

Combating poverty is the main goal of the Spanish Agency for International Development Cooperation (AECID).

The Development Promotion Fund (FONPRODE) makes available to Spanish Cooperation a set of instruments, involving both reimbursable transactions –basically loans and capital transactions– and donations, in order to contribute to achieving this goal.

FONPRODE is a dedicated instrument at the service of the entire Spanish Cooperation system, exclusively dedicated to operations of an untied nature. Its fundamental goals are eradicating poverty, reducing social inequalities and inequities between people and between communities, promoting gender equality, defending human rights, and achieving the sustainable human development of impoverished countries.

FONPRODE was created by Act 36/2010, of 22 October, and was amended by Act 8/2014. Its operations are governed by its own regulations, approved by Royal Decree 845/2011, of 17 June.

The creation of FONPRODE constituted a fundamental step forward in Spain's International development cooperation policy, and met one of the historic demands of Spain's civil society.



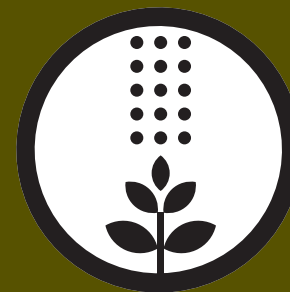
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FONPRODE

Development Promotion Fund



FONPRODE is a fund without legal personality managed by the Ministry of Foreign Affairs and Cooperation (MAEC), through the FONPRODE Office, which reports to AECID.

FONPRODE has taken over the actions approved both by the former Development Aid Fund (FAD) –which are attributable to the Ministry of Foreign Affairs and Cooperation– and by the Microcredit Fund (FCM).



Traditional Earthenware. Photo: Pepa Acedo

Operations that may be funded by FONPRODE, with an untied nature.

- Donations to States, regional or local public administrations, and other entities of a public nature, for projects, programmes, strategies and modalities of programme-based aid.
- Donations to multilateral non-financial development organizations.
- Donations for technical assistance, feasibility studies for projects, and evaluations.
- Donations to trust funds in international development financial institutions, or donations to multi-donor funds managed or administered by international financial institutions.
- Loans or credits and credit facilities on concessional terms to States and, exceptionally, to regional or local public administrations, for funding development projects.
- Temporary acquisitions of shares or direct stakes in equity or quasi-equity in collective investment undertakings or other public-law entities constituted in the country receiving the funding.
- Loans, credits or credit facilities to local financial institutions for granting microcredits or other micro-financial services.
- Temporary acquisitions of shares or direct stakes in equity or quasi-equity in private-law entities, for investments supporting the economic fabric or micro-, small- and medium-sized enterprises.

Responsible Funding Code and Management Methodology.

A Responsible Funding Code has been established in order to achieve the full integration of FONPRODE's reimbursable operations, as stipulated in FONPRODE's regulations. This Code sets forth the measures guaranteeing coherence between the operations funded by this Fund and the planning frameworks of development cooperation policy, as well as compliance with internationally-accepted standards.

Likewise, FONPRODE's Regulations establish the drafting of a management methodology guaranteeing that operations are aimed at achieving development results.

FONPRODE operations management cycle

Identification

This will be done by MAEC, through its State Secretariat for International Cooperation and for Ibero-America (SECIPI), AEICD (FONPRODE Office), and COFIDES (Spanish Company for Development Funding), with the support of Spain's Technical Cooperation Offices and Economic and Trade Offices abroad. When identification involves International Financial Institutions, it will be carried out jointly by AECID and MINECO (Ministry of the Economy and Competitiveness).

Analysis and Formulation

The operations selected are subject to analyses on: development impact; social, gender and environmental performance; contribution to Spanish Cooperation's goals and additionality provided; financial feasibility and impact on public deficit; and risk assessment in the case of reimbursable operations.

Approval by the Executive Committee and Authorization by the Cabinet

Approving proposals is the responsibility of FONPRODE's Executive Committee, which is chaired by an official from SECIPI, with representatives from MAEC and MINECO, as well as from organizations and ministries that manage funds that count as ODA. The Committee Meetings are also attended by the Instituto de Crédito Oficial (Official Credit Institute–ICO), as the Fund's financial agent, and the Head of the FONPRODE Office, who acts as secretary. The proposals approved are forwarded to the Cabinet, which is responsible for giving authorization.

Formalization

This is materialized in the signing of funding conventions and agreements with the beneficiaries.

Monitoring

This includes managing the operational programmes, mid-term and final reports –both financial and development-based– and requests for amendments that do not affect the conditions approved by the Executive Committee and the Cabinet. Communication with the beneficiaries and preparation of and participation in the commissions and committees for monitoring contributions, both in the bilateral and multilateral spheres, will be established in coordination with Spain's representations to international organizations and other institutions.

Evaluation

All operations funded by FONPRODE will be evaluated following the criteria set forth in the Master Plan for Spanish Cooperation and the other evaluation-related documents of Spain's international development cooperation policy.



Crafts woman. Photo: Rubén Saornil