public Financial Management Systems (Paris indicator 5a). According to the Paris Survey, best practice is to be found in Afghanistan and Haiti (100%). According to HIPC government analysis, Ghana reports only two additional non-Government procedures. HIPCs also generally report considerable delay caused by these procedures.

5.4 Procurement Procedures

The DAC reports that in 2006, 17.2% of Spain's aid was still tied.

The Development Aid Fund (FAD), is a significant instrument in the Spanish aid portfolio (it disbursed 560m Euro in 2004), and constitutes cheap export credits usually tied to the purchasing of goods or services from Spanish companies. The

majority of AECI aid is untied. MAE (2005a) commits to having all humanitarian aid untied.

HIPCs government analysis also indicates that Spain ties high proportions of its aid (either informally or by awarding “untied” contracts to Spanish companies). Delays linked to procurement are also very substantial. According to the Paris survey, Spain channels most of its aid resources through recipient country procurement Systems (Paris indicator 5b) in Dominican Republic, Morocco, the Philippines (all 100%), Cape Verde (97%) and Haiti (94%).

5.5 Coordination

The Master Plan includes a commitment to harmonisation with other donors. As a member of the EU, Spain committed in 2005 in Paris to reduce the number of uncoordinated missions and analytical reports by 50%.

According to Paris Indicators 10a and 10b, in Haiti, all missions and all analytical work were conducted jointly with other donors. Best practice for joint missions was also found in Vietnam and Mauritania (100%) and best practice for joint analytical work was also found in Honduras and DRC (100%).

Key Sources *(All internet sources were accessed on 28 August 2008)*

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