

## KEY QUESTION

### How is the Spanish ODA budget structured?

#### The Finance Ministry provides the largest share of ODA

Given that a caretaker government ruled Spain from January to October 2016, no budget bill for 2017 had been presented to Parliament as of November 2016. The 2016 budget will be automatically implemented in 2017 until the new cabinet of Prime Minister Rajoy presents its budget bill for 2017 and the Parliament approves it – no later than March 2017. For the moment, ODA allocations will thus remain at their 2016 level, i.e. €2.4 billion (US\$3.2 billion).

Several ministries provide funding for ODA. The Ministry of Foreign Affairs and Cooperation (MAEC) used to provide the largest share of ODA funding. This changed during the financial crisis: its share of ODA stood at 31% only in 2016. The MAEC has been the most affected by budget cuts. The Ministry of Finance and Public Function (MINHAFP) now manages the largest share of Spain's ODA: it channels the country's mandatory contributions to the European Union (EU). They represent, in 2016, 40% of Spain's total ODA. The Ministry of Economy, Industry and Competitiveness (MINECO) distributed 20% of total ODA in 2016: it manages contributions to international financial institutions and channels debt relief. Its budget increased from €58 million in 2015 to €486 million in 2016. These funds were, however, mostly budgeted for compulsory contributions to the World Bank that were owed from previous years.

For 2016, the MAEC's draft budget amounts to approximately €753 million (US\$999 million). Around 50% of this is channeled through the Development Promotion Fund (FONPRODE) as loans and equity. FONPRODE provides a number of instruments for Spanish ODA, involving both loans and grants. Currently, FONPRODE funds must all be distributed as loans and equity investments. This affects Spain's multilateral voluntary contribution, which dropped disproportionately since the beginning of the crisis (in comparison with other funding channels). The MAEC's budget also includes funding for the Spanish Agency for International Development Cooperation (AECID). The AECID budget focuses on funding for bilateral programs, civil society organizations (CSOs) and humanitarian assistance.

Spain's regional governments and local administrations also provide ODA, mainly through CSOs and their own bilateral programs, although they can provide funding to multilateral institutions as well.

Overview: MAEC's budget for 2016	millions €	millions US\$
<b>Bilateral Spending</b>	<b>268</b>	<b>355</b>
AECID*, of which:	229	303
Bilateral programs, CSOs, humanitarian assistance	137	182
Administration costs	76	101
Cultural cooperation	1.8	2.4
Other	14	18
Instituto Cervantes	24	32
Water and sanitation fund	15	20
<b>Bilateral and multi-bilateral spending</b>	<b>381</b>	<b>505</b>
FONPRODE (loans/equity), of which:	375	497
Remaining funds from 2014 budget	139	185
Other	5.7	7.5
<b>Multilateral spending</b>	<b>104</b>	<b>138</b>
<b>Assessed contributions to international organizations</b>	<b>81</b>	<b>108</b>
<b>Other contributions</b>	<b>23</b>	<b>30</b>
IFFIm	10	13
Voluntary contributions to international organizations	0.2	0.3
Peacekeeping operations	11	15
Other	1.7	2.3
<b>Total ODA ('ODA frame')</b>	<b>753</b>	<b>999</b>

\* AECID may also provide some multilateral funds. However, these are not specified in AECID's budget.