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# Spanish Development Policies: The Obstacles to Progress

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»» When the Spanish Socialist party came to power in 2004, it was faced with an aid system in decline. This system was biased towards business interests, lacked direction in the fight against poverty and stood in isolation from European and southern partners. The aid system had also been a subject of conflict between the government and civil society and academia. Six years later, the outlook has radically changed for the better.

## SPAIN'S NET AID

Year	Billions of euros
2008	4,761.69
2007	3,754.62
2006	3,038.35
2005	2,428.36
2004	1,985.01
<b>Total</b>	<b>15,968.03</b>

In 2004, prime minister José Luís Rodríguez Zapatero undertook an ambitious plan to increase Official Development Aid (ODA) to 0.7 per cent of GDP in 2012. This still remains a goal despite the fact that Spain is in the throes of recession and suffering substantial budgetary problems, showing that development cooperation is deeply rooted in Spanish society. According to recent Eurobarometer data, Spanish society leads the international commitment among European countries, with 93 per cent deeming aid to developing countries (DC) to be very or quite important, and 41 per cent thinking that the European Union (EU) ought to do more for development. Acknowledging this political capital has undoubtedly been one of the biggest strategic moves of the current government's foreign

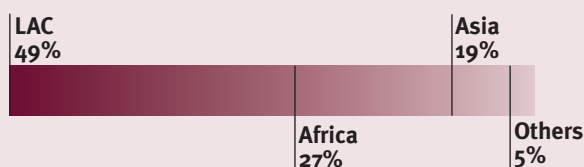
## HIGHLIGHTS

- In an unprecedented undertaking, Spain started taking its commitment to development seriously from 2004 onwards.
- Spanish aid has now been brought to a standstill by institutional frictions.
- To confront this problem, institutional capacities and the prime minister's commitment are needed to build relations with the South.

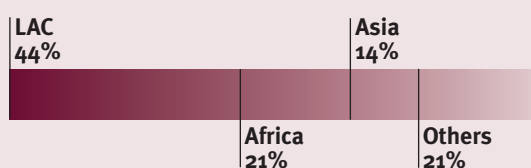
»»»»» policy. The country's resulting financial commitment has made it the fourth largest European donor and propelled it into sixth place worldwide, with approximately 4.76 billion euros spent on development cooperation in 2008, according to the Spanish Annual International Cooperation Plan. The distribution of Spain's bilateral aid, which is unique within Europe, remained stable between 2004 and 2008: just under half for Latin America, a quarter for Africa and a fifth for Asia.

During the negotiations at the Accra High Level Forum on Aid Effectiveness, Spain supported the most progressive European stances, which opened up spaces for partner countries. Within the EU, Madrid advocates a clear outlook on the prospects of DC in different policies, such as the division of labour among donors. Beyond Brussels, Spain is involved in the Working Group on Aid Effectiveness (WP-EFF) hosted at the Development Assistance Committee (DAC), and the United Nations Development Cooperation Forum (UN-DCF). Spain and Germany are cautious pioneers of triangular cooperation as a potential model of relations with middle-income countries. This model provides a response to the demands of Latin American partners with which Madrid has close relations, for example through the Ibero-American General Secretariat (SEGIB, by its acronym in Spanish), a horizontal mechanism inspired by postcolonial ties.

**Distribution gross bilateral aid (2008)**



**Distribution gross bilateral aid (2004)**



The legal and strategic bases of Spanish cooperation seem to merit a positive evaluation. The Spanish international development cooperation law, in force since 1998, established a mandate that is very rare in Europe on the coherence of all public policies applied by the government and civil service that may affect DC. Another strategic dimension to Spanish cooperation lies in the aid effectiveness agenda, reflected in the current 2009–2012 strategic plan. To improve the quality of aid, the State Secretariat for International Cooperation (SECI, by its acronym in Spanish) drew up an action plan for effective aid, with indicators that go beyond even the commitments undertaken by donors in the Paris Declaration and the Accra Agenda for Action. These moves have led to Spain being identified as a Nordic++ donor. This hints at the possibility that Spain might join the Nordic+ group, the select club of donors (formed by Denmark, Finland, Norway, Sweden, the United Kingdom, Ireland and the Netherlands) that stand out as champions of innovation and effectiveness in international aid.

From 2004 onwards, a team initially led by then secretary of state Leire Pajín succeeded in rebuilding relations with various Spanish organisations, including development NGOs and think tanks. Spain gradually began to restructure its aid system. Steps taken include the creation of the General Directorate of Development Policy, Planning and Evaluation (DGPOLDE, by its acronym in Spanish) within the SECI to serve as the political 'brains' behind development cooperation; reform of the Spanish International Development Cooperation Agency (AECID, by its acronym in Spanish); the introduction of new modalities such as budget support and multi-annual agreements with development NGOs; and the reorientation of the controversial loans of the Spanish Development Aid Fund (FAD, by its acronym in Spanish), an instrument designed to support Spanish businesses which creates external debt in DC.

In addition, interest in research on development has been stimulated among Spanish civil society. The number of publications and events has increa-

sed rapidly in recent years, with a clear European focus. The EU offers a natural forum for Spanish debate, as shown by the wide participation of Spanish organisations in CONCORD (for NGOs) and EADI (for research centres). Yet there is also an increasing awareness that in spite of all these advances, Spanish cooperation still seems to lack direction and faces various obstacles to its progress.

### OBSTACLES TO PROGRESS

As the economic crisis continues and some European donors are falling behind with their promises, Spain remains firmly on the path to achieving its financial goals regarding development cooperation. However, the need to focus on not only aid quantity but also its quality is ever more pressing. Unfortunately, Spain's increasingly progressive commitments are turning into mere political discourse. As a result, a complex web of intentions and capacities (or lack thereof) has been created; and Spain is finding it difficult to escape this trap. This maze can be divided into the following three dimensions:

**Institutional divides.** Spanish cooperation suffers from a lack of coordination between the Ministry of Foreign Affairs (which carries out 51 per cent of ODA), the Treasury (30 per cent) and other departments with a lesser role, such as the ministry of industry, commerce and tourism (4.2 per cent). Decisions require clear leadership. This is non-existent, despite the prime minister's interest in development cooperation. This limits coherence, as shown by the contradictory effects of Spanish policies in Africa. Although it accounted for 13 per cent of ODA in 2008, the real contribution of decentralised cooperation tends to disappear (with some notable exceptions) in high transaction costs and partisan interests. At the centre, the lack of coordination between DG POLDE, the 'brains' behind the process, and the AECID, the 'muscle' that implements 19 per cent of bilateral aid, generates tensions. This situation has not improved following the recent replacement of the secretary of state for international cooperation and of the director of the AECID. Although the reform

process has reached a standstill, the agency has still managed to create some areas of excellence, such as the unit responsible for programming and effectiveness. However it is still struggling to meet many of the basic requirements to be a Nordic++ donor. For example, Spain's country offices, which are essential to comply with the principles of Paris and Accra, have an unclear mandate and face directives that are often outdated and contradictory. As a result, their daily operation depends fundamentally on their coordinator's professional capabilities and personal commitment. This largely explains why discussions and plans lack the necessary impact or are not put into practice with southern partners.

#### SPAIN'S PROGRAMMATIC AID

Year	Millions of euros
2008	70
2007	52
2006	23
2005	17

**A slow professionalisation process.** Traditionally, Spanish cooperation has been a sector dominated by religious and social movements and civil servants. Many different development NGOs have also joined over the years, partly encouraged by the highly favourable regulations for foundations. In recent years, a greater investment has been made in training professionals, although the quality of training has varied. Through their networks, development NGOs have improved their management and transparency, but their capacities for analysis and policy impact are still at an early stage. Even the AECID has a mixed body of diplomats and employee-consultants. The current division of labour and limits to meritocracy tend to work against the latter, while the former have managed to establish their position in the face of reform dynamics. Staff rotation, for example among ministries or between headquarters and offices, takes place without institutional lessons being learnt. In general, knowledge management is one of the biggest tasks pending at all levels, as shown by the difficulty of implementing the results of evaluations carried out between 2006 and 2008.

»»»»» 'New' issues, such as public financial management, still do not attract sufficient professionals in the field, and the capacities already built, for example in the Treasury, are not sufficiently utilised. Finally, the system does not lend itself to the incorporation of external analytical capacities. On the one hand, in spite of many promises, support for research is rather unstructured. On the other hand, by offering low rates, Spanish cooperation struggles to compete for first class consultancy services.

**Solidarity as political capital.** Spanish society's almost unanimous support for development cooperation has led to some difficulties regarding transparency and accountability. This can be explained by the insufficient analysis of policies outside a few closed circles, in spite of the diversity of actors involved in the system. Politicians, moreover, seek to 'satisfy everyone' through wide-ranging advice. One example is the 2009–2012 Master Plan which fails to identify sector priorities. Oddly enough, the Plan's advice is mostly directed at domestic actors. Southern partners (including their embassies in Madrid) are not included, despite the fact that they are ostensibly offered a close partnership. The Development Cooperation Council has not been consolidated as the main consultative body, partly because public opinion is not sufficiently interested in the development results generated and/or hindered by Spanish cooperation. In spite of considerable social pressure, the reform of FAD loans is still pending due to the lack of coordination between state secretariats and strong differences in political and economic interests. This also entails a shocking percentage of tied aid (95 per cent, according to the Paris Declaration monitoring survey). This distances Spain from the club of Nordic+ donors, who have abolished this form of aid, believing it to be detrimental to the leadership of DC. Accountability is centred on financial aspects only. It is difficult to assess the impact of Spanish cooperation to date, including the contribution of the development NGOs. It is practically impossible to hold Spanish cooperation to account when it prejudices a southern country, sector or population. Multilateral cooperation is another weak link in this chain of accountability through 'bilateralised multilateralism' (for example

through the UNDP-Spain fund), in which visibly political interests prevail. All this seems to lend itself to a simplistic exploitation of the political capital of development cooperation, but constitutes a critical barrier to learning, quality control and the sanctioning of a cooperation system still afflicted by its original faults.

This complex situation does not make the most of Spain's considerable potential, given the following:

- There are still significant limitations to Spanish cooperation that affect the country's ability to be a partner of DC in practice. Spanish cooperation is beset by contradictions, which astonish southern actors.
- Management of results and accountability are not functional. Given that around EUR 16 billion have been invested in development cooperation since 2004, this could create strong political pressure in the future.
- Experiences of coordinating Spanish aid with other European donors are restricted to a small number of countries (such as Bolivia, El Salvador and Haiti) and depend fundamentally on the coordinator of the country office.
- The modalities that most favour leadership in the partner country, such as budget support, are still new territory that some domestic actors do not want to explore for fear of losing financing for their projects.
- Spain is very slow in devising new models of relations with the south – such as triangular cooperation – which have significant potential for European development policies.
- In accordance with European expectations, Spanish cooperation must become more specialised and concentrate on fewer sectors (at the level of each partner country), within a more limited geographical range. This process has reached a standstill due to the high political price of diminishing the influence of the diverse interests of actors involved in the system.

## A NEW DIRECTION

The 2015 deadline for achieving the Millennium Development Goals is drawing closer. Spain must decide whether to revive its reform agenda or instead give in to the inertia of its cooperation system and the considerable domestic resistance which development cooperation faces. Now is the time to face the institutional challenge. If the path to reform is reinforced, it could lead to a unique opportunity: Spain could gradually become a progressive donor, collaborating with the south on a daily basis and cautiously implementing European models, such as the division of labour.

In order to do so, the Spanish government must confront the contradictions between discourse and practice more openly and increase its capacity to

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listen to its employees, especially in the AECID. It may well be worth responding constructively to the rumour of a 'counter reform' of the AECID. This can be done by widening its areas of excellence, replicating the pilot experiences of country offices in other

contexts and facing up to the tension and frustration among the agency's staff. The commitment to effectiveness shown by some bodies of decentralised cooperation, such as that of Catalonia, should be openly applauded. Mutual learning should be promoted, for example with respect to subnational budgetary support and delegated cooperation. Partner countries will welcome a move towards more horizontal partnerships, for example through triangular cooperation with middle-income countries in Latin America. These partnerships could constitute a real comparative advantage for Spain among European development policies.

Ultimately, results are what count, and even more so during the current financial crisis in which

explanations need to be given to the Spanish public, and responsibility needs to be assumed towards developing countries whose access to financing has been restricted. These countries do not need rhetoric, but high quality aid that tackles the problems of their increasingly challenging daily existence. Beyond any financial commitment, this responsibility certainly deserves the prime minister's attention in these turbulent times.

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