The Director

DEVELOPMENT CO-OPERATION DIRECTORATE
Director's Office

DAC Delegates and Observers

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To: DAC Delegates & Observers

Mid-term Review of Spain, 19 November 2013, Madrid

On 19th November I visited Spain to conduct its mid-term review accompanied by Hetty Kovach of DCD. I would like to thank Mr Gonzalo Robles, Secretary-General for International Development Co-operation and Director of AECID, along with his staff, for an excellent programme of meetings and discussions that included meeting civil society organisations, trade unions and representatives from Spain's autonomous regions and municipalities.

Spain has made considerable progress in implementing many of the Committee's 2011 recommendations, despite challenging economic circumstances which have resulted in significant further cuts to Spain's ODA budget. Spain is focusing its assistance on fewer countries and themes and has made capacity building an explicit goal of its co-operation with middle income countries, as recommended. Evaluation processes have been strengthened and steps have been taken to improve the accountability and co-ordination of Spanish aid. Spain still has further to go, however, to put in place an effective results-based management system. While Spain has a high level of ambition to meet all of the Committee's recommendations, attention is required to ensure there is adequate capacity in terms of financial resources and expertise to fulfil this ambition.

While the main purpose of the mid-term review is to focus on the implementation of the DAC's recommendation, it is important to take account of the changing context since the last peer review in 2011. In this regard, three key developments should be highlighted:

- ***Accelerated decline in Spain's ODA budget*** - Spain's ODA has fallen in real terms by - 66% between 2009 and 2012. In 2012 it accounted for 0.16% of GNI or USD 2.04 billion (1.59 billion euros). The ODA cuts are a result of an on-going public expenditure consolidation programme in the face of a continuing economic recession. The vast majority of the ODA cuts have fallen on Spain's bilateral channel, which in 2012 accounted for 48% of Spanish ODA, down from 67% in 2010. AECID's budget has fallen from 880 million euros in 2011 to 266 million in 2013. In the short-term, however, Spain has off-set some of the impact of these severe cuts, by drawing upon a substantial amount of under-utilised funds from previous years to top up its aid budget. The drop in budget has also not been accompanied by a significant reduction in staff and the intention is for staffing levels in the agency to decline only marginally over the next four years. This is in recognition that Spain did not have sufficient human resources prior to the ODA budget cuts. Spain is committed to scale up its ODA budget, as soon as growth returns to the Spanish economy.

- ***Greater management control of Spain's Agency by the Ministry of Foreign Affairs*** - The Secretary General for International Development (SGCID) within the Ministry of Foreign Affairs and Co-operation is also now, the Head of Spain's Agency for Development (AECID). This new dual role for the Secretary General was motivated by a desire to improve co-ordination and avoid duplication. Spain is clear, however, that there will continue to be two distinct bodies, with AECID maintaining its competencies for implementation, and SGCID (formerly DGPOLDE) retaining its strategic policy, planning and evaluation functions.
- ***New Strategic Plan for Spanish Development Co-operation* -** Spain has issued its IV Master Plan (2013 – 16) which stresses the need for a realistic vision for Spanish assistance and is focused on delivering development results in areas where Spain has comparative advantage and can add-value.

Consolidating Spanish assistance on fewer countries and themes

Spain's new strategic plan (IV Master Plan 2013 – 2016) seeks to geographically consolidate Spanish assistance further, as the Committee recommended in the 2011 Peer Review. The plan reduces the number of partner countries from 50 to 23, with an increased focus on Latin America and middle income countries, although Spain maintains a significant presence in Sub-Saharan Africa and a close to a third of Spain's partners will be low income countries. The 23 partner countries will under current plans receive a greater share of Spanish bilateral ODA, but fewer resources than previously, as a result of the magnitude of the ODA budget cuts. The plan also identifies eight new strategic orientations to guide Spanish ODA, replacing the 10 principles, 12 sectors and four areas of special attention that used to guide its aid. In addition, Spain has clearer criteria for selecting partner countries, which balances a country's poverty needs (including measures of within-country inequality) with the potential for Spanish co-operation to have an impact.

Consolidation has already begun, with Ministerial orders to close offices in a range of countries including Argentina, Brazil, Iraq and Democratic Republic of Congo. AECID will be held to account through its new management contract for the progress it makes in consolidating its share of Spanish aid. I welcomed the fact that Spain is paying close attention to ensuring continuous dialogue with the authorities in those countries where it is phasing out and urged Spain to continue to monitor this process and share lessons with other donors. Within country there is also a desire for greater thematic focus and it is promising that the new country partner frameworks for Peru and Guatemala focus Spanish assistance on fewer sectors than previously.

Making capacity-building the goal of its assistance to MICs

Spain's new strategic plan, inspired by the European Union's '*Agenda for Change*', calls for a differentiated approach to its partner countries in recognition of its partners differing needs and capacities. Importantly, Spain has made innovation and capacity building an explicit goal of its assistance with middle income countries, as the Committee recommended. For Spain's upper middle income partner countries there is also desire to move towards a horizontal model of co-operation focusing on contributing to global and regional public goods and using instruments such as triangular co-operation. While Spain has experience in these areas, the new strategy implies scaling up and Spain should pay attention to ensuring staff have the adequate skills and expertise to deliver this in the coming years. In addition, there is less clarity within Spain's new strategic plan on its approach to low income countries, and how this will differ from its middle income partners. I encouraged Spain to more clearly articulate its vision and strategy for its cooperation with low income countries.

Working to improve its partnerships with CSOs and Multilaterals

Work is underway in Spain to develop a partnership strategy for working with civil society organisations in response to the Committee recommendation to clarify Spain's strategic objectives in this area. SGCID has established a working group, which includes AECID and NGO representatives, to develop a first draft of the policy. The policy should cover the multiple roles that civil society organisation's play, not only as service providers, but also as awareness-raising and accountability agents in partner countries and in Spain. I also welcomed Spain's on-going efforts to streamline its funding instruments for engaging with civil society organisations, in response to the Peer Review's concerns that these instruments carried high transaction costs.

The Committee recommended that Spain strengthen the strategic management of its multilateral ODA by using the lessons from its evaluations in this area to inform its allocation decisions. While work has been undertaken in this area, Spain is aware that it needs to allocate sufficient financial and human resources to be able to monitor Spain's multilateral partners adequately, and that there is a need to enhance internal co-ordination between the different Ministries responsible for multilateral ODA. Given budget constraints, I welcomed the desire by Spain to work more with other donors and with MOPAN to undertake these assessments and I urged Spain to make more and better use of joint evaluations in the future.

Progress appears to have been made on untying aid

According to Spanish data, the share of Spanish aid that is tied has fallen from 23.99% in 2010 to an average of 10.58% in 2011-2012. I congratulated Spain for making such good progress in this area, as the Committee recommended. The main reason for this reduction was the decision by Spain to stop computing its tied credits under the Development Aid Fund as ODA from 2011 onwards.

Steps taken to improve the transparency, accountability and co-ordination of Spanish Co-operation

In the face of tough economic times, Spain has made an effort to improve accountability to its citizens in order to maintain public support for aid, as the Committee recommended. However, it was unclear from our meeting what progress Spain has made in meeting the recommendation to improve transparency to its partner countries. Spain has developed a new unified system for collecting detailed activity level ODA information from all of Spain's co-operation actors – info@OD. The system, which is being used internally at present and has assisted with co-ordination, is intended to be launched as a database to the public in early 2014. In addition, preparations are underway to launch a common website – www.cooperacionespanola.es – that will include information on all Spanish development actors – national and sub-national. Spain is also committed to developing a new action plan for development education, as recommended. I was pleased to see that the budget for development education has been protected during the ODA cuts, with development education receiving almost the same share of funds from the AECID since 2010.

In addition, the Committee recommended that Spain strengthen the co-ordination of its rich and diverse set of development actors both at the field level and at headquarters. The Ministry for Foreign Affairs has taken steps, establishing new 'Co-operation Framework Agreements', which are legally binding work agreements setting out a partnership between SGCID and the autonomous regions for working together in the field on development issues. So far six of the seventeen have signed agreements and the regional representatives we met were welcoming of this new initiative. All actors are required to participate in elaborating the country partnership frameworks and meetings are held at the field and, now, at headquarters level to develop these. Finally, Spain has rationalised the number of bodies it has at headquarters level to co-ordinate Spanish co-operation, as recommended. There are now three bodies working on co-ordination, down from five previously.

Evaluation strengthened, but further to go on results based management

It is too early to tell whether Spain is using the information it gains from its evaluations to influence its strategic decision-making further, as the Committee recommended. However, it is clear that Spain has strengthened its evaluation process since the peer view by updating its evaluation policy, creating a biennial evaluation plan and establishing a management response system. It has proved more challenging, though, to make progress in managing for results, and in particular to move from measuring financial inputs at the country level to development impacts. In response to the DAC's recommendations, AECID has launched the design process of a monitoring system orientated towards capturing country results; full implementation of this, however, will require sustained leadership, involvement and capacity development both in headquarters and the field, and adequate time to ensure optimal outcomes. The Agency has made progress on training staff on results-based management, and the new country partnership framework guidelines focus more on making sure strategies identify country level development impacts. However, there is clearly further to go. Given the high level of ambition in this area outlined in Spain's new strategy, capacity, in terms of human resources, appears relatively low. The planning and effectiveness unit in the AECID, for example, which is responsible for this area of work, comprises currently of only four staff members.

Working to consolidate Good Humanitarian Donorship

Spain, in line with recommendations, is working to improve the transparency of its humanitarian funding. In 2014, it intends to publish an Operational Plan covering all its humanitarian financial commitments. In addition, Spain has put in place criteria for selecting humanitarian programmes, partner and projects, as recommended. This should enable decisions on humanitarian funding to be better informed and evidence based. It was unclear, however, how risk was being addressed within this criterion.

Conclusion

Spain's development assistance has been through a challenging couple of years. However, despite the significant cuts to its ODA budget, Spain remains a committed development provider and international development actor and has used this period to focus on improving the quality and effectiveness of its aid. Spain has already made progress across many of the recommendations and plans are in place to address others. These efforts need to be matched with adequate capacity – financial resources and human expertise - to deliver in the coming years. I urge Spain to continue to articulate clearly its intentions to scale up its ODA when the Spanish economy recovers, and to work with other development actors to maintain public support for this in the coming years. Finally, I would like to thank the co-ordination team that facilitated the trip.

With kind regards,

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