OECD Development Assistance Peer Reviews

SPAIN



The Development Assistance Committee:
Enabling effective development

OECD Development Assistance Peer Reviews: Spain

2011



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The Peer Review Process

The DAC conducts periodic reviews of the individual development co-operation efforts of DAC members. The policies and programmes of each member are critically examined approximately once every four or five years. Five members are examined annually. The OECD's Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining the conceptual framework within which the Peer Reviews are undertaken.

The Peer Review is prepared by a team, consisting of representatives of the Secretariat working with officials from two DAC members who are designated as "examiners". The country under review provides a memorandum setting out the main developments in its policies and programmes. Then the Secretariat and the examiners visit the capital to interview officials, parliamentarians, as well as civil society and NGO representatives of the donor country to obtain a first-hand insight into current issues surrounding the development co-operation efforts of the member concerned. Field visits assess how members are implementing the major DAC policies, principles and concerns, and review operations in recipient countries, particularly with regard to poverty reduction, sustainability, gender equality and other aspects of participatory development, and local aid co-ordination.

The Secretariat then prepares a draft report on the member's development co-operation which is the basis for the DAC review meeting at the OECD. At this meeting senior officials from the member under review respond to questions formulated by the Secretariat in association with the examiners.

This review contains the Main Findings and Recommendations of the Development Assistance Committee and the report of the Secretariat. It was prepared with examiners from Ireland and Sweden for the Peer Review of Spain on 13 December 2011.

In order to achieve its aims the OECD has set up a number of specialised committees. One of these is the Development Assistance Committee, whose members have agreed to secure an expansion of aggregate volume of resources made available to developing countries and to improve their effectiveness. To this end, members periodically review together both the amount and the nature of their contributions to aid programmes, bilateral and multilateral, and consult each other on all other relevant aspects of their development assistance policies.

The members of the Development Assistance Committee are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Korea, Luxembourg, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, the United States and the European Union.

Spain – aid at a glance

SPAIN

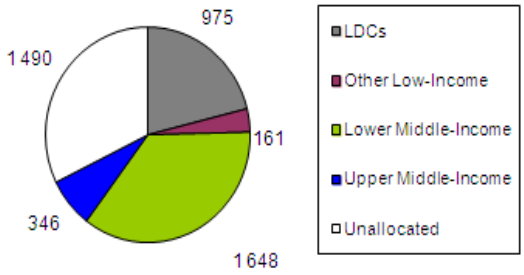
Gross Bilateral ODA, 2009-10 average, unless otherwise shown

Net ODA	2009	2010	Change 2009/10
Current (USD m)	6 584	5 949	-9.6%
Constant (2009 USD m)	6 584	6 232	-5.3%
In Euro (million)	4 728	4 492	-5.0%
ODA/GNI	0.46%	0.43%	
Bilateral share	68%	67%	

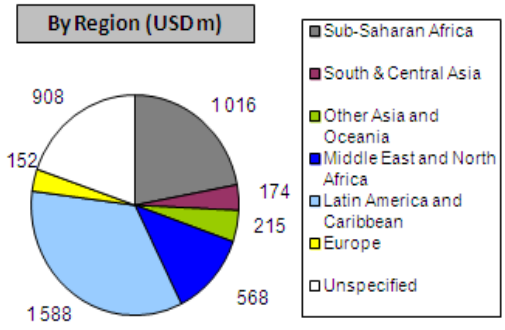
Top Ten Recipients of Gross ODA (USD million)	
1 Congo, Dem. Rep.	174
2 Morocco	170
3 Haiti	152
4 Tunisia	147
5 Nicaragua	126
6 Bolivia	124
7 Peru	114
8 Colombia	110
9 El Salvador	108
10 Guatemala	103
Memo: Share of gross bilateral ODA	
Top 5 recipients	17%
Top 10 recipients	29%
Top 20 recipients	44%

By Income Group (USD m)

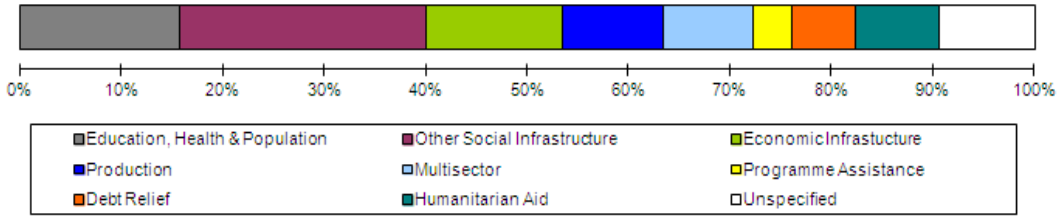
Clockwise from top



By Region (USD m)



By Sector



Source: OECD - DAC ; www.oecd.org/dac/stats

Spain - implementation of 2007 peer review recommendations

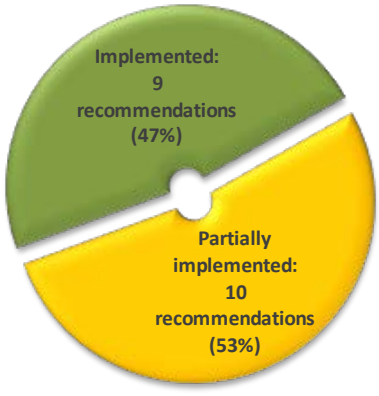


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Acronyms

AECID*	Spanish Agency for International Development (*Agencia Española de Cooperación International para el Desarrollo*)
ADB`	Asian Development Bank
CONCORD	European NGO confederation for Relief and Development
CPA	Country programmable aid
CRS	Creditor Reporting System (of the OECD)
CSR	Corporate social responsibility
CSO	Civil society organisation
DAC	Development Assistance Committee (OECD)
DGPOLDE*	Directorate General for Development Policy Planning and Evaluation (*Dirección General de Planificación y Evaluación de Políticas de Desarrollo*)
DRR	Disaster risk reduction
EU	European Union
FAD*	Development Assistance Fund (*Fondo de Ayuda al Desarollo*)
FAMSI*	Andalucian Foundation of Municipalities for International Solidarity (*Fondo Andaluz de Municipios por la Solidaridad Internacional*)
FIEM*	Enterprise Internationalization Fund *(Fondo para la Internacionalización de la Empresa Española)*
FIIAPP*	International and Latinamerican Fund for Administration and Public Policy *(Fundación Internacional y para Iberoamérica de Administración y Políticas Públicas)*
FONPRODE*	Fund for the Promotion of Development *(Fondo de Promoción para e Desarrollo)*
GHD	Good humanitarian donorship
GNI	Gross national income
GruS*	Group of Partners for the Development of Bolivia *(Grupo de Socios para el desarrollo de Bolivia)*
HIPC	Highly indebted poor countries
IADB	Inter-American Development Bank
IDA	International Development Association
IFAD	International Fund for Agricultural Development
IFI	International financial institutions
LDCs	Least development countries
MAEC*	Ministry of Foreign Affairs and Co-operation (*Ministerio de Asuntos Exteriores y de Cooperación*)
MDGs	Millennium Development Goals
MEH*	Ministry of Economy and Finance (*Ministerio de Economia y Hacienda*)
MIC	Middle-income countries
MITYC*	Ministry of Industry, Tourism and Trade (*Ministerio de Industria, Turismo y Comercio*)
MOPAN	Multilateral Organisations Performance Assessment Network
NGO	Non-governmental organisation
ODA	Official development assistance
PACI*	Annual International Co-operation Plan (*Plan Anual de Cooperación Internacional*)

RD	Royal Decree
SECI*	Secretariat of State for International Co-operation *(Secretaría de Estado de Cooperación Internacional)*
SEGIB	Iberoamerican Secretariat-General (*Secretaría General Iberoamericana)*
UN	United Nations
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIFEM	United Nations Development Fund for Women, replaced by UNWOMEN
UNWOMEN	United Nations Entity for Gender Equality and the Empowerment of Women
VIPFE*	Vice-Ministry for Public Investment and External Financing (Bolivia) *(Viceministerio de Inversión Pública y Financiamiento Externo)*
WFP	World Food Programme

* Acronym in original language

Signs used:

EUR Euro
USD United States dollars

( ) Secretariat estimate in whole or part
- (Nil)
0.0 Negligible
.. Not available
… Not available separately but included in total
n.a. Not applicable

Notes on data used:

The data used in this report are based on the OECD's Creditor Reporting System (CRS), unless indicated otherwise. Slight discrepancies in totals are due to rounding. For comparisons over time, we used 2009 constant US dollars. For data concerning only one year, we used current US dollars for the corresponding year.

Annual average exchange rate (EUR per USD)

2007	**2008**	**2009**	**2010**
0.7305	0.6933	0.7181	0.7550

The DAC'S main findings and recommendations

Overview

Spain has made remarkable progress in improving both the quantity and quality of its development co-operation. Since 2004 it has doubled the amount it invests in official development assistance, making it the seventh largest donor in the OECD's Development Assistance Committee (DAC). The country is sticking to its resolve to achieve its internationally-agreed target of giving 0.7% of its gross national income as official development assistance (ODA) by 2015. This is despite the severe impact of the global economic crisis, which led to budget cuts in 2009 and 2010 and a reduction of Spain's ODA from 0.45% of its national income in 2008 to 0.43% in 2010. Spain's development co-operation has been driven by a government commitment to fighting poverty and by strong cross-party and public support based on a sense of solidarity with the world's poor.

Since the last peer review in 2007, Spain has made development policy a key policy in its own right and an important element of its foreign policy. The government has given a wide range of stakeholders a voice in influencing the design of its medium-term strategy for development co-operation – the IIIrd Master Plan (2009-2012). It is also putting in place strategic frameworks to engage with partner countries, multilateral agencies and the private sector. The Spanish Agency for International Development Co-operation (AECID, referred to here as "the agency") has recruited substantial numbers of staff in order to cope with increased levels of ODA, and has focused on improving how it works. Spain has strengthened its humanitarian assistance programme, using a number of innovative approaches, including in the area of rapid response.

Spain still has scope to improve its development co-operation in several ways. Its ambitious development strategy would benefit from prioritising among the many countries, sectors and cross-cutting issues. This would avoid spreading Spanish ODA thinly among its partners. Spanish co-operation could be made more transparent if partner countries and field offices had information on all activities by national and decentralized actors. A policy on working with civil society would strengthen Spain's growing engagement with NGOs in Spain and in partner countries, and stronger development communication might help to maintain public support for development. Spain needs a staff policy for mobility between field and headquarters, and needs to introduce a performance management system. Finally, the various institutions mandated to co-ordinate development and humanitarian efforts need to be better linked if they are to be effective.

Overall framework for development co-operation

Narrowing the scope of Spanish co-operation

Key findings: *The III[rd] Master Plan – Spain's development policy for 2009 to 2012 - has allowed Spain to promote development co-operation to the level of a key foreign policy pillar. However, the breadth of Spain's programme – the high number of partner countries, themes and cross-cutting issues – is overly ambitious, causing Spain's aid to be spread too thinly.*

Recommendation: To increase its development impact, Spain should ensure its IV[th] Master Plan (2013-2016):

- Focuses on fewer countries, themes, and cross-cutting issues, and clearly prioritises among them.
- Develops clear criteria for selecting partner countries, with particular regard to the aim of reducing poverty.

Spain has a well-established institutional structure with the necessary autonomy to implement its policy on development co-operation. The key institution for Spanish co-operation is the Ministry of Foreign Affairs and Co-operation (MAEC), with its State Secretariat for International Co-operation and its Directorate General for Development Policy Planning and Evaluation (DGPOLDE). The share of ODA the ministry manages has been growing rapidly, from 19% of Spain's total ODA in 2004 to 50% in 2009. AECID, the Spanish Agency for International Development Co-operation, overseen by the State Secretariat for International Co-operation, implements a significant and growing part of the ministry's aid programmes. Spain has also created a new funding structure - the Fund for the Promotion of Development (FONPRODE) – to protect development co-operation from being co-opted by other interests. However, this fund covers only co-operation implemented by the Ministry of Foreign Affairs and Co-operation.

Although Spain intends to focus its co-operation, and has reduced the number of partner countries from 56 to 50 over the past review period, its programme remains dispersed. To concentrate its bilateral co-operation further, Spain needs to set clear criteria for retaining partner countries. Considering that 65% of its gross bilateral ODA is spent in middle income countries, Spain needs to ensure it focuses consistently on the poorest populations in those countries. Spain should also be clear on how it intends to prioritise among its 10 principles, 12 sectors, and 4 areas of special attention in allocating financial and human resources.

Developing a policy for working with civil society

Key findings: *Spain has made progress in interacting with multilateral partners and the private sector more strategically. However, it lacks a similar framework for working with NGOs, thus missing an opportunity to capitalise on the potential and resources they offer.*

Recommendations: To use the full potential of the government's relationship with Spanish NGOs, Spain should:

- Lay out a clear policy outlining what it wants to achieve with, and through, development NGOs.
- Further refine its funding instruments to ensure that ODA to and through NGOs is allocated strategically and ensures results.

The Spanish government has opened its policy consultations to a wide range of stakeholders, giving many of them a voice in influencing the design of the IIIrd Master Plan. It has also become more strategic in working with multilateral agencies, including through Strategic Partnership Frameworks (see Section 3), and with the private sector through a Strategy for Economic Growth and Promotion of the Business Sector that describes the private sector's development role (i) as partners in the policy dialogue on development; (ii) as contractors in implementing development co-operation projects; and (iii) as key players in advancing development beyond ODA.

Although the Ministry has strengthened its relationship with Spanish civil society, and a significant portion of its co-operation is channelled through NGOs, Spain still needs an explicit policy framework for collaboration with civil society, as structured and predictable as the recent strategy for the private sector. In developing this framework, the Ministry of Foreign Affairs and Co-operation could build on the dialogue it has established with Spanish NGOs in recent years, including policy consultations. The government should define to what extent, and for what purpose, it wants to work with Spanish, international and partner country NGOs. These roles might include: (i) strengthening civil society in partner countries; (ii) implementing projects or programmes; (iii) commenting on government policies, and iv) strengthening civil society's watchdog function.

Improving accountability: preparing for tougher economic times

Key findings: *While Spain still benefits from high public support for development co-operation, continued high levels of support cannot be presumed. Spain's development education and communication strategies are not clear, up to date, and actionable enough to sustain support and AECID does not have adequate capacity to promote guidance for development communication efforts.*

Recommendation: To maintain strong public support for aid and development, the government should:

- Create an up-to-date actionable plan for development education and communication.
- Increase the agency's specialist capacity in development communication.

So far, Spain's development co-operation has been able to rely on strong public support and a commitment to global solidarity with the poor. However, there is a risk of losing public backing in the current economic crisis. A 2010 survey by Fundación Carolina indicates that although public support for development co-operation is still high, it fell from 84% in 2005 to 67% in 2010, while opponents of development co-operation are gaining ground (18%, up from 6% in 2005).

Without public support, Spain's target of giving 0.7% of its gross national income as ODA will be difficult to achieve. Spain's increase of the ODA share spent on development education (from 1.2% in 2008 to 1.8% in 2009) was a step in the right direction. Autonomous communities and local entities together finance and carry out nearly four-fifths of this work, and therefore play a crucial role. Civil society is also an important pillar of the broad-based public support for development co-operation. But to promote and facilitate its communication efforts, and those of other development players, Spanish co-operation needs up-to-date, actionable strategies or plans for development education and communication. Raising awareness and fostering a culture of global solidarity are priorities in the current Master Plan. However, the ministry's 2007 strategy on development education is too broad and outdated, and provides little guidance to staff. Its latest communication plan also dates from 2007. The agency would benefit from having more staff specialised in development communication and education.

Promoting development beyond aid

Key findings: *Over the last four years, Spain's efforts to live up to its strong legal commitment to policy coherence for development have focused largely on setting up new institutions. However, Spain has insufficient capacity for analysis and monitoring of policy coherence issues. Information is not used effectively and systematically between the existing bodies and towards development stakeholders in a way that would allow monitoring, analysis and accountability to inform and influence policy decisions.*

Recommendations: To monitor policy coherence development efforts in a way that informs and influences policy, Spain should:

- Strengthen its capacity to analyse policies for coherence, and ensure that information about policy coherence analysis and decisions flows freely and effectively between existing bodies.

Spain is one of a handful of donors that have written their commitment to policy coherence for development into their legal framework. Spain's IIIrd Master Plan commits all of Spain's public policies to contribute to the eradication of poverty and sustainable human development. To do so, Spain has created several new bodies to ensure that all Spanish policies are coherent with its development mission: i) The Delegated Committee on International Development: to arbitrate among policies at cabinet level, and ii) a network of focal points for policy coherence: this cross-ministry network, which is currently being set up, will be facilitated by an inter-ministerial committee and led by a dedicated policy coherence unit at the Ministry of Foreign Affairs and Co-operation.

However, monitoring policies for coherence with development objectives is made difficult by the fact that the relationship between the new instruments is unclear, and information flows are not used effectively and systematically at all levels. For example, more information about decisions should trickle down from the Delegated Committee to co-ordinating and monitoring bodies. Spain could also draw on non-government actors

like NGOs who make their own reporting and analyses on policy coherence. Once it is operational, the network of focal points should also provide information. Spain should then ensure there is sufficient capacity to analyse and monitor the development impact of policies and consolidate available information to influence policy decisions.

Aid volume and allocation

Concentrating official development assistance

Key findings: *During much of the period under review, Spain continued to increase its ODA significantly, though the global economic crisis led to cuts in volume reported in 2009 and 2010. However, Spain spreads its financial resources for development co-operation too thinly among its partner countries, compromising impact on the ground.*

Recommendation: Using the pause in ODA growth and becoming more selective in how it allocates its aid could help Spain to improve the quality and effectiveness of its cooperation. To this end, Spain should:

- Narrow the geographic focus of its development aid to allow greater concentration of resources on fewer partner countries.

Spain made significant efforts to reach the international target of giving 0.7% of its gross national income (GNI) as ODA. It doubled its aid as a percentage of GNI from 0.23% in 2003 to 0.46% in 2009. The global economic crisis led Spain to cut ODA in 2009 and 2010 - cuts as severe as those made to the overall public administration. The ODA/GNI share fell to 0.43% in 2010, short of the target of a 0.56%Spain set for itself in its Master Plan, as well as of the 0.51% target expected of it within the EU. Even so, with ODA at USD 5.95 billion in 2010, Spain ranks 7th among DAC donors in terms of volume, one place higher than in the 2007 review.

To use this pause in ODA growth constructively, and to improve the quality of its co-operation, Spain has defined nine ambitious spending targets for geographical, sector, and thematic allocations. These include allocating more of its bilateral ODA to least developed and other low income countries, and concentrating 85% of its geographically distributable ODA in 37 priority partner countries. However, Spain's aid remains fragmented, and Spain is among the DAC members which least concentrate their aid. Spain should exercise flexibility in meeting its spending targets, in order to respond to partner country needs, and overall, make new efforts to reduce the number of its partner countries.

Conducting a strategic dialogue with decentralised actors

Key findings: *Almost one-fifth of Spanish ODA is delivered by sub-national development actors. However, information about this part of Spain's co-operation is not always available to other parts of the Spanish co-operation system. This may render Spanish aid less transparent, less cohesive, and hamper partner governments' ability to plan and co-ordinate aid.*

Recommendation: To increase transparency and cohesion, especially at country level, Spain should:

- Ensure that all Spanish development actors, including sub-national ones, share information on their activities in the framework of cooperation at country level, and that partner country government at central and local levels are fully informed.

Of all the DAC members, Spain has the highest share of ODA coming from sub-national actors – 19% of its total net bilateral ODA is financed by Spain's 17 autonomous communities and local entities. Although this share has decreased from 26% in 2005, it remains significant. This decentralised co-operation – most of which is channelled through NGOs – is an asset in supporting partner countries at local level; it also serves to maintain public support for development co-operation. The Spanish Ministry of Foreign Affairs and Co-operation has strengthened the dialogue between the national and sub-national entities on development co-operation, and parliament adopted a new legal framework in 2010 that lays the foundations for closer links in designing development policy. However, partner countries and the Spanish co-operation offices need to be informed of these efforts, so they can improve planning and implementation. This will ensure that Spain's co-operation is transparent, cohesive and has the greatest possible impact.

Ensuring that Spain's multilateral contributions are strategic

Key findings: *Spain's new approach to working with multilateral agencies is selective and concentrates allocations in fewer organisations. However, this work could be more strategic and better informed.*

Recommendations: To strengthen its strategic involvement with multilateral agencies and ensure it maximises the impact of Spanish multilateral aid, Spain should:

- Use systematically the lessons from performance assessments and feedback from its field offices to guide its support to multilateral agencies.

Spain's core contributions to multilateral organisations have almost doubled since 2005, and in 2009 Spain was the 7th largest DAC contributor to multilateral agencies' core budgets. Both the IInd and IIIrd Master Plans outline Spain's resolve to "engage in active, selective, and effective multilateralism". Having backed up its rapidly growing multilateral contributions with a strategy in 2009, Spain is concluding Strategic Partnership Frameworks with eight multilateral agencies, through which it channels 51% of its ODA – both core and non-core contributions. According to its current Master Plan, Spain intends to concentrate its multilateral ODA even further, eventually spending 80% of multilateral contributions on only 10 international organisations by 2012. By 2009 it

had reached 76%. Spain's efforts for more strategic allocations and selective partnerships with multilateral organisations are welcome and should be pursued.

Spain does not yet systematically use its multilateral assessments and lessons to define its own policies and help multilateral agencies improve their work. Spain should ensure that its representatives on the boards of multilateral agencies receive and use the feedback and insights into the strengths and weaknesses of multilateral agencies provided by Spanish field offices. This information can be a constructive source to influence decision making at executive board levels in these organisations in order to improve their effectiveness, efficiency and impact.

Organisation and management

Creating clear links between Spanish co-ordinating bodies

Key findings: *Spain has improved consultation with Spanish development actors at headquarters and in the field. However, its five co-ordinating bodies at headquarters are not well inter-connected or working in a way that will effectively inform technical, policy and strategic decision-making across government.*

Recommendation: To use the full potential of all Spanish development actors and ensure co-ordination, Spain should:

- Review how its co-ordinating bodies add value to development co-operation, and ensure that they work in a complementary way so that the outcomes of discussions inform technical, policy and strategic decision-making across government.

Spanish development co-operation has a particularly complex institutional structure. Not only is aid allocated by 14 ministries within the general state administration, but sub-national development actors also play a significant role, adding further complexity to the picture. This multitude of actors and delivery channels requires close co-ordination and synergy to reduce dispersion of efforts and resources, and increase cohesion and impact.

Spain's new Country Partnership Framework agreements help to improve policy co-ordination among Spanish actors in the field. At headquarters Spain has five bodies that co-ordinate, consult and advise on development co-operation. Two co-ordinate ministries (the Delegated Committee on International Development, and the Inter-ministerial Committee for Development Co-operation), two co-ordinate national and decentralised actors (the Sector Conference on Development, and the Inter-territorial Commission for Development Co-operation), and one is an advisory body comprising public and private sector entities and NGOs (the Development Co-operation Council). It is not clear how these bodies should work together to strengthen the strategic planning and delivery of Spanish co-operation. It is critical that the communication among these bodies is transparent and that the outcomes of their discussions are used effectively to inform technical, policy and strategic decision making across government.

Taking the step from evaluation to learning

Key findings: *Spanish development co-operation aims to re-orient its planning, monitoring and evaluation according to the goal of "managing for development results". However, this effort has so far been hindered by mixed quality indicators against which the impact of Spain's official development assistance can be monitored, as well as mechanisms to ensure it learns from its evaluations.*

Recommendations: To demonstrate results and promote a learning culture:

- DGPOLDE and AECID should roll out their tools for managing for development results in all country offices, and train staff to define targets and indicators that make it possible to monitor the impact of development assistance interventions.
- Spanish co-operation should use the information on results that it gains from its evaluations to influence policy, programming and institutional learning, and to inform the public.

The current Master Plan puts managing for development results at the forefront of efforts. It lays out how Spain aims to do this in three areas: planning, monitoring, and evaluation. Spain has begun to roll out this new approach by developing training and guidance. In orienting its evaluation systems towards measuring results, its commitment to building an evaluation and learning culture will be an advantage. Spain has an evaluation policy and a dedicated, independent division for evaluation within the Directorate General.. Evaluation now plays an important role in the new strategic frameworks with partner countries and multilateral agencies. The development agency has seen the number of evaluations increase four-fold between 2007 and 2009, mostly owed to a requirement for NGOs funded by AECID, and above a certain threshold, to evaluate their projects.

However, Spain could become more strategic about what it evaluates, and how it learns from the results of evaluations. This requires using the outcomes of evaluations to influence policy, programming and institutional learning, and to inform the public. It also entails having the right indicators to measure results in the first place. Although field offices now have to define the results they want to reach from the outset in their new programming framework, a recent internal AECID self-evaluation found that little had been achieved so far in laying the foundations for monitoring and evaluating whether these results were indeed being achieved. Instead, monitoring still tended to give more weight to how money was spent, as the agency lacked the right indicators to measure results and impact. Spain will need to define from the outset how strategic evaluations can inform future programming, plan them accordingly and help field offices define the right indicators, while continuing to conduct operational evaluations for learning and accountability purposes.

Defining a human resource policy that emphasises staff mobility and performance

Key findings: *Spain's human resource policy does not allow for sufficient staff mobility between headquarters and the field, nor does it have a performance management system. These two areas are crucial for sustaining institutional competence and capitalising on available human resources effectively.*

Recommendation: In an economic context where "doing more with less" will become

the norm, Spain needs clear criteria and policies to support decisions on how to deploy resources most effectively and efficiently. The Ministry of Foreign Affairs and Co-operation and AECID should:

- Develop a human resource policy and a medium-term plan for staff mobility and rotation.
- Introduce an individual performance management system linked to organisational objectives and results.

Spanish co-operation has significantly strengthened its human resource base since the last peer review. AECID's large-scale recruitment of a professional cadre of 93 programme managers and 120 project managers has made it possible to engage closely in the field with partner countries. However, the ministry and AECID continue to suffer from insufficient staff mobility between the field and headquarters. This is a missed opportunity to capitalise on staff knowledge both at headquarters and in the field, and to enhance Spain's ability to attract and retain high quality development experts. As Spain expects a high turnover of staff in key positions in field offices in the coming years, it needs a medium-term plan for staff mobility and rotation to facilitate those changes and safeguard institutional competence. Within the ministry, managers should be guided by (i) the aim of making it easier for staff to move within the organisation; and (ii) managing and developing careers. These aspects should also be reinforced in AECID's next management contract (2011-2014). Furthermore, AECID should consider giving greater employment continuity and responsibility to locally-recruited partner country nationals working on substantive issues.

A second pillar of Spain's human resource policies should be the introduction of a performance management system. Although the Basic Statute of Public Employees (2007) makes performance assessment compulsory for every administration in Spain, there is currently no such system for public servants in the Ministry according to the OECD's 2011 publication *Governance at a Glance* nor is there one in its development agency. The Spanish administration should accelerate its efforts to implement such a system, which is needed to enable managers to engage with staff on their career development, including mobility, and encourage individual ownership and personal accountability, thereby supporting a business environment that focuses on results, outcomes and impact.

Improving the impact of development co-operation

Using aid effectiveness tools at country level

Key findings: *Spain has made progress in designing strategies and planning frameworks that will help to make its aid more effective. Putting these new tools into practice at all levels is necessary to translate intentions into actions.*

Recommendation: To make Spain's co-operation more effective, Spain should:

- Ensure that field offices and all Ministries that spend ODA understand and use the new planning methodology and tools.

Spain has made remarkable progress in making its aid more effective, going far beyond the recommendations of the 2007 peer review. Not only has it made the international aid effectiveness agenda a beacon of its development policy, but it has also thoroughly re-thought and re-designed its programming process to put these principles

into practice. Spain's policy changes since 2009 and an Aid Effectiveness Action Plan endorsed in January 2011 have paved the way for significant progress in its operations. Its new planning methodology, based on country partnership frameworks and oriented towards results (see chapter 4), bodes well for greater ownership of programmes by partner countries. It has made programme and sector based approaches the main co-operation modality in many country offices. While the right tools are in place, it is important that they are used by all the ministries that spend ODA (not only the Ministry of Foreign Affairs and Co-operation) and rolled out to field offices with the necessary authority to make decisions.

Untying aid

Key findings: *While Spain is making progress in untying its aid overall, it is among the poorest DAC performers when it comes to untying its co-operation with least developed countries (LDCs) and non-LDC highly-indebted poor countries (required by the DAC Recommendation of 2001/8).*

Recommendation: To get better value for money from its official development assistance:

- Spain should follow its schedule for untying the remainder of its tied aid at all levels of its administration.

Spain has made good progress in untying its aid – overall, it untied 75% of its aid to developing countries in 2009, getting close to the DAC average of 79%. However, it needs to make sure it follows its schedule to fully untie the remaining portion of ODA. Spain untied only 77% of its aid to LDCs and non-LDC highly-indebted poor countries in 2009, compared to the DAC average of 94%. Spain's schedule foresees that efforts by AECID, the Ministry of Foreign Affairs and Co-operation, of Trade, Industry and Tourism, and the Ministry of Economy and Finance will untie all ODA by 2015. Untying Spanish aid fully will not only require an effort from the central administration, but also from autonomous communities and municipalities, which continue to tie a large number of small aid amounts to services provided by Spanish entities.

Sharing knowledge on capacity development in middle-income countries

Key findings: *Despite having no dedicated strategy, Spain has gained valuable experience in developing capacity in middle-income countries, which receive a large part of its ODA. Capacity development can help consolidate development gains – a subject of interest to an increasing number of donors.*

Recommendation: To build on Spain's engagement in middle-income countries, Spain should:

- Make capacity building a goal in its country partnership frameworks, and collect and share Spanish lessons and experience with capacity development, especially in middle-income countries.

Despite having no strategy to guide it, Spain engages in developing local capacity. Spain's support to developing capacity in partner countries focuses mostly on technical assistance, but this is delivered in ways that allow Spain to build not only individual but also institutional capacity. With its significant engagement in middle-income countries, where Spain directs 65% of its gross bilateral ODA, it has gained expertise in building

capacity in contexts where inequality persists. Spain should make capacity building an explicit goal in its country partnership frameworks and sector strategies. We encourage Spain to collect the knowledge accumulated in its field offices, share it with other donors, and use the lessons it draws in future planning. In this effort, it should also capitalise on the knowledge of its field offices on triangular co-operation (Box 1).

Box 1. Triangular co-operation: Spain's potential to become a bridge-builder

Spain has gained a reputation as a bridge-builder between middle-income countries and least developed countries in Latin America. Spain's current Master Plan makes a strong commitment to triangular co-operation as a tool that Spain aims to use in priority partner countries where it wants to consolidate development gains. One of the aims is to provide capacity building and to change the nature of its co-operation as partner countries "graduate" from developing country status. Spain has worked with Argentina, Brazil, Chile, Uruguay and Mexico to provide assistance in third countries such as Haiti or Paraguay. One of the challenges Spain continues to point out is how to monitor and evaluate triangular co-operation jointly.

Towards better humanitarian donorship

Consolidating good progress in humanitarian programming

Key findings: *Spain has made solid, and sometimes ground-breaking, progress as it reinvents and refines its significant humanitarian assistance programme. Further efficiency gains could be made in the area of partnerships; and cross-government co-ordination mechanisms, accountability, and learning could be strengthened.*

Recommendations: To consolidate its considerable progress in humanitarian programming, Spain should:

- Reduce the administrative burden on NGO partners, and introduce common funding and performance monitoring criteria for all NGO and multilateral partners
- Seek appropriate international training and/or accreditation for all actors within the Spanish response system.

Spain now has a bold, strategic and flexible humanitarian programme, guided by a comprehensive humanitarian strategy, under the Spanish development co-operation Master Plan. AECID has also adopted innovative approaches to supporting recovery - focusing on strengthening partner responses and front-loading development assistance - however, it is too soon to see results. Disaster risk reduction is not yet an overarching priority, but AECID's Humanitarian Office is supporting some useful programming in this area.

Spain is clearly committed to working in a strategic and open manner with partners, providing flexible, and often multi-annual, funding that is focused on delivering results; and promoting mutual accountability. Partners consider Spain an active and responsive donor who values their inputs. However, some areas for improvement remain, particularly in the areas of predictability, beneficiary participation and NGO administrative burden.

Spain was the 6th largest humanitarian donor of all DAC members in 2009 (up from 9th place in 2007), and it has used its new status as a major player to encourage better donor co-ordination and support triangular co-operation. AECID has developed clear criteria for carving up its humanitarian budget, with a focus on vulnerability and

responding in priority sectors. However, this highly developed set of response criteria requires adequate evidence from partners – evidence that is proving hard to obtain.

AECID has clearly made enormous progress towards good humanitarian donorship, and is now working to build capacity in the autonomous regions (responsible for 8.9% of humanitarian aid in 2009), but this remains a strategic challenge in Spain's decentralised environment. Spain is encouraged to seek further training and international accreditation for all Spanish response actors, including civil protection.

Spain recognises the need to move towards a formal learning culture, and to shift its monitoring focus towards analysing programmatic impact. This is complicated, however, as Spain has a very hands-on humanitarian business model, requiring staff skilled in analysis and field decision making – skills that only a handful of AECID staff currently possess.

Box 2. Good practice: Spain is a leader in rapid response

The 2007 peer review recommended that Spain review the effectiveness of its rapid response interventions, and AECID has subsequently taken giant steps in this area, emerging with a flexible portfolio of innovative and effective rapid response tools. These range from joint Spanish/World Food Programme logistics depots to pre-positioned funds with NGO partners, wide flexibility to reallocate budgets (including development funds), direct delivery of in-kind aid, surge deployment, and support from Spanish civil protection, military and police. Co-ordination takes place in rapidly called and regularly repeated emergency meetings involving all partners, including NGOs, aimed at developing one coherent Spanish response strategy.

Developing a systematic approach to risk

Key findings: *Spain must take care to manage its exposure to risk if it is to retain the necessary flexibility to continue with its unique, innovative, and effective hands-on delivery model.*

Recommendations: To reduce overall exposure to negative outcomes in complex humanitarian environments, Spain should:

- Develop a systematic approach to the assessment, communication and management of programmatic risk.

Political and public support for humanitarian programming is currently high in Spain, as the peer review team found in discussions with parliament and presidential advisors. However, lessons from many other donors warn that a change in political orientation often brings additional scrutiny of the humanitarian effort – it takes just one media scandal to reverse public opinion and anger lawmakers. Spain would be wise to build a systematic approach to assessing, communicating and managing programmatic risk into its humanitarian strategy to protect its enviable and flexible humanitarian space.

Secretariat Report

Chapter 1
Strategic orientations

This chapter looks at how Spain has reformed the strategic orientations of its development co-operation over the last five years. Building on the actions taken in response to the DAC recommendations from the previous peer review in 2007 and other changes made, this chapter highlights three areas for future consideration:

(i) Focusing Spanish development policy – in terms of countries, sectors and cross-cutting issues.

(ii) Clarifying the role of Spain's players in development co-operation.

(iii) Maintaining public support for aid and development.

An ambitious donor, consolidating its position, and focusing on quality

Spain has made remarkable progress in making strategic choices for its rapidly growing development co-operation. Having been an aid recipient itself until the late 1970s, the country has since made a spectacular leap – in terms of both aid quantity and quality – to become a respected and generous donor. Since the last Development Assistance Committee (DAC) peer review (OECD, 2007a), it has formulated new strategies to respond better to a changing world, and consolidated its reform of development assistance begun in 2004. Since 2004, Spain has doubled its aid to become the seventh-largest DAC donor, and has built up a well-deserved reputation as a driving force behind the aid effectiveness agenda and gender equality. Its co-operation has been driven by a government committed to fighting poverty and from strong public support based on a sense of solidarity with the world's poor.

Progress in implementing the recommendations of the last peer review

Spain has implemented some key recommendations from the previous peer review on the strategic orientation of its co-operation (summarised in Annex A):

It has improved overall cohesion and made progress towards operating within one strategic policy framework – the IIIrd Master Plan (2009-2012).

It has finalised sector strategies – a key step to ensure that implementation of country programmes is fully consistent with the strategic framework.

The remaining challenge from the previous recommendations is to make systematic use of its field experience and expertise to improve policy and as an important

contribution to debate and good practice within the international development community; this is discussed in Chapter 4.

A dedicated policy for Spanish development co-operation

Separate policy, implementation and financing mechanisms

The legal and policy basis, implementation mechanisms and, to a certain extent, the financing structure of Spain's development co-operation have been separated out from other policy domains. Previously, development policy was included as a part of general foreign policy. To give it higher profile and independence the current government has elevated it to a key part of its foreign affairs strategy, with its own policy. This was done through the Master Plan for 2005-2008 (MAEC/SECI, 2005), the second of the four-year plans that have been defining Spain's development co-operation strategy since 2000. The distinctive status of co-operation within the Ministry of Foreign Affairs and Co-operation is helped by a clear strategic mission firmly centred on poverty reduction and the Millennium Development Goals (MDGs). Its status was further strengthened in 2007, when a wide range of political groups signed the *State Pact against Poverty* (CONGDE, 2007). This political statement reinforced Spain's commitment to development co-operation and humanitarian aid as policies that should be independent of economic interests, and that should endure beyond an election cycle. While this separate status may have helped shield development co-operation from budget cuts, Spain will also need to highlight the benefits of development co-operation to other policy areas, and to manage carefully the risk that development co-operation might be viewed as conflicting with other Spanish interests.

Development co-operation has gained the status of a strong, distinctive policy pillar within the Ministry of Foreign Affairs and Co-operation, which we refer to here as "the ministry", and which is responsible for development co-operation policy. It is given political direction by the State Secretary for International Co-operation, who holds equal rank within the ministry with the two other State Secretaries (for EU and Foreign Policy, and for Ibero-American relations). The State Secretariat for International Cooperation (SECI), supported by the Directorate General for Development Policy Planning and Evaluation (DGPOLDE) continues to be the hub of the Spanish development assistance system: it is responsible for executing the ministry's competencies in directing, formulating, executing, and evaluating development policy and managing the ministry's development co-operation resources. About half of SECI's funding is channelled through the Spanish Agency for Development Co-operation (AECID), referred to here as "the agency". The Ministry of Foreign Affairs and Co-operation delivers about half of Spanish official development assistance (ODA), and the Ministry of Economy and Finance delivers a little over one-quarter. Others, such as the Ministry of Industry, Tourism and Commerce and autonomous communities, also contribute to co-operation (Figure 2).

Spain has also created a new funding structure in order to protect development co-operation from being co-opted by commercial interests. It has replaced its Fund for Development Assistance (FAD) with two separate financing mechanisms: (i) the Fund for the Promotion of Development (FONPRODE) under the Ministry of Foreign Affairs and Co-operation, which is dedicated to ODA; and (ii) the Fund for the Internationalisation of Enterprises (FIEM) under the Ministry of Industry, Tourism and Trade, which promotes Spanish exports outside of ODA. Accordingly, Spain's legal body for development co-operation now comprises three laws:

1998 International Development Cooperation Law;
2006 Foreign Debt Management Law; and
2010 law which established FONPRODE.

Spain's intention was to ring-fence development funding going through the Ministry of Foreign Affairs and Co-operation, and protect it from other interests, such as commercial ones; link it to the Master Plan; make it more effective; fully untie it; and allow for a rapid response to humanitarian crises. However, it remains to be seen whether FONPRODE can indeed live up to these high expectations as it currently only covers one-fifth of Spain's ODA (Chapter 3).

New developments: focusing on ways of working

Between 2004 and 2007 Spain had made important strides in defining its development policy and specifically *what* to work on. During the period covered by this fourth peer review, it has mainly focused on *how* best to work. The III[rd] Master Plan, Spain's strategic vision for 2009-2012, focuses on the same sectors as the previous one, while shifting attention towards quality and effective co-operation (MAEC/SECI, 2009a). It puts greater emphasis on programme-based approaches, on reducing the number of bilateral partners, on strategic and selective multilateral aid, and a stronger humanitarian component. It launches an important new instrument to translate policy into country strategies: the Country Partnership Frameworks (*Marcos de Asociación*), which are to ensure that policy guidelines are translated into the context of each partner country. Spain introduced this new tool in reaction to its evaluation of the previous Master Plan, and in response to its commitment to reflect the aid effectiveness agenda in its co-operation.

Re-thinking countries, topics and cross-cutting issues

As Spain has recently focused mostly on its working methods, it is now time to re-think the number of countries in which it works, its topics, and cross-cutting issues. A narrower geographic and thematic focus, and greater concentration of its bilateral resources on fewer areas, would allow Spain to contribute to stronger results in its priority partnerships.

Developing clearer criteria for choosing partner countries

Spain has taken some steps to concentrate its bilateral co-operation on fewer partner countries – the III[rd] Master Plan brought the number of partners down from 56 to 50. However, working with 50 countries is still a daunting task, as co-operating with too many partners bears the risk that operations do not benefit from the necessary expertise, steering, oversight and learning, if resources – both financial and human – are spread too thinly. Working with fewer partners, on the other hand, allows concentrating resources and focusing on the quality of co-operation. Other DAC members with similar levels of co-operation tend to have fewer partners.[1] In planning for the IV[th] Master Plan, we recommend that Spain attempt to reduce further its number of partner countries.

To concentrate its bilateral co-operation further, it is important to set clear criteria for selecting partner countries. While Spanish staff interviewed for this review agree on the need to concentrate Spanish aid, they do not agree how. Spain divides its partners into three categories (Table 1). Their selection, which is subject to parliamentary approval, is the subject of much debate within the administration and among NGOs. Spain may

therefore need to revisit the following criteria for selecting countries, stated in the Master Plan, and specify precisely how they should be used:

(i) Development indicators.
(ii) The presence and configuration of Spanish co-operation in that country.
(iii) The possible partnership framework in that country.
(iv) The country's potential as a development partner.
(v) The relative position of Spanish co-operation to other donors.

Table 5. Spain's three country categories for development co-operation

	Group A	Group B	Group C
	Broad partnership (23 partners)	**Focused partnership (14 partners)**	**Consolidation of development achievements (13 partners)**
Description	Least developed, low and low-to-medium income countries with opportunities for long-term partnerships involving high levels of ODA and a wide range of instruments, and based on aid effectiveness principles.	Least developed, low, low-to-medium income countries that are not suited to broad partnership but that could benefit from a focus on a single or few sectors, with a selective use of instruments.	Countries where development can be promoted through: (i) more inclusive public policies, (ii) South-South co-operation, (iii) triangular co-operation and (iv) provision of global public goods.
Latin America	Honduras, Nicaragua, El Salvador, Guatemala, Haiti, Paraguay, Bolivia, Peru, Ecuador, Dominican Republic;	Colombia	Costa Rica, Brazil, Mexico, Venezuela, Panama, Argentina, Uruguay and Cuba
Maghreb, Middle & Near East	Morocco, Mauritania, Algeria, the Palestinian Territories and the Saharan Population	Iraq and Lebanon	Syria, Tunisia, Egypt and Jordan
Sub-Saharan Africa	Ethiopia, Mali, Mozambique, Senegal, Cape Verde and Niger	Equatorial Guinea, Sudan, Guinea Bissau, Gambia, Angola, Democratic Republic of Congo, Guinea Conakry	Namibia
Asia, Pacific	Philippines and Vietnam	East Timor, Afghanistan, Cambodia and Bangladesh	

Source: *Master Plan for Spanish Co-operation, 2009-2012* (MAEC/SECI, 2009a)

Despite Spain's intention to concentrate its co-operation, its programme risks becoming more dispersed. Its commitment - spelled out in the State Pact against Poverty and the IIIrd Master Plan - to spend 25% of aid on co-operation in least developed countries (LDCs) by 2015, has led to more aid to Africa (in particular West Africa). Its rationale for expanding co-operation in Africa is to shift its resources to those countries where the impact on poor people's lives is greatest; 10 new country offices are planned on that continent (Chapter 4). In 2009, for the first time, allocations to Africa have overtaken those to Latin America, which remains the focus of Spain's co-operation (it dominates Spain's list of partner countries) and with which Spain has long-standing historical links. In assisting Latin American countries, many of which have graduated from least-developed to middle-income status, the government has changed its approach and now focuses on inclusive public policies and South-South and triangular co-operation

(see Box 4). Taken together, these factors are leading to an increasing dispersion of Spain's programme. It is therefore even more important that, in the debate on country selection and on how to invest its resources in a strategic manner, Spain is clear about where its bilateral co-operation can make the biggest difference, and where it might engage better through multilateral or delegated co-operation.

Ensuring a tighter thematic focus

Spain intends to narrow the thematic focus in each partner country to three sectors, and has finalised its sector strategies. Spain has devised a broad "menu" of 12 sectors and 4 areas for special attention, in addition to 5 cross-cutting issues (Table 2), allowing field offices to choose the most appropriate themes. The current Master Plan has largely maintained the earlier policy directions of poverty reduction and the MDGs – split into 12 sectors. Spain has completed strategies for all these sectors. In response to the evolving international context, the State Secretariat has chosen to focus especially on four areas: (i) food security; (ii) environmental protection, natural resources and climate change; (iii) gender equality; and (iv) the search for innovative financing resources, including partnerships with the private sector (MAEC/SECI, 2009a). It is, however, unclear how the principles, sectors, and areas of special attention relate to each other, and how Spain prioritises among them in practice. Spain is aware that having so many themes sometimes makes it difficult to allocate adequate resources and staff expertise to each thematic area (Chapter 4). In tightening its thematic focus, Spain may need to re-define what it does best, and focus its attention on fewer areas.

Table 6. Principles, sectors and cross-cutting issues in Spanish development co-operation

"Hardware"	"Software"	
10 Principles	**12 sectors**	**4 areas of special attention**
An approach centred around: 1. Human development and human capacity 2. Rights-based approach 3. Sustainable development 4. Participation 5. Gender equality 6. Learning 7. Development effectiveness 8. Endogenous development, inclusive policies 9. Partnership 10. Improvement of living conditions	1. Democratic governance 2. Rural development and fighting hunger 3. Education 4. Health 5. Water and sanitation 6. Economic growth for poverty reduction 7. Environmental sustainability, climate change and habitat 8. Science, technology, innovation 9. Culture 10. Gender equality 11. Migration 12. Peacebuilding **5 cross-cutting policies** 1. Social inclusion and fighting poverty 2. Democratic governance and human rights 3. Gender equality 4. Environmental sustainability 5. Cultural dimension/respect for diversity	1. Fight against hunger 2. Environmental protection, natural resources, climate change 3. Gender equality 4. Innovative financing resources for development

Source: Adapted from: MAEC/SECI (2009a), *Plan Director de la Cooperación Española - Documento de lineas maestras,* Madrid, 2009. Note: We have added the labels "hardware" and "software", which staff used in interviews.

Mainstreaming cross-cutting issues strategically

Spain endeavours to integrate the five cross-cutting issues listed in Table 2 within its co-operation, according to the Master Plan. With 50 partner countries and 12 sectors, Spain may want to phase in mainstreaming these issues sequentially over time, learning from its gender mainstreaming experience. Also, it may need to strengthen the methodology for mainstreaming cross-cutting issues in Country Partnership Frameworks, as some of its field staff find this difficult, especially in areas for which there is no obvious government counterpart.

Maintaining a strong and resourced commitment to gender equality

Spain has put gender equality high on its political agenda, built a reputation as a champion of gender equality and women's organisations, and put in place multiple tools to live up to this commitment. Gender equality has been treated as a priority sector in the Master Plans since 2005, but is also a cross-cutting issue, a "working principle" and one of the four "areas of special focus" of the State Secretariat. With a revised Gender Strategy (2008), a strategy on Women in Peacebuilding (2009), and an inter-ministerial National Action Plan on Security Council Resolution 1325 in place, Spain has given itself concrete gender-related mandates in bilateral and multilateral co-operation. At the same time, it has developed tools to mainstream this priority, including: (i) new guidelines on mainstreaming (2010); (ii) consistent screening of expenditures against the gender equality policy marker, (iii) a requirement to make gender equality an integral part of each NGO funding agreement; and (iv) strengthened capacity to mainstream gender equality in development programmes and influence policies in partner countries.

Spain has backed this political commitment with significant contributions to NGOs and multilateral agencies to support gender equality. It should continue to do so. We particularly commend Spain for covering important gaps where other donors have withdrawn their support despite severe and persisting gender inequalities. This is the case in Latin American middle-income countries with regard to indigenous women, rural women, women with disabilities and lesbians.

Spanish development co-operation staff note with disappointment that fewer partner countries are choosing gender equality as one of their three priority sectors, and that the emphasis seems to be shifting towards mainstreaming it instead. Whether or not gender equality remains a "sector priority", seems, however, secondary – more importantly, Spain should make sure it applies the two-track approach donors agreed to take in Beijing in 1995, by supporting both targeted actions for gender equality and mainstreaming. This will require demonstrating continuous and strong leadership from the top, and allocating the necessary financial resources and dedicated human capacity. Spain should assess whether its efforts bring the desired impact, and take opportunities to refine them further. In this learning process, we encourage Spain to use its partnerships with universities and the DAC's Gendernet.

Mainstreaming environmental concerns

Spain is committed to tackling environment and climate change issues through targeted programmes, and by mainstreaming them throughout its activities. While it has instruments in place to do so, its ambitions exceed its capacity. The ministry has various guidelines in place on environment, climate change and water issues – 32 related objectives are listed in the Master Plan. It works closely with the Ministry of Environment in determining its contributions to numerous multilateral environment

initiatives, and also pays attention to the issue in its bilateral partnership frameworks with partner governments, and its co-operation with NGOs. Both the Directorate General and the agency have dedicated staff to work on environmental issues. The agency has a checklist to screen all programmes, and its 22 focal points on environment in co-operation offices report on the Rio markers and other environment-related statistics. However, Spain is aware that it does not have the capacity to check the quality of this reporting for all of the agency's projects. Given Spain's wide spread in terms of partner countries, sectors, and cross-cutting issues, narrowing down the environmental issues to be mainstreamed in its development co-operation would help it to focus on issues where it has specific expertise, and to ensure that those interventions are solid in quality.

Clearer roles for Spain's development players

Since the 2007 peer review, the Spanish government has broadened its policy consultations, giving many stakeholders a voice in influencing the design of the IIIrd Master Plan. It consulted with parliament, NGOs, the private sector, autonomous communities, and the Development Co-operation Council in developing its new policy. The Minister of Foreign Affairs and the State Secretary for International Co-operation (henceforth "the State Secretary") regularly engage with parliament on development co-operation issues, as does the Secretary of State for Economy on debt issues. To manage the expectations raised by such an inclusive policy development process, Spain needs to define clearly the role of, and relationship with, each of these players. In the following sub-sections we outline the changes we believe Spain needs to make in co-operating with various stakeholders.

Implementing the multilateral strategy from the grassroots to the board rooms

Having backed up its rapidly growing multilateral contributions with a clear strategy, Spain has become a credible multilateral donor, and should now seize the opportunity to match this with strong leadership on the boards of multilateral agencies. While its multilateral contributions had seen a sharp increase since 2005 (Chapter 3), Spain did not articulate a strategy on multilateral aid until 2009. This strategy defines how Spain will pursue its overarching goal to fight poverty and support the MDGs by financing those agencies that have a comparative advantage in priority areas of the Master Plan. Moreover, Spain wants to link its multilateral aid to reforms that guarantee the effectiveness, efficiency and development impact of those agencies. It also strives to be more selective in its approach and strengthen its co-operation with UN organisations. To fulfil its intention, expressed in the IInd and IIIrd Master Plans, to engage in "active, selective, and effective multilateralism", however, Spain will also need to strengthen its strategic engagement on the executive boards of multilateral agencies.

We commend Spain for the progress it has made in negotiating Strategic Partnership Frameworks with eight multilateral partners. Since 2009, it has concluded memoranda of understanding with UNDP, UNICEF, UNIFEM (now UN-WOMEN), UNHCR and UNFPA, and is currently negotiating frameworks with WFP, ILO, and IFAD. While there has been much criticism in the past about Spain's multilateral decisions being opaque, it appears that the government has made an effort to discuss multilateral allocations among ministries (Chapter 4) and in parliament. Parliament has adopted the multilateral strategy and all the multilateral partnership frameworks. Spain also invites feedback from field offices on the performance of multilateral agencies, in particular on its multi-bi

programmes. However, field offices are not always aware of Spain's broader policy for multilateral partners, and therefore find it difficult to provide targeted feedback (AECID, 2011a). We encourage Spain to give its field offices more information about its strategic goals for collaborating with multilateral agencies.

Defining clearer rules of engagement with civil society

The Ministry has strengthened its relationship with Spanish civil society, developing policies in dialogue with Spanish NGOs. A recent report by CONCORD describes Spain's systematic engagement with NGOs as "exceptional" within the EU, highlighting the participation of civil society organisations (CSOs) in national, regional and local development co-operation councils (AidWatch, 2011). The broad-based and strong public commitment to development co-operation in Spanish society and in parliament owes much to an active civil society. For example, CONGDE – the Spanish development NGOs' co-ordinating body – played a pivotal role in getting political parties to agree that Spanish co-operation should focus on poverty reduction backed by a strategy, concrete and measurable actions, and legal initiatives. This effort resulted in the *State Pact Against Poverty* in December 2007, signed by all political parties represented in parliament (MAEC/SECI, 2007).

Although there seems to be a general understanding that Spanish NGOs have evolved from being service providers for its development agency to becoming strategic partners in dialogue, the government is yet to make a clear statement on why it wants to work with NGOs, and where it sees their comparative advantage in relation to government and multilateral development channels and the private sector. As the Master Plan only sketches out elements of this relationship, we encourage Spain to define to what extent, and for what purpose, it wants to work with Spanish, international and developing country NGOs. These roles might include to (i) strengthen civil society in partner countries; (ii) implement projects or programmes, for example as service providers or incubators and pilot agents for new approaches, or as complementary actors to work where other development agents cannot work as effectively; (iii) comment on government policies. This will imply the need for sufficient time to provide inputs, with predictable timetables for consultation, and they should receive information about results of government programmes. Finally, these roles might also include (iv) educating the Spanish population on international development.

For each of these roles (and perhaps there are more), the Spanish government could usefully build on progress by clearly defining how it wants to interact with NGOs. Its open policy consultation processes and an increase in meetings with NGOs have helped in the joint development of policies; on the other hand they have raised expectations for feedback and on-going dialogue. A clear policy framework on civil society's role in future collaboration, similar to the recent framework for the private sector (MAEC/AECID, 2011a), would help to ensure a constructive and clear relationship.

Making the new strategy for the private sector widely known

Spain has re-defined the role it wishes Spanish companies to play in development co-operation. While the private sector was mentioned as a co-operation actor in the 1998 law, its role in relation to the ministry was not clear. It alternated between promoting Spanish business abroad and tendering for projects financed by the development agency. Spain has, since the last peer review, come out with a new vision involving three roles for

companies, described in the Strategy for Economic Growth and Promotion of the Business Sector (MAEC/SECI/DGPOLDE, 2011a). It has undertaken steps to strengthen businesses' role in all three cases:

It involves the private sector in policy dialogue through its advisory body, the Development Co-operation Council, as well as in country working groups (*Grupos Estables de Coordinación*) in the field.

It has defined clear rules of engagement for public-private partnerships in the IIIrd Master Plan and a subsequent private sector strategy (MAEC/AECID, 2011a). This is supported by specific staff capacity in DGPOLDE and the agency dedicated to work with the private sector.

It has made efforts to ensure that the Spanish private sector contributes to the well-being of populations and advances development beyond aid, for example by creating decent labour conditions, expanding business opportunities, transferring knowledge and technology, and promoting good management practice (Chapter 2).

Spain should publicise this new approach widely to gain the support of the private sector and to diminish the sense of competition between NGOs and business. Our discussions in Madrid showed that some companies are uncertain of their role, and are not sure what changes the new financing structure under FONPRODE will bring for them. NGOs, on the other hand, are apprehensive about the increasing involvement of the private sector in shaping development policy, and remain unclear about their own role.

Working through one common framework

An important feature of Spanish development co-operation is the role played by Spain's 17 autonomous communities (listed in Figure 4 as regional administrations) and close to 8 000 municipalities. In addition to Spain's central administration, these entities also spend public money on development co-operation, representing almost one-fifth of the country's bilateral ODA. All except one of the autonomous communities have their own legislation on development co-operation (Sanahuja & Martinez, 2009). Close links between Madrid and these decentralised entities in designing development policy are therefore essential. Royal Decree 794 of 16 June 2010 gives Spain a new legal framework to guide autonomous communities and local entities in this area. It states that the ministry can promote the participation of decentralised co-operation actors in decision making or in joint instruments, laying the foundations for a closer policy link that we encourage Spain to pursue.

While co-operation by decentralised entities is a great asset for maintaining public support for development co-operation in Spain, it is important that it does not make Spanish development co-operation intransparent to host governments. As decentralised actors continue to conclude agreements with partner governments at sub-national level outside of Spain's Country Partnership Frameworks, it is essential that they inform the co-operation office early and transparently of these intentions, so that they can be reflected in the Country Partnership Frameworks concluded with the partner government. We became aware of this issue in Bolivia, where an autonomous community had signed a partnership agreement with the department of Potosí outside of Spain's agreement with the Bolivian government, without co-ordination with the rest of Spanish co-operation. A closer dialogue between sub-national authorities and the Spanish co-operation office would allow finding synergies wherever possible, and requires clear structures, processes, a timetable, and the political will, to consult each other.

Towards better accountability: Spain needs to brace itself for tougher economic times

To date, Spain's development co-operation has had strong public support based on a commitment to global solidarity, but it needs to respond to the risk of losing public backing; otherwise its commitment to give 0.7% of its gross national income as ODA will be difficult to achieve. A 2010 survey shows that three out of four Spaniards believe that the principal global challenge is poverty and the inequality between rich and poor countries, while terrorism (32% of respondents), conflict (30%) or climate change (28%) receive much less attention (Fundación Carolina, 2010). However, according to the same survey, public support for development co-operation is waning. It fell from 84% in 2005 to 67% in 2010, while opponents of co-operation have gained ground (18%, up from 6% in 2005). In fact, 62% of respondents to the 2010 survey supported the 2009 aid cuts. In the current economic climate, the public increasingly considers that giving developing countries access to global markets to sell their products (47%) is more important than development co-operation (37%).

It is therefore time for Spain to reinforce its development communication and education efforts. Fostering a culture of global solidarity by raising awareness is indeed a priority in the Master Plan. Autonomous communities and local entities together finance and carry out nearly four-fifths of development education, but the central administration intends to promote and facilitate these efforts (MAEC/SECI 2009b). A positive step is the government's communication strategy with UNDP to bring Spanish multilateral co-operation closer to the public, and make its results better known. However, the 2007 strategy on development education is broad, out of date, and provides little concrete guidance for staff, while the latest communication plan dates from 2007. Of the twelve agency staff dealing with development communication and education, only few are specialised in this area of work. Spain therefore needs to ensure that the increase of the ODA share spent on development education from 1.2% in 2008 to 1.8% in 2009 - a step in the right direction – is backed by up to date strategies and plans, and carried out by professional staff capacity (MAEC/SECI, 2009c).

Future considerations

- Spain should avoid overloading its policy and narrow the scope of Spanish co-operation in terms of sectors, countries and cross-cutting issues in planning for the IVth Master Plan. The government needs clear engagement criteria to guide partner country selection.
- Building on its Master Plan and inclusive consultative policy process, Spain needs to
  - continue its efforts to formalise consultations with autonomous communities, and to
  - define a clear policy framework on civil society's role in future collaboration to help ensure a constructive and clear relationship.
- To maximise impact of its communication efforts, the Spanish government should:
  - Ensure its development education strategy and communication plan are clear, simple, and actionable, and cover several years. It may need to revise existing guidance;

- Strengthen and further professionalise the agency's unit that leads on development communication; and
- Ensure that it communicates to the public the results of its development co-operation and Spain's national interest in supporting poor countries.

Notes

1 We have compared Spain with donors that have a similar amount of country programmable aid (CPA), implemented through development programmes. The Netherlands had 33 partner countries in 2009 and aims to reduce them to 15 by 2015; the UK has 32 focus countries, and Australia has 37 field-based business units.

Chapter 2
Development beyond aid

This chapter looks at how Spain (i) ensures that its broader national policies positively affect development – or at least avoid a negative impact; and (ii) is building a whole-of-government approach by improving the co-ordination and strategic integration of development co-operation with other policies. We find that Spain has strong political commitment to policy coherence, with no shortage of co-ordinating bodies. We suggest that Spain can build on these foundations, emphasising three areas for improvement: (i) linking up the institutional bodies that have a mandate for policy coherence; (ii) using its sources for monitoring the development impact of Spain's policies more effectively, both within the administration and in civil society; and (iii) applying whole-of-government approaches systematically, for example, by having a clear vision for each co-operation programme on how ODA and non-ODA efforts for development can best reinforce each other.

The OECD, the DAC and the governments of developing countries recognise that development assistance is only one contributor to development. Its impact depends on how well it combines with other policies and leverages other resources for development. Increasingly, developing countries are depending less on the financial and technical support they receive from donors and more on the opportunities they find in a globalising world. As an OECD and an EU member, Spain is committed to making all its government policies coherent with its development objectives. This chapter looks at how Spain ensures that its domestic and international policies support – or at least do not undermine – partner countries' development efforts. In addition, Spain's efforts to take co-ordinated approaches within its development co-operation policies are dealt with at the end of the chapter on *whole-of-government approaches*.

Progress since the last peer review

The OECD emphasises that policy coherence for development involves three building blocks: (i) a political commitment that clearly specifies policy objectives; (ii) policy co-ordination mechanisms; and (iii) monitoring, analysis and reporting systems to provide the evidence base for accountability and for well-informed policy making and politics (OECD, 2008a). Spain has made good progress towards establishing these building blocks since the last peer review (Table 3) – the next step is to use them.

Table 7. Spain's progress in building policy coherence for development, 2007- 2011

Building block	Situation in 2007	Progress made by 2011
A: Political commitment with clear policy statements	The Law on International Cooperation has given Spain an explicit, legally-anchored commitment to policy coherence for development since 1998.	The Law on International Cooperation remains in force. Policy coherence is one of Spain's key policy priorities in its III[rd] Master Plan (2009-2012), with 7 output goals and indicators. The *Pact against Poverty* (MAEC/SECI, 2007) proves solid public support to the legal commitment.
B: Policy co-ordination mechanisms that can resolve conflicts or inconsistencies between policies and maximise synergies	There were three mechanisms for co-ordination, but they had limited roles in ensuring policy coherence and lacked an explicit mandate for coherence: - Inter-ministerial Commission for International Development (all ministries of the central government) - Inter-territorial Commission for Development Co-operation (autonomous communities and local administrations) - Development Co-operation Council (central government, civil society, private sector and academia)	Three mechanisms have been set up with specific mandates for ensuring policy coherence: - Delegated Committee on international development at the cabinet level, to arbitrate between national policies (2008) - a network of focal points for policy coherence in all ministries (2009) - a strengthened Working Group on policy coherence in the Development Co-operation Council, with a mandate to advise and inform parliament and the public.
C: Monitoring, analysis and reporting systems	Spain lacked the capacity to analyse policy coherence issues, both within and outside the administration. The Development Co-operation Council published its first report on policy coherence in 2006, but it fell short of self-critical analysis.	Once functional, the focal point network could fulfil a valuable role in monitoring and reporting. The Development Co-operation Council published a second PCD report (2009); future reports will be written by the government. Insightful reports on policy coherence by NGOs prove their potential to contribute more on this.

Spain's recent efforts to make its wider policies more coherent with development goals mainly involved setting up support structures – in the coming years it will need to prove that these structures work and produce results. Spain has only partially implemented the three recommendations of the previous peer review on this issue (Annex A). It has taken steps to include actors in the field in its efforts to make other policies coherent with development goals. However, this effort – along with the establishment of a focal point network described in Table 3 – has yet to show results. Spain is also still struggling to make better use of its mechanisms to co-ordinate policies in line with its development goals, and to communicate the government's position in policy debates which concern policy coherence to other development co-operation stakeholders and the public. This requires efforts by the cabinet to inform the various bodies dealing with policy coherence of any decisions that might affect development, to involve them and ensure that their voice is heard so that the information gathered in

monitoring the development impact of policies can have an impact on Spanish policy and its interactions with the developing world.

An explicit legal commitment to policy coherence for development

Spain is one of a handful of donors that have written their commitment to policy coherence for development into their legal framework. The 1998 International Development Co-operation Act defines that the principles laid out in the law "will inform all policies applied by public administrations within the framework of their respective competencies that may affect poor countries".[2] In addition, Spain has demonstrated strong consensus around development goals with its State *Pact against Poverty*, signed by parliament, civil society and various other stakeholders (MAEC/SECI, 2007). Finally, as an EU member, Spain also subscribes to the European Consensus on Development, in which the commitments towards policy coherence for development are embedded.

Clear priorities and awareness at headquarters

An explicit commitment to policy coherence for development is now also part of the III[rd] Master Plan, with the objective that "all of Spain's public policies contribute in a synergetic and effective way to the eradication of poverty, sustainable human development and the full exercise of rights" (MAEC/SECI 2009b). The Master Plan announces that Spain plans to make "substantive progress" on this agenda. In an action plan it outlines the following seven outputs to be achieved by 2012, accompanied by defined actions and targets (MAEC/SECI, 2009b):

(i) Spanish co-operation increases its evidence base and analysis to promote policy coherence.

(ii) The State Administration knows the development agenda and the principle of policy coherence.

(iii) The Spanish government reinforces policy coherence in the context of a Global Association for MDGs and of its support to partner countries, in line with its international commitments.

(iv) The government demands fulfilment of coherence commitments made by the state administration.

(v) Contributions by autonomous communities enhance development.

(vi) Channels are created for participation, transparency and accountability to citizens regarding the application of policy coherence principles.

(vii) Private sector activities that support development objectives are encouraged.

To ensure that all its policies – and those of the European Union – support, or at least do not undermine, development efforts, the Spanish Ministry of Foreign Affairs and Co-operation has successfully launched a dialogue with other ministries on policy coherence for development (PCD) through inter-ministerial bodies. Inter-ministerial consultations on draft laws have meant that several recent laws were "PCD-proofed": reviewed for their ability to support, or at least not undermine, development efforts. Examples are the laws on fisheries (2009) and trade and industry (2010), as well as public health (2011), where SECI was able to incorporate development issues. Spain has also played an active role in international debates on this issue,

particularly within the European Union, but also in the OECD and the International Labour Organisation. Our meetings with PCD focal points in Spanish ministries revealed that awareness of Spain's commitment to policy coherence for development is particularly strong around trade, where a Consultative Commission on International Trade Negotiations prepares Spanish positions jointly with the Ministry of Foreign Affairs and Co-operation.

Making Spain's development strategy known in the field – beyond ODA

Spain now uses country programming as an opportunity to bring the policy coherence agenda to its embassies. Since 2010, instructions on preparing Country Partnership Frameworks include an instruction to embassies and field offices to map Spanish and European non-ODA policies operating in the country, and to invite Spanish NGOs and companies and other donors to debate possible synergies between development co-operation and other policies (MAEC/SECI/DGPOLDE, 2011). In Bolivia staff felt that this dialogue created an opportunity to share information and make the concept of policy coherence better known; but that the impact of Spanish policies on Bolivia's development efforts was not discussed.

A recent survey shows that while field staff are well aware of Spain's commitment to policy coherence, they would like to learn more about central government's overall development policy towards the host country and what efforts they should make to support policy coherence (AECID, 2011a). It might therefore be helpful for the ministry and its embassies to have a clear statement of how they intend to support development in the country through both ODA and other means.

Policy co-ordination mechanisms to resolve conflicts or inconsistencies

New institutional mechanisms for policy coherence

Since the 2007 peer review, several new bodies have been mandated to ensure that broader Spanish policies are coherent with its development mission (Figure 1). Some of them also have broader mandates for development co-operation (as illustrated in Figure 4).

(i) The Delegated Committee on International Development (created in 2008 at cabinet level) within its broader mandate for inter-ministerial co-ordination (Chapter 4), can arbitrate between national policies and monitor the implementation of policy coherence in line with EU recommendations. Chaired by the Vice-President of the Spanish Government, with SECI acting as a secretariat, it is driven from the highest political level.

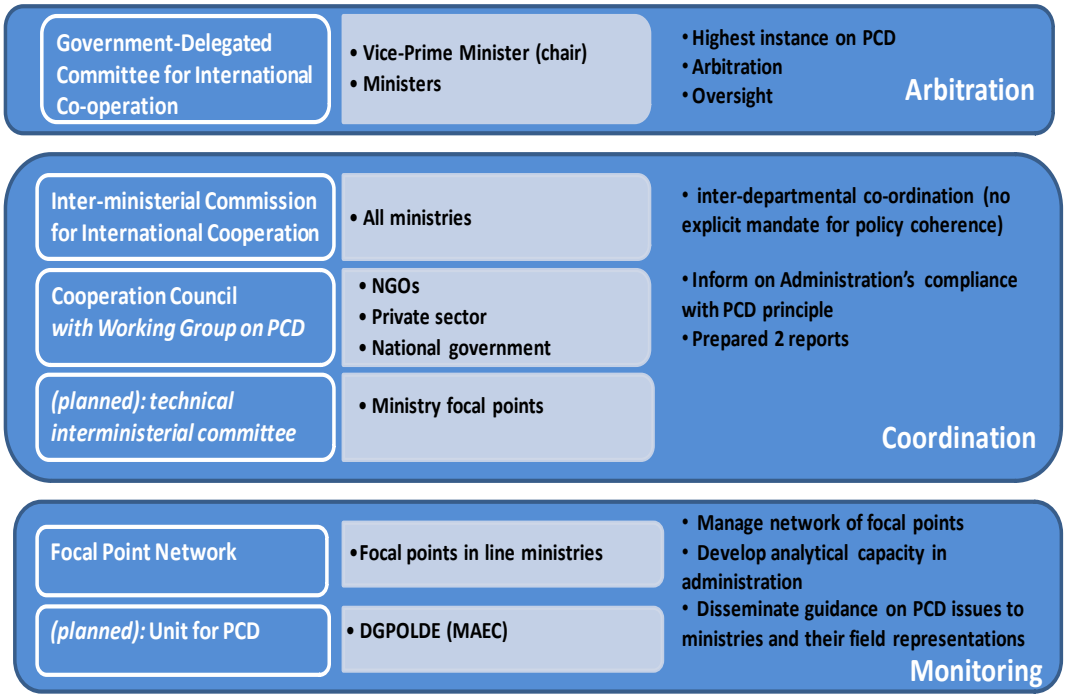
(ii) At the technical level, the government has in 2009 begun to nominate focal points for policy coherence, to become part of a network made up of representatives from all ministries. These focal points will be responsible for ensuring that guidance on policy coherence reaches all government departments and their field representations in developing countries.

(iii) A dedicated Policy Coherence Unit the ministry's Directorate General for Development Policy (DGPOLDE) is planned to be established to manage the network of focal points and provide analytical capacity for the administration.

(iv) The technical interministerial committee, under the aegis of the Interministerial Committee for Develpoment Co-operation (Chapter 4), will facilitate co-ordination among focal points.

(v) The Working Group on Policy Coherence for Development, created in 2005 under the Development Co-operation Council (Chapter 4), has been strengthened with a clear mandate and a co-ordinator. The group now meets monthly and was originally set up to write annual reports to the Delegated Committee on the coherence of Spanish policies with its development goals.

Figure 8. Institutions for ensuring policy coherence for development



Source: Based on information provided in the *Memorandum for the Peer Review of Spain* (MAEC/SECI 2011a)

While these efforts are encouraging, the wide perception among staff interviewed for this review is that these instruments have not yet delivered any significant results. This is because they are not yet linked up, their relationships are unclear, and some of them are only now being set up (the focal point network) or their introduction has been postponed (the unit in DGPOLDE, and the Technical Interministerial Committee). Information flowsare not used effectively and systematically at all levels in a way that would allow monitoring, analysis and discussion to inform policy decisions. Very little information about decisions trickles down from the Delegated Committee to co-ordinating and monitoring bodies. Spain should ensure that the outcomes and findings at the technical and advisory level reach policy and decision-making levels, and that the Delegated Committee finds predictable ways of sharing information with the Development Co-operation Council, the Focal Point Network, parliament and the wider public.

The need to ensure sub-national policies respect coherence with Spain's development goals

Another important step Spain needs to take is to ensure that policy coherence for development becomes a concern outside the national government. The Sector Conference on Development Co-operation was created in 2009 to bring together central government and the administrations of autonomous communities. One of its roles is to ensure policy coherence for development. However, to achieve this role, its representation should be broadened. Currently it only brings together national, regional, and local administrations in charge of development policy, and may well offer itself as a co-ordination body for development co-operation. But if it is to be able to tackle the coherence of non-ODA policies with development policy, it will need to include policy makers from other policy areas, too.

Progress in monitoring, analysing and reporting policy coherence for development

Spain has made some progress in reporting on its efforts to achieve policy coherence for development, but it needs to improve how it monitors the impact of these efforts.

Strengthening links between reporting and policy responses

To date, the most informative report on Spain's performance on policy coherence is the biannual survey for the *European Union Report on Policy Coherence for Development*. The latest survey provides valuable information on progress Spain has made in the five focus areas of the EU: trade and finance, food security, climate change, migration and security (EU, 2011).

Spain recently decided to transfer the reporting role from the Development Co-operation Council to the government itself to be able to report better against the results framework set out in the Master Plan. Previously, the council's working group on policy coherence was supposed to report to parliament every year on the coherence of government actions. However, it has only produced two reports since 2005: one in 2006 on foreign debt, trade, peacebuilding, the multilateral system, and the role of the military in humanitarian missions; and one in 2009 analysing Spanish and international measures taken to counter the economic and financial crisis. As the working group found it difficult to access relevant information from within the government, it became clear that a different model was needed. From 2011, the government (DGPOLDE) plans to write the annual report itself, using information provided by the Focal Point Network. It will report to Cabinet on progress against the results framework. After review by the council, the report will be transmitted to the Delegated Committee along with the council's advice. The commission should share with the council and the public any decisions it takes arising from the report.

A recent report by Spain's NGO platform CONGDE proves that Spain's civil society could also play a constructive role in reporting and analysing issues of policy coherence. In 2010, it published the first in a series of reports, entitled *Coherencia de políticas para el desarrollo – un agenda inaplazable*[3] (Briones, 2010). This document, which presents good practice from Sweden and the Netherlands, draws lessons from the challenges Spain faces and advises Spanish NGOs to (i) shape policy through their participation in the

Development Co-operation Council and through work with parliament during the drafting of laws; and (ii) advocate for policy coherence on the part of the public.

Improving monitoring to enhance transparency

Spain needs to strengthen its capacity to monitor the potential impact of its policies further. The peer review team observed during its missions that the network is not yet functioning. NGOs point out that the government lacks the institutional capacity for monitoring and analysing the development impact of public policies (Briones, 2010). Another criticism that the government continues to face – as in the 2007 peer review – is that it is not transparent enough about policy decisions it takes on multilateral organisations and the EU, and that this makes it difficult for civil society and parliament to monitor the consistency of Spain's domestic and international policies with its commitment to development.

To improve its monitoring, Spain's administration will need to take several steps:

(i) Get the Focal Point Network working as a matter of urgency and ensure sufficient capacity in the ministry to consolidate the information it produces.

(ii) Capitalise on resources outside the government, such as the Development Co-operation Council, NGOs, and universities, to analyse consequences of (in)coherence; and

(iii) Provide more information to the Development Co-operation Council, civil society and the public about cabinet-level policy decisions that affect development policies, so that those entities can fulfil their mandate to monitor policies and provide advice.

Using whole-of-government approaches

Since the last peer review, Spain has made efforts to encourage whole-of-government approaches: it has (i) formalised inter-ministerial co-operation by establishing the high-level Delegated Committee on International Development (2008) (as described above); and (ii) created a significant opportunity, with its Country Partnership Frameworks and their country working groups in the field, to strengthen working relations among ministries and other Spanish public actors present. Such efforts show that Spain is striving to live up to its law on international development co-operation (1998), which defines that development co-operation is an objective of all ministries, not only of foreign affairs.

More progress needed in inter-ministerial co-operation on fragile states

Although the Master Plan recognises that fragile and post-conflict contexts demand a specific approach, we have seen little evidence of whole-of-government approaches to fragile states in strategic planning, analysis or co-ordination. Spain considers that not having a strategy has allowed it to take context as the starting point, as recommended by the *Principles for Good International Engagement in Fragile States & Situations* (OECD, 2007c). Its strategies for peacebuilding (2005), democratic governance (2008) and state-building (2007) were developed jointly by the ministries of foreign affairs and defence. In its guidelines for planning Country Partnership Frameworks Spain should

advise field offices to take whole-of-government approaches in fragile states, and review impact on the ground.

Looking forward: the "beyond aid" agenda for the whole Spanish government

Realising that public and private flows need to pull in the same direction to reduce poverty, Spain is part of global efforts to promote a responsible private sector. It has signed the *OECD Guidelines for Multinational Enterprises* (OECD, 2011g), which provide good practice principles for companies in human rights, environment, labour standards, and the fight against bribery. In the UN Global Compact, a strategic policy initiative for companies that strive to bring their work in line with good ethical practice, Spanish businesses are among the best represented – of the 6 000 participating companies, over 800 are Spanish.[4]

Ambitions for a responsible private sector are also reflected in the III[rd] Master Plan. It emphasises that Spain's work towards the MDGs can only succeed if public development policies and corporate policies dovetail. Spain therefore established a system to select companies suitable to form public-private partnerships with the ministry, on the basis of social and environmental criteria. It set up a State Board for Corporate Social Responsibility (CSR) in 2008 to promote ethnical business practices among Spanish companies, including those working in developing countries. Two years later, the Development Co-operation Council created a working group to monitor CSR policies in the Spanish private sector and seek the best possible complementarity among private and public policies. The peer team saw evidence of these efforts in Spanish co-operation in Bolivia (Annex C), where the Embassy invites firms to meet the country team and encourages them to share their CSR policy with those involved in Spanish development co-operation. We commend Spain for its engagement in promoting CSR in practice. It should also use its new Enterprise Internationalisation Fund (FIEM) in a way that complements ODA and meets development goals.

Future considerations

- Spain should use its structures for policy coherence by:
  - Informing its embassies and co-operation offices on the bilateral policy context in which development co-operation takes place, so that they can develop a clear whole-of-government statement of how they intend to support development with both ODA and non-ODA means.
  - Ensuring that the bodies overseeing policy coherence for development inform each other and work hand in hand, so that cabinet, the Development Co-operation Council, and civil society can each play to their strengths.
- To improve monitoring , Spain's administration will need to:
  - Get its Focal Point Network working and ensure sufficient capacity at the ministry to analyse and consolidate the information it produces.
  - Capitalise on resources outside the government, such as the Development Co-operation Council, NGOs and universities to analyse the consequences of coherence and incoherence.

- Spain would benefit from applying whole-of-government approaches more systematically, for example by having whole-of-government country strategies that include both ODA and other efforts for development.

Notes

2 Article 4, informal translation from Spanish.

3 English translation: Policy coherence for development – a pressing agenda.

4 Source: company database on www.unglobalcompact.org.

Chapter 3
Aid volume, channels and allocations

This chapter examines trends in the allocation of Spain's development co-operation resources. It recommends three issues for the future: (i) concentrate aid in fewer countries and setting realistic allocation targets; (ii) review the framework for the MDG Achievement Fund to increase its efficiency and effectiveness; and (iii) enhance the transparency of aid allocations and channels used by all Spanish actors to help increase the global impact of Spanish aid.

Progress since the last peer review

Spain has fully implemented two of the four recommendations made in the last peer review, and partially implemented the other two (Annex A). Its ODA continued to increase up until 2008 and it maintains its commitment to allocate 0.7% of ODA/GNI by 2015. While Spain exceeded its own target of ODA allocation to LDCs, it has still to concentrate more ODA in its priority countries. It has also made progress in forging partnerships – active and silent – and through the new Country Partnership Framework it is addressing opportunities for harmonisation and complementarity with other donors.

A quantum leap truncated by a severe economic crisis

As all DAC members grapple with the effects of the global economic crisis, increasing – let alone maintaining – development assistance volumes is a political and budgetary challenge. However, Spain's efforts over recent years to improve the quality and impact of its development efforts place it in a stronger position to take tough spending decisions. Through strong political and social will, up until 2008 Spain made exemplary efforts to continue its ODA growth path despite the strong impact of the global economic crisis (Annex B, Graph B.1). It doubled its aid as a percentage of gross national income (GNI) – from 0.23% in 2003 to 0.46% in 2009, although this share fell to 0.43% in 2010. Between 2006 and 2010, Spain moved three notches up the league table for DAC donors' ODA/GNI ratio, to reach 11th place. In terms of its ODA volume, Spain ranked 7th in 2010, one place higher than at the 2007 peer review (Annex B, Figure 7).[5]

The Spanish Government was forced to make cuts in the development budget. Spain's aid dropped by USD 438 million between 2008 and 2010 (falling to USD 5.95 billion), and bringing its ODA/GNI ratio to 0.43% in 2010. While this falls short of Spain's targets for 2010 – both the 0.51% target expected of Spain within the EU atio, and the target of 0.56% Spain set for itself in the IIIrd Master Plan – the budget for development co-operation was not cut more severely than were budgets the public administration

overall. This attests to the strong political and social support for development co-operation.

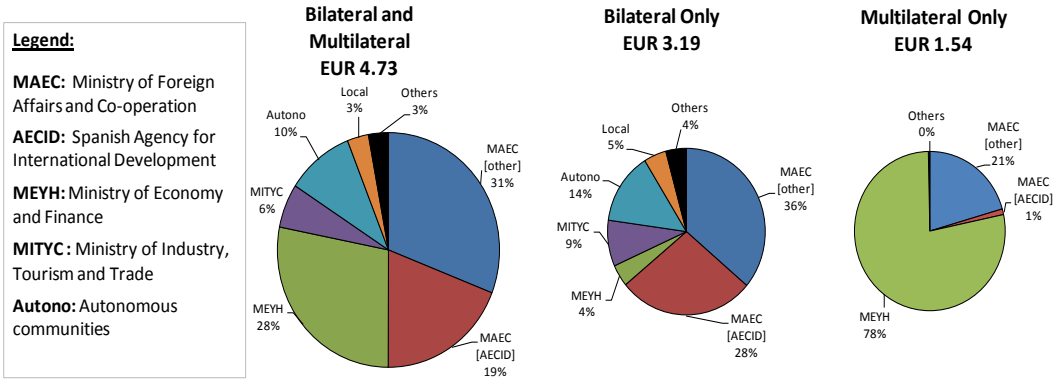
Despite these budgetary challenges, Spain is sticking to its resolve to reach the international target of 0.7% of its GNI as ODA by 2015. It has also set ambitious aid targets for geographical and sector allocations. But even if these targets are more indicative than prescriptive, Spain still has a long way to go to reach them. They will only be achieved if all Spanish actors are truly aligned and working towards the goals and objectives in Spain's Master Plan, and with political will, budgetary and planning work. Spain sees this pause in ODA growth as an opportunity to improve the quality and efficiency of Spanish co-operation – being more effective, selective, transparent and accountable for results. It expects to make new growth forecasts for its ODA before the end of 2011.

In addition to international commitments, Spain has identified nine spending targets in its III[rd] Master Plan. The geographical targets prioritise: (i) Spain's Group A and B partner countries (Table 1), which should receive 85% of geographically distributable ODA in 2012; and (ii) LDCs, which are assigned 0.15% of GNI, with an intermediary goal of at least 25% of geographically allocable ODA to LDCs before 2015. Out of Spain's sector-allocated aid, 25% is for the provision of basic social services, 10% for rural development and the fight against hunger, 9% for gender equality, and 6% for reproductive health. Water is also a priority for Spain as it aims to channel USD 1.5 billion to a special fund over several years. It has assigned two more targets for strategic areas in its III[rd] Master Plan – for research and innovation, and education for development. While it can be helpful to have some targets to work towards, Spain should avoid having too many of them and should treat them as indicative rather than prescriptive. Based on donors' experience, overly prescriptive targets can make it difficult to align to partners' development priorities.

Today, the Ministry of Foreign Affairs and Co-operation delivers half of Spain's development assistance, (19% of ODA is implemented by the agency under the ministry's guidance). As Figure 2 illustrates, the Ministry of Economy and Finance is the second-largest contributor of ODA overall, but provides the largest share of multilateral aid. Autonomous communities and local entities are the third-largest contributors; their contribution focuses on bilateral co-operation.

Figure 9. Contribution to Spain's ODA by actor, 2009

net distributions in EUR billions



Source: *Seguimiento del Plan Anual de Cooperación Internacional* (MAEC/SECI), 2009c

The need for more transparency over Spain's channels for partner countries

Spain's complex institutional structure for development co-operation (as discussed in Chapters 1 and 4) is reflected in its aid statistics. Spain is the DAC member with the highest share of ODA coming from sub-national actors. Of its total net bilateral ODA, 14% is financed by its 17 autonomous communities and a further 5% by local entities. Together, these actors provide close to 19% of net bilateral ODA (Figure 2). Although these shares have decreased since 2005, when together they stood at 26%, they still represent a significant volume of aid. This model – whereby ODA is provided by the state, autonomous communities and local entities – continues to present both opportunities and challenges. It is time to turn the challenges into strengths. Close co-ordination in policy making between Madrid and sub-national actors is indeed important to make Spain's ODA to partner countries more cohesive and transparent (see Chapter 1). Staff and partners in Bolivia confirmed that a more concerted national approach that involves all Spanish actors would help (Annex C).

Spain also channels a significant portion of its co-operation to, and through, NGOs. In 2009, this portion reached 15% of total net ODA, or 21% of its bilateral aid (USD 956 m; MAEC/SECI, 2009c). Spain's autonomous communities' aid to NGOs (42% of ODA to NGOs) almost matches that channelled by the state (45%). This allocation varies from 33% given by the Canary Islands to 94% given by Navarra. The number of NGO partners also varies. For example, Navarra works through 30 NGOs for about 80% of its ODA and through another 96 NGOs for the remaining 20%. To enhance transparency for partner governments, Spain should aim to include all Spanish actors' channels and ODA allocations in the Country Partnership Frameworks.

An increase in allocations to least developed countries and Africa

Consistent with international commitments made in Brussels[6], Spain has made steady progress to shift more of its bilateral ODA to least developed and other low income countries. In 2009 it allocated 29% of its ODA to least developed countries (Annex B, Table 8), exceeding the 25% target in the Master Plan. Over the entire review period, it increased its aid to least developed countries from 12% in 2006 to 33% in 2010, and in that same timeframe it also reduced its aid to lower middle income countries from 68% to 54% (Annex B, Table 8).

Bilateral allocations to Africa increased significantly after 2006 and reached a record 41% in 2009, bringing Spain on a par with other DAC members (Annex B, Table 8). An important part of this shift in allocations is the significant increase of bilateral aid to sub-Saharan Africa – from 18% in 2006 to 27% in 2009.

In 2009, a little over one-quarter of Spain's bilateral assistance (28.6%), or USD 1 billion, went to fragile and post-conflict contexts. This share is lower than other DAC countries but in line with the priority accorded to fragile states in Spain's priority countries (14 of its 50 partner countries are fragile). In 2009, Haiti accounted for the largest portion (USD 147 million), followed by just under USD 100 million each for Palestinian Administered Areas, Ethiopia and Afghanistan. Of Spanish non-core multilateral aid, 55% is allocated to fragile states (OECD, 2011a).

Table 8. III[rd] Master Plan priority countries by income level

III Master Plan (2009-2012) / Country groups	Least Developed countries	Other Low Income countries	Lower Middle Income Countries	Upper Middle Income Countries	50 priority partner countries	Spain's % ODA target allocation	
A - Broad association	8	1	14		23	67%	85% target: Groups A and B combined
B - Focussed association	11		2	1	14	18%	
C - Consolidation of development achievements			6	7	13	15%	
	19	1	22	8			

Source: MAEC/SECI (2009a), *Plan Director de la Cooperación Española- Documento de lineas maestras.* Aprobado por el Consejo de Ministros el 13 de febrero de 2009, Madrid

The need for geographic concentration

As discussed in Chapter 1, Spain is struggling to concentrate its co-operation in geographic terms. In an effort to reduce fragmentation, the III[rd] Master Plan cut the number of priority countries from 56 to 50 (Chapter 1, Table 1). Spain has set itself the target to allocate 85% of gross bilateral ODA that can be geographically allocated to countries in Groups A and B by 2012 (Table 4). While this target would help Spain invest its ODA in those countries where it has partnership frameworks, it still needs to make significant efforts to reach it, as in 2009 it disbursed only 64% to these two groups (MAEC/SECI, 2011a).

A further indicator of the fragmentation of Spain's bilateral aid is that it is among the DAC members which least concentrate their aid (OECD, 2010c). In 2009, Spain was a significant partner[7] in 52 (or 46%) countries, but only 26 of these countries belong to the 50 priority countries that Spain has identified in its Master Plan. This does not seem consistent with Spain's commitment to concentrate aid in its priority countries. Spain should set out a clear and realistic plan for achieving its geographical target by 2012.

Visible commitment to multilateralism and a selective approach

Since the last peer review, Spain has become an important strategic partner for multilateral agencies; in 2009, it was the 7th largest DAC donor to multilateral agencies' core budgets. Its financial contributions to, and through, multilateral institutions grew even before it had approved its 2009 Multilateral Co-operation Strategy (Chapter 1).

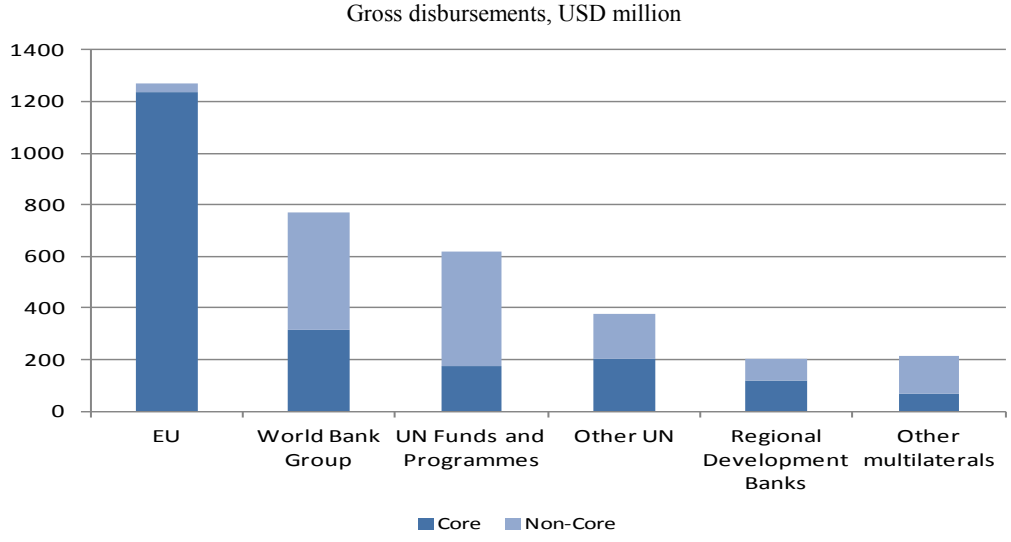
Spain's core contributions to multilateral agencies have almost doubled since 2005, growing at the same rate as Spain's ODA. The share of multilateral aid within Spain's ODA has fluctuated somewhat, but averaged about 36% between 2005 and 2009. The most significant change was an increase of core funding to the UN during that time, from USD 48 to 375 million. Spain also increased its contributions to the International Development Association (IDA) from USD 122 to 317 million, and to the African Development Bank from USD 53 to 78 million. In addition, Spain contributes significantly to the Global Fund to fight AIDS, Tuberculosis and Malaria since 2006, with more than USD 200 million in 2009.

Spain concentrates its core multilateral aid well. Consistent with its III[rd] Master Plan, Spain intends to concentrate 80% of its multilateral contributions on ten international organisations – in 2009, it reached 76% (MAEC/SECI, 2009c). EU institutions, the UN funds and programmes, IDA, the regional development banks, and the Global Fund

together receive 87% of Spain's core multilateral ODA. This concentration is higher than the DAC average for these agencies, which is just over 81%.

Spain also makes good and strategic use of multilateral organisations beyond its contributions to their regular (core) budgets (Figure 3). Overall, it channels 51% of its ODA - both core contributions and contributions earmarked for specific programmes - through multilateral organisations (the DAC average is 40%; OECD, 2011a). Of its total multilateral support for 2009, 39% was non-core, making Spain one of the donors with the highest share of non-core ODA, along with Australia, Norway, and the United States (*ibid*.). Spain's non-core funding is strategically targeted and aligned with the III[rd] Master Plan, covering contributions to global thematic funds for sectors prioritised by multilateral organisations and contributions to geographical or regional programmes. Allocations for the latter are included in Spain's Country Partnership Frameworks and its operational programme, which are allocated at field level (AECID, 2009).

Figure 10. Spain's multilateral and non-core multilateral ODA, 2009



Source: OECD (2011a), *2011 Report on Multilateral Aid*, OECD, Paris

It is too early to assess the impact of Spain's new multilateral approach and whether the shift in allocations equates with more selective multilateral partnerships. The next peer review will re-visit this question. As noted in Chapter 1, since 2010 Spain has begun to conclude strategic framework agreements with selected multilateral organisations whose programmes and mandates coincide with Spain's sector priorities in its III[rd] Master Plan. The agreements foresee indicative funding up to USD 560 million for UNDP, USD 141 million for UNIFEM and USD 280 million for UNICEF. Agreements have also been concluded with UNHCR and UNFPA, and are planned with ILO, IFAD, and WFP. As a separate form of financial co-operation, Spain concluded a new loan arrangement with IFAD in 2010 for USD 397 million. It would be worth exploring in the next peer review how effective this kind of financing is for development.

Spain's strategic framework agreements are anchored in the aid effectiveness principles, they are results oriented and will be evaluated mid-term and on completion. The agreements refer to the use of performance evaluations carried out by the Multilateral

Organizations Performance Assessment Network (MOPAN) which Spain joined in 2009, and in whose joint evaluations it has participated since then.

Lessons from Spain's participation in the MDG Achievement Fund

Through the Spain-UNDP Fund for the Achievement of the Millennium Development Goals, Spain signals its interest and trust in the multilateral system. The fund supports poverty reduction and innovative actions intended to have a high impact in select countries and sectors. Managed by the Partnerships Bureau in UNDP, the MDG Achievement Fund operates within the framework of the Millennium Declaration's global partnership for development and the aid effectiveness principles of ownership, alignment, harmonisation, results-orientation and mutual accountability. Originally launched in 2006, it aims to get all UN agencies to work as one, and to strengthen the coherence and efficiency of the UN system on the ground while empowering national authorities to lead their own development. Spain backed the MDG Achievement Fund with an initial lump sum contribution of USD 700 million for the period 2007 to mid-2013, followed by an additional contribution in 2008 of USD 123 million. In addition, Spain – along with the UK and Norway – created the 'Delivering as One' Expanded Window in 2008, to which Spain contributed an extra USD 144 million.

While most interviewees consulted for this peer review highlighted the positive intention and goals of the MDG Achievement Fund, they also noted that the joint implementation of programmes on the ground was hampered by a number of flaws in the design of the fund. We encourage Spain to draw on lessons from the independent mid-term evaluations of the joint programmes and use all other monitoring and reporting information to improve the fund. To get the most value for its investment, Spain should ensure that the agency has the necessary staff capacity at headquarters to oversee the quality of the fund, and in field offices to monitor progress of the joint programmes.

Efforts to reduce sectors and prioritise cross-cutting issues

Greater concentration on fewer sectors

As part of Spain's efforts to concentrate its aid, the methodology for Country Partnership Frameworks sets out indicative spending targets for each group of Spain's 50 priority partner countries (Table 1): (i) Group A (broad association): three sectors are prioritised, with a limited number of interventions per sector; (ii) Group B (focused association): one sector, or more than one sector but with a common approach, identified jointly with the partner country, and a selective use of instruments; (iii) Group C (consolidation of development achievements): strengthening inclusive public policies, promoting South-South and triangular co-operation, and providing global public goods.

One of the sectors prioritised in the IIIrd Master Plan is social infrastructure and services. Spain spent an average of 42% of its aid on this sector (2009/10 average; Annex B, Table 5). This share has grown since the last peer review, when it was around 31% (2004/5 average), which seems to reflect Spain's efforts to focus its aid. Spain has set itself the explicit target of providing 25% of its ODA to basic social services – it almost reached this in 2009 with 24%.[8] Statistics show that Spain continues to allocate most aid to water and sanitation, governance, education and health.

Greater efforts required to reach Spain's gender equality target

In line with the high priority given by Spanish development co-operation to gender equality and women's empowerment (Chapter 1), Spain increased the volume of aid for gender activities between 2005 and 2008, as reported against the DAC policy marker. It screens almost all of its aid against this marker (96%). Spain is the largest contributor of all DAC members to civil society organisations and ministries dedicated to gender equality.[9] Overall, its allocations to gender equality peaked in 2008 with its substantive voluntary contributions to the UNIFEM Fund for gender equality and the Water Fund.

Nonetheless, the total share of Spain's bilateral ODA to gender equality issues is lower than the DAC average (OECD, 2011f). Spain is also struggling to reach its own target of 15% of bilateral, sector allocable ODA for gender equality institutions and reproductive health programmes, reaching only 5.8% in 2009.[10] Over the period 2007-2009, the share of aid for reproductive health has increased, while that for gender equality remained stable.[11] Spain should match its political commitment to gender equality and women's empowerment with appropriate resources.

Aid to environment is growing

Another of Spain's four areas of special attention in its current Master Plan is environmental protection, natural resources and climate change. Since 2007, Spain has significantly increased its aid for the environment, from 16% (2006-07 average) to 38% (2008/9 average).[12] Environment-focused aid reached almost USD 1.04 billion in 2008-09, up from 258 million in 2006-07[13]. Within this funding, Spain has specifically increased its aid to climate change mitigation from 1.9% of its bilateral aid in 2006-07 to 9.6% in 2008-09 (OECD, 2011e).

As part of its environment-focused aid Spain contributes to the water and sanitation sector. It provided 10% of its total bilateral ODA to this sector (2008-09 average, Annex B, Table 5), and was the fourth largest DAC donor to this sector in 2009. In 2007, it created the Water and Sanitation Co-operation Fund for Latin America and the Caribbean, which started operating in 2009. Of the USD 1.5 billion it is expected to channel to this fund over several years, USD 938 million have been disbursed to date.

A new funding structure to improve the quality of Spain's development co-operation

Spain's new Fund for the Promotion of Development (FONPRODE), officially established in October 2011, aims to improve the quality of Spain's aid by being focused on poverty reduction and the MDGs, providing fully untied funding linked to the Master Plan through programme-based approaches, and allowing for rapid response to humanitarian crises. The 2010 legal mandate for this fund separates the foreign ministry's development co-operation funding from Spanish commercial interests (Chapter 1). The Ministry of Industry, Tourism and Trade will instead use the new Enterprise Internationalization Fund (FIEM) as its financial instrument to promote Spanish exports and direct Spanish investments abroad. This legal change has been designed to give greater independence to development funding, and improve the cohesion of Spanish co-operation by equipping the ministry with a flexible and effective management tool.

The impact of the positive reforms related to the establishment of FONPRODE will hinge on the amount of ODA that is channelled through this fund. Currently, this share is

comparatively small (only 22% of ODA in 2011). Only if FONPRODE covers a significant share of Spanish ODA will this reform significantly benefit Spain's development efforts. Also, it remains to be clarified whether the new separation of FONPRODE and FIEM will lower ODA overall (as certain elements will no longer be counted as ODA) and what impact this may have on the growth pattern of Spain's ODA.

Future considerations

- Spain should concentrate its ODA on fewer countries in its next Master Plan (2013-2016), and back up its allocation targets with a clear plan.

- To support its efforts to get greater impact in fewer priority countries, Spain should aim to include all Spanish actors' channels and ODA allocations in the Country Partnership Frameworks. This would enhance transparency for partner governments.

- We urge Spain to conclude the remaining three strategic framework agreements with multilateral organisations as the final step in its new strategy for its multilateral ODA. This will fulfil the mandate of its current Master Plan before it expires in 2012.

- Spain should learn from its lessons in implementing the MDG Achievement Fund and use the fund's mid-way point to take stock and make adjustments to further maximise the impact of Spain's investment.

Notes

5 All figures for 2010 are preliminary.

6 Third UN Conference on the Least Developed Countries (Brussels, 14-20 May 2001): Programme of Action for the Least Developed Countries for the Decade 2001-2010

7 By "significant" we mean that: (i) for each partner country Spain is among the largest donors that together account for at least 90% of all aid to the country; and/or (ii) provides a higher percentage of the partner country's aid than it provides of total global CPA (in 2009 this was 2.8%) (OECD, 2010d).

8 This DAC figure reflects bilateral, sector allocable commitments; the figure for disbursements is the same.

9 This corresponds to DAC Sector Code CRS 15170, "women's equality organisations and institutions".

10 This percentage reflects the sum of DAC Sector Code 130 plus purpose code CRS 15170 (commitments) as a share of bilateral sector allocable aid commitments. Although Spain puts this figure at 9.5% (MAEC/SECI, 2011a), using disbursement figures, DAC policy markers always apply to commitments.

11 This percentage reflects gender-oriented aid as a share of all bilateral sector allocable aid that is screened against the gender marker.

12 This percentage reflects bilateral sector-allocable aid screened against the environment marker

13 Source: OECD (2011): Aid in Support of Environment, March 2011, based on DAC data for 2008-2009 and available at http://oe.cd/1D and OECD (2009), Aid in Support of Environment, July 2009, based on DAC data for 2006-2007 and available at http://oe.cd/1E

Chapter 4
Organisation and management

This chapter looks at the institutional structures and management processes that support the effective implementation of aid policies. In a context of "doing more with less", Spain needs to be even more strategic and have clearer policies for resource decisions so that these support a results-oriented business environment. Spain should consider the following four actions: (i) improving co-ordination within the Spanish system and its impact in priority partner countries; (ii) developing a human resource policy that allows for more mobility; (iii) empowering staff for greater organisational efficiency; and (iv) reviewing its funding instruments for NGOs.

Progress since the last peer review

Spain has made some progress on all recommendations of the previous peer review relating to organisation and management (Annex A). It has improved co-ordination among Spanish actors in the field, but could do more to capitalise on the strengthened dialogue mechanisms to increase the impact of Spanish co-operation. Progress made to recruit a professional cadre of programme and project managers is encouraging, but Spain has yet to address mobility between headquarters and the field. Spain has delegated more authority to field offices for programme definition and backed this with strengthened policy capacity in headquarters. However, decisions on financial and human resources are still highly centralised.

A stronger institutional structure for development co-operation

Spain has a well-established institutional structure with the necessary autonomy to implement its policy on development co-operation. The Ministry of Foreign Affairs and Co-operation, with its State Secretariat for International Co-operation (Figure 5), is the pillar institution for Spanish co-operation. It implements a rapidly growing share of Spain's ODA, from 19% in 2004 to 50% in 2009. This increase in the share of ODA that is managed by the core development institution within government helps Spain deliver an increasingly cohesive programme. The Spanish Agency for International Development Cooperation, which implements the programmes, is accountable for about one-third of the ministry's ODA (MAEC/SECI, 2010b).

In 2008 the State Secretariat strengthened the Directorate General for Development Policy Planning and Evaluation (DGPOLDE). The Directorate General – which now has 29 staff – is strategically positioned as the policy hub within the Spanish co-operation system, and is responsible for formulating policy, strategic planning, and evaluation. Its reinforced mandate includes the responsibility to design and monitor policies against the aid effectiveness principles, promote policy coherence, and lead efforts to co-ordinate all

Spanish co-operation actors. It designs all policy (with the exception of humanitarian policy, which is under the agency's guidance; Chapter 6).

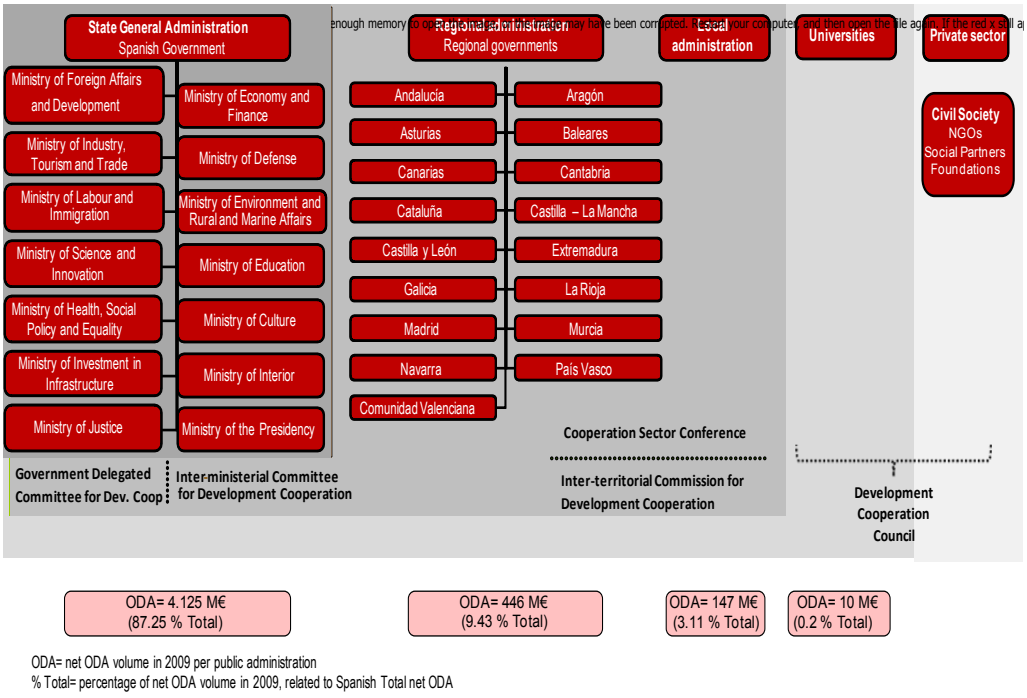
The main implementing agency has grown into an integrated and cohesive entity with more capacity to assure its quality. In 2009, its Director's Office was reinforced with a Programming and Aid Quality Unit and a unit to design and implement a strategy for development education and awareness. Since 2007, another 144 staff have joined the agency, raising the headcount to 1 320; of these 57% work in the field offices. The agency operates 43 technical co-operation offices worldwide , 16 cultural centres, 6 training centres, and a rapidly growing annual budget, close to EUR 1.3 billion for 2010 (MAEC/SECI, 2011a).

Another structural change in Spain's development agency is the creation of a new dedicated unit to run the Fund for the Promotion of Development (FONPRODE), the new funding instrument set up to channel a portion of Spain's ODA (discussed in Chapter 3). The intention to link Spain's Master Plan explicitly with ODA resources through FONPRODE is a positive step towards more effective development.

How can co-ordination be improved?

Within the range of organisational models used by DAC members, Spain's model clearly separates policy and implementation of development co-operation. Although this model is similar to that of nine other DAC members (OECD, 2009a), Spain's institutional structure is more complex, and may require greater efforts for cohesion than those of other donors, as the significant role played by sub-national entities adds further complexity to bilateral, multilateral, and civil society involvement. Aid is allocated by 14 ministries within the general state administration, 17 autonomous communities, and over 8 000 local entities (Figure 4). Seven of the autonomous communities have their own co-operation agencies, while others have a Directorate General within their respective regional government. Although the Ministry of Foreign Affairs and Co operation and the Ministry of Economy and Finance together implement 78% of Spain's ODA (MAEC/SECI, 2009c), Spain's multitude of delivery channels – with 17 000 projects in total - means that close co-ordination is necessary to reduce dispersion of efforts and resources (Chapter 3).

Figure 11. Spanish development co-operation system



Source: MAEC/SECI (2011a), *Memorandum for the Peer Review of Spain*, Madrid, April 2011

Spain has five bodies that co-ordinate, consult and advise on development co-operation, as illustrated in Figure 4. Two of them co-ordinate ministries, two co-ordinate national and decentralised governments, and one is an advisory body consisting of public and private sector entities and NGOs. Among these five bodies, the two high-level ones are new since the 2007 peer review – one for interministerial co-ordination, and one for co-ordination of national and decentralised governments:

- The ***Delegated Committee on International Development***, created in 2008, is chaired by the Vice-President of the government and gathers Ministers. It aims to improve dialogue within Central Administration Departments and to arbitrate among different national policies (which is why it is highly relevant for policy coherence for development, as described in Chapter 2). It complements the ***Inter-ministerial Committee for Development Cooperation***, which is mandated to establish directives to facilitate co-ordination, and prepares proposals for the Master Plan and the Annual Plan for International Co-operation;
- The ***Sector Conference on Development*** (Chapter 2), created in 2009, gathers once a year to bring together high-level national, regional and local policy makers in charge of development policies. It complements the ***Inter-territorial Commission for Development Co-operation***, which brings together public administrations (general state, regional governments, and local authorities) carrying out development co-operation with a view to improve the coherence and complementarity of their activities and provide inputs for the Master Plan and the Annual Plan for International Co-operation.

The fifth body is the ***Development Cooperation Council***, an advisory body consisting of the general state administration, civil society, and the private sector, and mandated to facilitate co-ordination in the design of development co-operation policy. It is attached to the ministry through the Secretary of State, (and has a working group that advises specifically on policy coherence, which we described in Chapter 2).

Although Spain has created new bodies for co-ordination, it has not advanced its thinking on how it intends the different actors to work better together to strengthen the strategic planning and delivery of Spanish co-operation. It is critical that information gathered in these different bodies is used effectively to inform technical, policy and strategic decision making across government in a transparent way. Spain should consider how this set of co-ordinating bodies can function better together to improve the quality and impact of Spanish co-operation.

Good practice in cross-ministry co-ordination: multilateral aid and debt swaps

Spain has several positive examples of inter-ministerial co-ordination on ODA spending. One of them is its cross-ministry work under the 2009 strategy for multilateral aid (MAEC/SECI/DGPOLDE, 2009). It aims to ensure a whole-of-government approach that fosters consistency among all 11 ministries which provide multilateral contributions. Each ministry has a focal point for multilateral aid. These focal points meet in the inter-ministerial committee and will soon also meet on the FONPRODE committee, as well as at sector co-operation conferences with autonomous communities. Within the Ministry of Foreign Affairs and Co-operation, the Directorate General engages with multilateral organisations over policy and planning of financial contributions, while the agency is mainly responsible for multi-bilateral aid, programmatic and regional funds. A working group for multilateral aid helps co-ordinate multilateral co-operation between the Directorate General and the agency. This working group also aims to strengthen complementarity and communication among the various units within the agency responsible for multilateral co-operation – including its geographical directorates, the cultural and scientific relations directorate, sector and gender equality unit, and the humanitarian office. To reap the benefits of its use of, and investment in, the multilateral system, we encourage Spain to ensure that the working group serves as an effective platform to capture information among the units dealing with multilateral co-operation, to draw on lessons and feedback from the field and to relay information relevant for political engagement and strategic planning to the level of the Directorate General. In addition, to ensure Spain's strategy for multilateral aid is implemented and its strategic frameworks with select multilateral organisations are managed effectively, it is important that all the units work under common guidance and tight collaboration through the co-ordination group.

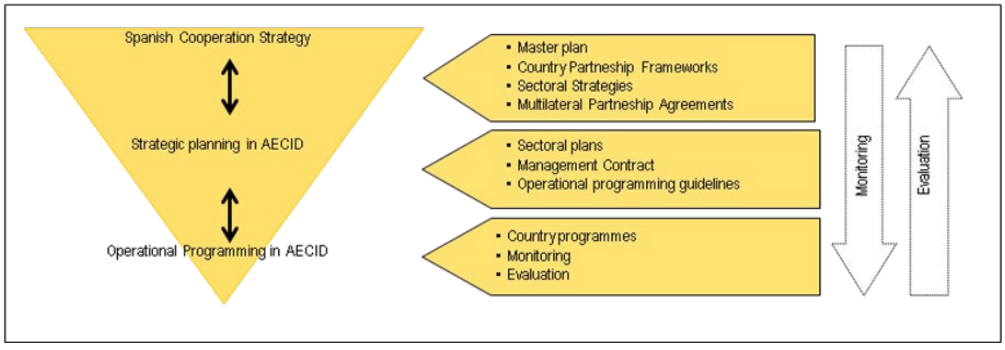
Spain's debt swaps, which amount to over EUR 380 million over the peer review period, offer another example of improved collaboration among ministries. Through this mechanism – a practice similar to the one used by Germany and Italy – Spain cancels public or private debt, guaranteed by the Spanish Export Credit Guarantee Agency. In return, the debtor – a partner country – invests part of the cancelled amount in development projects following conditions agreed by the two countries. This can benefit all participants: Spain raises its levels of ODA; the debtor increases investment in social areas while reducing its external foreign debt; needy communities benefit from new investment and from the monitoring and participation in projects by civil society. In Bolivia, where a debt swap is in place (Annex C), the Bolivian Central Bank paid 60% of

the debt to the Ministry of Planning, which used it to finance one of the country's priority sectors for development (education), while Spain cancelled the remaining 40% of the debt. The success of this transaction is helped by the fact that debt swaps are no longer driven only by one ministry - the Ministry of Economy - but rather by a new, co-ordinated inter-ministerial approach. The agency's Co-operation Office now has a say in the sectors in which the funds are invested, ensuring consistency with Spain's Country Partnership Framework for Bolivia. We encourage Spain to follow similar approaches in all its future debt swaps.

Tools for better results

Spain has proven its resolve to improve the quality of its co-operation by establishing a system for managing for development results (Figure 4). It has introduced three new tools for development co-operation since the last peer review: (i) a management contract for its development agency; (ii) Country Partnership Frameworks supported by operational programmes; and (iii) Strategic Partnership Frameworks with a select number of multilateral organisations. Each of these is discussed further below. In addition, Spain has taken steps to design a risk management system for the agency.

Figure 12. Spain's tools for development co-operation



Source: MAEC/SECI (2011a), *Memorandum for the Peer Review of Spain*, Madrid, April 2011

The introduction of a management contract for Spain's development agency in 2009 is changing how Spanish Co-operation plans and delivers its programme. The state requires management contracts for all agencies in order to improve public services. The contract aims to make the agency more results-oriented. Under the first contract (2009-2010) the agency took concrete actions to improve planning and programming with the implementation of the new Country Partnership Frameworks and Strategic Partnership Frameworks with multilateral agencies through its annual operational programming plans and its Sector Action Plans.

Country Partnership Frameworks are mainly established with Spain's partner countries in Group A ('broader association'; Table 1) and last between three and five years. These bode well for delivering field-driven development programmes. The associated annual operational programming plans guide the implementation and monitoring of the frameworks and allow the framework to adapt to changes in the partner country (AECID, 2011b). Formal feedback is planned through the country-based co-ordination mechanism and an annual meeting of the Joint Monitoring Committee between Spain and the partner country. The final evaluation of the Country Partnership

Framework is independent and learning-oriented. It is preferably conducted by a local evaluator in-country, chosen in agreement with the country-based co-ordination mechanism and done jointly with the partner country. One of the first of these new Country Partnership Frameworks was signed with Bolivia late in 2010 (Box 3). We encourage Spain to back up this new country-driven tool with well defined and effective support from headquarters. For instance, staff in the field stressed the value of sector action plans, prepared by headquarters, for the development of Country Partnership Frameworks. In addition, the country offices should secure the buy-in of all actors throughout the life and implementation of the framework agreement.

Box 3. Spain's strategy to achieve greater impact and more sustainable development results – the example of the Country Partnership Framework in Bolivia

Spain has introduced new Country Partnership Framework agreements which are driven from the field (MAEC/SECI, 2011b). The first Country Partnership Frameworks were signed with El Salvador, Ecuador, and Bolivia. The agreement with Bolivia, signed in November 2010 for 2011-15, is the result of a process to build consensus with the Bolivian government, civil society in Bolivia, Spanish co-operation actors and the broader donor community in Bolivia. Through this new framework, Spain ensures that its co-operation is aligned with Bolivia's National Plan for Development, and that it further concentrates its aid, in line with the EU Code of Conduct on Complementarity and Division of Labour. The following operating principles make it an example of good practice:

- Country-driven and firmly anchored in an inclusive process with multiple actors in the field.
- Seen as a dynamic management tool to maintain open and ongoing dialogue with all stakeholders throughout the life-cycle of the framework agreement.
- Specifically tailored to implement the aid effectiveness principles: aid is more predictable through an indicative multi-annual (3-5 years) budgetary planning framework linked to a development results framework.
- Establishes a common roadmap for action which is adapted to Bolivia's context, reflecting a realistic partnership that is achievable within the political, economic and social setting.

Consistent with the IIIrd Master Plan for Spanish Co-operation (2009-2012) and the methodology for the Country Partnership Framework, country-based co-ordination mechanisms (*Grupo Estable de Coordinación*) are established to take responsibility for strategic direction, monitor the effective partnering of all Spanish co-operation actors in Bolivia, and adapt the Country Partnership Framework to changing circumstances as necessary. Therefore, the country-based co-ordination mechanism is a space through which all Spanish co-operation actors in the field can achieve joint progress by exchanging information, co-ordinating and seeking complementarities among actors.

Spain is making efforts to introduce good practice in how it works with multilateral organisations. The strategic partnership frameworks between the Foreign Ministry and eight multilateral organisations (Chapter 1) are aimed at concentrating multilateral flows and making them more efficient, while playing to the strengths of those multilateral organisations that operate in Spain's priority areas of co-operation in the IIIrd Master Plan. Based on these agreements, Spain aims to increase core funding and make it more predictable by committing funds for three to five years, in return for greater accountability. Spain seeks to align its frameworks with the strategic plans of these organisations, to accept their standard reporting, and to co-ordinate evaluations and joint knowledge management activities with other donors. In addition, the performance criteria

contained in the partnership frameworks are based on reports by the multilateral agencies' boards, MOPAN, and Spain's field offices.

In a positive step in 2011, Spain has initiated plans to set up a comprehensive risk management system – based on international standards[14] – to improve the agency's management and increase the guarantee that it will fulfil its objectives. Having recently approved a code of ethics and taken the first step to map risks, Spain is encouraged to implement the next key parts of the planned risk management system, ensuring that it addresses the kind of institutional and programmatic risks referred to in Chapter 6. Since staff interviewed for this review were not yet aware of Spain's new risk management system, communication and training will be particularly important. Spain should ensure its staff at headquarters and in the field receive information and training on risk management to help them adjust work practices and deal with risk in all operations.

Creating an evaluation culture

Spain's strong commitment to building an evaluation and learning culture is evident in its strategic policies and documents, and its increasing number of evaluations. Its Master Plan puts improving monitoring, evaluation, and knowledge management at the heart of Spain's commitment to managing for development results (MAEC/SECI, 2009a). Its evaluation policy, which refers to OECD DAC guidance on evaluation, is implemented by a dedicated division in the Directorate General for Development Policy Planning and Evaluation. This unit is independent from the planning entity of the Directorate General and from operational departments (MAEC/SECI/DGPOLDE, 2007). It is responsible for strategic, sector, thematic and country level evaluations and conducts an average of three per year. The development agency, which has only one staff member dedicated to evaluation, has seen the number of evaluations increase four-fold in the last three years (2007-2009), from 100 to 400. Much of this sharp increase is a consequence of a requirement for all NGO agreements above a certain value to be evaluated. Further analysis in relation to NGOs is provided later in this chapter.

The need for more policy-level impact evaluations

Despite its strong political will to create an evaluation culture, our consultations with staff at headquarters and in the field indicate that Spain has been slow to translate this commitment into practice, and to bring about the kind of behaviour change necessary to manage for development results. This point was also made in a recent OECD study (OECD, 2010b). Spain has, however, made encouraging steps, using information from evaluations to improve its IIIrd Master Plan, and to improve the agency's management through a new management contract. Furthermore, it has made evaluation an important part of the new Country Partnership Frameworks and strategic framework agreements with multilateral organisations. Spain should build on these examples, and become more strategic about what it evaluates. For example, it may wish to consider targeting evaluation resources and efforts to high-risk or innovative programmes which would provide the most valuable lessons. These more strategic evaluations could be balanced with more routine evaluations to fulfil accountability purposes for projects and programmes of a certain size. Spain should ensure that it defines from the outset how evaluations can be best used for future programming adjustments. This would entail placing more emphasis on assessing programme impact, in addition to assessing how money was spent (Chapter 5). This will require Spain to adjust its institutional practice

and balance its output-oriented, control-focused evaluations with more policy-level impact evaluations, and link these to results reporting and learning.

Matching evaluation resource increases with capacity

To improve the quality of evaluations, Spain has recently quadrupled the annual budget of the Evaluation Division in DGPOLDE (for 2010/11). Spain should sustain this increase to stabilise resources and enhance the Evaluation Division's capacity to plan and inform future strategies and policies. In creating an evaluation culture, Spain will need to ensure that its development agency, too, has sufficient capacity to direct and digest a growing volume of evaluations of projects and programmes.

Allocating resources strategically

With a difficult economic context and budget austerity likely to continue for some years, the pressure is tremendous for greater organisational efficiency and leaner supporting systems. While Spain has brought about an unprecedented level of ODA growth since 2003 and introduced many solid structural changes to align its institutions with the overall strategy for Spanish co-operation, doing "more with less" will now become the norm. Spain will need to demonstrate results in a more strategic way.

The geographical dispersion of Spain's co-operation (Chapter 3) has consequences for management and resources, and entails a risk for Spain to spread its staff and capacity too thinly. As part of formulating clearer selection criteria for partner countries (Chapter 1), Spain should also establish clearer principles for closing, maintaining, or opening new field offices so that these management and resource decisions match its strategy to concentrate more aid to priority partner countries.

Ensuring expertise in all of Spain's 12 priority sectors and 5 cross-cutting issues (Table 2) requires considerable staff capacity – at headquarters to provide strategic guidance, and in field offices to formulate and carry out sectoral programmes. DGPOLDE and the agency have 26 civil servants that act as sector experts, and hire external experts to work with them as needed. These experts cover all 12 sectors; most of them work on democratic governance, peacebuilding, water and sanitation, and economic growth. The agency has recently increased its number of specialists on aid effectiveness, and on cross-cutting issues such as gender equality and environment. With 34 gender focal points in its co-operation offices (most of whom are experts in their field) backed by one civil servant at the Directorate General Spain has considerable capacity on gender equality issues. On environmental issues, too, both the agency and the Directorate General have dedicated staff, although headquarters staff consider their capacity to be insufficient to cater to the needs of the 22 focal points in co-operation offices, given the priorities on environment are not always well defined (Chapter 1). This situation underscores that it will be important for Spain to allocate staff expertise strategically, once it has reduced the geographical and thematic focus of its development programme.

Clearer human resource policies and greater staff empowerment

Spain has made some progress on human resource issues since the last peer review, but much more is required in relation to mobility and career management. The large-scale recruitment of a professional cadre of programme managers (93) and project managers

(120) allows Spain to engage more directly with partner countries; this was confirmed to us by the Spanish co-operation office in Bolivia. The remaining long-term challenge is to allow for greater mobility between headquarters and the field and among field offices. This will help Spain to capitalise on staff knowledge and field experience in order to implement strategic planning and programming frameworks for results and impact. A mobility and career management policy would enhance Spain's ability to attract and retain high quality development experts. With the foreseeable turnover of programme managers who are required to change field offices every five years, and the foreseeable phasing out of the positions for deputy heads in field offices which will be replaced by programme manager positions[15], Spain should develop a medium-term resource plan for mobility and staff rotation to facilitate smooth staffing changes and safeguard institutional competence. This aspect should be reinforced in the next Management Contract (2011-2014). In addition, and to preserve institutional knowledge acquired in partner countries, the agency should consider having a policy that allows for greater employment continuity and responsibility for locally recruited partner country nationals (currently 438) who are working on substantive issues.

A key pillar of Spain's human resource policy should be the introduction of a performance management system. Although the Basic Statute of Public Employees (2007) makes performance assessment compulsory for every administration in Spain, there is no such system for public servants in the Ministry, but the central government and autonomous communities are currently developing this regulation further (OECD, 2011h). The agency, too, still lacks a performance management system. We encourage Spain to introduce a performance management system, based on key performance indicators, which would:

- increase management responsibility,
- encourage individual ownership for career development, including mobility,
- increase personal accountability for responsibilities assigned, and
- support a business environment that focuses on results, outcomes and impact.

In addition, and given budgetary pressures, management should consider empowering staff at all levels, recognising innovative ways to create organisational efficiencies in a context of "doing more with less", and rewarding results-oriented behaviour. Both the ministry and the agency's next Management Contract should clearly require human resource policies that cover mobility, career management and a performance management system.

With Spain's shift to Country Partnership Frameworks and more programmatic approaches, it is questionable whether the degree of authority delegated to the field is sufficient, with financial and human resources decisions highly centralised in headquarters. Many staff believe that this situation should change. In a survey the agency recently undertook for this peer review, respondents said that staff in the field had a high level of responsibility for defining programmes, but little authority in financing decisions. Some respondents saw this as a major obstacle to credible field-driven programming (AECID, 2011a). A similar point had already been made in a 2009 management survey (MAEC/SECI, 2011a) in which 83% of respondents said that delegation of authority to the field should be a key priority for the organisation. Spain's evaluation of the implementation of the Paris Declaration (MAEC/SECI, 2010a) also confirmed this finding, which is consistent with a trend observed in a survey of DAC member countries

on decentralisation (OECD, 2009b). Increased delegation of authority would allow Spain to work more effectively in partner countries.

Ensuring new corporate systems support change management

In a positive step, the Directorate General and the agency are investing in a major modernisation of their information systems. Since 2008, DGPOLDE has been working on a new information system for on-line data collection of Spanish ODA. This system, which links databases of the agency and the Spanish Federation for Local Administrations (FEMP), is expected to help in managing for development results and reducing ODA fragmentation whilst enhancing transparency. The agency is implementing a new Information System for Strategic and Unified Management (Plan/SIGUE) that aims to unify, simplify, standardise and automate internal procedures and consolidate information for decision making.

As these new corporate management systems will affect working practices across the institutions, Spain should communicate clearly and broadly the objectives, benefits, and impact of the new systems to help staff embrace and absorb the changes required in practice and behaviour. It should use this major opportunity to boost the learning culture across the institution, facilitate the cross-fertilisation of ideas and lessons among field offices and between headquarters and the field, and support a business environment that focuses on results.

NGOs: funding instruments need to be a function of policy

As discussed in Chapter 1, Spain needs a new policy for working with CSOs and NGOs. The policy – which is the responsibility of the Ministry - should drive the funding instruments that would be most appropriate for the agency to manage NGO-financed programmes and projects that deliver measurable results, achieve the priorities of partner countries and help reduce poverty.

Spain's development agency spends 20% of its annual budget to fund NGOs (EUR 220 million). At present it uses two funding instruments for NGOs – partnership agreements (for 70% of its NGO budget) and projects (30%). Both instruments appear complex and require significant management and staff time; the agency's NGO department has a staff of 30 to administer these funds. On the one hand, the design of the partnership agreements with AECID-certified NGOs – with a four-year timeframe and a ceiling of EUR 20 million – would seem to be robust and aimed at delivering priorities aligned with the IIIrd Master Plan. On the other hand, the design of the project funding instrument seems very onerous. For example, proposals from NGOs for projects below EUR 900 000 are assessed against 41 criteria and, 150 technical staff from headquarters and the field are mobilised to carry out these assessments. The NGO department is currently managing a total portfolio of 239 partnership agreements and 800-1 000 projects. On average there are about 219 evaluations and 500 reports every year.[16]

The sheer volume of proposals and projects managed, which are likely to increase as more NGOs turn to the agency following budget cuts in autonomous communities, makes one ask whether Spain is making optimal use of its resources in this area of development co-operation. More specifically, the following should be thought about:

a. Does the evaluation of the project funding inform institutional learning?

b. Are the financial reporting requirements fit for purpose?
c. Are any processes generating unnecessary transaction costs for the agency and NGOs and diverting staff time from more strategic duties?
d. Is the design of the interventions results-oriented?

We urge Spain to review its funding instruments to ensure that ODA is allocated in a strategic and results-oriented manner to NGOs – whether they are Spanish, international or from a partner country. Partnership agreements could be rationalised towards fewer but bigger operations. The project funding instrument, too, needs to be redesigned, so that it can be managed with fewer staff resources.

Future considerations

- The ministry should advance its thinking on how its five co-ordinating bodies can work better in concert, and establish a transparent structure of communication between them.
- The agency should back up the field-driven model for Country Partnership Frameworks with appropriate support at headquarters and ensure that field offices strengthen the space for continuous dialogue with all actors throughout the implementation of the Framework.
- The Directorate General should use the substantial increase in evaluation resources to link policy-level impact evaluations to results reporting and learning.
- The ministry should establish clearer criteria for deciding whether to close, maintain or open new field offices and to match decisions with the appropriate level of resources and support in priority partner countries.
- The agency should develop (i) a human resource policy and medium-term plan for staff mobility and rotation to facilitate smooth and effective staff changes; and (ii) a performance management system. Ensure proactive communication on all internal policies and changes in work practices associated with new corporate management systems and the planned risk management system.
- The agency should consider delegating more authority, especially financial authority, to the field to match country-driven planning and greater use of programmatic approaches.
- The agency should review funding instruments to ensure that ODA is allocated in a strategic and results-oriented manner to NGOs.

Notes

14 COSO II – Committee of Sponsoring Organizations of the Treadway Commission.

15 Information provided to peer review team by headquarters and the field office in Bolivia as well as the draft 2011-2014 Management Contract for AECID

16 Figures provided by AECID, May 2011.

Chapter 5
Aid effectiveness and results

Spain has made remarkable progress in making its aid more effective, going far beyond the recommendations of the last peer review. Not only has it made the international aid effectiveness agenda a beacon of its development policy, but it has also thoroughly re-thought and re-designed its programming process and human resource structures to put these principles into practice. The drive to make aid more effective also permeates decentralised and multilateral co-operation, as well as co-operation with NGOs. Its new planning methodology bodes well for greater ownership of programmes by partner countries, placing more trust in their own financial management and procurement systems. Areas where Spain should make more progress include untying the remainder of its aid, and refining its approach to managing for development results.

Progress in implementing the recommendations of the last peer review

Since the 2007 peer review, Spain has become a leader in translating aid effectiveness principles in its policies, strategies and programming processes. An exercise in self-reflection has led to a thorough redesign of its programming process. In doing so, it has implemented the recommendations in the 2007 review: (i) strengthening its orientation towards the aid effectiveness principles, and (ii) prioritising managing for development results (Annex A). And, as this chapter will show, Spain has gone beyond this. It demonstrates its resolve to implement the Paris Declaration and the Accra Agenda for Action with a gradual change in working culture. This chapter suggests that Spain's main challenges for the years ahead are to untie its aid completely, and to refine its approach to managing for development results.

All the ingredients for effective aid: a policy, institutions, and a financial framework

- The aid effectiveness principles have become a guiding beacon for Spain's development policy. They shape the Foreign Ministry's planning, its institutional structures and its financial framework:
- All the necessary policy instruments are now in place. The most important qualitative leap was the IIIrd Master Plan, which commits Spain to the Paris Declaration, the Accra Agenda for Action and the European Consensus on Development. It contains an Action Plan for Aid Effectiveness with 10 priority actions for 2011/12. Since 2009, the aid effectiveness principles have also shaped Spain's strategies, guidelines, and training curricula.

- Two elements are fundamentally changing Spain's planning processes: (1) partnership frameworks – a new *strategic* planning process – driven from the field and overseen by DGPOLDE and the State Secretariat; and (2) the introduction of *operational* programming for the agency, based on results. The agency's latest business plan was also inspired by a 2008 review of institutional incentives for effective co-operation.

- New structures in place to make co-operation more effective include a dedicated aid effectiveness unit in DGPOLDE and the agency and a joint working group for aid quality and effectiveness to connect policy and planning better. DGPOLDE has prepared guidelines for field staff to bring their ways of working in line with the aid effectiveness principles; the agency was assessed on its readiness to implement them. Field staff in Bolivia confirmed that recent exercises, such as developing the Country Partnership Framework, operational planning, or evaluating the Paris Declaration, have brought about more frequent contact with DGPOLDE and the agency.

- The financial framework now helps make the Ministry's funding more effective. The new fund, FONPRODE, will make it easier to channel aid resources through programme and sector-wide approaches, operations that will be prioritised under the fund.

- The new Royal Decree on International Cooperation Grants provides a solid legal framework for using effective aid modalities such as general and sector-wide budget support, global funds, triangular co-operation and delegated co-operation.

From commitment to practice

Spain's policy changes since 2009 have paved the way for significant progress. Results from 2006, 2008 and 2011 surveys monitoring the implementation of the Paris Declaration show that Spain has progressed in all areas but one (OECD, 2007b, 2008b, 2011b, summarised in Table 5). Of the ten collective targets for 2010 to which Spain aspired, it has achieved three (and is close to meeting a fourth): it co-ordinates technical co-operation, uses partner countries' public financial management systems, and joins with other donors at the country-level for analytical work. It has also aligned its aid flows better, makes better use of partner countries' procurement systems, and has significantly reduced the number of parallel implementation structures. The only issue Spain has not made any progress with is using arrangements or procedures that are common with other donors. Other areas requiring more progress include untying more aid, aligning aid flows on national priorities and on budget; and making aid predictable (see also Spain's goals laid out in its Action Plan, MAEC/SECI, 2011c).

Table 5 Spain's performance against the Paris Declaration indicators

Indicator	Spain 2005 (32 countries)	Spain 2007 (32 countries)[1]	Spain 2010 (32 countries)	Spain 2010 (all countries)	2010 illustrative target	Peer review comment on Spain's performance
3. Aid flows are aligned on national priorities and on budget	42%	20%	51%	43%	85%	Some but insufficient progress
4. Strengthen capacity by co-ordinated support	10%	45%	75%	83%	50%	Significant progress - target met early
5a. Use of country public financial management systems	17%	52%	54%	66%	38%	Significant progress - target met early
5b. Use of country procurement systems	14%	57%	65%	77%	N.A.	Significant progress since 2005
6. Avoid parallel implementation structures (PIUs)	59	70	47	51	20	Some but insufficient progress
7. Aid is more predictable	26%	30%	49%	45%	63%	Some but insufficient progress
8. Aid is untied	75%	61%	68%	68%	> 75%	Some but insufficient progress
9. Use of common arrangements or procedures	14%	14%	12%	13%	66%	No progress
10a. Joint missions	9%	23%	44%	31%	40%	Significant progress; target met in the 32 countries, but not overall.
10b. Joint country analytic work	12%	42%	87%	81%	66%	Significant progress , target met in 2010

Source: Sources: 2006, 2008 and 2011 *Surveys Monitoring the Paris Declaration - Making aid more effective by 2010*, OECD, Paris

Aid effectiveness beyond the Ministry of Foreign Affairs and Co-operation

Spain's ambitions to make its co-operation more effective requires efforts from all ministries and actors involved in co-operation. Accordingly, the *Aid Effectiveness Action Plan*, which the Development Council endorsed in January 2011, invites all Spanish co-operation actors to contribute their share to the 10 priority actions (MAEC/SECI, 2011c). Spain engages at four levels to achieve this:

- ***In the Foreign Ministry and with other ministries.*** The Foreign Ministry has set up a joint working group for aid quality and effectiveness, mentioned above. However, given one-third of ODA is spent by the Ministries of Finance and Economy and the Ministry of Industry, Culture and Tourism, it is important that those ministries become part of this working group and similar future efforts.

- ***Among Spain's autonomous communities***. Spain's own evaluation of the implementation of the Paris Declaration notes that some of the more mature co-operation systems at the sub-national level have improved their analysis and understanding of aid effectiveness, though they are yet to apply the principles in practice (MAEC/SECI, 2010a). Among the most progressive communities is Catalonia; it elaborated its development strategy for 2011-2014 on the basis of the aid effectiveness agenda. The meetings of the Inter-territorial commission for Development Co-operation are opportunities to disseminate and discuss aid effectiveness with autonomous communities and local governments.
- With regard to ***multilateral partners*****,** Spain's Strategic Partnership Frameworks emphasise monitoring, evaluation and accountability in line with the Paris Declaration.
- ***With NGOs.*** Effective aid is also one of the key topics on which the state administration engages with NGOs, which are gaining increasing influence in policy-making processes.

Progress on ownership

Spain has built a strong reputation for basing its work on partner governments' approaches, and has clear guidance for this (MAEC/SECI, 2011b). It supports country ownership through its new Country Partnership Frameworks, in use since 2010. The methodology promotes ownership in two ways:

- Spain begins designing a Country Partnership Framework by analysing the degree to which policy making in the given country is democratic, involving local parliament, civil society and advisory bodies. It chooses to align with policies that are designed in a democratic way and therefore broadly "owned".
- The programming process has become a participatory exercise in which Spanish co-operation offices invite local development actors such as local government and civil society to participate in a country working group to formulate the Country Partnership Framework.

Aligning with country strategies and making better use of partner countries' own systems

Aligning with country strategies

The new partnership frameworks also bode well for better alignment. We saw this first hand in Bolivia, where Spain has adapted its aid priorities and modalities to the country's needs and capacity (Annex C). The ministry's instructions to the field state in detail how the country teams are expected to develop co-operation programmes that are aligned with local policies and strategies. Spain's strategies and sector plans are not to be treated as dogmatic and rigid, but rather as a basis for political dialogue about the support Spain can give to implementing the host country's priorities. It tries to choose the starting and end points of each partnership in a way that is sensible for the partner country, for instance in line with its poverty reduction plan. The instructions also describe how the Spanish teams on the ground should proceed when alignment with the government's policies is delicate (for instance, in the case of poor governance or fragile states). Rather

than using programme and sector-wide support as is recommended in direct government-to-government support, it recommends working through other actors such as civil society and multilateral partners in close co-ordination with other donors, and favouring a project approach. The country frameworks are all transparently published on the Ministry's website.

Working through partner institutions and systems: joint approaches and budget support

Survey results show that since 2005, Spain has made significant progress in using the financial management and procurement systems of its partner countries (Table 5, indicators 5a and 5b). It relies more on countries' own structures to carry out development programmes (indicator 6), but could still do more. Spain's decision outlined in the Master Plan to use partners' own systems as the first option is already showing results. This is helped by a clear target of channelling 66% of government-to-government co-operation through local structures by 2012. A recent field survey undertaken by the agency indicates that programme and sector-based approaches are already the standard way of working for many country offices (AECID, 2011a). As part of its broader commitment to working through partner institutions, Madrid is also promoting (primarily sector) budget support. It has distributed guidelines, a monitoring factsheet and training in budget support to field offices. In addition, Spain's new financing structure FONPRODE will prioritise programme-based and sector-wide approaches, such as basket funds or budget support, and make it easier to align flows to partner countries' systems. More, however, will need to be done to align them: Spain should ensure that the financial information it provides to partner countries at the beginning of the fiscal year can be used by the partner country for planning its budget, and that it is recorded on budget – an issue discussed in the 2011 Monitoring Survey (OECD, 2011b).

Building capacity that lasts

Spain has no overall strategy or a policy statement for developing the capacity of its local partners. However, it refers to capacity building in the IIIrd Master Plan as a necessary component to (i) improve democratic governance (a sector Spain considers a priority); and (ii) strengthen a country's scientific and technical capacities in areas such as health, agriculture, fighting hunger or climate change.

Learning from experience in middle-income countries

Spain has potential as a source of expertise for other donors developing capacity in advanced developing countries. Middle-income countries, in which Spain spends 65% of its gross bilateral ODA (Annex B, Table 8), and in which significant inequality persists, require a different approach to least developed countries. They often look to donors to gain knowledge in areas such as technical innovation, private sector support, or decentralised governance. Given Spain's experience in these areas, we encourage it to collect and share its knowledge, and make capacity building an explicit goal in its Country Partnership Frameworks and sector strategies. In this effort it should (i) respect the fundamental differences between the African and Latin American contexts; (ii) untie more of its technical co-operation, as it still ties 37% of it to Spanish service providers (OECD, 2011c; Table 2); and (iii) continue its efforts to make technical co-operation more responsive to the needs of local government, and respectful of their procedures.

In refining its approach to capacity development, headquarters could capitalise on the knowledge within field offices. In Bolivia for example, Spain's co-operation office is considered well-equipped to support institutional capacity in the regions based on Spain's own experience in decentralisation. It also promotes capacity development in multi-bi programmes, for example by ensuring that the IADB set apart a share of its Spanish-funded infrastructure programme in Bolivia to create local capacity.

Box 4. Spain and triangular co-operation

Policy background:

- IIIrd Master Plan (2009-2012) calls for increased triangular co-operation, particularly with middle-income countries
- AECID's Management Contract commits the agency to advance triangular co-operation
- 2010 Royal Decree on grants for international co-operation provides legal framework for triangular co-operation.

Channels and mechanisms:

- Spain works with the *Secretaría General Iberoamericana* (SEGIB), an organisation founded in 1991 by Spanish and lusophone countries to promote political, economic, social and cultural exchange.
- The Spanish foreign ministry works with academia and think tanks on South-South and triangular co-operation, including the Universidad Complutense de Madrid
- Under Spain's Presidency of the EU Council in 2010 the Council endorsed a series of conclusions to boost South-South and triangular co-operation, placing it firmly on the EU agenda.
- Spain was an early and strong supporter of the South-South Task Team in DAC's Working Party on Aid Effectiveness, and supported the High Level Event on South-South Cooperation in Bogota (2010).

Lessons from Spain's experience:

- Linguistic and cultural proximity facilitates exchange of experiences
- Ensuring good co-ordination within the (Northern) donor's agency is crucial
- Triangular co-operation is complex and requires more resources and time than other forms of co-operation
- Triangular programmes are difficult to adjust when the situation in recipient country changes
- One remaining challenge is to formulate lessons by taking monitoring and evaluation beyond the project / programme level, and ensuring specifically dedicated capacity for this purpose
- Another challenge is to ensure sufficient presence of the country providing co-operation in the recipient country
- Foreign policy interests may have excessive influence

Source : adapted from a powerpoint presentation by Ch. Freres, AECID, 28/29 Sept. 2009, and additional information from AECID

Triangular co-operation

Spain has gained a reputation as a bridge-builder between middle-income and least developed countries in Latin America (see Box 4). Although its efforts in "triangular" co-operation – where it supports inter-governmental co-operation between two Southern partners – remain a small share of its ODA,17 it has great potential to play a leading role in sharing lessons with donors and partners. It has worked with Argentina, Brazil, Chile, Uruguay, and Mexico to provide assistance in third countries such as Haiti or Paraguay.

In its Master Plan Spain shows great political commitment to triangular co-operation, and plans to use it with Group C partner countries (Table 1) to consolidate development achievements, transform its co-operation as partner countries "graduate", and to maintain its bilateral ties as the need for development finance wanes. One of the challenges Spain continues to point out in triangular co-operation is how to monitor and evaluate it jointly. To address this, it might want to look at Japan's approaches – the most advanced donor in triangular co-operation.

Making aid more predictable

The monitoring surveys show that Spain has made its co-operation more predictable, but has not reached the target (Table 5). Efforts have mostly focused on multilateral aid. Spain's new multilateral strategy sets up two mechanisms to that effect: (i) multi-annual budgetary planning and (ii) multi-annual strategic frameworks with selected multilateral partners (Chapter 1). These frameworks contain indicative minimal contributions for core and non-core funding for three years, subject to budgetary availability, which can be increased depending on the performance of the multilateral partner.

In bilateral co-operation, where predictable funding is crucial for its partners' planning, Spain is also moving towards medium-term funding instruments at the country level, while at the same time keeping the flexibility to adapt the programme to changing realities and needs (MAEC/SECI, 2011b). Disbursements are still approved annually, and uncertainty about cuts have impaired Spain's ability to indicate, in the OECD forward spending survey, how much aid it expects to spend beyond the current year. At the country level, though, Country Partnership Frameworks now indicate the resources committed for four to five years (subject to Spain's budget). Spain can sign two to three year agreements for programme-based approaches, and plans to match those with multi-year disbursements, as it already does for NGO co-financing agreements. Spain is also introducing multi-year disbursements for projects, whereby it disburses the full amount at the start. We expect these changes to bring improvements. In the yearly allocation process in Madrid, priority is given to programmes that are already committed, while the agency maintains the possibility to re-allocate, during the year, money from one country to the other. This approach has permitted Spain to stay the course despite its recent budget cuts. To make its bilateral aid more predictable:

- Spain needs to introduce *rolling financing plans*. The Master Plan indicates that Spain plans to update its financial indications periodically, but so far its plans are foreseen for four-year blocks subject to the partnership frameworks, rather than rolling financing plans. Spain could look to Denmark, Finland, Germany or New Zealand for examples of such plans.
- Decentralised development actors should also *share forward spending plans*. Co-operation offices provide partner governments with indicative figures for individual projects and programmes, but only for the channels included in the partnership framework. Partners have only limited information about planned activities by autonomous communities.

The urgent need for progress in untying aid [18]

Spain has made good progress in untying its aid – overall, it untied 75% of its aid to developing countries in 2009, getting close to the DAC average of 79% – but it needs to make sure it follows its schedule to fully untie the remaining portion of ODA. Spain is the

poorest DAC performer[19] when it comes to untying its aid to LDCs and non-LDC highly-indebted poor countries (in line with the DAC Recommendation; OECD, 2001).[20] It untied only 77% of its aid to those countries in 2009, compared to the DAC average of 94%. Spain anticipates, however, that 2010 data – the year by which all aid to these countries should be untied – will show that practically all Spanish aid actors have untied their ODA to the LDCs and HIPCs (OECD, 2011c). Untying its aid fully would, however, also require an effort from Spain's autonomous communities and municipalities, as they continue to tie a large number of small aid amounts to services provided by Spanish entities.

As part of its commitment under the Accra Agenda for Action to untie aid to the maximum extent, Spain has set the demanding target of untying all aid by 2015, including the remaining quarter of its bilateral ODA that is still tied (dominated, in 2009, by public sector loans from the Ministry of Industry, Tourism and Commerce). Spain should stick to this self-imposed timetable (OECD, 2011c), which it plans to achieve as follows:

- By 2011, the agency plans to untie all ODA to its partner countries in categories A and B (see Table 1), as well as all its humanitarian aid and technical co-operation. This will mainly be achieved by separating the two financial instruments, FONPRODE and FIEM. This will mean that all concessional loans to developing countries will be channelled through FONPRODE and fully untied, while export promotion efforts will be excluded from ODA (Chapter 3).
- In 2013, the Ministries of Trade and Economy, as well as autonomous communities, will join these efforts, so that by 2015 all ODA will be untied.

Spain has made good progress reporting on the tying status of its aid, reporting the status of all of its aid in 2009. However, it should improve its transparency reporting on commitments as noted in the Recommendation. This includes notifying the public about upcoming untied offers, and publishing who won the contracts. To date, reporting on these accounts has been sporadic or incomplete. Publishing this information will build confidence that aid that Spain reports as untied is actually untied in practice.

Harmonising work with other donors

Spain has made significant progress in co-ordinating its work with other donors. In line with the EU Code of Conduct, it has set itself the objective of taking more joint approaches. It has instructed its field offices to harmonise co-operation when designing a new Country Partnership Framework: they are to map what other donors do in the country and define how Spain can add value, its leadership opportunity and specialisation, identify fora for dialogue and co-ordination, define joint missions, and communicate any obstacles to harmonisation to headquarters (MAEC/SECI, 2011b). Surveys suggest that Spain has indeed made significant progress in using common arrangements with other donors, and relies largely on joint donor missions and joint analytical work (Table 5). In Bolivia, donors recognise Spain as a leader, value the progress it has made in co-ordinating its work, and look to Spain as a broker with the government.

Spain has resolved to reduce bilateral co-operation to three sectors in each partner country from Category A (broad partnership), to one sector in its category B partner countries (focused partnership) and to be a constructive player in dividing up labour (MAEC/SECI, 2009a). However, Spain struggles to do this in practice. Reflections on the

division of labour published by the NGO umbrella organisation highlight some of these challenges (CONGDE, 2010). Spain's experience in Bolivia provides a vivid illustration of these dilemmas (Box 5).

Where Spain wishes to be present in a sector or country where it does not have a comparative advantage, delegated co-operation may be an option. Spain already does this in Mali with Dutch co-operation. A framework on delegated co-operation by its working group on aid effectiveness (2009), a technical note by the agency, and its obtaining of the EC certification in 2011 to implement delegated projects seem to suggest that Spain is getting ready to delegate more of its co-operation.

Box 5. The obstacles to harmonisation: lessons from Bolivia

In Bolivia, donors tended to concentrate their support on certain sectors (such as health or education) while others (notably justice) were neglected despite a dire need for progress. Despite its initial intentions, Spain reduced only its governmental co-operation to three sectors, but continued to support six sectors in total, when the NGO channel is counted too. This was due to:

- NGO resistance to the intention to limit their funding to three priorities – NGOs were reluctant to abandon long-standing relations with partners, built on decades of trust.
- A trend among donors (including Spain) to prioritise sectors with advanced co-operation instruments where results were easier to achieve.
- Commitments in other sectors, made to the Government prior to the Country Partnership Frameworks.

The team felt that some flexibility in applying the code of conduct was justified - especially for a contribution as large as Spain's - as long as it coincided with clear efforts towards better focus.

Doing more to manage for development results and improve accountability

For the first time, Spain's Master Plan now puts managing for development results at the forefront of efforts. It lays out how Spain aims to do this in planning, monitoring and evaluation. Spain's new strategic and operational plans define objectives, goals and indicators more clearly. They signal a move from measuring mainly budget execution targets to measuring development results and programme results separately. Spain is rolling this out along with training and clear guidance. This is significant progress, implementing an evaluation done of the second Master Plan that recommended that Spain "consolidate the culture of planning, monitoring and evaluation, initiating an integrated system for managing for development results based on knowledge management and evaluation."

While Spanish co-operation has clear intentions to go even further and base its entire management system on results, a recent self-evaluation found that little had been achieved so far (MAEC/SECI, 2010a). In late 2010, 60% of respondents criticised the agency for not having clear indicators to measure its achievements. Where indicators did exist, they were either not specific to the context (58%) or not aligned with partner countries (60%). Most staff think that monitoring and evaluation systems are not geared to measure results. To rectify this, we believe Spain should take the following steps:

(i) Bring all missions on board through its training module on managing for development results.

(ii) Design the right indicators. Although all of Spain's strategies now include targets, not all of them are suited to monitoring the impact of ODA. The agency is still being

criticised for measuring mainly financial inputs and budgetary execution. It should train staff in defining outcomes (as opposed to outputs), baselines and indicators – a key issue the Bolivia office struggled with.

(iii) Do not only focus on results in planning, but also in monitoring and evaluating country programmes, ensuring that evaluations are viewed as an integral part of activities. This would implement one of the recommendations in Spain's evaluation of Paris Declaration, and in the last DAC peer review (Annex A).

(iv) Use the information on results to influence the public and policy makers. For this, Spain needs to monitor and evaluate different kinds of results – those of interest to the public (e.g. what has been achieved with taxpayers' money), and those of interest to decision makers – and communicate them effectively (Chapter 1). The plan to report annually on Spain's contribution to development results is a step in the right direction.

Assessing the risks of co-operation in fragile states

Spain believes that not having a strategy for working in fragile states is an advantage, leaving it flexibility to respond according to the context (Chapter 2). The Master Plan recognises that each context demands specific priorities and sequencing, and recommends an approach that focuses on one theme, such as peacebuilding or statebuilding. In Haiti, for instance, Spain has continued to provide sector budget support despite the country's fragile status, but has narrowed it down to a specific region in order to be able to cope with governance problems in managing it.

Operating in fragile states is risk-laden. In addition to programmatic and institutional risks (discussed in Chapter 6), Spain could also face contextual risks over which it has little control – such as state failure, development failure, return to conflict, or humanitarian crises. It is important that Spain responds proactively to this by identifying and assessing the risks and setting out associated mitigation strategies so as to reduce its vulnerability to problems. Putting in place the risk management strategy it launched in 2011 (Chapter 4), and assessing risk jointly with other donors or the military, will therefore be particularly important in fragile states.

Future considerations

- Spain should draw on its capacity development expertise, especially in middle-income countries, to identify good practice, share it with other donors and translate it for use in Country Partnership Frameworks. In this effort Spain could build on the knowledge of its field offices, including on triangular co-operation.
- We encourage Spain to follow its schedule for untying the remainder of its tied aid. The autonomous communities and municipalities should also fully untie their aid, especially aid that falls under the DAC Recommendation of 2001/8.
- DGPOLDE and the agency should roll out their tools for managing for development results in all country offices. In doing so, Spain should (i) ensure that targets and indicators make it possible to monitor the impact of ODA beyond budgetary execution; (ii) link monitoring and evaluations to results; and (iii) use the newly gained information on results to influence policy makers and the public.

- In applying its new risk management strategy, Spain should use joint assessments with Spanish government partners and other donors to shape its response to programmatic risk, in particular for its work in fragile partner countries.

Notes

17 The 2010 Report on South-South Co-operation in Ibero-America by SEGIB indicates that Spain spent USD 35m on triangular co-operation in 2009, half of which it channelled through regional organisations (SEGIB, 2011).

18 This section is based on figures from the DAC Report on Untying (OECD, 2011c), and not the Paris Declaration Survey, since the former covers all recipient countries, while the latter covers only 78.

19 Note that Korea, which only joined the DAC on 1st January 2010, is not included in this comparison.

20 The recommendation excludes technical co-operation and food aid.

Chapter 6
Humanitarian assistance

Humanitarian donors are facing new challenges, forcing them to learn and evolve, and to adopt more strategic ways of working – approaches that allow humanitarians to better address rapid onset emergencies, while also responding more holistically to prolonged vulnerability in protracted crises. Spain has made solid, and sometimes ground-breaking, progress towards these objectives. It has re-invented and refined its significant humanitarian programme (USD 398.2 million in 2009) to deliver assistance both directly and through partners, using a number of innovative approaches. Spain now needs to consolidate its considerable progress in humanitarian programming. It should also develop a systematic approach to assessing, communicating and managing programmatic and institutional risk, to reduce overall exposure to negative outcomes in complex humanitarian situations.

Good progress in implementing the recommendations of the previous peer review

Two of the three 2007 peer review recommendations have been fully implemented (Annex A), while the final recommendation – for Spain to improve co-ordination of responses between the state administration and the autonomous communities – is still in progress. Spain has drawn up a clear implementation plan for its humanitarian strategy, and is working to apply this through its annual strategic operational plan (AECID, 2011c). The agency has also reviewed and enhanced its capacity for appropriate direct interventions, and these could now serve as a model for other donors who provide in-kind aid. Co-ordination with the autonomous communities remains a strategic challenge, but efforts by the agency to encourage full participation in emergency co-ordination mechanisms and to promote wider compliance with the Principles and Practice of Good Humanitarian Donorship are steps in the right direction.

A coherent results-focused framework for humanitarian programming

Spain now has a bold, strategic and flexible humanitarian programme, guided by a comprehensive humanitarian strategy that forms part of the wider Spanish development co-operation Master Plan (MAEC/SECI, 2009b). The objectives in Spain's humanitarian strategy are fairly broad, and so the added focus provided by the Humanitarian Office's 2011 strategic operational plan (AECID, 2011c) is welcome, although the links between this working document and the overall strategy are not always obvious, and could be made clearer in the next plan.

Policy making authority rests with the Humanitarian Office, a semi-autonomous division reporting directly to the agency's director, and not with the ministry's policy

making arm, a move that Spain considers necessary if it is to preserve independence and safeguard humanitarian principles.

Innovative approaches to supporting recovery

Spain, like many other donors, has struggled to deliver *humanitarian assistance in ways that are supportive of recovery* (principle 9 of the Good Humanitarian Donorship principles). However, a new mix of approaches aimed at strengthening the recovery focus of partner programmes, and encouraging the use of development funding earlier in the response cycle, have the potential to show good results. The agency has earmarked 30% of its humanitarian budget for recovery actions, can provide cash-based recovery programming, and ensures that all partners have a clear exit and/or handover strategy – all good practices. Spain also offers multi-annual funding to NGOs working in protracted crises, allowing them the flexibility to adapt to the evolving situation and pick up on emerging opportunities to support community recovery.

The emphasis, however, is clearly, and appropriately, on encouraging earlier deployment of Spanish development funding, rather than on stretching the humanitarian dollar. Under the agency's current management contract, all development desk officers are responsible for supporting recovery and linking to the humanitarian programme - moving away from the usual donor model where the onus is on humanitarians to build the bridges. The Humanitarian Office is also promoting 50% co-financing of recovery-focused projects to stimulate the entry of Spanish development funding earlier in the recovery and state-building process. This last innovation is by necessity limited to crises in Spain's partner countries (Chapter 1), and is too new to show results. However, the peer review team encourages its continued promotion, and recommends that the agency share its experiences with other donors. It could also consider extending this co-financing offer to other development donors, especially in non-partner countries.

Disaster risk reduction programming is growing

Disaster risk reduction is not an overarching priority for Spain, but the Humanitarian Office is now supporting some useful programming in this area. Budget earmarks promote the use of 7% of the humanitarian spend for risk reduction programmes, with a further 13% allocated to response preparedness. Risk reduction programming, previously skewed towards Latin America, is now extending into sub-Saharan Africa and the Middle East, and Spain is supplementing this with practical exercises such as supporting Caribbean hurricane season preparedness for embassy staff in the area. However, the agency recognises that capacity and skills to support risk reduction programming are limited, and this has hindered the full integration of risk reduction into development programmes, even in partner countries with high risk profiles. Inclusion of disaster risk analyses into Spain's country strategies is a useful first step in resolving this problem, and Spain is encouraged to make use of existing tools and guidance, including those developed by the United Nations International Strategy for Disaster Reduction (UNISDR) and other donors, to support further progress in this area.

Strong political support has led to high levels of risk tolerance, but also exposure

Spain is to be commended for its continuous innovation and progressive thinking in its humanitarian programming, but it must take care to manage its exposure to programmatic and institutional risk[21] if it is to retain the necessary flexibility to continue with its unique and effective "hands on" delivery model. Political and public support for humanitarian programming is currently high in Spain, as the peer review team found in discussions with parliament and presidential advisors. However, and as many other donors have found, a change in political orientation often brings additional scrutiny of the humanitarian effort; and it takes just one media scandal to reverse public opinion and anger lawmakers.[22] Spain would now be wise to build a systematic approach to assessing, communicating and managing programmatic and institutional risk in its humanitarian strategy as a proactive measure to protect its enviable and flexible "humanitarian space".

An active and responsive donor

Continuing Spain's useful work to consolidate its partner portfolio

Spain is clearly committed to working in a strategic and open manner with its operational partners, providing flexible and often multi-annual funding that is focused on delivering results, and promoting mutual accountability. The agency's strategic operational plan recognises the need to consolidate its humanitarian partner portfolio, and this is being achieved through a transparent web-based certification process for both NGOs and governmental actors, using a set of criteria in line with Sphere humanitarian standards (Sphere, 2011). The multilateral portfolio, governed by individual strategic framework agreements, also focuses on maximising programme impact using both core and earmarked funding as appropriate. Spain would like to focus more on operational partner accountability, and is looking for options to work with other donors to promote common response triggers and performance criteria. The peer review team encourages Spain to continue its outreach in this area, and encourages other donors to support its efforts.

Partners consider Spain an active and responsive donor who values their inputs, but some areas for improvement remain, particularly in the areas of predictability, beneficiary participation and NGO administrative burden. Spain has a policy of providing humanitarian funding in three annual tranches, so as to retain maximum flexibility to shift funds towards new or deteriorating crises. Partners report that this has negatively affected their operations, especially in crises where the bulk of the costs are incurred in the first few weeks. The humanitarian office should now review whether the necessary tradeoffs between predictability for partners and flexibility for the agency remain the best model to meet ongoing programme goals. Like all donors, and many operational agencies, ensuring beneficiary participation in the programme cycle remains a challenge for Spain, and further efforts in this area could also be useful. Finally, humanitarian NGOs also report a high administrative burden under the Spanish system (Chapter 4). A new, fully flexible, humanitarian grant mechanism linked to the partner capacity accreditation exercise has been proposed through the FONPRODE mechanism, and this could trim the NGO administrative burden to a more appropriate level. The peer review team encourages progress in this area.

Supporting co-ordination and encouraging new donors

Spain has used its new status as a major player to encourage better donor co-ordination and support triangular co-operation. Spain's growing humanitarian programme was USD 398.2 million in 2009 (up from USD 224.1 million in 2007)[23] making it the 6th largest humanitarian donor amongst DAC members (up from 9th place in 2007). Spain held the EU Presidency during the 2010 Haiti earthquake response, and was instrumental in setting up a joint donor office for ECHO and EU member states in the destroyed capital of Port-au-Prince to improve donor co-ordination and joint messages on key issues. Lessons have been learnt from this exercise and will support even more effective joint office structures in future responses.

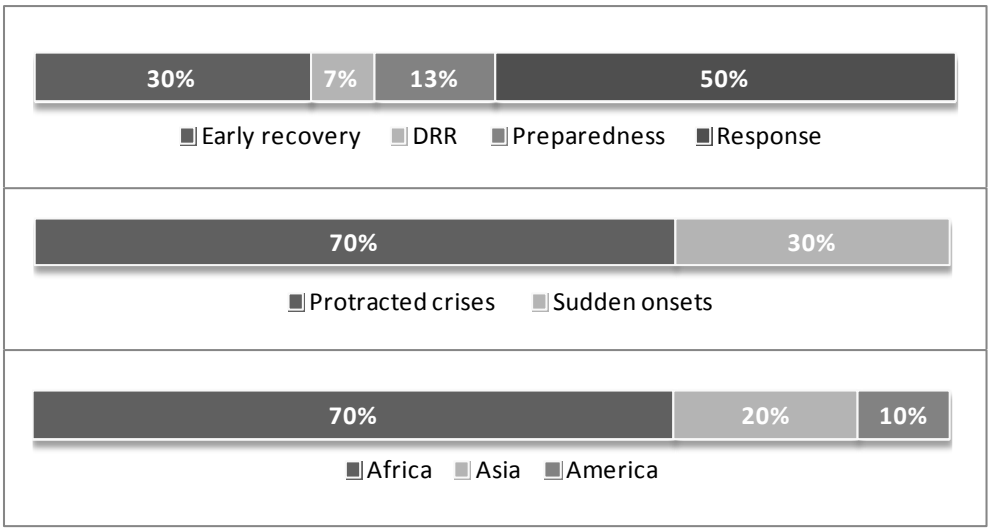
Spain's development agency has also been an early adopter of triangular co-operation in humanitarian assistance, supporting emerging donors to provide food aid by supplying funding for the related transport and distribution costs. This has included supporting Sudan's supply of sorghum to Ethiopia, and Brazil's significant food aid contribution for Haiti, in both instances through the World Food Programme. The peer review team encourages Spain to continue these efforts and share its key lessons with other donors.

Criteria for funding decisions

The agency has developed clear criteria for carving up its humanitarian budget, with a focus on vulnerability and responding in priority sectors where it can clearly add value (Figure 6). Spain allocates geographical budget envelopes based on its relative share of the global humanitarian budget – at present it provides 1% of global funds, and thus it contributes, as a rough rule of thumb, 1% to each appeal. The strategic operational plan (AECID, 2011c) also outlines Spain's criteria for assessing vulnerability and crisis severity. This includes the use of ECHO's global needs assessment and forgotten crises tools[24], which help ensure that forgotten emergencies are not left out of Spain's response portfolio – a fact that is highly appreciated by partners. Within each crisis, Spain focuses its funding on a maximum of two priority sectors – often food, water and sanitation and/or health – plus protection and nutrition, taking into account existing response capacity – part of a plan to respond only where Spain can clearly add value.

Such a highly developed set of response criteria require adequate evidence from partners, but this is proving hard to obtain. The agency is currently working on a set of "triggers" – indicators that will determine whether it should respond to an individual crisis – but is acutely aware that obtaining the data to perform this analysis will be very complicated. Huge efforts are currently underway within the humanitarian community to improve needs assessments, but it is not clear when or how this will lead to timely and "good enough" evidence that can inform rapid donor decision making. The agency has plans to engage with other like-minded donors to further work on a common set of triggers, and this could be a useful contribution to strengthening donor co-ordination, especially for rapid onset crises.

Figure 13. AECID's humanitarian budget remarks



Source: AECID (2011c) *Strategic Operational Plan*, Office of Humanitarian Aid.

Spain: a leader in rapid response

The 2007 peer review recommended that Spain review the effectiveness of its rapid response interventions, and the agency has subsequently taken giant steps in this area, emerging with an approach to rapid response that is innovative and effective. The range of rapid response mechanisms includes:

- Logistics and stock held in joint Spanish/WFP humanitarian response depots - one in Panama, and another soon to be opened in Las Palmas, in the Canary Islands.
- Pre-positioned funds with six key NGO partners that allow for immediate deployment after authorisation from AECID, with approval often granted by telephone.
- Re-allocation of development funds to humanitarian objectives for NGOs in the affected country.
- Direct delivery of in-kind aid, in close co-ordination with the relevant clusters at field level.
- Surge deployment of experienced agency staff, including the Humanitarian Office chief.
- Support from the Spanish military (mostly logistics) and *Guardia Civil* (police).
- Support through Spain's civil protection mechanisms, including those provided by autonomous communities.

Co-ordination of the response by Spanish actors takes place in rapidly called, and regularly repeated, emergency meetings in Madrid, involving the full range of actors. These meetings aim to develop a coherent Spanish response strategy and a joined up and transparent response. Spanish NGOs, civil protection personnel, military staff, key staff from other ministries, *e.g.* Health, and, in disasters, the ambassador of the affected country, all participate in these meetings, under the clear leadership of the agency's

Humanitarian Office. Autonomous communities are also invited to attend, and the peer review team encourages the autonomous communities to take up these opportunities more frequently. Regular simulations, with the full range of actors, could be useful in promoting more consistent participation in the joint response.

Spain's capacity to provide an effective rapid response is widely praised by the humanitarian community, and its commitment to continuous improvement in this area is to be commended. Spain should now consider the following steps to continue professionalising of this area of its humanitarian response:

- Obtain International Search and Rescue Advisory Group (INSARAG) external classification[25] for all urban search and rescue teams.
- Formalise the decision-making process for military deployment to humanitarian emergencies based on the use of military assets as a "last resort", as outlined in the Oslo Guidelines.[26]
- Ensure training in humanitarian principles for all personnel who may be sent to a sudden onset emergency.
- Seek UNDAC[27] disaster assessment and co-ordination accreditation for Spanish nationals, including agency staff and key staff in the autonomous communities.
- Senior Spanish military officers receive training in humanitarian principles from the Spanish Red Cross prior to deployment, and the military's regular simulation humanitarian exercises include roles for NGOs. These good practices should be continued.

Operational mechanisms

Monitoring for impact rather than control

Spain recognises the need to move towards a more formal learning culture, and to shift its monitoring focus towards analysing programme impact. Under the agency's current procedures, all NGO agreements must be evaluated (Chapter 4), but the focus is clearly on administrative controls – *e.g.* how was the money spent? – rather than on assessing programme impact and learning lessons. Multilateral partners have much lower accountability requirements, and usually provide only their standard annual report. AECID's Humanitarian Office now intends to move towards thematic and impact evaluations, and we encourage further progress in this area. The upcoming (2011) evaluation of the Humanitarian Office itself will also be a useful opportunity to recommend good practices for more effective monitoring and to support formal learning structures within the Spanish system.

Ensuring coherence among Spanish actors

The Spanish development agency has clearly made enormous progress towards good humanitarian donorship, and it is now working to build capacity in the autonomous communities (which allocated 8.9% of bilateral humanitarian aid in 2009). This remains a strategic challenge in Spain's decentralised environment. The agency is currently rolling out a project to raise awareness of the GHD principles in the autonomous communities, including the dissemination of funding guidelines. The Humanitarian Office also hopes

that some of the autonomous communities will share in its partner capacity certification exercise (see above). However, the ministry has no authority over their humanitarian activities and so the success of these initiatives rests entirely on continued goodwill from all parties.

Building staff skills to support "hands on" delivery

Spain's humanitarian approach is very "hands on", requiring staff skilled in analysis and field decision making – skills that only a few agency staff currently possess. Members of the humanitarian community interviewed for this peer review consistently viewed the agency's humanitarian staff as engaged, open-minded, and progressive, but questioned whether enough staff had the required skills to support Spain's humanitarian ambitions. Spain's continuing efforts to place Spanish Junior Professional Officers (JPOs) with the UN agencies are part of a longer-term solution, but in the interim it is clear that Spain must review the mix of skills it requires to deliver effectively, and invest in staff training where necessary, including in country offices. This will be an important next step in consolidating Spain's significant progress towards better humanitarian donorship, and in supporting continuous innovation under its bold new programme.

Future considerations

- Spain should use the planned humanitarian evaluation to:
  - Document good practices, and share these with other donors
  - Consolidate Spain's considerable progress in humanitarian programming
  - Review the administrative burden on NGO partners
  - Determine whether providing funding through multiple tranches – with inevitable tradeoffs between predictability for partners and flexibility for the agency – is still appropriate
  - Shift towards monitoring programme impact and a more formal learning system.
- The agency's Humanitarian Office should develop a systematic approach to assessing, communicating and managing programmatic and institutional risk to reduce Spain's exposure to programmatic and institutional risk in humanitarian situations.
- We encourage the agency to continue outreach to other like-minded donors to formulate common response triggers, and to establish common performance criteria for multilateral and NGO partners – thereby ensuring greater transparency and accountability, while minimising the administrative burden for all parties.
- Continue with efforts to ensure participation by the wider group of Spanish actors - including autonomous communities – in joint responses. Regular emergency simulations, and international training and accreditation, could support enhanced co-operation.
- Spain should ensure all Spanish actors exposed to humanitarian situations - including agency staff in both humanitarian and development posts,

civil defence actors, key military personnel, and staff from the autonomous communities – are equipped with the appropriate skills to work within Spain's hands-on humanitarian delivery model.

Notes

21. For further discussion of risk see Aid Risks in Fragile and Transitional Contexts – Improving Donor Behaviour (OECD, 2011d).

22. For example, see WFP Somalia food aid news coverage: www.telegraph.co.uk/news/worldnews/africaandindianocean/somalia/7417395/Half-Somalia-food-aid-is-stolen-UN-report-says.html and examples of journalists condemning humanitarian aid in (Poleman, 2010).

23 All volume figures in this chapter are sourced from the OECD/DAC Creditor Reporting System (commitments: 2009 constant prices). However, the OECD/DAC statistics only reflect Spain's bilateral humanitarian assistance commitments. To determine the full amount that Spain actually committed for humanitarian assistance in 2009, we need to take bilateral commitments and then add in Spain's multilateral humanitarian commitments and the funds Spain provided to the European Community Humanitarian Office (ECHO). This calculation brings Spain's total humanitarian assistance commitments for 2009 to USD 649.45 million (Development Initiatives www.globalhumanitarianassistance.org/countryprofile/spain).

24. Description and results available at: http://ec.europa.eu/echo/policies/strategy_en.htm.

25. The INSARAG external classification is a peer review process to certify an urban search and rescue team's response and technical capacity.

26. The 1994 Guidelines on the use of Military and Civil Defence Assets in Disaster Relief

27. United Nations Disaster Assessment and Coordination system: www.unocha.org/what-we-do/coordination-tools/undac/overview

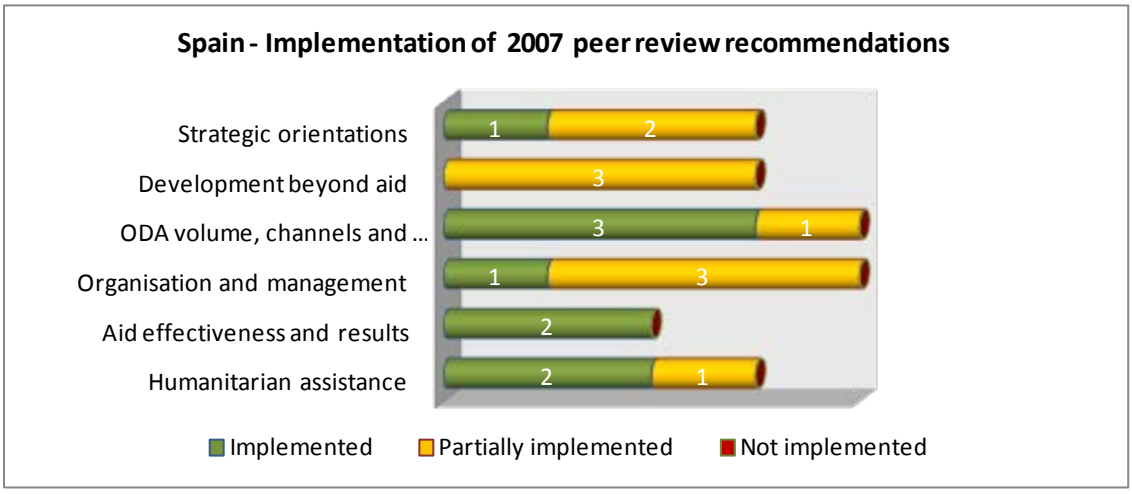
Annex A
Progress since the 2007 DAC peer review recommendations

Key issues	Recommendations 2007	Progress since 2007
Strategic orientations	For Spain to be able to implement its strategic vision for aid, it needs to enhance overall co-ordination and coherence, as all development co-operation actors should operate within the strategic policy framework created by the Master Plan, country and sector strategies.	*Partially implemented.* Spain has enhanced overall co-ordination based on a broadly consulted, broadly owned Master Plan. There is scope for better policy (and programme) co-ordination with autonomous communities, both at headquarters and in the field.
	Spain should quickly complete its sector strategies to ensure that implementation of country programmes is fully consistent with the strategic framework.	*Fully implemented.* Spain has completed 12 sector and two thematic strategies.
	Spain should make more systematic use of its field experience and expertise to improve policy and as an important contribution to debate and good practice within the international development community.	*Partially implemented.* Field offices now lead the process of preparing partnership frameworks together with local counterparts. However, the opportunities for field offices to influence Spanish policy are very limited, and when their feedback is requested, field offices do not hear about the follow-up.
Development beyond aid	Spain should follow through on the recommendation of the Development Co-operation Council to communicate its positions on international policy debates openly and transparently.	*Partially implemented* The newly established Government Delegated Committee at cabinet level still faces criticism for not informing other bodies entrusted with policy coherence for development about its decisions and views, notably the Development Council. Field offices have little information about Spain's general policy orientation.
	The State Secretariat should make better use of mechanisms for policy co-ordination, ensuring that policy coherence is considered in all relevant discussions; decentralised actors should be involved in the consultations.	*Partially implemented* Spain has made an attempt to include decentralised actors in policy coherence discussions by setting up the Sector Conference for Development Co-operation, a new body for co-ordination. However, to be able to promote policy coherence it must include local representatives from policy areas other than development.
	Spain should take steps to include actors in the field in its efforts to enhance policy coherence for development,	*Partially Implemented* Policy coherence is now also reflected in preparations by the country teams in developing

Key issues	Recommendations 2007	Progress since 2007
	raising their awareness and drawing on their observations for assessing the coherence of Spanish policies.	country frameworks, but this approach has not yet led to changes in non-development policies. The Focal Point Network will build a bridge between headquarters and the field and will play an important role in monitoring the coherence of policies, but it is not yet fully functional.
Aid volume, channels and allocations	Spain should back up its targets for increasing aid with an operational strategy, which also reflects its own target of aid for least developed countries. The strategy should cover assistance from all Spanish development actors and should also provide greater predictability for its development partners.	*Partially implemented.* Spain has exceeded its target of ODA allocation to least developed countries. It maintains its commitment to allocate 0.7% of ODA/GNI by 2015 and plans to prepare new forecasts by the end of 2011 that will define the policies and mechanisms needed to achieve this goal.
	All Spanish development actors should contribute to enhancing the concentration of Spanish assistance, and to work towards its target of 70% of bilateral aid to priority countries.	*Fully implemented* In 2009, 73% of gross bilateral geographically allocable ODA was disbursed to priority countries (Groups A, B and C) in its IIIrd Master Plan.
	In a spirit of complementarity, Spain should consider opportunities for donor partnerships - either as a silent or active partner - in sub Saharan Africa and Latin America.	*Fully implemented* Spain has forged partnerships – both active and silent – with other donors. In addition, the methodology for new Country Partnership Frameworks addresses the need to identify Spain's comparative advantage in a partner country as well as opportunities for harmonisation and complementarity with other donors.
	Given its rapid increases in multilateral aid, Spain should finalise its multilateral strategy urgently and ensure sufficient capacity to manage it.	*Fully implemented* Spain finalised and approved its multilateral strategy in 2009.
Organisation and management	In completing its development co operation system reforms, Spain should pay close attention to the need for a human resource system with a professional cadre and career path offering incentives for field experience.	*Partially implemented* Spain has made good progress in recruiting a professional cadre of programme and project managers. However it must still address mobility between headquarters and the field.
	To improve co ordination and the division of labour in its aid system, Spain needs arrangements to co-ordinate different Spanish actors and instruments in the field during planning, implementation and evaluation of their work.	*Fully implemented* With its new Country Partnership Frameworks, and the related country working groups, Spain now has arrangements in place for country-based co-ordination involving a wide range of Spanish co-operation actors.

Key issues	Recommendations 2007	Progress since 2007
	AECI should establish clear lines of decision making and consider increasing delegation of authority to country offices, backed up by enhanced policy capacity in headquarters, while paying attention to the balance between cost efficiency of operations and the necessary capacity for implementing aid effectively.	*Partially implemented* Spain delegates more authority to the field for defining programmes, and has backed this up with organisational changes to strengthen capacity at headquarters. However, decisions on finances, and to a certain extent human resources, are still highly centralised in headquarters.
	In further efforts to focus its aid on its comparative advantage, Spain should aim to capitalise on its proven capacity and experience of engaging with various stakeholders, and the specific value added by decentralised actors working with government at the regional or local level.	*Partially implemented* Spain increasingly engages with various stakeholders through the mechanism underpinning its new Country Partnership Frameworks. However, to fully capitalise on NGOs, Spain still needs to clarify how it wants to engage with them. Also, it can still improve joint, strategic planning with autonomous communities.
Aid effectiveness and results	Spain should retain its clear orientation towards the principles of the Paris Declaration.	*Fully implemented* Spain has further strengthened its orientation towards the aid effectiveness principles, and has translated its strong commitment to aid effectiveness into an action plan, guidelines, standards, and training for operational planning in bilateral and multilateral co-operation.
	Spain should prioritise urgently introducing management for development results, supported by a further enhanced evaluation system and culture.	*Fully implemented* Managing for development results has become a priority and is being integrated in country planning.
Humanitarian assistance (Good Humanitarian Donorship)	Spain should draw up an implementation plan for its humanitarian action strategy containing clear objectives, priorities, progress indicators, responsibilities and timelines.	*Fully implemented* Spain has drawn up a clear implementation plan for its humanitarian strategy, and is working to apply this through its annual strategic operational plan.
	In line with its ongoing reform, Spain should compare the effectiveness of direct interventions by Spanish humanitarian aid teams with the use of multilateral and local actors for individual interventions.	*Fully implemented* AECID has reviewed and enhanced its capacity for appropriate direct interventions, and these could now serve as a model for other donors who provide in-kind aid.
	Autonomous communities and local administrations should co ordinate needs assessments and humanitarian responses with the	*Partially implemented* Co-ordination with the autonomous communities remains a strategic challenge, but efforts by AECID to encourage full participation in

Key issues	Recommendations 2007	Progress since 2007
	general state administration.	emergency co-ordination mechanisms and to promote wider compliance with the Principles and Practices of Good Humanitarian Donorship are steps in the right direction.



Annex B
OECD/DAC standard suite of tables

Table 6. .Total financial flows

USD million at current prices and exchange rates

Net disbursements

Spain	1996-2000	2001-2005	2006	2007	2008	2009	2010
Total official flows	**1 294**	**2 246**	**3 814**	**5 146**	**6 867**	**6 588**	**5 949**
Official development assistance	**1 284**	**2 173**	**3 814**	**5 140**	**6 867**	**6 584**	**5 949**
Bilateral	808	1 312	2 092	3 339	4 802	4 473	3 999
Multilateral	476	861	1 722	1 801	2 065	2 111	1 951
Other official flows	**10**	**73**	-	**6**	-	**3**	-
Bilateral	10	73	-	6	-	3	-
Multilateral	-	-	-	-	-	-	-
Net Private Grants	**76**	-	-	-	-	-	-
Private flows at market terms	**13 833**	**6 939**	**7 333**	**16 516**	**23 220**	**6 225**	**4 391**
Bilateral: *of which*	13 833	6 939	7 333	16 516	23 220	6 225	4 391
Direct investment	13 861	7 220	7 608	16 626	23 334	6 294	4 704
Export credits	- 28	- 281	- 275	- 111	- 114	- 70	- 313
Multilateral	-	-	-	-	-	-	-
Total flows	**15 202**	**9 185**	**11 146**	**21 662**	**30 087**	**12 812**	**10 340**
for reference:							
ODA (at constant 2009 USD million)	*2 341*	*3 302*	*4 504*	*5 386*	*6 670*	*6 584*	*6 232*
ODA (as a % of GNI)	*0.23*	*0.26*	*0.32*	*0.37*	*0.45*	*0.46*	*0.43*
Total flows (as a % of GNI) (a)	*2.71*	*1.10*	*0.92*	*1.55*	*1.96*	*0.89*	*0.74*
ODA to and channelled through NGOs							
- In USD million	230	318	649	1 161	1 330	956	952
- In percentage of total net ODA	18	15	17	23	19	15	16
- DAC countries' average % of total net ODA	*6*	*9*	*7*	*7*	*7*	*8*	..

a. To countries eligible for ODA.

ODA net disbursements
At constant 2009 prices and exchange rates and as a share of GNI

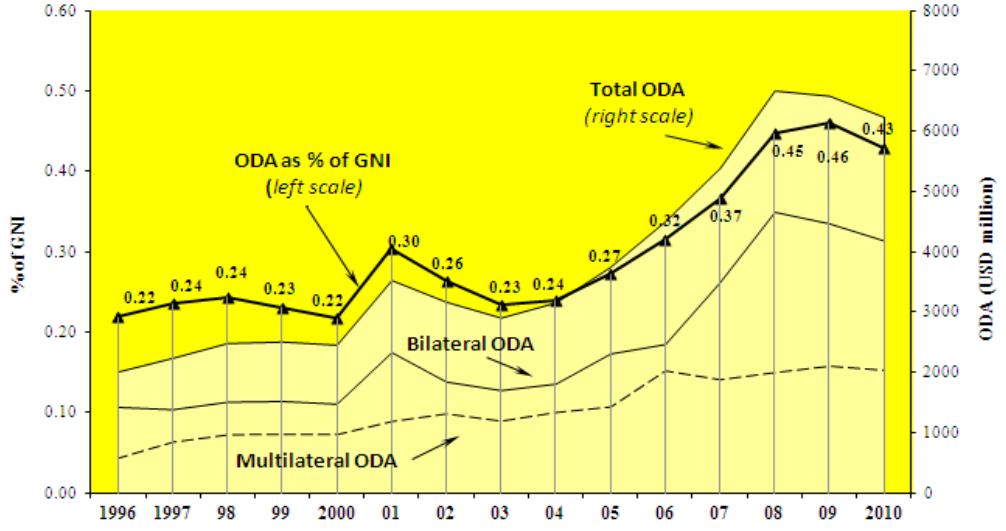
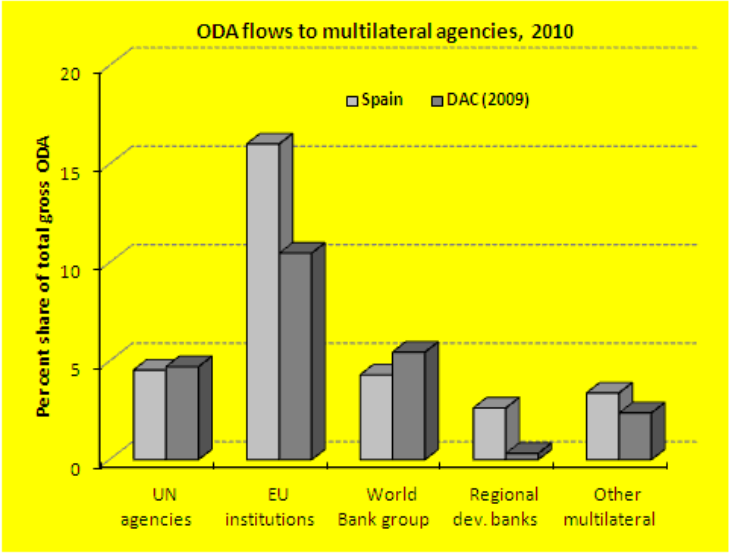
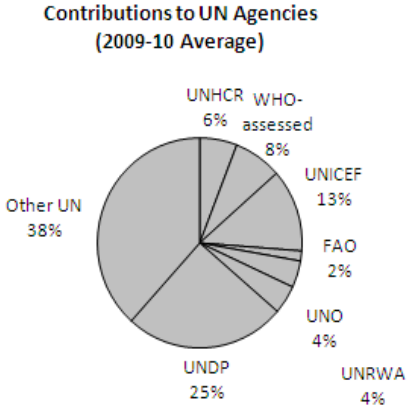


Table 7. ODA by main categories

Disbursements

Spain	Constant 2009 USD million					Per cent share of gross disbursements					Total DAC
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2009%
Gross Bilateral ODA	**2 880**	**3 815**	**5 257**	**4 873**	**4 573**	**59**	**67**	**72**	**70**	**69**	**72**
General budget support	13	31	25	47	106	0	1	0	1	2	2
Core support to national NGOs	7	2	11	9	36	0	0	0	0	1	2
Investment projects	654	405	1 325	2 200	913	13	7	18	32	14	15
Debt relief grants	677	341	668	142	453	14	6	9	2	7	2
Administrative costs	120	133	199	190	182	2	2	3	3	3	4
Other in-donor expenditures	83	99	122	122	132	2	2	2	2	2	3
Gross Multilateral ODA	**2 034**	**1 887**	**2 006**	**2 111**	**2 043**	**41**	**33**	**28**	**30**	**31**	**28**
UN agencies	338	239	259	375	301	7	4	4	5	5	5
EU institutions	1 006	977	1 007	1 235	1 060	20	17	14	18	16	10
World Bank group	271	325	332	318	285	6	6	5	5	4	5
Regional development banks	165	113	191	117	173	3	2	3	2	3	0
Other multilateral	254	233	217	66	224	5	4	3	1	3	2
Total gross ODA	**4 913**	**5 703**	**7 262**	**6 984**	**6 616**	**100**	**100**	**100**	**100**	**100**	**100**
Repayments and debt cancellation	**- 409**	**- 316**	**- 593**	**- 400**	**- 385**						
Total net ODA	**4 504**	**5 386**	**6 670**	**6 584**	**6 232**						
For reference:											
Free standing technical co-operation	*517*	*409*	*1 059*	*931*	*705*						
Net debt relief	*608*	*254*	*332*	*96*	*355*						
Imputed student cost	*38*	*56*	*39*	*40*	*43*						
Refugees in donor countries	*33*	*28*	*39*	*39*	*39*						





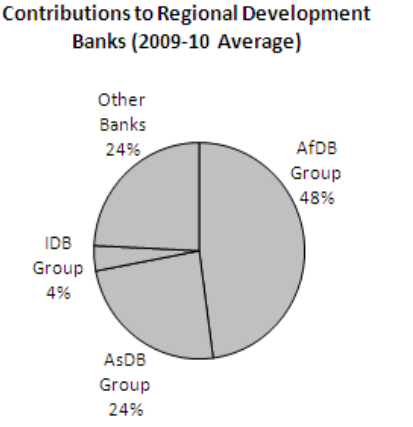
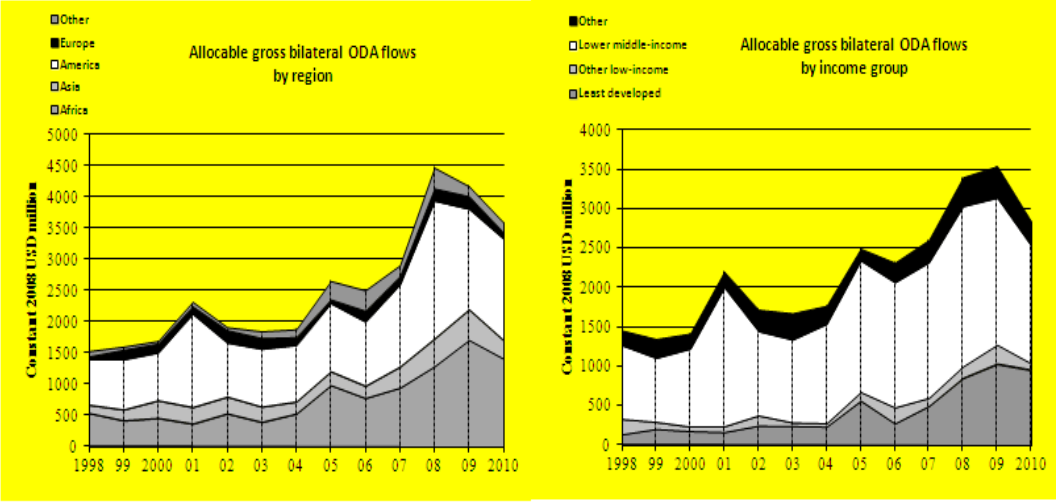


Table 8. Bilateral ODA allocable by region and income group

Gross disbursements

Spain	Constant 2009 USD million					Per cent share					Total DAC
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010	2009%
Africa	777	943	1 288	1 714	1 411	31	32	29	41	39	**41**
Sub-Saharan Africa	449	576	884	1 113	963	18	20	20	27	27	**35**
North Africa	319	299	277	468	373	13	10	6	11	10	**4**
Asia	194	337	446	490	295	8	12	10	12	8	**34**
South and Central Asia	47	98	144	226	128	2	3	3	5	4	**18**
Far East	146	233	237	243	160	6	8	5	6	4	**15**
America	1 035	1 325	2 217	1 616	1 633	41	45	49	39	45	**10**
North and Central America	557	712	976	732	739	22	24	22	17	21	**4**
South America	387	492	573	628	585	15	17	13	15	16	**5**
Middle East	330	175	333	161	157	13	6	7	4	4	**8**
Oceania	0	0	1	2	6	0	0	0	0	0	**2**
Europe	174	134	201	206	102	7	5	4	5	3	**5**
Total bilateral allocable by region	**2 511**	**2 915**	**4 486**	**4 189**	**3 603**	100	100	100	100	100	100
Least developed	282	502	856	1 035	959	12	19	25	29	34	**37**
Other low-income	203	104	149	243	83	9	4	4	7	3	**15**
Lower middle-income	1 588	1 721	2 033	1 867	1 496	68	66	60	53	53	**39**
Upper middle-income	249	283	367	400	305	11	11	11	11	11	**9**
More advanced developing countries	-	-	-	-	-	-	-	-	-	-	-
Total bilateral allocable by income	**2 322**	**2 611**	**3 404**	**3 544**	**2 844**	100	100	100	100	100	100
For reference:											
Total bilateral	2 880	3 815	5 257	4 873	4 573	*100*	*100*	*100*	*100*	*100*	*100*
of which: Unallocated by region	*369*	*901*	*770*	*685*	*970*	*13*	*24*	*15*	*14*	*21*	*22*
of which: Unallocated by income	*558*	*1 204*	*1 852*	*1 329*	*1 730*	*19*	*32*	*35*	*27*	*38*	*29*



1. Each region includes regional amounts which cannot be allocated by sub-region. The sum of the sub-regional amounts may therefore fall short of th regional total.

Table 9. Main recipients of bilateral ODA

Gross disbursements

Spain	1999-2003 average			Memo: DAC countries' average %		2004-08 average			Memo: DAC countries' average %		2009-10 average			Memo: DAC countries' [1] average %
	Current USD million	Constant 2009 USD mln	Per cent share			Current USD million	Constant 2009 USD mln	Per cent share			Current USD million	Constant 2009 USD mln	Per cent share	
Nicaragua	108	210	10		Guatemala	159	171	5		Congo, Dem. Rep.	174	182	4	
China	49	89	4		Honduras	139	155	4		Morocco	170	173	4	
Bolivia	45	79	4		Nicaragua	128	146	4		Haiti	152	155	3	
Honduras	42	76	4		Iraq	121	140	4		Tunisia	147	151	3	
Morocco	39	74	3		Morocco	100	113	3		Nicaragua	126	129	3	
Top 5 recipients	**284**	**528**	**25**	**26**	**Top 5 recipients**	**648**	**726**	**21**	**32**	**Top 5 recipients**	**770**	**790**	**17**	**25**
Peru	35	64	3		Peru	96	106	3		Bolivia	124	127	3	
El Salvador	34	64	3		China	70	79	2		Peru	114	117	2	
Ecuador	31	57	3		Bolivia	70	78	2		Colombia	110	112	2	
Bosnia-Herzegovina	30	55	3		Ecuador	70	78	2		El Salvador	108	110	2	
Indonesia	28	55	2		Algeria	63	70	2		Guatemala	103	105	2	
Top 10 recipients	**441**	**822**	**39**	**40**	**Top 10 recipients**	**1 016**	**1 138**	**33**	**44**	**Top 10 recipients**	**1 328**	**1 361**	**29**	**38**
Dominican Republic	26	48	2		Senegal	63	69	2		West Bank & Gaza Strip	98	101	2	
Colombia	24	44	2		Colombia	61	68	2		Turkey	97	98	2	
Mozambique	24	45	2		Turkey	61	68	2		Afghanistan	80	81	2	
Venezuela	22	40	2		West Bank & Gaza Strip	56	61	2		Ecuador	71	73	2	
Serbia	20	37	2		El Salvador	54	60	2		Ethiopia	69	70	1	
Top 15 recipients	**558**	**1 037**	**49**	**50**	**Top 15 recipients**	**1 311**	**1 463**	**42**	**52**	**Top 15 recipients**	**1 743**	**1 784**	**38**	**47**
Algeria	19	35	2		Mozambique	46	50	1		Mozambique	65	66	1	
States Ex-Yugoslavia	19	33	2		Madagascar	41	50	1		China	65	66	1	
Senegal	19	32	2		Dominican Republic	35	40	1		Honduras	64	66	1	
Guatemala	18	33	2		Afghanistan	34	36	1		Senegal	52	53	1	
Angola	17	32	2		Nigeria	33	38	1		Brazil	46	46	1	
Top 20 recipients	**650**	**1 203**	**57**	**57**	**Top 20 recipients**	**1 499**	**1 676**	**48**	**59**	**Top 20 recipients**	**2 035**	**2 081**	**44**	**52**
Total (114 recipients)	**936**	**1 713**	**82**		**Total (145 recipients)**	**2 271**	**2 524**	**73**		**Total (130 recipients)**	**3 130**	**3 194**	**68**	
Unallocated	201	368	18	22	Unallocated	829	880	27	24	Unallocated	1 490	1 529	32	31
Total bilateral gross	**1 137**	**2 081**	**100**	**100**	**Total bilateral gross**	**3 100**	**3 404**	**100**	**100**	**Total bilateral gross**	**4 620**	**4 723**	**100**	**100**

1. 2009 only.

Table 10 Bilateral ODA by major purposes

at current prices and exchange rates

Commitments - Two-year averages

Spain	1999-2003 average		2004-08 average		2009-10 average		2009
	2009 USD million	Per cent	2009 USD million	Per cent	2009 USD million	Per cent	Total DAC per cent
Social infrastructure & services	**774**	**44**	**1 302**	**41**	**1 890**	**42**	**44**
Education	247	14	314	10	366	8	9
of which: basic education	34	2	95	3	147	3	2
Health	123	7	176	5	238	5	5
of which: basic health	97	5	135	4	156	3	4
Population & reproductive health	12	1	54	2	139	3	7
Water supply & sanitation	65	4	189	6	450	10	6
Government & civil society	132	7	319	10	490	11	13
of which: Conflict, peace & security	-	-	58	2	39	1	3
Other social infrastructure & services	195	11	250	8	207	5	4
Economic infrastructure & services	**215**	**12**	**367**	**11**	**632**	**14**	**15**
Transport & storage	95	5	171	5	166	4	7
Communications	9	1	15	0	6	0	0
Energy	65	4	63	2	230	5	4
Banking & financial services	43	2	104	3	124	3	3
Business & other services	3	0	14	0	105	2	1
Production sectors	**119**	**7**	**177**	**6**	**478**	**11**	**6**
Agriculture, forestry & fishing	77	4	120	4	424	9	5
Industry, mining & construction	38	2	41	1	41	1	1
Trade & tourism	4	0	16	0	13	0	1
Multisector	**139**	**8**	**279**	**9**	**420**	**9**	**9**
Commodity and programme aid	**14**	**1**	**55**	**2**	**176**	**4**	**5**
Action relating to debt	**303**	**17**	**641**	**20**	**301**	**7**	**3**
Humantarian aid	**69**	**4**	**212**	**7**	**387**	**9**	**9**
Administrative costs of donors	**99**	**6**	**137**	**4**	**200**	**4**	**5**
Aid to NGOs (core support) [1]	**8**	**0**	**11**	**0**	**5**	**0**	**1**
Refugees in donor countries	**26**	**1**	**30**	**1**	**21**	**0**	**3**
Total bilateral allocable	**1 766**	**100**	**3 211**	**100**	**4 510**	**100**	**100**
For reference:							
Total bilateral	*1 975*	*64*	*3 404*	*67*	*4 724*	*68*	*73*
of which: Unallocated	*210*	*7*	*193*	*4*	*214*	*3*	*1*
Total multilateral	*1 135*	*36*	*1 703*	*33*	*2 181*	*32*	*27*
Total ODA	***3 110***	***100***	***5 107***	***100***	***6 905***	***100***	***100***

1. Included up to 2009. In 2010 aid to NGOs is reportable by sector.

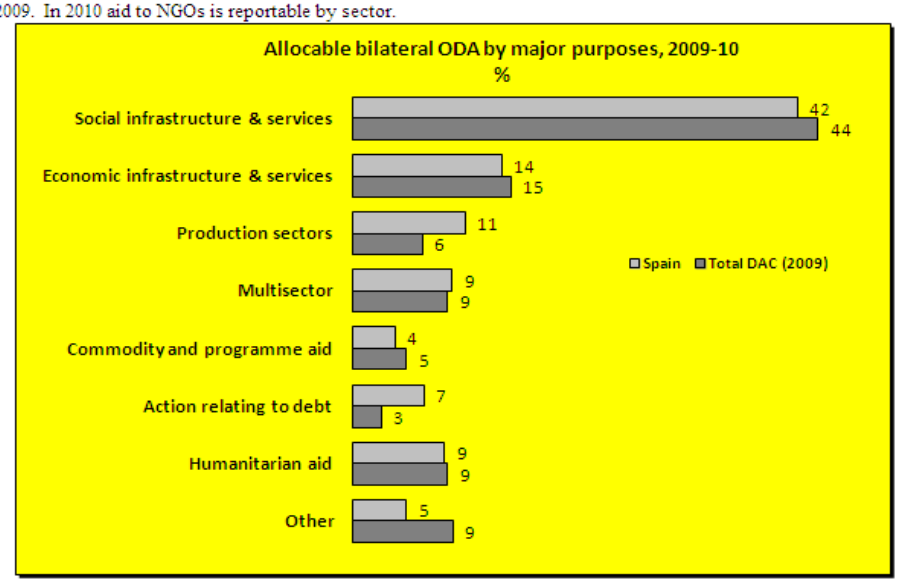


Table 11. Comparative aid performance

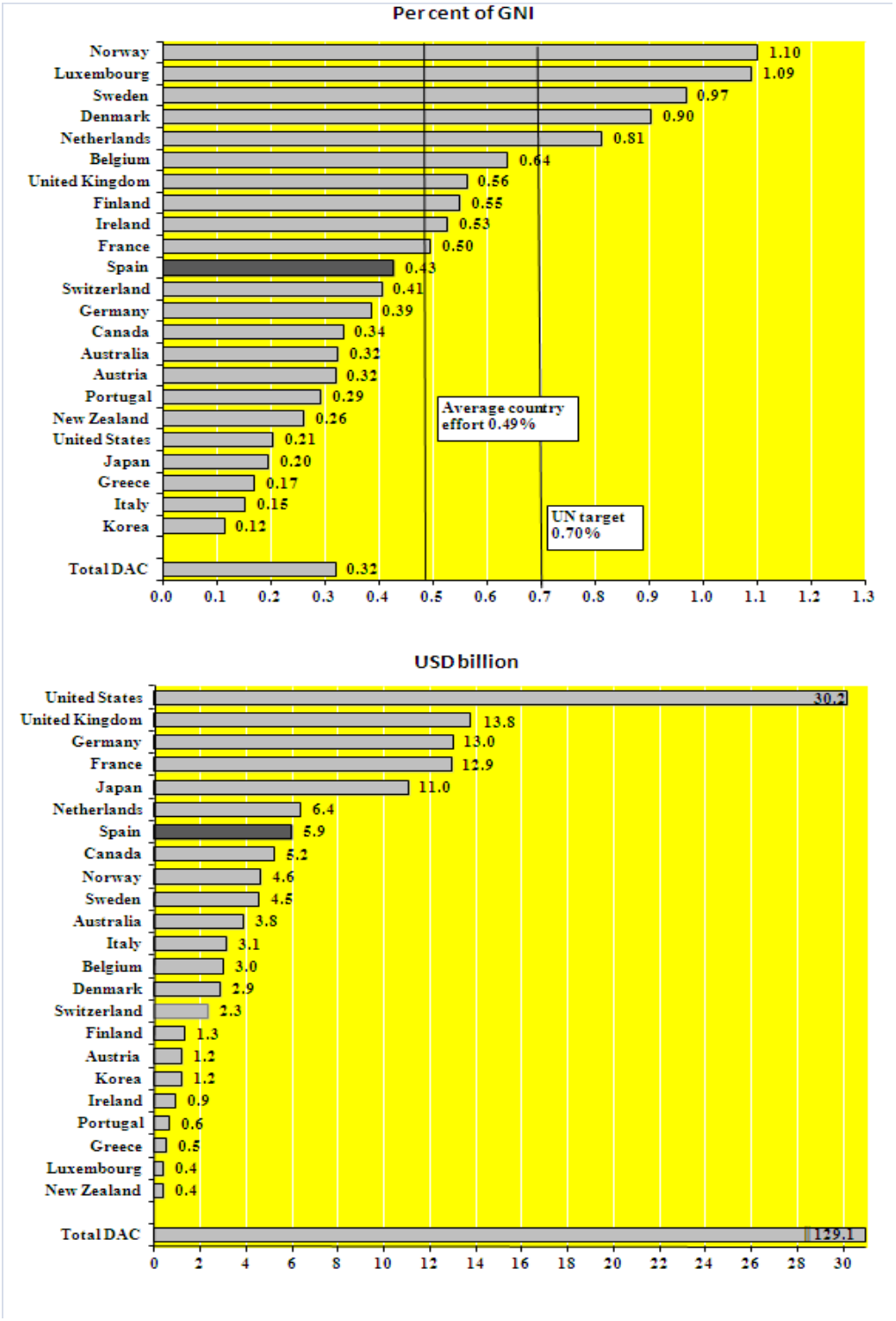
Net disbursements

	Official development assistance			Grant element of ODA (commitments)	Share of multilateral aid				ODA to LDCs Bilateral and through multilateral agencies	
	2009		2003-04 to 08-09 Average annual % change in real terms	2009	2009				2009	
					% of ODA		% of GNI			
	USD million	% of GNI		% (a)	(b)	(c)	(b)	(c)	% of ODA	% of GNI
Australia	2 762	0.29	8.2	99.0	16.3		0.05		26.4	0.08
Austria	1 142	0.30	13.2	100.0	55.6	26.9	0.17	0.08	30.4	0.09
Belgium	2 610	0.55	2.4	99.8	39.3	16.6	0.22	0.09	36.7	0.20
Canada	4 000	0.30	6.4	100.0	21.5		0.07		37.0	0.11
Denmark	2 810	0.88	2.1	100.0	32.2	22.6	0.28	0.20	39.1	0.34
Finland	1 290	0.54	9.2	99.9	38.7	22.0	0.21	0.12	34.9	0.19
France	12 602	0.47	2.5	88.8	44.3	21.3	0.21	0.10	26.0	0.12
Germany	12 079	0.35	7.7	93.3	41.2	17.3	0.15	0.06	28.1	0.10
Greece	607	0.19	6.7	100.0	51.1	4.0	0.10	0.01	19.2	0.04
Ireland	1 006	0.54	10.8	100.0	31.1	14.9	0.17	0.08	50.9	0.28
Italy	3 297	0.16	4.4	98.6	73.5	17.0	0.12	0.03	34.5	0.05
Japan	9 457	0.18	-0.3	86.5	34.8		0.06		34.0	0.06
Korea	816	0.10	14.0	93.3	28.8		0.03		30.7	0.03
Luxembourg	415	1.04	5.9	100.0	35.9	26.1	0.37	0.27	36.9	0.39
Netherlands	6 426	0.82	4.7	100.0	25.3	16.4	0.21	0.13	25.3	0.21
New Zealand	309	0.28	7.3	100.0	26.9		0.07		33.5	0.09
Norway	4 086	1.06	4.4	100.0	22.5		0.24		30.8	0.33
Portugal	513	0.23	-8.4	94.3	46.1	9.3	0.11	0.02	41.2	0.10
Spain	6 584	0.46	16.9	96.4	32.06	13.31	0.15	0.06	25.9	0.12
Sweden	4 548	1.12	8.8	99.9	33.8	27.30	0.38	0.31	30.7	0.34
Switzerland	2 310	0.45	3.7	100.0	24.2		0.11		30.2	0.14
United Kingdom	11 283	0.51	8.0	100.0	34.5	17.26	0.18	0.09	34.8	0.18
United States	28 831	0.21	6.1	100.0	12.7		0.03		32.6	0.07
Total DAC	**119 782**	**0.31**	**5.6**	**96.3**	**30.3**		**0.09**		**31.3**	**0.10**
Memo: Average country effort		0.48								

Notes:

a. Excluding debt reorganisation.
b. Including EU institutions.
c. Excluding EU institutions.
.. Data not available.

Figure 14. Net ODA from DAC countries in 2010



Annex C
Field visit to Bolivia

Part of the peer review team – two examiners from Sweden and members of the DAC Secretariat – visited Bolivia in May 2011. We met with staff from the Spanish Embassy and Spanish Co-operation, officials from the Government of Bolivia, including the Ministry for Development Planning and the Vice-Ministry for Public Investment and External Financing; the Ministry of Education; the Vice-Ministry for Water Resources; the Ministry of Autonomy; and officials from local government. We also held meetings with Spanish NGOs, Bolivian civil society organisations, parliamentarians, bilateral donors and multilateral organisations.

Country context: a stable economy with high levels of inequality

Bolivia is the poorest country in South America. While it ranks 95 out of 169 countries on UNDP's 2010 Human Development Index, its health indicators are among the lowest in the Americas. Bolivians' poor health is closely tied to inadequate or non-existent infrastructure for safe drinking water and basic sanitation services.

Despite economic growth of 4% in the last eight years and a decline in poverty rates, one in eight Bolivians lives on less than USD 1.25 a day. The most vulnerable are women and children living in rural areas, as well as indigenous people, who make up 65% of Bolivia's population of 10 million.

Bolivia maintains a fairly peaceful democracy, but its challenges are to improve the professionalism, accountability and transparency of its relatively nascent democratic institutions and to strengthen the rule of law. The country ranks low in the World Bank's World Governance Indicators and also ranks very low on Transparency International's 2010 Perception of Corruption Index, scoring 2.8 out of 10. Since January 2006, the Government of Bolivia has been implementing economic and social reforms. A profound constitutional reform has been approved, aimed at empowering excluded groups, promoting wider social participation, as well as greater decentralisation. A new autonomy law defining the powers of each level of government has been approved in line with new the Constitution of the Plurinational State of Bolivia.

There are 21 DAC donors and 11 multilateral agencies present in Bolivia. Their combined ODA was USD 726 million in 2009, two-thirds of which was delivered by bilateral donors. The amount of aid to Bolivia has experienced some peaks and troughs in the last ten years, but has steadily climbed since 2007 to reach 4.4% of gross national income in 2009.[28] Although there continues to be a strong EU presence in Bolivia, this may change in coming years as the top donors Denmark, and possibly the Netherlands, plan to exit.

Key features of Spanish co-operation in Bolivia

Spain has provided significant long-term assistance to Bolivia for 22 years. It is the second largest bilateral donor in the country after the US. Its programme totals

USD 98 million, representing 1.4% of its bilateral aid. The Bolivian government considers Spain to be an important, proactive and engaged donor with whom it has a privileged relationship. The government appreciates Spain's strong and predictable support that has continued despite the economic crisis in Spain. Among the donor community in Bolivia, Spain is acknowledged as a leader which has made significant progress by learning from its experience. Given its good understanding of the local context and its political visibility, donors and local NGOs look to Spain as a broker with the government, particularly on ways to improve the division of labour among donors.

Spain's programme is well-aligned with the Bolivian government's priorities and its National Development Plan. This is evident in the new Country Partnership Framework signed with the Bolivian government at the end of 2010 (Box 3). Being among the first of its kind, Bolivia's Country Partnership Framework was established in very exceptional circumstances. The methodology was being fine-tuned as negotiations with the partner government and all actors advanced and there were incompressible time constraints in the late stages of negotiation and conclusion (53 working meetings in four months). The outcome is remarkable. In addition, the co-ordination mechanism in Bolivia foresees: (i) elaborating and maintaining an up-to-date mapping, by sector and area of expertise, of all Spanish Co-operation actors present in the country, and (ii) preparation of an annual report on the fulfilment of the Country Partnership Framework and the coherence of efforts undertaken by all Spanish Co-operation actors in Bolivia. These actions will enable the Bolivian government to get an overall picture of all Spanish co-operation efforts in Bolivia and, together with Spain, ensure effective co-ordination, complementarity and coherence amongst them so as to maximise the impact of Spain's efforts and help to reduce poverty in Bolivia. We observed that Spain has made significant progress in using the country's own systems, and is appreciated for this progress. Since 2008, Spain has been contributing to the multi-donor basket fund managed by the Ministry of Education. In addition, it uses Bolivia's SIGMA budgeting system (*sistema de gestión administrativa*) and submits all projects negotiated with line ministries to the Ministry of Planning, in line with the government's requirements.

Spain's engagement in Bolivia

Bolivia is the 6th largest recipient of Spanish ODA and is one of Spain's priority bilateral partners in the so-called "Group A" category (Chapter 1). The biggest providers of Spain's bilateral aid to Bolivia are Spain's autonomous communities (47%) and the Spanish Agency for International Development (42%) (MAEC/SECI, 2011d). One third of Spain's aid to Bolivia is channelled through multilateral organisations (AECID, 2010a). Large contributions are made to two special funds:

The Water and Sanitation Fund: The Spanish government created this special fund in 2007 to help countries in Latin America and the Caribbean expand water and sanitation services and support their efforts to reach the MDGs for the sector. It is managed by the Inter-American Development Bank. Spain's contribution represents 80% of this fund, which has a total budget of USD 1.5 billion.

The Spanish-UNDP Fund for the Achievement of the MDGs is managed by UNDP. Its purpose is to help achieve the MDGs and improve co-ordination among UN agencies. Of the total value of this fund, USD 28 million has been allocated to Bolivia for 2008-2012. Feedback provided during our interviews with multilateral organisations suggests that there are a number of flaws in the detailed design of the fund which seem to affect implementation of joint programmes on the ground (Chapter 3).

In 2008 Spain formally joined the Basket Fund for Education into which to pool its bilateral aid with other donors. It plans to allocate a total of EUR 21.2 million between 2010 and 2014. Although Bolivia is positive about Spain's participation in this fund, the partner government is concerned about the ability of the fund to deliver over the four years. Denmark and the Netherlands are withdrawing from the fund and the Bolivian Government is looking for alternatives, including NGOs and public funds.

The largest portion of Spanish ODA to Bolivia is for social infrastructure and services. In the Country Partnership Framework agreement for 2011-2015, 73% of Spanish aid[29] will be targeted to sector-wide programmes: water (44%), education (20%) and governance (9%). The remainder is programmed for region-specific priorities (food security and health) and cross-cutting issues (gender equality, inter-culturalism, and environment). Previously, Spain had been very active in Bolivia in the health sector but this has now been delegated to NGOs along with food security. It is also withdrawing from the productive sector. Spain has maintained culture as it is a specific sector in which it can add value, allocating 7% of its co-operation.

A wide range and number of Spanish actors are present in Bolivia – they total over 80. On the one hand, this diversity of actors – which operate sometimes at very localised levels across all regions of the country – is perceived as an opportunity in Bolivia's current political transformation and decentralisation process. On the other hand, the Country Partnership Framework expresses the desire to progressively concentrate the geographical and sector spread of Spanish co-operation. The fact that the Bolivian Government cannot get a full overview of the efforts of all Spanish co-operation actors is a burden and compromises its ability to plan effectively. The strategies of autonomous communities are unclear to the central government and sometimes differ from the agency's approach. This potentially undermines the carefully negotiated focus and concentration of Spanish co-operation in Bolivia. Given the economic downturn in Spain, prompt attention must be given to developing a concerted national approach to development co-operation among all Spanish actors in a way that respects complementarity but at the same time enhances impact (Chapter 3).

Box 6. Donor co-ordination in Bolivia

Grupo de Socios para el desarrollo (GruS) was created in 2006 by donors in Bolivia to harmonise international development co-operation in support of Bolivia's National Development Plan and the MDGs, and to make co-operation effective in line with the Paris Declaration and the Accra Agenda for Action. The GruS facilitates communication and co-ordination between international co-operation partners in Bolivia on the one hand, and public and private institutions on the other hand. In doing so, the group is both a space for donors to raise their concerns with the government and a mechanism through which donors can support the leadership of the Bolivian government in its endeavours.

The GruS comprises 21 bilateral, intergovernmental and multilateral organisations present in Bolivia. However, it does not represent all countries co-operating with Bolivia, such as other Latin American countries, or more recent development actors such as India, China, Iran, and Korea. This represents challenges and opportunities for Bolivia and the donor community.

The GruS holds monthly meetings of Heads of Co-operation and organises thematic meetings with the international donor community and government actors. To facilitate close co-operation with the partner government, it has 14 sector groups: i) monitoring and evaluation of the Paris Declaration, ii) co-ordination with NGOs, iii) management for development results, iv) water and sanitation, v) education, vi) health, vii) integrated development/drugs, viii) gender equality, ix) culture, x) public administration, xi) environment, xii) agro-fisheries and productive sectors, xiii) civic culture, and xiv) macro-economics.

The GruS Troika, its co-ordination and facilitation committee, follows a rotating mechanism to ensure representation and continuity. For the first semester of 2011 it was presided over by the UNDP with Germany and Sweden. It has recently set up a permanent secretariat. The GruS usually presents the workplan for the 2011 budget year to the Minister of Development Planning.

Donors interviewed for this peer review felt that the potential impact of the aid effectiveness agenda in Bolivia was limited – net ODA only represents 4.4% of gross national income, with a much larger amount coming from non-ODA funds and from donors not committed to aid effectiveness *e.g.* China, and Venezuela. The division of labour has not worked successfully in Bolivia, as donors acknowledge that a tendency to support the well-functioning sectors (with effective mechanisms such as basket funds etc.) has led to oversubscribed sectors (health and education) on the one hand, and orphan sectors on the other hand (justice).

Aid co-ordination in Bolivia

The Ministry for Development Planning is responsible for the planning and co-ordination of development in Bolivia. It establishes, co-ordinates, and monitors the national strategy for economic, social and cultural development in collaboration with other line ministries, public entities at national and sub-national levels and civil society organisations. The Vice-Ministry for Public Investment and External Financing (VIPFE) is the contact point for international co-operation. The VIPFE is currently investing in a national system to collect information on all resources provided by all development co-operation actors present in Bolivia. While there is no state policy in Bolivia on NGOs, VIPFE plans to develop a unique register for NGOs on their activities to ensure inputs and results are aligned with the national strategy.

Donors harmonise their work through a co-ordination group led by donors and called the GruS *(Grupo de Socios para el desarrollo de Bolivia)*. This group facilitates communication and co-ordination with the public and private institutions and international co-operation in Bolivia (Box 6).

Spain's leading role in the aid effectiveness agenda

Spain is very present and influential in Bolivia and its development co-operation is increasingly aligned with the government's priorities. Based on experience from Spain's last country strategy for Bolivia and recommendations from the 2007 peer review, Spain now focuses on a few sectors and has become more strategic. It has made rapid progress in recent years in implementing the principles of the Paris Declaration. Donors cited several examples of successful joint collaboration which demonstrate Spain's determination to improve the quality of its co-operation. The Country Partnership Framework is country-driven and explicitly aligned with Bolivia's National Development Plan. Spain makes good use of partner country systems and has shifted to more programmatic approaches – such as the Basket Fund for Education, and the Water and Sanitation Fund described above. Spain channelled all its aid to Bolivia through the country's national procurement system, and disbursed 60% through its public financial management system.[30] In addition, Spain systematically uses national procedures for budget execution and financial reporting. However, it uses its own audit structures, as donors and the government have agreed not to use national audit procedures given the limited capacity of the National Audit Office and the timing of external audits.

The EU selected Bolivia as a pilot country for donors to apply the EU Code of Conduct on the division of labour. Spain and Denmark are leading this work. However, progress is slow and it is proving difficult to meet with the partner government so that it

can lead the negotiation process for the division of labour. With stronger support and political will from the EU in Brussels, Spain could play a more effective brokering role between the government and EU donors. This will be even more important as Denmark and possibly the Netherlands are planning their withdrawal from Bolivia. Future gaps and possibilities for delegated co-operation are being addressed in the donor co-ordination group.

Donors noted Spain's good intention to involve them in the consultation process for the development of the new Country Partnership Framework with Bolivia. However, the schedule to conclude the framework was extremely tight and there was not sufficient time to consult on the division of labour. This aspect should be integrated into future Country Partnership Frameworks.

To maintain the very positive momentum of Spanish co-operation's efforts to lead aid effectiveness on the ground, Spain needs to assess whether its own instruments and procedures are fit for purpose. Both donors and the partner government commented on the onerous and lengthy decision-making processes and financial procedures involved with Spanish aid. In addition, Spain needs to get better insights into activities implemented by its autonomous communities in Bolivia to ensure they are applying the principles of aid effectiveness and that Spanish co-operation speaks with one voice (Chapters 3 and 4).

Organisation and management of Spain's co-operation in Bolivia

The Spanish Country Office in Bolivia is an integral part of the Spanish development agency's external structure and is attached to the Embassy. The Country Office works under the guidance of the Head of Mission and under the agency's authority. The Head of Mission assumes the highest responsibilities for development co-operation activities in the partner country and is also responsible for the coherence of the different policies that Spain implements. There is seamless co-operation and collaboration between development and foreign policy teams which mirrors the relationships observed by the peer review team in Madrid between the ministry, the state secretariat, and the agency.

The organisational structure in place to implement headquarters' policies and strategies is very solid in the field. The Country Office has a staff of over 30, one-third of whom are locally employed. Spain has made a significant effort to professionalise the level of its staff in field offices – a fact that other donors in Bolivia confirmed. While the current team in the Country Office has strong competencies and an appropriate skills mix, the staff team did not receive clear information from headquarters on career management, development, and/or mobility and rotation opportunities (Chapter 4).

As gender equality is now a cross-cutting issue rather than a sector in its own right, there is some concern (*e.g.* by Bolivian CSOs) that its importance and impact will not be sustained. To address this, the competence and the responsibilities for gender equality have been positioned at the top of the organisational structure for the Country Office, reporting to the Head of Country Office.

Feedback from Bolivian civil society also points to Spain's very heavy NGO procedures. These entail hidden costs in addition to the overhead charge of 10%, which is already considered excessively high, especially when compared to other donors with much easier and more straightforward procedures. The cost-benefit ratio of these arrangements should be given further thought (Chapter 4).

The new Country Partnership Framework increases the ownership and responsibility of the country office, which is important to ensure that Spanish co-operation is country-driven and that the aid effectiveness principles can be applied on the ground. The new framework has meant professionalising staff in the Country Office and a progressive shift to more programmatic aid. This raises the question as to whether headquarters delegates sufficient authority in decision-making and financial management to its co-operation offices, an issue raised by other donors in Bolivia and the partner government. The capital plans to connect field offices to a new Internet-based knowledge and financial management systems in real-time; however, it seems that Spain does not plan to delegate more financial authority from headquarters to the field (Chapter 4).

Notes

28 www.aidflows.org.

29 Information provided by Spanish Co-operation in Bolivia

30 Bolivian Ministry for Planning/Vice-Ministry for Public Investment and External Financing, Encuesta 2011 de Seguimiento de la Declaración de París, La Paz, April 2011

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