

KEY QUESTIONS

the big six

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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 core contributions to multilateral organizations: they accounted for 58% of its total ODA in 2015. This well exceeds the OECD Development Assistance Committee (DAC) member average of 39%. Following the economic crisis, budget cuts significantly affected bilateral funding, whereas binding multilateral contributions to the European Union (EU) needed to be maintained. As a result, Spain's contributions to the EU accounted for 87% of total multilateral ODA in 2015. Spain has sharply reduced its voluntary contributions to multilateral organizations over the past years. 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).

Over the past few years, Spain has not been able to disburse the entire ODA budget as 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 10% (€36 million) was finally disbursed. This was because of administrative limitations and major bottlenecks in the issuing of loans. Additionally, Spain's bilateral ODA declined by 40% from US\$984 million in 2013, to US\$593 million in 2014. This was partly due to a constrained budget environment, and to the phasing out of a large number of bilateral programs (reflecting the government's target to close or redesign 29 country offices by the end of 2016). Spain's bilateral ODA spending slightly recovered to US\$757 million in 2015, due to an increase in bilateral grants.

Nearly all 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 the MENA region

Spain's 23 priority countries:

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

Spain focuses its funding on Latin America, sub-Saharan Africa, and the Middle East and Northern Africa region (MENA). Eight out of ten ODA recipients from 2013 to 2015 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 52% of bilateral funding between 2013 and 2015. Only 15% was allocated to low-income countries (LICs), well below the OECD DAC average of 28%.

The government plans to concentrate its ODA on fewer countries going forward, reducing the number of priority countries from 50 in 2013 to 23 by the end of 2016.

How is bilateral funding programmed?

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

Spain programs its bilateral funding 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 goods.³ 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

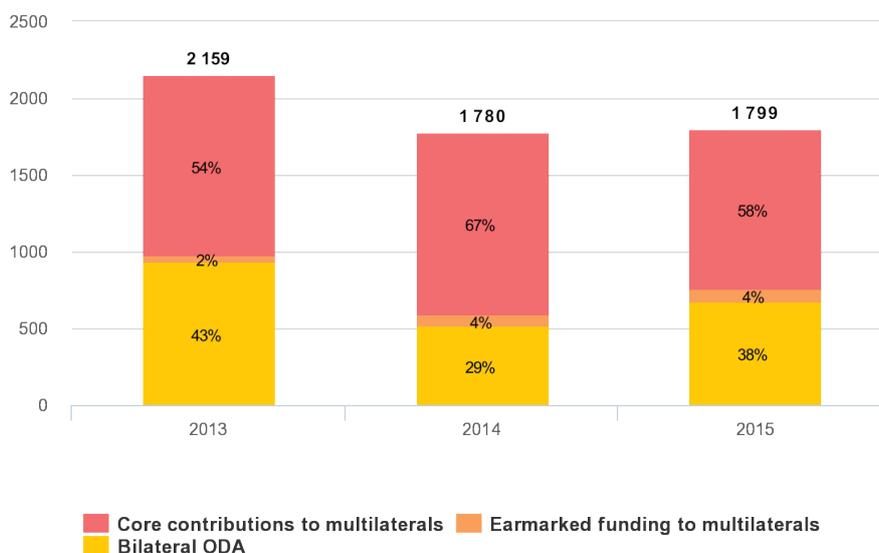
country.

To increase ODA predictability, Spain introduced multi-annual country partnership frameworks (MAPs) for its 23 priority countries in 2010. 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 countries.⁴

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 AND MULTILATERAL ODA

US\$ millions; in 2015 prices



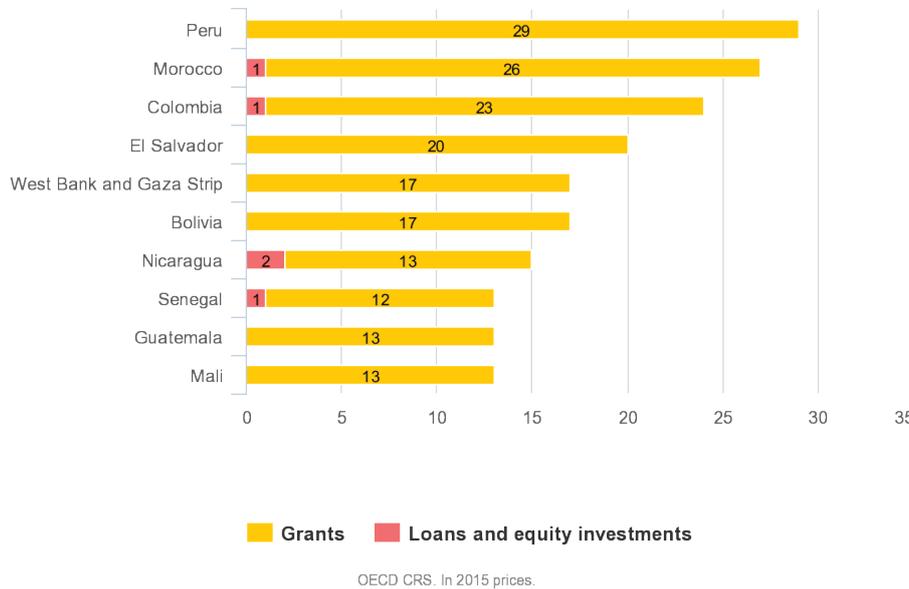
OECD DAC. Gross disbursements.

³ 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.

⁴ Bolivia, Ethiopia, Equatorial Guinea, Guatemala, Dominican Republic, Haiti, Mozambique, Namibia, Nicaragua, Niger, Paraguay, Peru, Senegal.

THE TOP 10 RECIPIENTS OF SPAIN'S ODA

average 2013-2015, excluding debt relief; US\$ millions.



SPAIN'S BILATERAL ODA BY INCOME-GROUP, 2013-2015

Total average 2013-2015: US\$0.8 billion

