

KEY QUESTIONS

the big six



What are Spain's strategic priorities for development

Spain increases its aid effectiveness: it focuses its ODA on a small group of countries

The Spanish government outlines its strategic orientations for development in the 'Master Plan of the Spanish Cooperation for 2013 to 2016' (Master Plan). A new Master Plan for 2017 to 2020 is currently being drafted and expected to be published in 2017, after a consultation process with civil society organizations (CSOs) and members of Parliament, yet it is currently unclear when exactly this will be. Until then, the 2013-2016 Master Plan applies. It outlines eight main strategic orientations: 1) consolidate processes of democracy and the rule of law; 2) reduce inequalities and vulnerability to extreme poverty and crisis; 3) promote economic opportunities for the poorest; 4) promote social cohesion systems, emphasizing basic social services; 5) promote women's rights and gender equality; 6) improve the provision of global and regional goods; 7) respond to humanitarian crises; and 8) build global citizenship.

Within its development policy, Spain emphasizes cooperation with middle-income countries (MICs). Its traditional top recipients are countries in Latin America, such as Peru and Colombia that are transitioning to upper-middle income status. The Ministry of Foreign Affairs and Cooperation (MAEC) seeks to progressively substitute traditional ODA with these countries with new models for development cooperation. This includes triangular programs (carried out jointly by an industrialized country, an emerging economy and a recipient country),² blended finance (financial instruments involving a mix of public funding and private investments for development), knowledge transfer programs, and an increasing use of equity investments. The current MAEC leadership is aiming for Spain to lead global efforts – specifically for MICs – to influence the global debate around managing the middle-income transition and to attract emerging markets in Latin America to the global development community.

Spain's international obligations shape ODA allocation

Currently, the largest share of Spain's bilateral ODA is used for debt relief: in 2015, they accounted for 16% or

Spain's key development priorities:

- **Strong focus on MICs:** Spain seeks to develop new models of cooperation with its middle-income partner countries. It focuses on triangular cooperation and knowledge transfers.
- **Health:** Although funding levels for global health have been low in recent years, it remains a top priority for Spain. Funding levels are expected to increase as Spain regains budget flexibility.
- **Agriculture and food security:** Spain's ODA to agriculture and rural development stood at US\$145 million in 2015. Focus is on food security and supporting small-holder farming.

US\$122 million of total bilateral development assistance (DAC average 1%). Spain used the entire amount for a debt relief agreement between Spain's Ministry of Economy and Cuba. The second largest sector is administrative costs: In 2015, they accounted for 14% of total bilateral ODA (US\$103 million). This is due to the cuts in development financing induced by budget constraints in the context of the economic crisis: Spain is fulfilling its institutional obligations while cutting non-obligatory contributions. The third-largest sector is 'unspecified' (12%): this mainly includes bilateral funding coming from Spanish regional and local governments, for which data on sectoral allocation is not reported to the OECD. The fourth-largest sector within Spanish bilateral cooperation is the government and civil-society sector (11%, US\$81 million in 2015). In this area, Spain focuses strongly on gender equality, on democratic participation; thereby reflecting Spain's strategic priority areas set out in the Master Plan.

The fifth-largest sector to benefit from Spanish bilateral ODA is agriculture: Spain's contribution to this sector amounted to US\$54 million in 2015. However, the country's total contributions to the sector are higher, as Spain channels 62% of its total ODA to this sector through multilateral organizations (US\$91 million in 2015). This brings Spain's total contribution to US\$145 million. Food

² For example, Spain contributed to the creation of a water sanitation program in Bolivia, a project that was jointly carried out with Brazil.

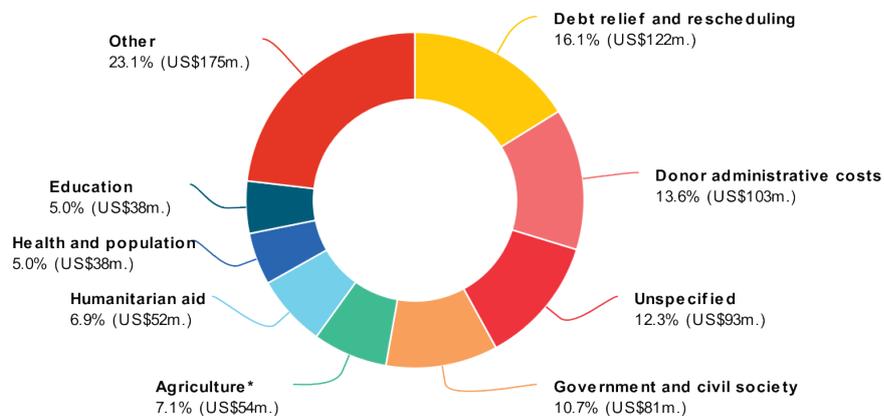
security is a priority of Spanish development policy: Spain shows international leadership in the sector: it hosts the humanitarian logistics hubs of the World Food Program (WFP), International Committee of the Red Cross and of the United States Agency for International Development on the Canary Islands.

The vast majority of Spain's bilateral ODA in 2015 consisted of grants (96%); however the small share of loans and equity investments is likely to increase, as this limits the budgetary impact of ODA. Around 50% of the Ministry of Foreign Affairs (MAEC) draft total ODA budget in 2016 was channeled through the Development Promotion

Fund (FONPRODE), the main financial instrument for voluntary multilateral funding, loans, and equity investments. However, since 2012, all FONPRODE funds needed to be distributed as loans and equity investments. This negatively affected Spain's multilateral voluntary contributions, which dropped disproportionately low since the beginning of the crisis; bringing international funding in the form of mandatory EU contributions up to 87% of total multilateral ODA in 2015. Furthermore, although outlined as a priority area, Spain has cut bilateral contributions to the humanitarian aid sector, which has decreased continuously from US\$199 million in 2011 to US\$52 million in 2015.

SPAIN'S BILATERAL ODA BY SECTOR, 2015

Total: US\$757 million



OECD CRS. *Includes agriculture, forestry, fishing, and rural development. In 2015 prices.