DAC AID REVIEW OF SPAIN

The Development Assistance Committee (DAC) of the OECD reviewed, for the first time, Spain's development co-operation programme and policies on 29 March 1994. Spain joined the DAC at the end of 1991. The Spanish Delegation was headed by Mr. Juan Antonio March, Vice-President of the Agency for International Co-operation, Ministry of Foreign Affairs. The examining countries were Italy and Switzerland.

The Chairman of the DAC, Mr. James H. Michel, summarised some of the main issues discussed in the Spanish Aid Review:

a) The DAC noted the substantial progress made by the Spanish Government and Parliament since the inauguration of the Spanish aid programme in 1985, both to increase the volume and also to improve the quality of development assistance. Spain now ranks tenth with regard to aid volume among DAC Members and seventeenth with regard to the ratio of official development assistance (ODA) to gross national product (GNP). Spain's ODA amounted to $1.5 billion or 0.27 per cent of GNP in 1992.

b) The Committee expressed concern that the increase achieved to date by Spain in net ODA disbursements has resulted primarily from an increase of concessional official export credits extended by the Development Aid Fund (FAD) not matched by growth in the grants programme, which has actually diminished. The FAD credits reached 56 per cent of total net ODA in 1992. One reflection of the impact of FAD credits is that, despite a softening of the financial terms in recent years, Spain has not yet met the DAC Terms Recommendation with respect to concessionality.

c) The DAC discussed the basic orientation and the role of FAD credits in the Spanish aid programme and their ODA eligibility. FAD credits (like the similar facilities of other DAC Members), are extended mainly with a view to promoting Spanish exports. The very large share of these credits in the Spanish aid programme is not well suited to the implementation of the declared aid policies as laid down in the Guidelines for Spanish Development Co-operation, in particular with regard to geographic and sectoral priorities.

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d) The Committee believed that, if Spain is to achieve its stated aid objectives, the aid programme should seek to achieve a significant increase in appropriations for bilateral grants vis-à-vis FAD credits. Multilateral contributions could also gain a normal weight in a re-balanced programme. There is strong evidence that the Spanish development agency (AECI) could now manage a substantially increased grants programme on the basis of its already considerable and still growing capacity and expertise.

e) The DAC encouraged the Spanish authorities to further pursue their efforts to develop and institutionalise a unified concept of Spanish development co-operation activities. In this context the DAC underlined the need to ensure that aid planning and staffing policies provide the continuity needed for an efficient implementation of aid projects and programmes. It welcomed recent measures taken to improve aid management and noted the proposal made by Parliamentarians in 1992 that a single aid agency should have responsibility for the entire programme. The Committee was interested to hear that a law on development co-operation may be presented to Parliament.

f) The Committee was interested by the competitive procedure for the selection of NGO projects to be co-financed by the aid programme. It also encouraged expanded Spanish collaboration with NGOs so as to facilitate the implementation of Spain’s stated development co-operation policies with regard to poverty alleviation and assisting the most deprived strata of the population.

A detailed report prepared by the Secretariat, including the Committee’s complete Summary and Conclusions, will be published at a later date.