

KEY QUESTION



How is Spain's ODA spent?

ODA funding sharply decreased from 2012 onwards due to a constrained budget environment

Spain channels a large part of its ODA through multilaterals: they accounted for 67% of its total ODA in 2014. This well exceeds the OECD Development Assistance Committee (DAC) member average of 40%. Following the economic crisis in Spain, budget cuts significantly affected bilateral funding, whereas binding contributions to the European Union (EU) needed to be maintained. As a result, Spain's contributions to the EU now account for almost half of its total ODA (48% in 2014). Spain sharply reduced its voluntary multilateral contributions; when excluding contributions to the EU and development banks, multilateral ODA dropped by 57% in the period 2009-2014. In 2015, Spain published a strategic document that formulates the priorities for multilateral cooperation. According to this strategy, funding is expected to increase for UN agencies, including for UNHCR, UNICEF, the International Fund for Agricultural Development (IFAD) and the World Food Program (WFP).

Spain's 23 priority countries:

- Bolivia
- Colombia
- Cuba
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Haiti
- Honduras
- Nicaragua
- Paraguay
- Peru, Ethiopia
- Equatorial Guinea
- Mozambique
- Mali
- Niger
- Senegal
- Mauritania
- Morocco
- West Bank and Gaza
- Western Sahara
- The Philippines

In the last few years, Spain has not been able to disburse the entire ODA budget approved by Parliament. In 2014, underspending amounted to 20%. This is mainly due to major issues in the disbursement of the Spanish Development Promotion Fund's (FONPRODE) budget since 2012. Out of the €375 million budgeted to be disbursed as loans and equity in 2014, only €36 million was finally disbursed. This was because of administrative limitations and major bottlenecks in the issuing of loans. As a result of loan repayments, reimbursements made by recipient countries, and other instruments that count as 'negative' ODA amounting to €173 million, FONPRODE's balance was positive for 2014, with a surplus of €114 million.

Spain's bilateral ODA declined by 40% between 2013 and 2014, from US\$1.2 billion to US\$706 million. This was partly due to a constrained budget environment, and to the phasing out of a large number of bilateral programs in 2013 and 2014, to comply with the government's target to close or redesign 29 country offices by the end of 2016. The vast majority of Spain's bilateral ODA consists of grants (96%); the small share of loans and equity investments is likely to increase, as it is a way for Spain to limit the budgetary impact of its ODA.

Who are Spain's ODA recipients?

Spain focuses on Latin America, sub-Saharan Africa, and MENA region

Spain focuses its funding on Latin America, sub-Saharan Africa, and the Middle East and Northern Africa region (MENA). All of Spain's top 10 ODA recipients from 2012 to 2014 are in Latin America or in the MENA region. Due to Spain's focus on those two regions, the largest proportion of bilateral ODA is allocated to middle-income countries (MICs). They received 47% of bilateral funding between 2012 and 2014. Only 19% was directed at least-developed countries (LDCs) and other low-income countries (LICs), well below the OECD DAC average of 29%. Afghanistan is the only country among Spain's top 10 recipients that doesn't belong to the MIC category.

The government has set the goal to reduce priority countries from 50 in 2013 to 23 by the end of 2016, and Spain will concentrate its ODA on fewer countries.

How is bilateral funding programmed?

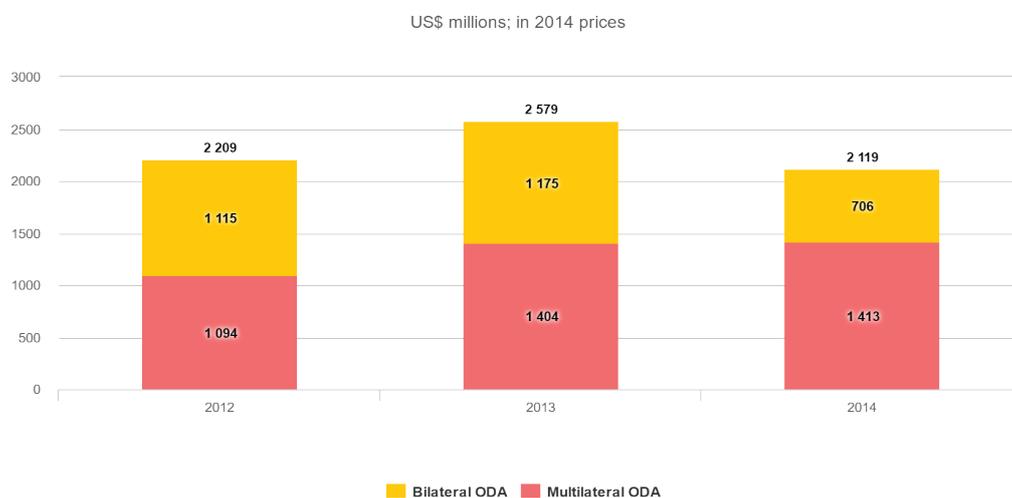
MAEC and AECID regional divisions set strategy; country offices and embassies shape programs

Programming of bilateral funding is based on the strategic, regional and thematic priorities established in the four-year Master Plan. The Master Plan outlines different approaches to bilateral cooperation that depend on the income group of a country. Low-income countries receive funding according to their development needs, cooperation with middle-income countries focuses on fostering triangular partnerships, global health research and development, and global public goods¹. The governing council of the Spanish Agency of International Cooperation for Development (AECID), which includes representatives from the Ministry of Foreign Affairs and Cooperation (MAEC), decides on allocations by region and country

To increase ODA predictability, Spain introduced in 2010 multi-annual country partnership frameworks (MAPs) for its 23 priority countries. The MAPs specify sector priorities and provide estimated annual budget allocations. They are developed jointly by the AECID, the partner countries, and local civil society organizations. Over the course of 2017, MAPs are expected to be updated for 13 countries².

As of 2016, the AECID is implementing a new results-based programming model and creating so-called 'country programs'. Country programs are expected to operationalize the MAPs by outlining planned bilateral programs and projects. These country programs will be developed by AECID's country offices and embassies jointly with AECID's regional and sector departments.

SPAIN'S BILATERAL VS. MULTILATERAL ODA (GROSS, TOTAL AMOUNT)



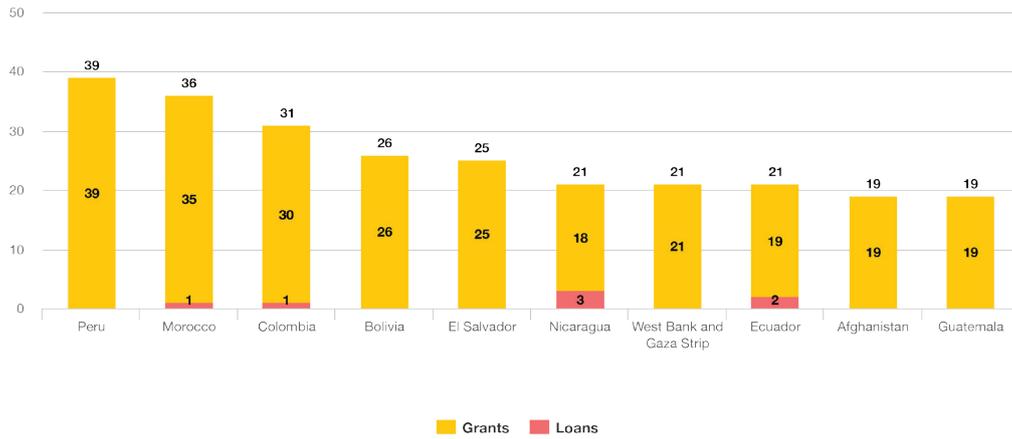
Source: OECD DAC.

¹ Global public goods are goods, services or resources available to all worldwide. The Spanish Master plan defines environmental goods, peace and security, economic and financial stability, global health, and knowledge and culture as clear examples of global public goods.

² Bolivia, Guatemala, Haiti, Nicaragua, Paraguay, Peru, Dominican Republic, Niger, Senegal, Ethiopia, Equatorial Guinea, Namibia, Mozambique.

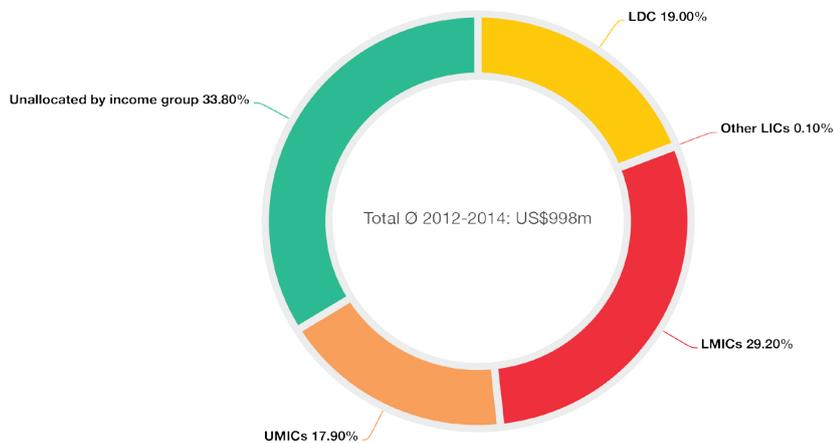
THE TOP 10 RECIPIENTS OF SPAIN'S ODA

US\$ millions; average 2012-2014



Source: OECD CRS, in 2014 prices.

SPAIN'S BILATERAL ODA BY INCOME GROUP OF RECIPIENT



Source: OECD CRS.