

# ICE

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## FINANCIAL COOPERATION IN SPAIN

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**ALONSO SANZ, Ixone and FERRERO RODRÍGUEZ, Ana**

**Changes in Autonomous Community spending in the wake of the economic crisis: 2007 vs 2010**

**Abstract:** The present article analyses the changes taking place in regional spending patterns between 2007 and 2010. The two scenarios are statistically compared using factorial statistical techniques, among others, in pursuit of a dual objective: i) to identify both differences and possible likenesses in regional budgetary spending patterns, and ii) to determine the changes in those spending patterns as a result of the 2008 economic crisis. The years chosen for the comparison were 2007, the last year with a budget surplus (over 2 per cent of GDP), which marked the end of the expansive phase, and 2010, when, despite some faint signs of recovery, budgets were heavily impacted by the recession.

**Key words:** economic crisis, regional public spending, spending patterns, factorial statistical techniques, public sector economy.

**JEL Classification:** H61, H72.

**AMBROSIO ALBALA, Mateo**

**An example of development finance blending from the standpoint of the effectiveness of aid: the Spain-FIDA facility**

**Abstract:** Agriculture and food security are among the priorities on the international agenda. Several fora have called for fund increases and improved coordination to support agricultural policies in developing countries. In light of stricter budgetary constraints, with more complex aid architectures geared to effectiveness, blending, or the combination of loans and subsidies, is an innovative and effective approach to implementing donor commitments. This article describes the Spain-FIDA facility for co-financing food security as an example of blending that is consistent with the aid effectiveness agenda and teaches a few lessons on the financial factors involved.

**Key words:** blending, development finance, aid effectiveness, agriculture, food security.

**JEL Classification:** F34, F35, O19.

**CEA ALCAIDE, Carlos**

**Venture capital funds in development aid**

**Abstract:** Venture capital funds play an important role in the economic growth and development of developing countries, as vehicles that provide access to both financing and other services associated with small and medium-sized enterprise management and consolidation. Private agent, institutional investor, development finance institution and international financial institution investments are channelled toward sectors with substantial

economic and social impact. From the standpoint of economics and return on investment, the interest lies in the growth potential of the regions involved and the host of possible investments in both capital-intensive and service and basic needs industries. From the social perspective, investors are increasingly prone to require fund managers to comply with responsible investment principles and pay special heed to social, environmental and governability concerns when designing the «negotiation-investment-follow-up and control-divestment» process.

**Key words:** venture capital, venture capital fund, venture capital industry standards, economic development, economic convergence.

**JEL Classification:** F330, G300, O160.

**CLIMENT SERRANO, Salvador**

**Study and valuation of shareholder participation  
in the *Sistema Institucional de Protección***

**Abstract:** This paper analyses the percentage holding attributable to each of the seven savings banks constituting the *Sistema Institucional de Protección* (Institutional Protection System, Spanish initials, SIP) under the leadership of Caja Madrid and Bancaja, based on their financial statements. It studies 15 indicators associated with net worth, solvency, liquidity and asset quality. An examination of these indicators and a discussion of the reasons that led to the merger are followed by a description of a model that accommodates all these variables. The first part of this two-part model calculates the percentage attributable to each institution on the grounds of its equity. The second part assesses each institution's asset quality, solvency and liquidity to adjust the assessment. The end result is fairly similar to the holdings actually defined in the agreement concluded, although Bancaja received a larger holding than found by applying the equity assessment model only. Due to its higher efficiency and lower and more effectively hedged delinquency ratio, in particular, it carried heavier weight in the second model.

**Key words:** merger, financial system, savings banks, Caja Madrid, Bancaja.

**JEL Classification:** G12, G14, G21, G34.

**CORTÉS FERNÁNDEZ, Javier and PÉREZ URETA, Clara**

***Fondo para la Promoción del Desarrollo. Fonprode. A development policy tool***

**Abstract:** From the outset, the *Fondo para la Promoción del Desarrollo* (fund for promoting development) was mandated to serve as a development policy tool. This arrangement and its legal and institutional framework afford the fund a distinction with respect to other international cooperation finance bodies and raise a series of very

interesting issues in that regard. Planning in a tool that brings together a wide range of types of operations and resources, some reimbursable, some donated, is clearly important, as is the need to seek complementarity with other instruments to contribute to an optimal impact on development. The inclusion of the private sector in the global development agenda and the role development finance institutions can play to generate suitable incentives in the establishment of common places are yet other challenges posed by Spanish cooperation and Fonprode, a tool that will evolve in keeping with the assessment of its utility as a development instrument.

**Key words:** development policy, planning, reimbursable funds, responsible financing code, management, inclusive, financial asset, Busan.

**JEL Classification:** F35.

**ESCRIBANO FRANCÉS, Gonzalo**

#### **Sustainable and renewable energy development**

**Abstract:** The interrelationship between energy poverty and sustainable development will be addressed in the United Nations Sustainable Development Summit in Río de Janeiro in June 2012. The present article discusses the role of energy in development, with a focus on renewable energy in the context of the existing multi-lateral initiatives. It also deals with the magnitude of the challenge of eradicating energy poverty and the implications for development cooperation if an environmentally sustainable approach is adopted.

**Key words:** development cooperation, sustainable development, energy poverty, climate change, renewable energy.

**JEL Classification:** O13, O19, Q42.

**JERCH, Martin**

#### **The promotion of small and medium-sized enterprises in Mediterranean countries and financial cooperation**

**Abstract:** The Arab spring carried clearly economic connotations and was characterised, above all, by the pursuit of social and economic justice. Tension had been growing due to the inability of economies to create job opportunities to accommodate countries' changing demography. In this context, support for SMEs would appear to be essential. The unrest concurred with the implementation of Fonprode, a new tool for supporting the productive private sector in developing countries. The main aim of this article is to analyse SME status in the countries on the southern shore of the Mediterranean and identify the obstacles

facing the region's private sector to determine how cooperation finance might contribute to the furtherance of small and medium-sized enterprises.

**Key words:** Mediterranean, development, SME furtherance, cooperation finance.

**JEL Classification:** F35, I30.

**MACÍAS VÁZQUEZ, Alfredo**

#### **Highly indebted poor countries and their treatment in Fonprode**

**Abstract:** The present article analyses the limitations and risks for highly indebted, low income countries imposed by multilateral organisations' debt sustainability framework. That analysis is followed by a more comprehensive discussion of such countries' over-indebtedness and how it might affect the treatment dispensed to these nations by FONPRODE when making investment decisions. The aim is to seek alternative solutions to freezing Spanish reimbursable aid when multilateral analysis identifies a high risk of a debt crisis in any given country.

**Key words:** external debt, reimbursable aid.

**JEL Classification:** O16.

**MARTÍN CARRETERO, José Moisés and FABRA PORTELA, Jorge**

#### **FONPRODE and financial support for the private sector through Spanish cooperation**

**Abstract:** The international economic crisis has modified foreign direct investment flows, channelling more resources toward emerging economies. The impact of these flows on development is uneven, however, for the least advanced countries and SMEs are being left out. That «missing middle» constitutes the chief driving force and source of new jobs in most less developed economies. Development finance institutions, in their ongoing review of the impact of their policies, are now focusing on their role vis-à-vis this segment of the economy. Through the recently created Fondo para la Promoción del Desarrollo (fund for promoting development, Fonprode), Spanish cooperation authorities, like others before them, have identified the private sector as an engine for change and development. The new financial instruments that formally equate Spain to its European partners generate new opportunities but also major challenges that must be faced in a context of fiscal constraint and changing international economic relations.

**Key words:** development cooperation, cooperation finance, private sector furtherance.

**JEL Classification:** FO, F21, F30, F35, F59.

OLIVÉ ALDASORO, Iliana; MACÍAS, Carlos M. and PÉREZ RUIZ, Aitor

**From «do no harm» to the furtherance of economic development through support for investment: notes on enhancing the impact of financial cooperation through FONPRODE**

**Abstract:** The regulations for the recently approved *Fondo para la Promoción del Desarrollo* (fund for promoting development) establish criteria for selecting investment projects regarded to do no harm: the aim is to prevent counterproductive effects on development. Such criteria, similar to the ones in place in other bi- and multilateral cooperation finance bodies, may be supplemented by «pro-development» principles that aim to maximise the beneficial effect of aid on economic and social variables. A framework for analysing foreign direct investment for development, drawn up previously by the authors, may be a starting point for exploring these additional criteria for selecting investment projects.

**Key words:** investment, development, cooperation finance.

**JEL Classification:** F21, F35, O16, O19.

SAN MARTÍN GONZÁLEZ, Enrique

**Water, sustainable development and Spanish official development assistance**

**Abstract:** Water is essential not only to life, but to sustainable development. As such, its importance in international development strategies has grown steadily since the late twentieth century. This article studies the relationship between water and economic growth, for investment in the supply of fresh (and the collection of waste) water may be a powerful vector for assessing development. Consequently, the role of international cooperation in the area of hydric resources is also studied, with the emphasis on Spain as a case study.

**Key words:** development cooperation, official development assistance, sustainable development, water, water supply, waste water collection, Millennium Development Goals.

**JEL Classification:** O13, O19, Q1, Q25.





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