

KEY QUESTIONS

the big six



What are Spain's strategic priorities for development

Spain focuses on the SDGs, aid effectiveness, and new cooperation models

The Spanish government outlines its strategic orientations for development in the 'Master Plan for Spanish Cooperation 2018-2021' (Master Plan), which underlines Spain's firm commitment to advance the implementation of the 2030 Agenda for Sustainable Development and increase ODA to 0.7% of GNI. It outlines four cross-cutting development principles (human rights, gender equality, cultural diversity, and environment), and seven strategic goals/orientations in line with the SDGs: 1) zero hunger; 2) good health and well-being; 3) quality education; 4) gender equality; 5) clean water and sanitation; 6) decent work and economic growth; and 7) peace, justice and strong institutions. According to the Master Plan, these sectors account for 87% of Spain's bilateral funding.

Within its development policy, Spain adopts a two-speed, differentiated strategy depending on the status of its partner countries. When co-operating 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 new models for development cooperation. This includes triangular programs (carried out jointly by an industrialized country, an emerging economy, and a recipient country), 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. Democratic governance, infrastructure, and climate change are among Spain's preferred interventions in MICs. For example, Spain contributed to the creation of a water sanitation program in Bolivia, a project that was jointly carried out with Brazil. 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.

In addition, the new Master Plan expects a growing ODA focus on least-developed countries (LDCs) from sub-Saharan Africa. In these countries Spain prioritizes traditional ODA disbursements (mostly grants) to support the provision of basic social services and institutional strengthening.

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.
- **Gender, governance, and climate change:** these sectors are prioritized as cross-cutting areas of intervention.
- **2030 Agenda implementation:** The seven SDGs prioritized by Spain account for 87% of bilateral funding.
- **Zero Hunger:** Zero hunger is the first sector mentioned in the Master Plan, with a focus on food security and smallholder farming. Spain's ODA to agriculture and rural development stood at US\$145 million in 2015.

Spain's international obligations shape ODA allocation

In 2016 the largest share of Spain's bilateral ODA was used for debt relief: it accounted for 75% of total bilateral development assistance, or US\$2.2 billion, far beyond the 3% average among countries in the OECD's Development Assistance Committee (DAC). Spain used almost the entire amount for a debt relief agreement between Spain's Ministry of Economy and Cuba that totaled US\$2.1 billion. The second-largest sector is administrative costs: In 2016, they accounted for 4% of total bilateral ODA (US\$109 million). This is due to the cuts in development financing induced by budget constraints in the context of the economic crisis: Spain kept fulfilling its ODA-related institutional obligations with the EU and development banks while cutting development programs abroad (i.e. bilateral projects, voluntary contributions to multilateral instruments, and humanitarian interventions). Costs of hosting refugees in Spain made up the third-largest sector of bilateral ODA: they amounted to US\$89 million in 2016. The fourth-largest sector within Spanish bilateral cooperation is the government and civil-society sector (3%, US\$86 million in 2016). In this area, Spain focuses strongly on gender equality and democratic participation, reflecting Spain's strategic priority areas set out in the Master Plan. Multisector ODA follows, with US\$79

million, or 3%, US\$49 million of which was allocated to the EU facility for refugees in Turkey.

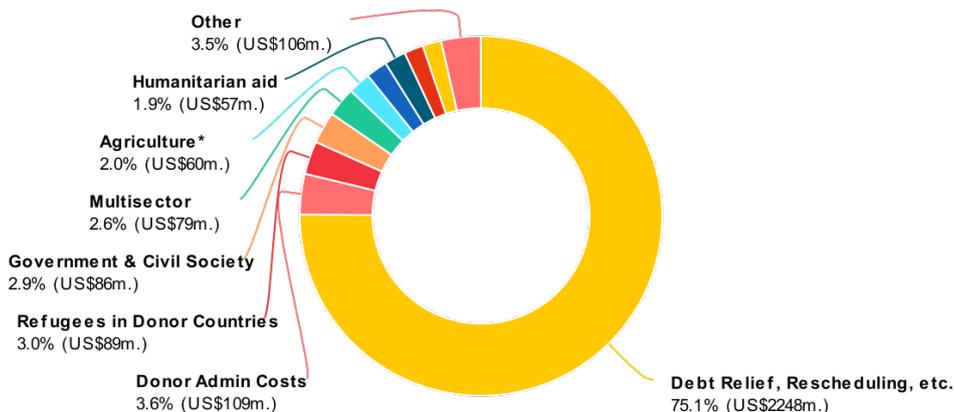
The sixth-largest sector to benefit from Spanish bilateral ODA is agriculture: Spain’s contribution to this sector amounted to US\$60 million in 2016. However, the country’s total contributions to the sector are higher. In 20165, the latest year for which complete sectoral data is available, Spain channeled 7162% of its total ODA to this sector through multilateral organizations (US\$14791 million). This brings Spain’s total contribution to US\$207145 million. Therefore, food security is one of the top priorities 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 (ICRC) and of the United States Agency for International Development (USAID) on the Canary Islands.

ed of grants (97%); however, the small share of loans and equity investments is likely to increase, since they limit 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 need to be distributed as loans and equity investments. This negatively affects Spain’s multilateral voluntary contributions, which have dropped to disproportionately low levels since the beginning of the economic crisis, bringing international funding in the form of mandatory EU contributions up to 87% of total multilateral ODA in 2015. While it is outlined as a priority area, the humanitarian aid sector remains below previous levels. It recovered slightly between 2015 and 2016, from US\$52 million to US\$57 million.

The vast majority of Spain’s bilateral ODA in 2016 consist-

SPAIN'S BILATERAL ODA BY SECTOR, 2016

Total: US\$2992 million



OECD CRS. Gross disbursements. *Includes agriculture, forestry, fishing, and rural development. In 2016 prices.