

What About Spain?

This document is based on the OECD/DAC Peer Review of 2007 and reflects the situation in Spain until July 2010

Responsibilities for development cooperation

- Spain's 1998 Law on International Development Co-operation provides the main legal framework for Spanish aid. This law will most likely be reviewed in 2010. The Master Plan, updated every four years, sets a comprehensive framework for development policy, including strategic objectives, geographic and sectoral priorities, and the roles of various players and instruments. Parliament provides oversight, particularly through the International Co-operation for Development Commission, a permanent body in the Congress and - since the last legislature - also in the Senate.
- The Secretariat of State for International Co-operation (SECI) – which sits within the Ministry of Foreign Affairs and Co-operation (MAEC) - has the primary responsibility for Spanish aid policy and implementation. Within SECI, the Directorate-General for Development Policy and Evaluation (DGPOLDE) sets policy, engages in strategic planning and evaluation and manages the Spanish contribution to the UN global funds. SECI also houses the Spanish Agency for International Development Cooperation (AECID) that manages Spanish Aid. AECID is the main implementing agency for bilateral assistance; the agency is undergoing a reform to increase its capacity for bilateral aid delivery, which is essential for implementation.
- The Ministry of Economy and Finance (MEH) manages Spanish contributions to international financial institutions and the European Commission.
- Autonomous regions and local administrations provide a substantial share of ODA. These decentralised actors manage their own aid programmes, most often channelling funding through NGOs. In 2008 almost 14% of Spanish ODA was managed through decentralized cooperation.
- Two other important bodies within Spanish development cooperation are represented by the Inter-Ministerial Commission for International Co-operation, which coordinates ministries, and the Development Co-operation Council; both headed by the Secretary of State for International Co-operation. The latter, in particular, is a consultative body bringing together different actors from the government, civil society, universities, trade unions and business associations, to consult and coordinate development policy.
- In its 2007 Peer review, the OECD/DAC recommended that Spain introduce a results-based approach to aid management, improve its evaluation systems, and build a culture of evaluation.

Spain's Contribution to the Millennium Development Goals (MDG's)

- During the past few years Spain has shown a big commitment towards the Millennium Development Goals. The 8 MDGs have been at the core of the two most recent Master Plans for Development Cooperation, respectively

in 2004-2008 and 2009-2012. The Pact of State Against Poverty - signed by all political parties in 2007- is inspired by and framed around the MDGs. Moreover, Spanish President Zapatero has reinforced the government's commitment to the MDGs on several occasions; among them, his speech of investiture in 2008. This commitment has also been translated into several policies; as an example, in the last two years almost 70% of ODA was allocated to sectors directly related to the MDGs.

Spain's record on aid

Aid quantity

- Until recently, Spain set goals for scaling up its aid volumes pledging to increase its ODA/GNI ratio to 0.7% by 2012, three years before the EU deadline. Spain has also established a timetable and has showed a strong commitment to comply with its promises.** Spanish ODA represented 0.45% of GNI in 2008, up from 0.37% of GNI in 2007 and 0.32% in 2006. In 2008 - once again - the Parliament approved the 2009 budget which included a commitment to 0.5% of GNI. Preliminary 2009 data from the OECD-DAC showed a slight increase of ODA/GNI for 2009 to 0.46%.
- Expectations until recently have been that Spain would have reached the 0.51% target by 2010. However, public measures undertaken by the Government in 2010 to fight the economic crisis have led to cuts also in ODA of about €800 million (around \$1 billion) for 2010 and 2011. **Contrary to the Government, OECD, and public's expectations, Spain will not only be unable to reach 0.51% in 2010 but it will also miss the original government's commitment and that of the Pact of State against Poverty, which estimated to reach 0.56% of GNI by 2010. Furthermore, Spain has postponed to 2015 its individual target to reach 0.7% by 2012.**
 - Spain's ratio of ODA to GNI still exceeds the average country effort of DAC-EU countries (0.43%). The Preliminary DAC data for 2009 also shows this trend.
 - Spanish ODA grew by 26.82% in real terms between 2007 and 2008, driven by an expansion of bilateral aid, particularly to Africa, and increased contributions to multilateral institutions. While this increase was not enough to meet Spain's 2008 target, it does represent an impressive effort. **Spanish ODA has expanded at a much greater rate than its peer DAC-EU countries, and also represented the largest increase of ODA by any DAC member country;** taken together, the ODA of the 15 members of the DAC that are also EU members rose by 8.6% during the same period. The preliminary DAC 2009 data however show that Spanish ODA actually fell by 1.2% between 2008 and 2009.
 - In terms of volumes, Spain provided 6.8 billion USD in net ODA in 2008. This decreased slightly to 6.5 billion USD in 2009 as per the preliminary 2009 data.
- Debt relief grants (i.e. grants which forgive the debt of developing countries), comprised only 4.7% of Spanish ODA in 2007 and 5.1% in 2008. Excluding debt relief, Spanish ODA rose slightly less - 18.9% - between 2007 and 2008. As outlined in its 2006 law regarding the

management of external debt, the Spanish Government must publish information over the management of debt.

- The OECD/DAC in 2007 recommended that Spain create an operational strategy detailing its plans for meeting aid targets, including those set for scaling up aid and for increasing the share of bilateral aid allocated to LDCs.

Aid quality

- **Spain's share of bilateral aid was 70% in 2008, which fell to 65% in 2009.** Two thirds (67%) of Spanish aid goes to middle-income countries. Only 33% is directed to LDCs and 23% to low-income countries, where aid is most needed.
 - **Spain has traditionally allocated a high share of its aid to middle-income countries.** Between 2002 and 2008, roughly 60% of Spanish gross bilateral ODA was allocated to middle-income countries, compared to a DAC average of 36-41% over the same period. Spain's share of aid to middle-income countries reached a high of 67% in 2008.
 - The Master Plan 2005-2008 set a goal to allocate at least 20% of Spanish ODA to LDCs and to deepen Spanish involvement in Sub-Saharan Africa, the region with the greatest number of LDCs. Spain achieved a 23% share of aid to LDCs in 2005 only through extensive debt forgiveness; in 2006 and 2007, the share of aid to LDCs decreased to 19.8%, almost meeting the goal set by the Master Plan. **In the Master Plan 2009-2012 Spain commits to allocate at least 25% of its ODA to LDCs as an interim measure until 2015, after which it plans to set it at 15% of GDP. Spain must meet this goal consistently in the future through genuine aid in order to fulfil Spanish commitments to poverty reduction, as LDCs will have the most difficulty in achieving the MDGs.**
 - By region, in 2008 Latin America and the Caribbean received the greatest share of Spanish bilateral ODA (37.5%), reflecting Spain's historical and political linkages to the region. Africa followed with 35.4% from which 26% went to Sub-Saharan Africa and 6% to North Africa. By country, top recipients of gross bilateral ODA in 2008 were Guatemala and Peru. Spain must follow through on its commitment to increase aid to Sub-Saharan Africa.
 - **In order to decrease dispersion of aid, Spain has identified 23 out of its 50 "priority countries" in which it seeks to concentrate 2/3 of bilateral ODA.** In 2006, Spain fell far short of this goal, with only 36% of bilateral ODA going to priority countries.
- Country Programmable Aid (CPA) is the proportion of aid that developing countries can allocate according to their development needs. In 2005 (latest DAC statistics available on CPA) it represented only 35% of Spanish gross ODA. It remains below the combined figure of EU-DAC countries (47%).
- Spain has made consistent progress in untying its aid over a period of several years; the share of untied aid (tied aid is assistance given to developing countries which must be used to purchase goods and services from the donor country) increased from only 56% in 2003 to 89.1% in 2007. Spain's 2007 performance was better than that of Italy (59.8%) and Portugal (58%), but worse than those of Germany (93.4%) and France (92.6%). The Master Plan 2009-2012 moved the gradual phasing out of tied aid from 2012 to 2015. Spain is in an excellent position to push ahead on this issue, as there is strong support among diverse stakeholders. The OECD/DAC recommends that Spain capitalise upon the existing broad consensus across stakeholders to further untie Spanish aid. In this context, the Parliament has approved the reform of the FAD and CESCE credits, which were originally created in the 1970s as instruments aimed to help Spanish companies in their activities in developing countries.
- In 2006 and 2008, the OECD/DAC conducted a **Survey on Monitoring the Paris Declaration** to gauge the progress of donor nations toward improving aid effectiveness. The 2006 survey included a total of 34 respondent partner countries covering 37% of scheduled global aid in 2005; for consistency, the results presented here for 2007 represent data for the same group of respondent countries. The number of respondent partner countries varies by donor; Spanish cooperation was reported for 17 countries. Spain's performance is compared below, with its peers France, Germany, and Italy; these results are not compared for Portugal, as only 2 of Portugal's partner countries participated in the survey. **The report finds that Spain is performing below most of its peer donor nations on key indicators of aid effectiveness and below the 2010 targets.**
 - **The percentage of Spanish aid flows accurately recorded in partner country budgets, a measure of transparency and accountability,** decreased from 41% in 2005 to 25% in 2007. Spain's 2007 performance was below those of France (58%), Germany (57%), and Italy (35%). Spain's performance also remains well below the target of 85% by 2010.
 - **The percentage of Spanish technical assistance coordinated with country programmes** increased from 10% in 2005 to 45% in 2007. The improvement achieved must be acknowledged; however, Spain's 2007 results remain below those of some of its peers, such as Germany (72%), Italy (72%), and France (48%) as well as below the 2010 target of 50%.
 - **The percentage of Spanish aid disbursed and recorded on schedule, a measure of the predictability of aid,** rose from 25% in 2005 to 33% in 2007. On this measure, Spain's performance is above that of Italy (27%), but below those of Germany (54%) and France (43%). Spain remains well below its target of 63% by 2010.
 - **The percentage of Spain's total aid that was programme-based, a measure of the harmonisation of donor procedures,** decreased from 14% in 2005 to 13% in 2007. Spain's 2007 performance was below those of Germany (34%), France (32%), and Italy (26%). Spain remains far below its target of 66% by 2010.
 - **The percentage of Spanish missions to partner countries conducted jointly with other donors** increased from 8% in 2005 to 23% in 2007. In 2007, Spain performed better than Italy (16%) but worse than Germany (35%) and France (31%). Spain's performance fell below the target of 40% by 2010.
 - **The percentage of country analyses that Spain conducted jointly with other donors** increased from 12% in 2005 to 42% in 2007. This significant improvement positioned Spain on par with Italy (42%) and closer to the targets achieved by Germany (78%) and France (55%). Spain remains below the target of 66% by 2010.

- The overall statistics on Spanish aid effectiveness across partner countries globally mask a disparity between regions. While implementation of the principles of the Paris Declaration has proven successful in Latin America, it has proven less successful in other partner countries. The 2007 Peer Review of Spain finds that: *“Spain has adapted the aid effectiveness principles well to the particular context of Latin American middle income countries like Columbia and El Salvador. In particular, Spain has shown considerable skill in supporting ownership of and aligning with partners at different levels-central government, regional and local government, as well as citizen-based processes... Conversely, for scaling up its bilateral ODA to sub-Saharan Africa, Spain is entering a relatively unfamiliar context characterised in many cases by a high degree of aid dependency, a multitude of donor representation, and long-standing co-ordination mechanisms.”* The OECD/DAC recommends implementing a division of labour between donors to make use of the comparative advantage of Spain in Latin America and of peer donor nations in Sub-Saharan Africa. Nonetheless, Spain should continue to work towards decreasing its aid volumes to Latin America, and to effectively implement plans to increase Spanish engagement in Sub-Saharan Africa.
- In its Master Plan 2009-2012, Spain sets clear objectives for improving the quality of its aid at the country level. In accordance with the EU Code of Conduct, Spain plans to identify sector priorities through dialogue with each partner country.
- Spain’s Master Plan 2009-2012 also identifies 7 strategic priorities: improve the quality of aid at partner country level; improve the efficiency of Spain’s multilateral aid; improve policy coherence for development; strengthen education on development; utilise research and analysis to benefit development policy; strengthen development cooperation through better human resources and institutional capacities; and coordination among all actors involved in development cooperation. Spain’s efforts to implement and sustain this integrated approach to development, with a focus not only on increasing the quantity and improving the quality of aid, but also on policy coherence among all national actors, signal Spain’s prioritisation of poverty reduction. Spain should leverage this strength within the European context and be an example to other EU donors.

Policy Coherence

- The OECD defines policy coherence for development as “working to ensure that the objectives and results of a government’s development policies are not undermined by other policies of that same government which impact on developing countries, and that these other policies support development objectives where feasible”.
- In Spain’s 2007 Peer Review, the OECD/DAC finds a strong framework for policy coherence in Spain and ample political support: *“Spain is among the few DAC members to include policy coherence for development in its legal and planning framework. In 2004, Spain’s Development Co-operation Council took up the task of reporting annually to parliament on the issue. Policy makers have the advantage of strong political support for policy coherence for development, and the Master Plan sets out areas of action and the roles of different ministries.”*
- The signature of the Pact of State Against Poverty, promoted by the Coordinadora de ONGD– a platform of Spanish NGOs – and signed by all political parties in

December 2007, represents an unprecedented willingness across party to consolidate the achievements made in Spanish development cooperation. The objective of this pact is to reinforce strong and long-lasting commitments in the fight against poverty, independently from the change of government over time.

- Policy coherence across ministries is also well recognised. The Secretary of State for International Cooperation (SECI), who holds responsibility for promoting policy coherence, engages often in inter-ministerial discussions on development, trade and defence; at the same time, the Development Commission includes a range of national and regional parties that discuss links between development and various issues such as climate change and migration.
- Spain’s 2007 Peer Review also notes some areas for improvement in policy coherence.
 - Fisheries remains a sector of policy incoherence – by not promoting the interests of development - also in respect to EU fisheries.
 - The framework on policy coherence presented by the Master Plan and Development Co-operation Council does not provide sufficient direction to decentralised actors.
 - In the field, coordination among actors could be improved. In the international arena, Spain should be more transparent about its official position on controversial issues for which Spanish national interests and development goals may conflict.

Spain’s record on trade

- Coherence of trade policies with development is key to help create livelihoods in poor countries.
- As an EU Member State, Spain implements the Common Agricultural Policy (CAP), providing subsidies and price controls on agricultural commodities. Subsidies for EU producers lead to overproduction, pushing down world prices, and obliging the EU to ‘dump’ production abroad in order to keep prices high at home. As a result, poor farmers in developing countries are unable to compete and find their access to the European market denied. EU citizens meanwhile pay more for the food they buy and bear the burden of higher taxes resulting from the huge cost of maintaining the CAP.
- Over the years, gradual reforms of the CAP, particularly those adopted by EU Member States in June 2003, have slowly decreased support levels and shifted some support toward less-distorting mechanisms, including decoupling payments from production and tying direct payments to good agricultural stewardship. Nonetheless, the CAP continues to distort the market for a wide range of products of critical importance to developing countries, such as cotton, dairy products, rice, fruits and vegetables, etc.
- During the negotiations over the future of the CAP, Spain stated to want a strong CAP which could play a big role in overcoming the crisis and which would “be able to feed an ever-growing world population”.
- Spain favours EU agricultural supports for many sectors of production; these positions are largely explained by the labour-intensive means of production practiced in Spain,

the diversity of production between regions, and the fact that Spain is a net exporter of agricultural commodities.

- Spain is also a major beneficiary of the European Fisheries Fund and of EC fisheries agreements with developing countries. Spain's very high fishing subsidies cost the average Spanish person \$3.82 annually. According to fishsubsidy.org, a project led by EU Transparency and funded by The Pew Charitable Trusts, Spain received 48% all EU fisheries funding between 1994 and 2006. Spain's role in EC internal negotiations on fisheries agreements is unclear; the Development Co-operation Council's working group on policy coherence and the OECD/DAC, in Spain's 2007 Peer Review, recommended that Spain make transparent its position on EU fisheries.
- In June 2009, Spain joined with France and Portugal in an attempt to pre-empt the European Commission from cutting banana import tariffs which would threaten their production. In order to re-launch WTO talks, the European Commission hopes to end an historical trade dispute with Latin American producers by significantly reducing its banana import tariffs.
- According to the Commitment to Development Index 2009 by the Center for Global Development, Spain's trade weaknesses are:
 - High tariffs on agricultural products (38.7% of the value of imports; rank: 18)
 - High agricultural subsidies (equivalent to 13.2% tariff; rank: 13)

Public Opinion

- According to Spain's 2007 OECD/DAC Peer Review: *"Spanish public opinion on development has influenced cross-party support for aid increases. Up until now, support has been generated by involving the public in the form of NGO activities and by the widespread official development assistance activities of autonomous communities and local administrations."* The report later notes that: *"The experience of Spain's entry into the EU is generally considered a factor in the public's favourable view of ODA, though there are other motives."*
- Spain plans to integrate development education into all levels of its formal and informal education systems. The Master Plan 2009-2012 strengthens the strategic objective set out in the Master Plan 2005-2008 to *"enhance education for development and social awareness."*
- According to Spain's 2007 Peer Review, *"Opinion polls show that awareness of development issues leads to general support for development cooperation even if detailed knowledge of official development activities is patchy. According to polls from the Spanish Centro de Investigaciones Sociológicas, 70% of the public is aware of the UN goal of allocating 0.7% of GNI to ODA, but 76% did not know how Spain performed in this regard."*
- A 2009 Eurobarometer survey shows that the number of people aware of the Millennium Development Goals has increased sharply from 12% in 2007 to 23% in 2009. However, the **majority of Spanish respondents (77%) remain uninformed about the Millennium Development Goals**. Spain's results were comparable to the European Union average (76%), however far behind countries like The Netherlands (36%).

Commitment to Development Index

- The Centre for Global Development (CGD) ranks 22 of the world's richest countries based on their dedication to policies that benefit poor nations. CGD's Commitment to Development Index looks at seven policy areas important to developing countries: aid, trade, investment, migration, environment, security and technology.
 - **CGD's 2009 Commitment to Development Index ranks Spain 7th among 22 OECD countries. This score represents a rise in the rankings since 2006, when Spain was ranked 17th among 21 nations.**
 - Spain's overall score was brought down by low ratings on aid – particularly its quality - environment and security. Spain's high fishing subsidies detrimental to poor countries and small resource contribution to peacekeeping over the last decade bring its score down.
 - On the positive side, Spain performs well on migration, accepting large numbers of immigrants from poor countries, and on technology, supporting technological innovation and dissemination.

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Policy demands

- **Establish national action plans and binding timetables with incremental annual growth rates clearly showing how to reach the agreed 0.7% of GNI as ODA by 2015 the latest;**
- **Scale up capacities to manage ODA effectively. Complete the AECID reform and increase linkages between the policy department DGPOLDE and the implementation agency AECID in order to effectively implement the aid effectiveness agenda as outlined in the 2009-2012 Master Plan;**
- **Establish accountability and transparency mechanisms on ODA commitments including a system of peer reviews between EU Member States;**
- **Fight fragmentation through a better division of labour, thus focusing bilateral assistance on few sectors and fewer partner countries;**
- **Increase policy coherence in particular in the areas of immigration, trade and financial policies.**

Principal sources: OECD (2009): Spain (2007) DAC Peer Review; OECD (2008): 2008 Survey on Monitoring the Paris Declaration; 2008 Survey of Aid Allocation Policies and Indicative Forward Spending Plans; Centre for Global Development (2009): Commitment to Development Index Country Report: Spain; OECD (2009): Development Co-operation Report 2009; AidWatch 2009; Eurobarometer (2009): Europeans and Development Aid Report; OECD (2008): Development aid at its highest level in 2008; Institute for European Environmental Policy (2008): Cap Reform Profile-Spain; Spain Master Plan 2005-2008 and 2009-2012; Fundación Carolina; Centro de Investigaciones Sociológicas (2009) Barometro 2008. Seguimiento del PACI 2008

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info.europe@endpoverty2015.org