THE EFFECTIVENESS OF EUROPEAN UNION DEVELOPMENT COOPERATION WITH LATIN AMERICA: ASSESSMENT AND PERSPECTIVES
The effectiveness of European Union development cooperation with Latin America: assessment and perspectives
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**Executive Summary**

This document examines EU development cooperation with Latin America, considering, first, the changes in the international development agenda that are relevant to the region, including the debate about the relevance and methods of cooperation with middle-income countries (MICs), the implementation of the Paris Declaration about the effectiveness of aid and South-South development cooperation in Latin America, in the context of the redefinition of regionalism and integration in this region. Second, it analyses EU cooperation with Latin America, considering especially its regional dimension, the strategies adopted, and the challenge represented by adapting cooperation to the creation of a ‘network’ of association agreements on which it is intended to base bi-regional relations. Special attention is paid to cooperation in science and technology, an increasingly important area of cooperation with the region, particularly with upper MICs.
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1. THE NEW CONTEXT FOR EU DEVELOPMENT COOPERATION WITH LATIN AMERICA

1.1. The ‘global partnership for development’: an international consensus for development cooperation policies

Development cooperation and aid policies are going through an intense process of change, with regard to both ideas and practices. A broad international consensus has been achieved on the objectives of poverty reduction and social development, the Millennium Development Goals (MDGs), which form a ‘social agenda for globalisation’. The MDGs aim to establish a ‘global partnership for development’, based on agreement about the principles and means necessary to achieve these goals, particularly aid, trade liberalisation, debt reduction and access to technology. This is primarily the responsibility of industrialised countries, but developing countries are responsible for improving their policies and institutions, whose main focus has to be to achieve the MDGs.

The adoption of the Millennium Declaration by the United Nations General Assembly in 2000 was the culmination of a process of great importance paving the way for an international development consensus. The development of this consensus was conditioned by the painful experience of adjustment in the 1980s and the World Bank's renewed emphasis on the fight against poverty in 1995, when James Wolfensohn became president of the institution (Sanahuja 2001). In 1998, after the Asian crisis, the World Bank promoted a ‘post-Washington consensus’, focusing on this goal (Stiglitz 1998). The thematic summit meetings organised by the United Nations in the 1990s also played a key role by reviving the international cooperation agenda in the more favourable post-Cold War context. These meetings produced a series of development goals, called 2015 Goals. Civil society organisations also played a certain role in this process. In 2000, with the adoption of these goals by the World Bank, the International Monetary Fund (IMF) and the United Nations Development Programme (UNDP), they became ‘multilateral’ (United Nations, 2000). In that year, the Millennium Declaration adopted by the General Assembly, with the support of 189 states and 147 heads of state and government, gave unprecedented political backing to the MDGs, particularly the fight against poverty.

An important development was the inclusion of Goal 8 in the MDGs, which set out the means necessary to achieve the goals of social development, health, improvements in the environment and poverty reduction listed in the other seven goals. MDG 8 proposed a ‘global partnership for development’ that included a broad commitment by the industrialised countries to an open trading system, debt relief, access to technology and called on them to provide more generous development assistance. In exchange, developing countries undertook to implement ‘good governance’ and adopt adequate poverty reduction policies. MDG 8 set the following indicators of progress on aid: total Official Development Assistance (ODA); the level of aid for the Least Developed Countries (LDCs); the proportion of aid for basic social services (basic education, primary health care, nutrition, safe water and sanitation); the proportion of aid not tied to the purchase of donor goods and services; and the level of aid for countries with special needs.

The European Union has been an important driving force behind the development of this consensus and the establishment of global development goals and has incorporated them into its own development policy. In some respects, it has tried to go further than what has been agreed at the summit meetings. In particular, with regard to increasing aid, the EU has maintained its international commitment to spend 0.7% of Gross National Income of the most advanced countries, despite the

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1 General Assembly Resolution A/RES/55/2, adopted on 8 September 2000.
resistance of other countries, such as the United States, and has unilaterally adopted a timetable to achieve this figure no later than 2015.²

1.2. The Millennium Development Goals (MDGs) and aid flows: the situation in the middle-income countries

The MDGs and previous commitments, particularly the Monterrey Consensus, resulting from the United Nations Summit on Financing for Development, in 2002, led donors to refocus cooperation on poorer social sectors and the poorest countries, which, according to World Bank and United Nations classifications, includes the Least Developed Countries (LDCs) and Low Income Countries (LICs). This has involved focusing on sub-Saharan Africa and eastern and southern Asia, which in turn has meant reducing or even stopping aid to middle-income countries (MICs) and especially to upper MICs. This trend is more visible in Latin America and the Caribbean, where all countries, except Haiti, are classified in this income band. This is the picture that emerges from data published by the Development Assistance Committee (DAC). Its analysis shows the following trends:³

- General changes: redirecting aid towards MICs and the poorest countries (LDCs and LICs): at first sight, DAC figures show that the proportion of ODA going to MICs has increased from an average of 35% during the period 1994-2000 to 40% in 2005. However, this figure includes contributions to Iraq, a MIC that received 20% of world ODA in that year because of the extraordinary contributions made by the United States and the cancellation of debt agreed by the Club of Paris, which is counted as ODA.⁴ If Iraq is excluded, due to its exceptional situation, ODA to MICs fell to 28% of the total, in line with a visible downward trend. In the period 1994-2005, ODA to MICs fell by 6%, while ODA to LDCs and LICs increased by 4.5% and 1.7% respectively.

- The ‘MIC effect’: stagnation and relative decline of ODA to Latin America. In the period 1994-2005, ODA to Latin America followed a similar course to that of global ODA: it fell until 2000, recovered in 2001 and remained at levels similar to the beginning of the 1990s during the period 2001-2005 (between USD 4 000 and 5 000 million). Since 2001, global ODA has almost doubled, so the percentage of ODA received by Latin America fell from 9% in 2001 to 5% in 2005.

- The ‘MDGs effect’: Increasingly progressive distribution of ODA in Latin America, although with ‘donor darlings’ and ‘donor orphans’. A look at the allocation list for net ODA to countries in the period 1995-2005 shows an appreciable fall for upper MICs (a fall of over 60% for Costa Rica, Mexico and Uruguay, and approximately 30% for Argentina, Chile and Panama). Lower MICs show an uneven pattern, with aid to some countries falling (Brazil, Ecuador, El Salvador and Paraguay) and increasing to others (Bolivia, Colombia, Cuba and Honduras). Given that the increase or decrease in aid is not related to income levels in this group, we can say that the changes are the result of donor preferences towards some countries to the detriment of others and of a lack of coordination between donors. There are donor orphans

² Council Conclusions of May 2005, prior to the Millennium+5 Summit. Member States that have not yet achieved an ODA/GNI ratio of 0.51% undertake to attain that level by 2010, while those that are already above that level undertake to continue their efforts. Member States that joined the EU after 2002, and have not yet achieved an ODA/GNI of 0.17% in 2005, will endeavour to increase their ODA to attain that level by 2010, while those that are already above that level undertake to continue their efforts. Member States undertake to achieve the target of 0.7% by 2015, while those that have achieved that target commit themselves to remaining above that target, and the new Member States commit themselves to increase their ODA/GNI to 0.33% by 2015.

³ This analysis is based on the I Informe de la Cooperación en Iberoamérica, Secretaría General Iberoamericana (SEGIB), Xalma, 2007; and the International Development Association Report, 2007.

⁴ In 2000, Iraq and Afghanistan accounted for less than 1% of world ODA. This increased to 25% by 2005. See Sanahuja, 2004 and the report by various authors: The Reality of AID 2005.
and *donor darlings* in Latin America and the Caribbean, although to a lesser degree than in other regions. Finally, aid to also increased to Nicaragua, the only LIC country in the region. In 2005, 70% of ODA went to only five countries (Nicaragua, Bolivia, Honduras, Colombia and Peru); a further 20% went to Guatemala, El Salvador, Brazil, Ecuador and Mexico; and the other 10% was shared between the remaining nine countries. As a whole, the effect of the MDGs in Latin America has been to promote more progressive distribution of aid and therefore less aid to upper MICs.

- **The ‘anti-terrorism effect’: the case of Colombia.** This country received the biggest increase in ODA during the period (more than 300%) because of the increasing importance of security and anti-terrorism as reasons for granting aid and the increase of aid to the security sector itself. There is, therefore, a major increase in aid for the ‘global war on terror’ and to countries like Iraq and Afghanistan and, in Latin America, to Colombia (Sanahuja 2005).

- **The privatisation of financing for development and the MICs:** private flows are increasingly important for financing developing countries, relegating official flows into second place. In 2006, private flows reached the record figure of USD 647 000 million, approximately half of which was direct foreign investment, a third was bank loans and the rest was portfolio investment. Financial transfers by emigrants have tripled since 2000, increasing from about USD 70 000 million to a historic maximum of USD 206 000 million in 2006. Although ODA has been at record levels since 2005, at above USD 100 000 million, it represents an increasingly less important part of net flows to the poorest countries. Moreover, since 2002, many developing countries have improved their balance of payments and strengthened their reserves thanks to an ‘export bonanza’ and have stopped requesting loans from bilateral donors and multilateral institutions (IMF, World Bank, etc.) with whom they have a deficit. However, the situation of the 51 poorest countries is different, as they only receive 8% of total flows and therefore continue to be dependent on official aid. Private flows are approximately ten times greater than official aid to Latin America (see annex). In the three-year period 2004-2006, the region received USD 23 000 million (approximately USD 7 000 million per year on average) in ODA, while private flows totalled USD 190 000 million. In those three years, the region’s deficit with official creditors was USD 66 000 million, which means that ODA was equivalent to only a third of the payments that the region made to creditors of the Club of Paris and to multilateral financial institutions such as the IMF and the World Bank, to which countries like Argentina, Brazil and Venezuela have made advance repayments of their debts. Financial transfers from migrants increased from approximately USD 20 000 to USD 52 000 million per year between 2000 and 2006, almost eight times more than total official aid. All this has implications for the MICs, because ODA is losing its relative importance as a financing mechanism, but gaining importance as an instrument for supporting changes in policies to reduce the vulnerability of countries to the greater volatility and risk of private flows.

1.3. **Latin America and the Caribbean and the development cooperation agenda with middle-income countries**

The reduction in aid to MICs has often been justified by claiming that the real problem in many of these countries is inequality and not poverty. It is argued that it is not justifiable to hand over external resources when the internal actors themselves do not want to adopt the policies, especially redistributive policies, needed to solve the problem. In response to this argument, and to justify the relevance of development aid to MICs, some have pointed to the existence of ‘pockets of poverty’. This reminds us that the classification of countries by their level of income is based on national averages that hide inequality and that MICs account for 41% of the world's population living below the poverty line (less than two dollars a day) or in extreme poverty (less than one dollar a day). In fact, the social situation of a significant number of lower MICs in Central America and the Andean area is not that different from the situation in low income countries.
The first of these arguments would be appropriate if reducing aid were to encourage internal changes in developing countries, including the adoption of policies more favourable to the poor. This is unlikely. However, there are other important reasons to maintain aid to MICs and these are particularly applicable to the situation in Latin America. As Alonso has indicated (2007a and b), if the aim is to eradicate poverty, progress must be made in the MICs, given the numbers of poor people in these countries. Second, the aid system would be establishing a perverse system of incentives and raising a moral issue if progress in development were to be penalised by a reduction in aid. Third, it is important to avoid backward steps in countries where progress has not been consolidated, and in countries at a high risk because of their external vulnerability to financial or other crises. Fourth, these countries also often act as regional ‘anchors’ in terms of economic development and regional stability (for example, Mexico with regard to Central America and Brazil with regard to the Andean countries and South America). Fifth, the fight to reduce poverty and promote sustainable development partly depends on the adequate provision and maintenance of global and regional public goods – peace and security, financial stability, global health and the fight against pandemics and preservation of the environment – and these cannot be ensured without the support of the MICs. Finally, in addition to being recipients of aid, these countries can also be donors through innovative horizontal or triangular South-South cooperation mechanisms, so aid to MICs may mobilise more resources and encourage the developing countries themselves and their regional organisations to take more responsibility for attaining the MDGs.

Attainment of the MDGs, particularly in Latin America and the Caribbean, requires consideration of the specific features and characteristics of the region’s MICs, in particular high inequality and institutional weaknesses. To refer to Alonso again (2007b: 3), many MICs have had periods of strong growth but have not been able to sustain it (in a cyclical process of boom and bust) due to a series of obstacles or ‘traps to progress’ (Alonso 2006) that, leaving the differences between countries aside, seem to stem from three major problems: a) institutional weakness and the lack of social cohesion; b) the vulnerability of their international position, particularly with regard to finance and trade; and c) difficulties in improving technology and production. In other words, and over and above the ‘pockets of poverty’ argument, if we want to argue for cooperation with the MICs in the context of the ‘diversion of aid’ to the poorest countries, such cooperation must help resolve these three major problems.

- **Institutional strengthening and social cohesion**: fragile institutions mean weak government capacity to provide public goods, manage conflicts over distribution, deal with external shocks, regulate markets, manage public services, ensure social cohesion and tackle the high level of inequality that characterises some MICs, especially in Latin America. All these factors contribute to undermining the legitimacy of institutions. Therefore, priorities for an effective cooperation policy with MICs include improvements in government policies through institutional reform; the exchange of experiences in order to reduce the cost of innovation (such as the social programme); the strengthening of specific health and education programmes; and support for social actors favourable to change. One key aspect that illustrates both institutional weakness and the lack of cohesion is the state's fiscal weakness, which is why financial and technical support for a ‘fiscal package’ and tax reform is crucial.

- **Financial stability and policies to deal with economic cycles**: As the crises of recent years have shown, the vulnerability of MICs to financial shocks stems from operating in highly volatile financial markets when all of the following factors are present: a high level of indebtedness, tight national capital markets, the issuing of short-term bonds to raise finance, liabilities in foreign currencies and hurried liberalisation of the capital account. This requires greater regulation of the international financial markets through a ‘new international financial architecture’ that can resolve the ‘systemic’ problems of these markets; stronger national financial systems and increased state capacity to regulate their operation; solutions to the problem of sovereign debt by adequate international regulation, which is still lacking (IMF proposals for this after the Argentine crisis of 2001-2002 became bogged down) and freedom
for MICs to apply policies designed to deal with crises caused by economic cycles and, in this way, preserve the progress made in reducing poverty.

- **Policies to improve positions in international trade through greater competitiveness and secure, stable access to external markets.** Policies to promote competitiveness include improvements in infrastructure, especially policies for absorbing knowledge and technology that can increase production capacity. The aim is to boost production and exports by generating dynamic competitive advantages and moving towards more productive and dynamic activities. This will break the ‘vicious circle’ that holds back Latin American countries, which tend to concentrate on intensive production using natural resources and low quality jobs and discourage national policies to improve education and acquire research, development and innovation (RDI) capacities. The regulation of intellectual property by the WTO and regional trade agreements also have a negative effect, by reducing the scope for national policies in this field. What cooperation policies might play a key role here? First, a well-planned opening up of trade is required, through agreements (both regional South-South integration or ‘South-North’ trade agreements) that ensure access to external markets, increase external investment and encourage innovation and competitiveness, but that also recognise the asymmetries and allow for the application of active policies to mitigate the costs of adjustment and promote a transformation in production capacity, especially in the case of ‘South-North’ agreements, in which asymmetries are much greater. Financial support by external partners, particularly the EU, for these active policies can play a key role if there are budgetary limitations. Support for improving infrastructure is also important, given that for some countries, extra transport costs are greater than the tariffs levied on their products. Finally, cooperation in science and technology programmes that help to generate endogenous capacities and the transfer of technology from abroad are essential steps in this field.

Discussions of the ways in which the impact and effectiveness of aid to low-income countries can be increased have also led to important changes in aid methods and instruments. Project-based approaches (*project-aid*) are being abandoned because they often weaken public policies and institutions and tend to reflect donor priorities rather than those of the recipients. The trend is to prefer programmes (*programme-aid*) that form part of national poverty reduction strategies (PRS), such as direct budget support and sector-wide approaches (SWA) that place all external support within the framework of a general policy for key sectors, such as health or education (Sanahuja 2007).

Because of their similarities with low income countries, this type of instrument can be appropriate for lower MICs in the Andean subregion and Central America, where aid is a significant proportion of GDP and a significant component of external financing and where national PRS are in place. However, in upper MICs, especially the most developed ones, the use of these instruments does not seem feasible because the proportion of aid to GDP is very low and inadequate to meet the wide-ranging objectives and political agenda of a PRS or provide direct budget support. It might be more appropriate here to focus on specific problems and obstacles to development, such as strengthening institutional capacities and/or policy design; supporting social actors that promote political, institutional and legal changes, at both national and international levels; and identifying opportunities to mobilise additional resources. The multilateral banks (the World Bank, the Inter-American Development Bank, the Andean Development Corporation and, in the case of the EU, the European Investment Bank), whose ordinary loans are not treated as ODA, will be important here. These banks can play an important role independently or by mobilising private resources for financing infrastructure, as this requires levels of investment that are not usually within the reach of bilateral donors or the European Commission.

In recent years, within the framework of the international consensus on the MDGs, there have been various initiatives and multilateral initiatives to promote the development agenda of MICs and avoid simplistic interpretations of aid for MDGs, with the backing of the MICs themselves, some donor countries, such as Spain, and the multilateral development banks, given that the MICs have been the main drawers on their ordinary credits. Particularly noteworthy were the first Inter-Governmental
Conference on MICs (Madrid, 1-3 March 2007), convened by the United Nations and the Spanish government, and attended by representatives of 70 countries and inter-governmental bodies and the second Conference (San Salvador, 1-2 October 2007), attended by representatives of 40 governments and 17 international organisms. This agenda has also been promoted by the Ibero-American Conference and the Ibero-American Secretariat (SEGIB). The seventeenth Ibero-American Summit (Santiago de Chile) approved a declaration specifically on this question, calling ‘…on the international community to continue providing cooperation and supporting the national efforts of middle-income countries in the fight against poverty and inequality; to attain the Millennium Development Goals on time; to take into account additional criteria to per capita income when allocating international aid; to promote the adoption of new and innovative international cooperation and financing methods and instruments; and to more actively support horizontal and triangular cooperation formulas, including the issue on the working agendas of relevant international forums in order to be able to implement this initiative effectively’.

The MICs agenda was included in the European Consensus on Development of 2005. According to this document, the priority of the EU and Member States when allocating ODA will be the low-income countries, but ‘the EU also remains committed to supporting the pro-poor development of middle-income countries (MICs), especially the lower MICs, and our development assistance to all developing countries will be focused on poverty reduction, in its multi-dimensional aspects, in the context of sustainable development’ (point 24). On Community policy, it adds that ‘support to middle-income countries also remains important to attaining the MDGs. Many lower MICs are facing the same kind of difficulties as LICs. A large number of the world’s poor live in these countries and many are confronted with striking inequalities and weak governance, which threaten the sustainability of their own development process (…) Many MICs have an important role in political, security and trade issues, producing and protecting global public goods and acting as regional anchors. But they are also vulnerable to internal and external shocks, or are recovering, or suffering, from conflicts’ (point 61). Finally, this agenda was included in the Declaration of Vienna, adopted at the fourth EU-Latin America and Caribbean Summit. In particular, the section on development and cooperation welcomed ‘the continuing support to middle-income countries through economic and development cooperation, including the implementation of poverty eradication strategies, taking account of their role in political, security and trade issues’ (point 41).

1.4. Latin America, ‘post-liberal regionalism’ and strengthening ‘South-South cooperation’

As we have indicated, South-South cooperation is of great relevance to the MICs. It generates benefits for both donors and recipients, including institutional and technological capacities, investment, access to markets and the internationalisation of the economic actors. The MICs themselves consider it may be a better way of meeting their needs, making greater use of local resources and generating a greater sense of ownership.

In Latin America and the Caribbean, South-South cooperation is not a new phenomenon. It has been deployed bilaterally, in the framework of regional integration agreements, which, in addition to liberalising markets and adopting common rules, has stimulated closer cooperation among government actors, universities and local organisations (for example, Mercosur’s mercociudades network) and among border regions. Financial integration instruments deserve a special mention; these include the Central American Bank for Economic Integration (CABEI) and the Andean Development Corporation (CAF), which has a portfolio of loans worth more than USD 8 000 million and has the lowest risk classification in the region. These institutions have accepted EU donors, like Spain, as non-borrowing shareholders.

\(^5\) The study presented to this conference, and already quoted here, was by Alonso (2007b).
However, several factors have led to a significant increase in South-South cooperation in recent years. Some countries that have experienced higher growth have providing assistance to other countries in the region within the framework of a more active foreign policy, whether to increase their prestige, promote regional or subregional stability or comply with international commitments, for example, the assistance given by some countries to Haiti. However, perhaps the most relevant factor is the appearance of new regionalist models and strategies, which one observer has called ‘post-liberal’ (Motta et al. 2007), in particular, the Venezuelan Bolivarian Alternative for the Americas (ALBA) project and the attempt to reformulate South American integration within the framework of both a more ‘political’ Mercosur and a Union of South American Nations (UNASUR).

Even though these proposals have different approaches, they are characterised by: a) the primacy of their political agenda, which is not unrelated to the arrival in power of left-wing governments and the attempts made by some countries to exercise greater leadership in the region, particularly Venezuela and Brazil; b) the greater role afforded to state actors, within the framework of post-Washington consensus developmentalist economic agendas that distance themselves from open regional strategies based on trade liberalisation, the private sector and market forces, that have prevailed since the beginning of the 1990s; c) their greater emphasis on a ‘positive’ integration agenda, centred on common institutions and policies and greater cooperation in fields other than trade; d) greater concern for social issues and the asymmetries of development, and the links between regional integration, poverty reduction, inequality and social justice; e) greater concern to tackle ‘bottlenecks’ and the shortcomings of regional infrastructure, with a view to improving links between regional markets and facilitating access to external markets; f) greater emphasis on energy security and the search for complementarity in this sector; and g) the search for greater social participation and legitimisation of integration processes (Sanahuja 2008).

This type of cooperation has a series of frameworks and modalities. Horizontal South-South cooperation only involves developing countries. Triangular South-South cooperation involves the contribution of financial resources by a traditional donor (developed country or a multilateral agency) but the human resources and know-how are contributed by a developing country. One type of horizontal cooperation is regional in nature and is an expression of the common policies adopted as a result of regional integration agreements. A second type is bilateral in character and is more an expression of the foreign policy priorities and/or capacities of donor countries. A major focus for bilateral South-South cooperation is technical assistance, because of its low cost and immediate effect and because it provides opportunities to put the donor’s strongest capacities to use. Technical assistance covers various fields, such as agriculture and food security, infrastructure, the environment, public administration, geographical information systems, the fight against HIV-AIDS. However, South-South cooperation also includes direct action on basic social development, such as health and education, financial assistance and cooperation on energy issues. Important areas for regional cooperation are energy, physical infrastructure and reduction of asymmetries. This has been assisted by the creation of mechanisms such as the Mercosur Structural Convergence Fund (FOCEM), which began to operate in 2008, and the mechanism proposed for implementation within the framework of the Central American customs union in December 2007. As we will see, Venezuela is a special case, in which cooperation includes both typologies and forms part of a Latin American initiative to promote ‘alternative integration’. Although the most active donors are the upper MICs (Argentina, Chile, Mexico and Venezuela), they also include lower MICs such as Brazil, Colombia and Cuba (Xalma 2007: 57-88).

There is no detailed information available about the decision-making bodies or the resources invested in South-South cooperation in Latin America and the Caribbean, because there is no regional organisation that carries out this work. Moreover, these countries are not members of the OECD’s Development Aid Committee (DAC), which records the contributions made by the more advanced countries. Moreover, some South-South forms of cooperation do not fit into DAC categories, either because they are not grants of aid or because they are the work of semi-state actors. It is therefore difficult to estimate their magnitude. In any case, it is necessary to avoid trying to use DAC categories
to understand the innovative and specific nature of South-South cooperation in the region. On this basis, we can identify the following models and strategies:

- **Priority for technical assistance and higher education: cooperation between Argentina and Chile:** Both countries have built a cooperation model based on technical assistance and training, with a high degree of sectoral and geographical diversification. Technical standards are close to those of donors, especially in the case of Chile, which has created an autonomous agency, the Chilean International Cooperation agency (AGCI), to manage the aid that Chile both receives and provides. The most important sectors for Argentina have been agriculture, education and production sectors and, for Chile, governance and institutional capacity-building, promotion of exports, aquaculture and forest resources. Both countries, particularly Chile, have a higher education scholarship programme. Finally, we should mention the efforts made by both countries in Haiti. Chile has also developed triangular cooperation activities.

- **Energy and technical assistance: the case of Mexico.** Pioneers in South-South cooperation, Mexico and Venezuela concluded the San José Agreement in 1980. Mexico supplies oil on preferential terms to ten Central American and Caribbean countries to facilitate economic stability. Mexico is also very active in providing technical assistance and triangular cooperation in such sectors as industrial development and environmental protection.

- **Global profile and the role of semi-public actors: the case of Brazil.** Brazil's South-South cooperation forms part of a foreign policy that has global and not only regional dimensions. It has focused on Africa and Asia, paying special attention to Portuguese-speaking countries and also emerging powers with common economic and trade interests, through the G20 and the India-Brazil-South Africa (IBSA) platform. It has also, of course, focused on Latin America, and more specifically South America and the UNASUR project. Brazil's cooperation programme has several major focuses, including energy, infrastructure, health (especially the fight against HIV-AIDS) and debt cancellation. Cooperation forms part of Brazil’s role in the United Nations Stabilisation Mission in Haiti (MINUSTAH) (Ayllón, Nogueira and Puerto 2007). Some cooperation, especially technical assistance, is provided by the Agencia Brasileña de Cooperación (Brazilian Cooperation Agency) but a characteristic feature of the South-South cooperation undertaken by Brazil is the importance of semi-public actors and autonomous state agencies, including companies with a majority government holding, such as Petrobras and public banks, such as the Banco Nacional de Desenvolvimento Económico y Social – BNDES (National Economic and Social Development Bank). These organisations operate on a commercial or mutual interest basis: Petrobras operates independently or through joint companies in other countries; BNDES has a credit line of USD 2 600 million with which to finance Brazilian exports and public works carried out by Brazilian companies, including major construction and engineering companies like Odebrecht and Alston (Hirst 2006: 136; Sennes and Tomazini: 2006). These actors also include pharmaceutical companies and public foundations, such as the Oswaldo Cruz Foundation and the Fiocruz and Farmanginhas laboratories, through which Brazil conducts a South-South Links programme providing technical assistance and generic antiretrovirals. These drugs are produced by Brazil under WTO rules that allow the suspension of patents in the event of health emergencies. Fourteen developing countries in Portuguese-speaking Africa, Latin America and the Caribbean, including Bolivia, Colombia, El Salvador, Nicaragua, Paraguay and the Dominican Republic have been beneficiaries.

- **The ‘Bolivarian’ project: the cases of Petrocaribe and ALBA.** Venezuela has played a leading role in a South-South cooperation programme that forms part of a high-profile foreign policy initiative known as the ‘Bolivarian project’. This initiative bears the strong imprint of the president and has been developed in the favourable context of high oil prices. The project aims to promote ‘new international geopolitics’ and a ‘multipolar world’ to counter United States hegemony. In order to achieve this, it aims to construct a ‘South American power bloc’ and establish South-South relations with Africa and Asia. The aim is to make Venezuela ‘a world
energy power’ and promote an ‘alternative integration’ different to the ‘neoliberal’ concept of integration represented by both the Free Trade Area of the Americas (FTAA), the Andean Community of Nations (ACN) and Mercosur. This alternative integration will promote ‘fair trade’ and eliminate asymmetries through cooperation, complementarity, solidarity, reciprocity and mutual respect for the sovereignty of each country. The practical result of all this is the Bolivarian Alternative for the Americas (ALBA), which is a response to the FTAA and an expression of Venezuelan’s leadership ambitions. It has occasionally vied with Brazil for this role in South America (Burges 2007).

ALBA is the result of ‘summit diplomacy’ with a high political and media profile. Despite its promotion of the idea of integration, it represents, above all, a South-South framework for cooperation based on ideological affinity rather than economic complementarity and it would be unimaginable without Venezuelan oil. We can identify six areas of cooperation: a) energy, especially based on Petrocaribe and other bilateral agreements; b) social, in which Cuba plays a key role through the work of its doctors in Venezuela on the Barrio Adentro Mission and similar programmes in Bolivia; Cuba’s Operation Miracle, which has carried out more than 400 000 ophthalmologic operations on patients in various countries, including members of ALBA and others; and the creation of the Latin American School of Medicine (ELAM) in Cuba. There are also literacy, cultural and sporting cooperation initiatives; c) economic, which promotes economic complementarity through compensatory trade and trade in kind, within the framework of the Peoples Trade Treaty (TCP) of 2006, and the creation of mixed and major (grannacionales) companies; d) infrastructure, particularly between Cuba and Venezuela in the energy sector, with the repair of the Cienfuegos refinery, which has become one of Petrocaribe’s nerve centres; e) communications, through TeleSur and the Cuba-Venezuela submarine cable, which aims to improve Cuban access to global communications networks; and f) financial, with the ALBA Fund and ALBA Bank. A key element of this cooperation has been preferential access to Venezuelan oil, through the bilateral Cuba-Venezuela agreement, Petrocaribe, created in June 2005, and ALBA’s Energy Treaty, adopted at the fifth ALBA Summit (29 April 2007, Barquisimeto, Venezuela). In addition to these agreements, there are bilateral initiatives with Argentina, Bolivia, Brazil, Uruguay and Paraguay and there are plans for a ‘Petroamérica’ company. It is important to note that most of the 14 Caribbean countries in Petrocaribe are not members of ALBA, because of its strong ideological basis and anti-United States position, to which few Caribbean governments are willing to commit themselves. Beneficiaries of Petrocaribe do not therefore necessarily join ALBA (Serbin 2006) or, in the case of Nicaragua, abandon the Central America-United States Free Trade Treaty (CAFTA-DR).

Recognizing the importance of South-South cooperation, some DAC donors (especially Germany, Japan, Belgium and the United Kingdom) and multilateral agencies (FAO, UNFPA, IICA) have promoted triangular arrangements. Mexico, Chile, Argentina, Brazil and Colombia have been actively involved in implementation and the main recipients have been the poorest Central American and Andean countries, Paraguay and the Dominican Republic (Xalma 2007).

As we have shown, the development of South-South cooperation in Latin America is a response to several factors. It is a ‘post-liberal’ reinterpretation of regionalism and regional integration with a marked ideological content, which explains why there is no consensus in the region about its programme and methods, and why there have been visible disagreements in some countries between DAC donor agencies and new donors like Venezuela. However, it should also be seen as the

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6 Petrocaribe extended the facilities provided by Venezuela in 1974 and gave continuity to the Caracas Energy Agreement, 2000. Petrocaribe supplies oil on preferential financial terms to 13 Caribbean countries, including Cuba, in addition to PDVSA cooperation on storage, refining and transport with public sector companies. See Mayobre 2006. With the reopening (2007) and future extension of the Cienfuegos refinery, Cuba will become one of Petrocaribe’s refining and distribution centres. Nicaragua and Haiti joined the agreement at the third Summit in August 2007, taking the number of members to 16. Honduras and Guatemala have also shown an interest in joining.

7 This is particularly the case in Nicaragua, where Venezuelan cooperation is not party to the alignment and harmonisation efforts set in motion by the Paris Declaration on the effectiveness of aid. See Schulz 2007.
expression of the more active role being played by some countries, their leadership aspirations and more assertive foreign policy, as well as their capacity to contribute to attaining the MDGs as donors and not only as recipients.

1.5. Towards a new aid architecture? The Paris Declaration of 2005

Some of the problems that afflict the development cooperation system are due to inefficient institutions rather than a lack of resources. The system reflects an increasingly integrated world, but one in which political authority is fragmented between more than 190 sovereign states. International organisations do not always have the skills or resources to guarantee the peace, security and governance of the international system, ensure the provision of global public goods or eradicate increasing inequalities. This may be a ‘Westphalian’ world, but the system of aid is highly decentralised, without authoritative rules on the quantity of aid, the criteria that govern its distribution or the technical and procedural aspects, despite the agreements adopted within the DAC or on the MDGs, which are hardly binding. Although the moral and political obligation to provide aid is recognised, it continues to be voluntary and discretionary in legal terms. The necessary consequence is that recipients have no title or right to aid. This fundamental asymmetry has other well-known consequences: the volatility of aid; recurring problems of coordination between donors; overlapping and inefficient aid; unequal and inequitable distribution (donor darlings and donor orphans); high transaction costs; tied aid, subject to political and trade conditions or designed to increase the prestige of donors; and free-rider behaviour by some when attempts are being made to share the burden of collective international action to promote development.

These problems have been aggravated by two tendencies that afflict the aid system’s institutional architecture: the proliferation of donors and the fragmentation of aid. By the term ‘proliferation’, we mean the increasing number of donors with which recipient countries have to deal. By ‘fragmentation’, we mean the increasing number of activities, the reduction in the size of funds and the tendency for donors to allocate funds to activities that are not among the recipient’s development priorities (International Development Association 2007; Sanahuja 2007).

The number of donors has increased over time and the regular appearance of ‘new’ donors indicates that this tendency will continue. There were barely half a dozen donor countries in the 1950s, but there are now more than 50, to which we can add approximately 230 international organisations and an increasing number of local and regional governments and international NGOs. There are already about 20 ‘global funds’. If we only take official donors into account, there are more donors than recipient countries. It is estimated that aid from non-DAC donor countries tripled between 2001 and 2005, reaching about USD 5 000 million in that year. This group includes traditional donors, such as the Arab oil exporting countries and ‘emerging donors’ such as the new EU Member States, OECD members that are not members of the DAC, such as Mexico, South Korea, Turkey, the unusual case of Taiwan and emerging countries such as Russia, India, China, South Africa, Brazil and Venezuela, which have promoted an increase in South-South cooperation.

In addition, since the end of the 1990s, there has been a very rapid increase in the number of ‘global funds’ and ‘innovative mechanisms’ to mobilise more funds, which seek to ensure the allocation of more resources and the attainment of rapid results for particular MDGs, such as basic education and the fight against HIV-AIDS, and to finance public goods. These funds are succeeding in their attempts to attract resources, but it is not clear whether they are additional aid or whether they are being diverted from traditional mechanisms. They make it more difficult for donors to coordinate activities and to link their initiatives with each country's development and PRS (Lele et al. 2006). The impetus to create these funds came from the Monterey Conference, from practical proposals made by individual countries and from the philanthropic initiatives of the private sector or coalitions such as the Alliance against Hunger and Poverty formed by Brazil, Chile, Spain and France, with the support of the former Secretary-General of the United Nations, Kofi Annan. Some funds were created in the 1990s, such as the Global Environment Facility (GEF), but some of the most important were created...
after 2000: the Global Fund to Fight AIDS, Malaria and Tuberculosis; the Rapid Response Initiative-Education for All; or the tax on airline tickets. It is currently estimated that these funds channel about 3% of ODA, but this figure is increasing.

There is also a growing number of fiduciary ‘carbon funds’, set up by multilateral banks, the UNDP, private actors, bilateral donors and mechanisms provided for under the Kyoto Protocol. Their number and resources are increasing rapidly and might grow even further if a global market in greenhouse gas emissions is established. In 2006, the World Bank was already managing nine funds worth more than USD 1 900 million, along with 13 governments and 62 companies. Although these funds are not counted as ODA and there is a mutual interest (donors obtain emission rights in exchange), these resources contribute to the sustainable development MDGs and help finance the development of recipient countries.

As we have already indicated, in a highly decentralised aid system that lacks binding rules with which to define common agendas, each actor has their own mandate, interests, objectives, rules and management and monitoring procedures, the complexity of which often reflects the level of distrust aroused by the institutions and management systems of recipient countries. As a result, aid transaction costs are high and subject to new conditions regarding the definition of policies, particularly if the recipient country is one of the poorest and institutionally weakest (Easterly 2002, Acharya et al. 2006).

In the Monterey Consensus of 2002, donors openly recognised the need to improve effectiveness of aid and change the way in which it is distributed. They therefore decided (point 43 of the document) to harmonise their operational procedures in order to reduce transaction costs; strengthen the absorption capacity and financial management of recipient countries; make resource streams more predictable; use more appropriate instruments, in particular, budget support; and provide aid for development and PRS decided on by developing countries and for which the latter were also responsible. Although set out in just a few lines, this was a very demanding programme. It started a process promoted by the DAC, the World Bank, the EU and other actors, within the framework of the High-Level Forum on Aid Effectiveness (HLF), composed of bilateral and multilateral donors and a number of recipient countries. This forum has adopted important documents: the Rome Declaration on Harmonisation (February 2003) and the Paris Declaration on the Effectiveness of Aid (March 2005). The latter, in particular, defined a new paradigm in the relationship between donors and recipients, calling the latter ‘partner countries’, in a spirit of co-responsibility. The declaration, signed by more than one hundred donors and developing countries, intended to consign relationships based on conditionality to the past and to tackle the problems resulting from the proliferation of donors and the fragmentation of aid, on the basis of the principles of ownership, alignment, harmonisation, mutual accountability and management by results (see annex). These principles are doubly binding: first, they involve greater donor commitment to strengthening recipient countries’ weak or inadequate institutions and, second, although the intention was to end conditionality, they constitute a new more demanding framework of conditions.

In order to measure progress in the implementation of the Paris Declaration principles, 12 goals were adopted, with their accompanying indicators of progress, for the period 2005-2010. These are very precise indicators. To mention a few, and this is not exhaustive, in the year 2010, 85% of aid flows must be reported in national budgets and a minimum of 75% will be channelled into multiannual programmes so that aid is more predictable. Also in 2010, 75% of ‘partner countries’ must have national development strategies with detailed financial frameworks. Donors will use public financial management (PFM) and procurement systems in partner countries (between 90% and 100% of donors using such systems and a one-third to two-thirds reduction in the percentage of ODA not using partner countries’ systems); a two-thirds reduction in the use of parallel implementation structures; ‘continued progress’ in the reduction of tied aid; 66% of ODA channelled through programme-based approaches (budget support and sector-wide approaches); and at least 40% of field missions conducted jointly.

Both declarations have caused donors to begin to adapt their policies, particularly with regard to the
harmonisation objectives of the Rome Declaration of 2003 (Development Aid Committee 2005). This process is still just beginning in the case of the Paris Declaration. However, there is considerable expectation of change and a certain degree of concern among both donor agencies and ‘partner country’ governments. In 2006, a baseline survey was carried out into implementation of the Declaration in 34 countries that offered to participate and among the majority of donor agencies, responsible for 37% of world aid in 2005. The conclusions clearly showed that, in half of the developing countries that signed the Declaration, both donors and partners were a long way from complying with the commitments they had made (CAD: 2007a, p. 9, 2007b, pp. 56-66). One outstanding initiative is the ‘Pilot Exercise’ started in 22 selected countries in December 2006. Another meeting of the High Level Forum (HLF) has been convened in Accra, Ghana, in 2008 to take the process forward.

The EU, which accounts for more than half of world ODA, has specifically committed itself to the principles of alignment, ownership, harmonisation, mutual responsibility and management by results and to the Paris Declaration. In addition, through the European Development Consensus, the EU has undertaken to play a leadership role in this process with commitments additional to those adopted in the DAC, namely that all institutional capacity-building programmes will be implemented through coordinated programmes; that 50% of bilateral cooperation will be conducted using recipient countries’ systems unless new project administration units are created; and that the number of uncoordinated missions will be reduced by 50%.

All this shows that there is a willingness to tackle the problems that afflict aid and improve its effectiveness, in order to ensure the achievement of development objectives that would not be achieved in many countries without changes in current tendencies. The efforts to promote dialogue and build a consensus between donors and recipients deserves to be recognised and valued. The agreements on harmonisation are very timely and will reduce the bureaucratic burden imposed on recipients. The emphasis on the use of programme-based approaches (budget support and sector-wide approaches) in support of national development and PRS and the use of developing country financial management systems may help to correct the worst effects of an excessively fragmented and dispersed pattern of aid, in particular, the weakening of developing country public institutions and policies.

The Paris Declaration also poses significant risks to aid and to the objectives it is intended to achieve within the framework of the MDGs. First, it could reduce the space for civil society to operate, despite the key role it plays in development. After decades in which the state has been weakened, it seems healthy that development cooperation should once again emphasise the capacities of the state and public policies. However, the agenda established by the Paris Declaration places donors in a centralised and exclusive relationship with states. The Declaration includes and encourages participation by social organisations in the design of national development programmes. Nevertheless, given the resistance many developing country governments display towards such participation, it seems unlikely it will happen. A significant proportion of aid, in particular EU aid, is currently channelled through NGOs. Part of the problem is to preserve their autonomy and independence, which is necessary if participatory development and democratic governance is to be promoted. There is a risk that the Paris Declaration will be used to argue for the control of NGOs and their subordination to governments. The other aspect of the problem is the need to address the fragmentation of aid caused by NGO development cooperation, which could blur national development strategies. In brief, how can we preserve participation, ensure coordination and avoid the subordination of civil society?

A second problematic aspect is the technocratic vision of the state that underlies the Paris Declaration. This seems to be based on the assumption that the absence of effective poverty reduction policies, the persistence of policies that promote exclusion, institutional, physical, administrative and management weaknesses, lack of transparency, responsibility and accountability, and the existence of corruption are simply dysfunctions that can be resolved by technical assistance for institutional capacity-building.

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8 Council Conclusions of November 2004 on the EU contribution to coordination, harmonisation and alignment, and Council Conclusions of 11 April 2006 on the Paris Declaration.
However, such problems are often manifestations of the interests of particular sectors or groups and there is an ‘economic policy of bad government’ that reflects the state’s ‘capture’ by private interests that extract incomes and influence by maintaining the public administration in this situation. ‘Alignment’ of donors with such policies will be counter-productive.

On the other hand, the Declaration sought to jettison conditionality and replace it with development ‘partnerships’ based on mutual responsibility and accountability. It is a positive step that donors recognise they are responsible to their ‘partners’ and vice-versa, although conditionality is a phenomenon that cannot be eliminated by a mere act of will, as though the essentially asymmetric relationship between donors and recipients is an abstraction. In the words of Alison van Rooy (2006), senior analyst at the Canadian Development Corporation, the donors’ message will be: ‘we will do what you want, as long you want what we want’.

Finally, the Paris Declaration deals with specific criticisms about the effectiveness of aid: leadership and strengthening the capacities of recipient countries, more coordinated action by donors, responsibility and accountability, etc. However, we must remember it focuses on ODA flows and leaves aside other policies that condition the effectiveness of aid, such as trade, debt, foreign investment, the treatment of financial transfers sent home by emigrants and access to technology, which are key aspects on the development agenda of the MDGs (Alonso y Sanahuja 2006). The Declaration does not mention the principle of coherence, and this is a significant omission.

2. EU DEVELOPMENT COOPERATION WITH LATIN AMERICA

2.1. The EU, the architecture of aid and reform of development policy

As we have indicated, the EU has been an important actor in promoting the international development agenda of the MDGs and, in particular, the commitments derived from Objective 8 on increasing aid, improving its effectiveness and promoting coherent policies. This has required important changes in the development policy of the EU and Member States, and although it is paradoxical, the EU has been an obstacle in the way of its own agenda on policy coherence, especially with regard to trade and development. This document does not aim to analyse these changes in detail, but we will outline the changes that have contributed to developing EU cooperation instruments with Latin America.

First, the EU has tried to equip itself with a common cooperation strategy, shared not only by the Community but also by Member States, in accordance with the principles of coordination and complementarity. This has led to the adoption of common positions in multilateral forums and, in particular, the adoption of the European Development Consensus in 2000 and again later, in 2005, which we mentioned above. This document, which has a bearing on both EU and bilateral policies, sets out a shared vision of development challenges, confirms the EU’s commitment to the MDGs and the Rome and Paris Declarations, establishes common objectives and defines its priorities as being the poorest countries and social sectors, without forgetting the MICs, in the context of a multi-dimensional conception of poverty eradication that includes democratic governance, social justice, access to social services, the environment and conflict prevention.

With regard to Community cooperation, it reaffirms the principles of added value, the need to differentiate in accordance with the characteristics of recipient countries, in particular, between upper MICs, lower MICs and LICs, and concentration. It establishes the following eight priority areas: a) trade and regional integration; b) the environment and the sustainable management of natural resources; c) infrastructure, communications and transport; d) water and energy; e) rural development, territorial planning, agriculture and food security; f) governance, democracy, human rights and support for economic and institutional reform; g) conflict prevention and fragile states; h) human development; i) social cohesion and employment. Finally, it reaffirms the principle of policy coherence and the need to consider Community policies in the following areas: trade, environment,
climate change, security, agriculture, fisheries, social dimensions of globalisation, employment and
decent work, migration, research and innovation, information society, transport and energy.og

Commission proposals for achieving the MDGs assume 50% financing through national systems and
doubling budget aid are common objectives of the EU and of the new Member States that will join in
2010 (European Commission: 2005b). This involves a significant change of direction for cooperation
with Latin America, especially with LICs, which have hardly received any budget aid from the EU
(Ayuso 2006). The EU has also undertaken to comply with DAC guidelines on untying aid to MICs
and go beyond these recommendations, but the situation of Member States is diverse. The proportion
of aid to MICs in Latin America that is tied continues to be too high: in 2002, only 5.5% of
Community ODA for the ALA programme was totally untied, while the average for developing
countries was 19%. It reached 30% for ACPs and this figure has increased in line with the
implementation of DAC commitments, although this only affects a minority of MICs in Latin
America. The European Consensus argues the need for untying more aid, but does not set any
objectives.

Second, since 1998, an ambitious agenda of administrative reform has been undertaken that has tried
to overcome the problems caused by a dysfunctional organisational structure, lack of personnel and
bureaucratic delays resulting in the accumulation of non-executed commitments to the value of more
than EUR 20 million. Without trying to be comprehensive, we should mention the establishment of the
Common External Relations Service in 1998, which was a precedent for the creation of the EuropeAid
agency in 2001, a new division of labour between this agency, DG Development and DG External
Relations and the establishment of a multiannual programming methodology that, as we will describe,
came into full operation in 2005, and which includes important improvements in evaluation and
quality control. Finally, there has been a ‘deconcentration’ of Commission services and personnel
towards Delegations in developing countries and improvements in staffing.

Third, one element of capital importance has been the adoption of new budgetary instruments, which
has rationalised the wide-ranging but fragmented panoply of budget lines and rules that were in force
until then. These new instruments are the: European Neighbourhood and Partnership Instrument; the
Instrument for Pre-Accession Assistance; the Financing Instrument for Development Cooperation
(DCI); the Financial Instrument for the Promotion of Democracy and Human Rights (which replaces
the previous European Initiative for Democracy and Human Rights); and the Instrument for Stability
(which replaces the previous Rapid Reaction Mechanism). It is these final three that affect cooperation
with Latin America. The most important, because of its coverage and resources, is the new Instrument
for Development Cooperation (DCI).10

The DCI replaces the previous ‘geographical instruments’, including Regulation 442/92 for
developing countries in Asia and Latin America (ALA), which regulated community cooperation with
the region from 1982, and more than ten thematic instruments. It has an indicative budget of
EUR 16 897 million for the period 2007-2013, of which EUR 2 690 million (16%) are allocated to
Latin America. Specific priorities have been established for each region and in the case of Latin
America, they are as follows:

- Promoting social cohesion: through tax and social welfare policies, investment in production
  for more and better jobs, policies to combat illegal drugs, education and health.

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9 See Council Conclusions of May 2005 on the Commission’s Communication on the coherence of development
policies.
Partnership Instrument, of 24 October 2006; Regulation (EC) 1085/2006 of the European Parliament and
Council on the Instrument for Pre-Accession Assistance (IPA); Regulation (EC) 1905/2006 of the European
Parliament and Council on the Financing Instrument for Development Cooperation (DCI), of 18 December
Promotion of Democracy and Human Rights, 20 December 2006; and Regulation (EC) 1717/2006 of the
- Encouraging greater regional integration, including the interconnection of network infrastructures in coordination with activities supported by the EIB and other institutions.

- Supporting the reinforcement of public institutions with good governance and the protection of human rights, including the rights of the child and the rights of indigenous people and minorities.

- Supporting the creation of a common EU-Latin American higher education area.

- Promoting sustainable development with particular attention to the protection of forests and biodiversity.

The DCI also has an indicative budget of EUR 5 596 million for ‘thematic programmes’. The activities that form part of these programmes can take place in all developing regions, independently of geographical locations, so they can complement each other. The programmes approved in January 2006 were as follows: 11

- **Investing in people**: Social and human development programme with a budget of EUR 1 060 million. It will focus on achieving good basic health services for all, tackling specific problems, such as HIV-AIDS; achieving high-quality basic education; promoting gender equality; and developing culture and cultural industries.

- **Environment and sustainable management of natural resources**: with a budget of EUR 804 million, this programme replaces and extends the previous budget line – environment and tropical forests. It will allow a broader approach to the question, linked in with national sustainability and adaptation to climate change strategies, promote the efficient use of energy and improve international governance of global environmental problems.

- **Non-state actors and local authorities in development**: with a budget of EUR 1 639 million, this programme replaces and terminates the old cofinancing with NGOs budget line. It aims to contribute to achieving the MDGs through action by NGOs and local governments, and strengthen civil society in developing countries. NGOs and social organisations in the EU working on development projects in developing countries and development education in the EU are eligible, as are NGOs and social organisations in the developing countries themselves.

- **Food security**: with a budget of EUR 1 709 million, this programme aims to contribute to achieving the MDGs on hunger and malnutrition, promote food security and make appropriate use of food aid in crisis situations.

- **Migration and asylum**: with a budget of EUR 384 million, this programme will help developing countries ensure improved management of migratory flows, including migration to the EU and South-South migration, and develop co-development actions.

Fourth, in May 2007, the Council adopted a new policy on the division of labour between Member States, which, in accordance with the Paris Declaration and the European Development Consensus, will try to encourage greater sectoral specialisation and will noticeably affect their profile as donors and the form in which the EU will ensure application of the principle of complementarity.

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2.2. The EU-Latin America and Caribbean Summits and the ‘strategic partnership’

After Río, the Strategic Association was able to count on such notable achievements as the new EU association agreements with Mexico (2000) and Chile (2002). However, since it made its appearance, the ‘strategic partnership’ has had to deal with an unfavourable international context, and Latin America seems to have slipped down the EU’s foreign relations agenda. This is due to factors such as the demands of EU enlargement, the displacement of European priorities towards the east and the Balkans, and the primacy that security and the war on terror has acquired in international relations since the 11 September attacks, pushing development issues into the background. Moreover, with regard to trade, the EU and some Latin American countries have prioritised negotiations in the WTO, which with the enlargement of the EU, meant tackling the difficult reform of the Common Agricultural Policy (CAP). This reform, which took place in 2002 and 2003, limited the Community’s options in trade negotiations by maintaining a ‘productivist’ agricultural model. The difficulties associated with the agricultural chapter and the ‘WTO-option’ have meant that negotiations with Mercosur have been going on now for more than 10 years without producing an association agreement. By prioritising Mexico and Chile, the countries that opted for free trade with the United States, the EU has strengthened the perception that the new association agreements are ‘reactive’ and follow on from US policy.

These difficulties were highlighted by the Salafranca Report, adopted by the European Parliament in November 2001. This report called for the reactivation of bi-regional relations and the establishment of a policy on Latin America and the Caribbean that is ‘global, coherent and with real content’, including the adoption of a Council Common Strategy and the reactivation of political dialogue on a ‘wider agenda’ to strengthen democracy and respect for human rights and prevent and resolve conflicts. In the economic field, the European Parliament requested the speedy conclusion of an EU-Mercosur Agreement and new agreements with the Andean and Central American countries, in order to stabilise trade preferences already granted by the Community to both groups. Finally, the report called for more resources for development cooperation and a more stable, multiannual financing framework. It proposed a ‘bi-regional Solidarity Fund’ and invited participation by the EU, Member States, the EIB and multilateral development banks (European Parliament 2001).

The main result of the second EU-LAC Summit, held in Madrid in May 2002, was the presentation of a new EU-Chile association agreement, which like the agreement already signed with Mexico, included the creation of a free trade area. However, there was no progress on the other pending association agreements, which the EU has made conditional on finalisation of the WTO’s Doha Round, initially scheduled for December 2004. The Commission’s new regional strategy for development cooperation for 2002-2006 was presented at the Madrid Summit (see below). New programmes were announced as part of this strategy, including Alliance for the Information Society (@LIS), the postgraduate scholarship programme (ALBAN) and the ‘Social Initiative’ that was to become EUROsocial, as announced at the Guadalajara Summit two years later.

The agenda of the third EU-LAC Summit, held in Guadalajara, Mexico, in 2004, focused on the role of multilateralism and social cohesion, but the meeting was dominated by three questions of great importance for the ‘strategic partnership’: the international security agenda, after the invasion of Iraq; the stagnation of negotiations in the WTO, after the failure of the Cancun ministerial conference in September 2003; and the impact on EU-LA relations of the EU enlargement in May 2004. The main outcome of the Guadalajara Summit was the commitment made by participants to multilateralism and the United Nations. As for EU enlargement, the Summit showed that the new Member States had joined the consensus, which could be interpreted as an indicator of an early ‘Europeanisation’ of policies towards Latin America.

With regard to trade, the Guadalajara Declaration confirmed that the EU had not abandoned the multilateral option, but it decided to reactivate the subregional option in the context of the stagnation of the Doha Round. It therefore announced the relaunch of negotiations between the EU and Mercosur before the end of the European Commission’s mandate in November of that year. The Guadalajara
Declaration also opened the possibility of beginning negotiations with the Andean and Central American countries, but the EU set two conditions. In addition to being conditional on finalising the Doha Round at the WTO, the EU said negotiations would depend on the achievement of a ‘sufficient level of regional economic integration’. In order to determine whether this level had been reached, a ‘joint assessment’ on integration would be conducted. However, in the debate on social cohesion, Guadalajara once again showed the gap between the ambitious objectives of the bi-regional ‘strategic partnership’ and the paucity of available resources. The Declaration proposed a regional dialogue on social cohesion to exchange experiences and announced the launch of a social programme, with a budget of EUR 30 million, as an outcome of the ‘Social Initiative’ announced at the Madrid Summit. In addition, the Declaration mentioned some of problems afflicting EU cooperation with the region: paucity of resources; decision-making, which in the opinion of some Latin American participants was characterised by unilateralism on the part of the EU; restricted coverage and asymmetries of ALBAN; and weak cooperation in the field of science and technology, an area of cooperation that was of particular interest to the more advanced countries, such as Mexico and Chile.

The fourth Summit meeting of Heads of States and Government of the EU and Latin America and the Caribbean, held in Vienna, 12 May 2006, reflected the difficult moments that both regions were experiencing with regard to integration. To many observers, the Summit illustrated the centrifugal forces that were at work in the region, with the disintegration of the Andean Community and Venezuela's fight for South American leadership, which had militated against rather than in favour of regional integration. The EU said that the summit reflected a state of introspection and absorption in the crisis brought about by the debate over a European Constitution and fatigue caused by the enlargement of the Union. However, the results of the Vienna Summit were not as negative as we were led to believe. Although no progress was made in negotiations on the EU-Mercosur Agreement, the Summit gave the ‘green light’ to the EU-Central America association agreement, subject to finalisation of the ‘joint assessment’ of integration agreed at the Guadalajara Summit in 2004. The crisis in the Andean Community prevented similar progress in that subregion, but the summit sent a clear political message to the leaders of the Andean countries about the need to preserve the Community if they wanted to reach an association agreement with the EU. This stance was very useful in the following months, because it helped the Andean countries, particularly Bolivia, to remain in the Community and ignore Venezuela's calls to abandon it. The creation of the EU-Latin America and Caribbean Parliamentary Assembly, the Common Space on Higher Education and the announcement that the Commission would open a new line of credit from the European Investment Bank to Latin America were also notable achievements.

2.3. The strategic framework for EU-Latin American development cooperation

Since the adoption of a strategy for relations with Latin America in 1994 (Council of the European Union: 1994), the EU and, in particular, the European Commission has set out its regional strategy for Latin America in a series of documents of varied nature, level and timeframe. They include Commission Communications to the Council and the European Parliament defining European Community policy towards Latin America, and are therefore part of the Community’s decision-making process. In some cases, they cover a five-year period and establish an indicative budget, while others define short-term positions and proposals prior to EU-LAC Summits. In addition, there are Regional and Subregional Strategy Papers (RSPs) and Country Strategy Papers (CSPs), which set out an indicative programme for cooperation. In fact, the existence of a coherent programming framework is relatively recent. Although previous documents, for example, the Regional Strategy 2002-2006, incorporated existing objectives and programmes, it could be said that the period 2007-2013 is the first in which these programming frameworks have been fully set out. In 2005, a new Communication (European Commission: 2005) established the Commission's political priorities. It is within this framework that a new RSP was drafted for the period 2007-2013, along with subregional strategies for the Andean countries, Central America and Mercosur and the various CSPs for each country.

An examination of the regional strategy documents shows clear elements of continuity (see the summary in the annex). In the political field, the priority is democratic governance, specifically the consolidation of democratic institutions and the rule of law; reform of the state; respect for human rights; and ‘good government’. In the economic field, the themes are regional integration, institutional capacity-building, policy coordination, civil society participation and access to external markets. In the social field, the themes are the fight against poverty and social exclusion in order to promote ‘social cohesion’. Finally, with regard to the management of interdependencies, the EU’s priorities are to protect the environment, combat illegal drugs and prevent and combat natural disasters. Cross-cutting themes such as gender equality and the fight to stop discrimination against indigenous people, Afro-descendants and minorities have also remained on the agenda. In addition, new priorities have emerged from the summit meetings and the application of the so-called Tuusula Priorities, adopted in 2000, to promote higher education and the development of the information society. This change has created some problems: there is a notable imbalance between the political commitments made at summit meetings and the available financial resources, which have not increased.

The European Commission’s procedure for defining strategy, which is unilateral, in accordance with Community rules, does not adequately fit the multilateral frameworks of ‘inter-regional’ agendas, for example at summit meetings, where there are notable asymmetries between the two sides. Neither does it fit the more horizontal model of relations of the new generation of association agreements adopted in Latin America.

The most current document is A Stronger Partnership between the European Union and Latin America. This, the first Communication on relations with Latin America made by the Durão Barroso Commission, backed by the Council Conclusions of February 2006, set out priorities adapted to the new political cycle and to changes in Latin America. It was preceded by a wide-ranging study on the future of relations between the two regions (Freres and Sanahuja 2006). According to this Communication, the EU aims to step up political dialogue, change the agenda and format of bi-regional meetings and strengthen cooperation on conflict prevention. In relation to economic matters, it proposes to complete the ‘network’ of association agreements with the rest of Latin America and support integration processes, which the Commission will monitor closely. It also proposes a more intense dialogue on the environment, barriers to trade and investment and calls for more intensive European Investment Bank support for developing regional infrastructure. It states that social cohesion is a ‘priority area’ of EU-Latin American relations and calls for a series of political dialogue and cooperation initiatives. In addition, it called for the creation of a Euro-Latin American Parliamentary Assembly and an EU-LA higher education area, to which the Vienna Summit later gave the ‘green light’. This Communication was supported by the European Parliament, in the Salafranca Report, in 2006, although the European Parliament insisted on the need to give greater emphasis to EU-LA cooperation and set the strategic goal of a bi-regional agreement by 2012.

2.4 Regional cooperation and support for integration, regionalism and social cohesion

The European Community is one of the few promoters of regional cooperation in Latin America and the only one involved in bi-regional cooperation. The regional cooperation budget framework exclusively for Latin America during the period 2002-2006 amounted to EUR 264 million for the regional programmes referred to below and for social initiatives, disaster prevention, sustainable energy management and the Europe-Latin America Relations Observatory. The general horizontal policies and purely bilateral activities implemented under the ALA Regulation must be added to these. The Community has also established EIB funding lines of EUR 40 million for the Andean Development Corporation, and EUR 35 million with the Central American Bank for Economic Integration. A cooperation agreement has been in place with the IADB since 2002, and in 2001 a co-
financing framework agreement was signed with the World Bank to support the Heavily Indebted Poor Countries initiative.

Regional cooperation has been very uneven because of a serious and ongoing problem in terms of defining its counterpart, since there is no Latin America-wide integration organisation, and the regional integration ‘map’ is actually formed by four subregions – Mercosur, the Andean Community, Central America and Caricom – plus the special cases of ‘South-North’ integration such as Mexico and Chile. In these circumstances, support for Latin American integration is difficult, and the EU has opted for regional programmes based on thematic ‘networks’ and consortia made up largely by decentralised stakeholders – local governments, universities, etc. – that promote ‘regionalisation’ rather than formalised and institutionalised regionalism. According to the evaluations carried out, the results of the EC regional programme for Latin America in force from 2002 to 2006 were positive in terms of each of its programmes and the significant participation of the decentralised stakeholders, but it was not designed to support subregional integration and has not had that effect. Some Latin American governments, meanwhile, question the regional programme, which they do not control, and would like the resources involved to be channelled bilaterally so that their own countries obtain more funds (Development Researchers Network 2005). The following is a very brief summary of the most relevant specific programmes:

- **AI-Invest**: starting in 1993 with a pilot stage, this first bi-regional programme developed in three further stages (stage I, 1996-2000; stage II, 2000-2004; and stage III, 2004-2007). In the latter stage the budget amounted to EUR 53 million. Its objectives – based on mutual interest, the provision of services to EU enterprises and to Latin American countries to stimulate trade and investment – were formulated ex-post following a 2001 evaluation. This concluded that the programme had been positive, particularly for SMEs, though it questioned its sustainability without continued EU support (Europeaid 2001). The programme has also suffered from imbalances in the allocation of resources per country, which must be corrected.

- **URB-AL**: this two-stage programme (1996-2000 and 2000-2006) was very successful in supporting common projects and local authority thematic networks for exchanging government and local development practice. A 1999 evaluation was positive and it had a budget of EUR 50 million in the second stage. A second evaluation in 2004 corroborated these results, but drew attention to the difficulties arising out of the institutional weakness of small local communities (Europeaid 2004).

- **ALFA** (Latin America-Academic Training): this programme promotes student, researcher and teacher exchanges between European and Latin American higher education institution networks or consortia. It developed in two stages (Alfa I, 1994-1999; Alfa II, 2000-2005), the second having a budget of EUR 54 million. Some 770 institutions from the two regions were involved. The evaluations (Europeaid 2002) were positive, despite high stage I management costs that were subsequently rectified, and showed increasing ‘ownership’ by Latin American universities.

- **ALBAN**: this programme, running from 2002 to 2010, offers ‘high-level’ scholarships to Latin American students for postgraduate studies in the EU. It has a budget of EUR 88 million and is managed by a university consortium. Demand for the programme is strong, with an average of around 800 scholarships awarded per year. The statistics and intermediate evaluation (Europeaid 2005) show that it offers added value compared to bilateral programmes and enables academic and scientific cooperation links to be generated between the two regions by means of research projects by scholarship holders. Since it is a demand-driven programme which is more appropriate to upper middle-income countries, there are significant imbalances between recipient and host countries, and the least developed Latin American states obtain few scholarships. Its individualised approach has, moreover, been questioned since it does not strengthen the capacities of the region's universities.
@LIS (Latin America, information society): this originates from sectoral dialogues on the information society, its basic aim being to reduce the ‘digital divide’ between the two regions and to promote dialogue on standards and rules. It ran from 2002 to 2006 with a budget of EUR 77 million, its activities including ‘pilot projects’. One of the more successful measures is the ALICE network (Latin America interconnected with Europe), coordinated by the CLARA and DANTE networks (Latin America and EU respectively), to create a broadband network between the two regions’ scientific institutions. Although it has not yet been evaluated, demand for this programme was strong, it helped to create Latin American networks (CLARA), its network design was more in keeping with Latin American expectations, in contrast to a bilateral United States initiative, and it was in addition compatible with the EU’s more general objectives in the global regulation of the information society (Development Researchers Network 2005: 68).

Eurosocial: launched at the Guadalajara Summit with an appropriation of EUR 30 million, two years in arrears of the announcement of the Madrid Summit’s ‘social initiative’, this programme has effectively been in progress since 2006. The evaluation began in late 2007, which is why only the preliminary results are available (Grupo Soges, 2008). Eurosocial is based on thematic networks: education, taxation, health, justice and employment. Its evaluation suggests that it has helped to raise the profile of bi-regional dialogue on social cohesion, although the dynamism shown by each network is unequal: greater in taxation, education and employment, a little less in justice, and very low in health, due *inter alia* to the backlogs that have built up in its implementation. The evaluation highlights how consistent the programme is with national social and employment policies, and the added value of European experience, though the latter has not always been duly incorporated. It should be noted as regards weaknesses that due to its marked national approach, subregional measures have not been involved, except for Mercosur’s social and labour agenda, which has prevented Eurosocial from properly complementing EU action in the area of regional integration. Finally, as regards employment the impact of the association agreements and free trade has not been taken sufficiently into account.

OBREAL/EULARO – EU-Latin America Relations Observatory: this project was developed from 2004 to 2007 through a consortium coordinated by the University of Barcelona. With a budget of EUR 1.3 million, meetings and studies were organised to monitor bi-regional relations. Although it has not yet been evaluated, the methodology used – selection of a consortium, leaving others out – made it difficult for centres specialising in EU-LA relations to take part and does not guarantee the need to continue and to consolidate activities which, in addition to the appropriate monitoring of bi-regional relations, help to meet one of the needs highlighted in the December 2005 Commission Communication: mutual knowledge.

Subregional programmes with Mercosur, the Andean Community and Central America have been more important in supporting integration and regionalism and have involved the regional institutions as a contact point, although the financial commitment has been rather low: from 1996 to 2003, Latin America received a total of EUR 3 480 million, which includes both allocations from the PVD/ALA regulation and horizontal budget lines. Of these funds, 72% correspond to bilateral actions, 17% to regional programmes (ALFA, URB-AL, AL-Invest, ATLAS, ALURE, ALIS) and 12% to subregional programmes: 8% for Central America; 3% for the Andean Community and 1% for Mercosur. In addition, only part of these funds have been directed towards specific integration projects, such as programmes for establishing customs unions, particularly in Central America and the Andean Community, the consolidation of regional institutions, support for the harmonisation of regulations, quality standards, customs cooperation, specialist training and improvement of statistical capacities. Although they are not in keeping with specific integration agreements, EC projects in areas such as cross-border cooperation or water basin navigation also meet that objective (Paraná, Pilcomayo).

A basic premise allowing these measures to produce positive results is the degree of cohesion and intra-group cooperation, and in particular the commitment of Latin American governments themselves
to integration and its institutions. The EC has nevertheless provided support during a period of serious crisis for integration when regional integration methods and maps are being redefined, and this has obviously conditioned the results of EC projects. Latin American integration is currently marked by uncertainty and a proliferation of trade commitments, some of which are difficult to reconcile, at the same time as problems that have built up over many years have remained unresolved, such as institutional weakness and ineffectiveness, the continuation of trade barriers and the absence of mechanisms to correct disparities (CEPAL 2005: 81; Durán and Maldonado 2005: 19-26). The EC has, for example, committed substantial funds to support the establishment of the Andean customs union, but the schedules agreed have not been met, and the objective has been postponed several times and has been abandoned. Not only does this failure damage the reputation of Andean integration and its members, but it also affects the EC.

In the case of Central America, the evaluation of regional cooperation (Development Researchers Network 2007) shows that it had a positive impact on furthering the economic aspect of regional integration, particularly in connection with the customs union. In other areas the results are uneven. The strategy has proved to be less effective in the areas of institutional, legislative and social development, partly because the regional institutions for which some of the resources were intended have not had due government backing, and partly because the strategy focuses on strengthening integration institutions rather than programmes fostering ties with other regions. The evaluation also highlights serious shortcomings in coordination with member countries and lack of complementarity between bilateral and Community action. This shows that the effectiveness of cooperation owes a great deal to political dialogue, particularly the ‘joint evaluation process’ carried out since 2004, which has been a significant catalyst for integration. As a prominent Central American diplomat said in Brussels, ‘this process has enabled more progress to be made in six months than in the previous six years’.13

In the Communication on A Stronger Partnership between the EU and Latin America, adopted in December 2005, the Commission sets out the need to complete the network of association agreements involving all the countries of the region and liable to contribute to the integration of them all, recalling that the course of action taken by the EU must be tailored to the new realities in Latin America, and that the integration processes are evolving, as demonstrated by the recent creation of the South American Community of Nations and the subsequent South American Union (European Commission, 2005: 5). As the Commission points out, it is important to be attentive to the changes taking place in the regional integration ‘map’, particularly as regards Andean Community-Mercosur convergence, Mercosur enlargement and the structure of Unasur. Subject to the existence of more far-reaching agreements, prospects for liberalising South American trade with pre-established dates suggest that the European Parliament’s proposal to move towards a bi-regional free trade area should be reviewed, while the schedule initially provided for should be adjusted.

The relationship between social cohesion and free trade agreements, however, also raises an important problem of policy coherence for the EU. Social cohesion is one of the principal objectives of inter-regional relations and helps to shape the EU’s profile and identity as a ‘civil power’ in its relations with Latin America. In the area of trade, however, the association agreements correspond to the ‘WTO-plus’ model and are very similar to those promoted by the United States. It is doubtful whether this type of agreement fosters a positive relationship between free trade and social cohesion, a crucial issue in the current development agenda and the combating of poverty and inequality in Latin America. In particular, the possible negotiation of association agreements with Central American and Andean countries raises major problems regarding the treatment of disparities and their impact on social cohesion due to the lower level of development of these countries. If such agreements are signed and the preferences of the SPG+ in force until 2008 are left behind, the incentives connected to labour and social rights, good governance and the environment will have to be maintained. Similarly, the links between trade and the environment are also not appropriately addressed in this type of

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13 Author’s interview with representatives of GRUCA in Brussels, November 2006.
agreement. Cooperation measures can play a role in this respect, but it must be remembered that that is not their objective and they are not very well designed to address that problem.

Unasur is probably not sufficiently well established to open an institutionalised dialogue and cooperation framework with the EU. Nevertheless, its very gradual consolidation – the institution’s founding treaty will be signed by June 2008 – could be backed by the EU’s next regional strategy by means of cooperation measures. In view of the changes occurring in Latin American integration, a broader integration strategy must be developed that does not depend on the development of trade commitments. Such a strategy should emphasise more far-reaching economic integration through macroeconomic convergence and sectoral policies; the management of interdependence that affects regional and local development, such as cross-border cooperation; the management of water basins and natural spaces; regional networks of cities; the development of tourist routes; disaster risk reduction and mitigation; and bottom-up regionalisation processes by establishing civil society regional networks that can play an active role in the process. A particularly important aspect of this strategy is support for mechanisms to correct the disparities arising out of changes in production systems, in the interests of income convergence and social and territorial cohesion, that can become established in integration processes, and the support the EU can provide for them. More specifically, and irrespective of whether this fund is established or not, the EU would send out a clear political signal in support of the Mercosur structural convergence fund (or the fund that comes to be created in Central America) as an instrument of a nascent intra-Mercosur ‘cohesion policy’.

In the context of relations and political dialogue with Latin America, meanwhile, and acknowledging the maturity and degree of development achieved by the region’s countries as MICs, it is important to open a dialogue on the ‘South-South’ cooperation being developed in the region by both regional and extra-regional donors in order to ensure more coordinated and effective cooperation and to examine ‘triangular’ methods of support together with those that have a greater impact and added value in terms of capacity building, institutional improvement and priority sectors in the light of the MDGs.14

In terms of energy and infrastructure, cooperation with South American initiatives is a significant component of the new integration agenda and meets shared interests, since it addresses one of the ‘bottlenecks’ of Latin American development, helps to ensure that the EU has diversified sources of supply, can prevent bilateral disputes that may destabilise the area and can support European investment in the sector. These interests may be better promoted if the EU commits itself with more resources. Although the Commission does not have sufficient funds to contemplate infrastructure or energy measures, since they are very costly, the EU could promote greater EIB participation beyond the mutual interest provided for in the new mandate for the period 2007-2013, which will have a budget of EUR 2 480 million for Asia and Latin America to support regional integration in energy infrastructure, communications, environmental management and cross-border cooperation, in association with integration banks such as the ADC or CABEI.

The political cooperation agenda must also be broadened in order to adapt it to what is being done in the EU and in the various Latin American regional groups, including the links between regionalism and democratic governance, regional security and conflict prevention. To achieve this the EU can promote specialised dialogue between public, private and civil society stakeholders and encourage regional institutions to help to resolve the region’s political crises through a broader process of consultation with the EU Council in the framework of the CFSP. To that end the European Parliament proposal (2006) to create a bi-regional conflict prevention centre devoted to the early detection of causes of potential violent armed conflicts and the best way to prevent them and stop them from escalating is particularly relevant.

As has been said, promoting mutual knowledge is a regional strategy priority. There are many dimensions to this objective, one of which concerns study centres looking at situations in both regions.

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It has already been said that EULARO has not managed to fulfil that objective. A specific proposal to ensure stability for this type of activity would be to create a permanent bi-regional platform whose priority objectives included improving mutual knowledge, broadening participation by the many stakeholders involved in bi-regional relations and monitoring the bi-regional agenda. This body, which could be called the Europe-Latin America Foundation, would be public-private, similar to the Asia-Europe Foundation (http://www.asef.org/), established in 1997. This institution would raise the profile of bi-regional relations by having distinguished personalities from the two regions on its advisory board. Its remit would cover studies, informal bi-regional dialogue, training and the promotion of exchanges, including culture. Although it would originally be set up in one of the regions, it should eventually have two bases to achieve a greater impact. As regards its funding, while the Commission would have to provide the initial seed capital, institutional contributions from various Member States, Latin American governments and private organisations would be essential in order to guarantee its sustainability and independence (Freres and Sanahuja, 2006: 84).

Communication with the outside world and training in the Commission would also have to be promoted. In relation to the former, it seems that some Commission delegations seek to respond to requests for information alone, but the lack of ‘care’ in dealing with local ‘Europhiles’ seeking support for organising events, carrying out research or publishing analyses or studies on some EU issue is particularly worrying; these are key ‘allies’ for the extensive dissemination of knowledge concerning the EU (and its relations with Latin America), and the cost of such support could be low.

2.5. The emerging role of cooperation in science, technology and higher education

Although cooperation in science and technology is not a priority cooperation area, according to the European Consensus on Development it is particularly relevant to the region’s upper middle-income countries. These have certain capacities in terms of national R+D+I policies and reasonably high-level scientific research centres, although the situations in the region are very different, and there are significant shortcomings in research personnel training and R+D expenditure. There is also a notable imbalance between research activities and technological development. In particular, only three countries in the region – Brazil, Chile and Cuba – allocate more than 0.5% of GDP to science and technology. By way of comparison, the average in the OECD stands at 2.4% compared to 2% in the EU, while only Brazil goes above 0.7% of GDP. Overall, this indicator has stagnated in the last ten years and has even fallen in some countries, the highest growth being recorded in Mexico and Brazil. Scientific output as a whole has increased in the same period – Latin America represented 1.8% of the references in the Science Citation Index (SCI) in 1993 and 3.26% in 2002, while Brazil accounts for over 50% of them – but the patent generation ratio is still very low and they are concentrated in Brazil, the source of 90% of the region’s patents, followed by Cuba. A particularly important issue in relation to strengthening Latin American endogenous capacity is the low number of scientific and research personnel with doctorates, which in turn prevents the region from having sufficient doctoral programmes.15

These countries have traditionally sought more resources from the EU in this area. Cooperation in science and technology has moreover been incorporated into bi-regional political dialogue by means of specific ministerial dialogue. This gave rise to the Brazilia Declaration, adopted on 22 March on the eve of the second EU-LAC Summit, which expressed both regions’ aspiration to create a common area of knowledge. The conference also established the following thematic priorities: health and quality of life; information society; economic growth in a globalised environment; sustainable development and urbanisation; cultural heritage. Cooperation should therefore also focus on cross-cutting areas: the strengthening of innovation capacity, with special reference to SMEs; education, research personnel capacity building and mobility, networks of centres of excellence and the strengthening of national R+D capacities.

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15 Sebastián, 2007: xviii-xxii, with information from the Red Iberoamericana de Ciencia y Tecnología (RICYT).
Since it is not included in development cooperation policy and is part of other Community policies, cooperation in science, technology and higher education has tended to be rather piecemeal, making it difficult to access for Latin American countries (Nupia 2008). As has been said, some of the programmes, such as ALFA and Albán, come under development cooperation policy and have been managed by Europeaid. This is also the institutional framework for ALIS and AL-Invest, which are also directly related to technology and support for scientific research. Other cooperation programmes in higher education are overseen by the Education and Training Directorate. This includes the Erasmus-Mundus and Jean Monnet programmes. Latin America has also been able to take part in the EU research and development framework programme by means of its international cooperation projects (INCO), and countries that have signed bilateral cooperation agreements in science and technology have been able to take part in other aspects of the project on a reciprocal basis with their European partners.

Cooperation in science and technology agreements are actually one of the most novel kinds of bi-regional cooperation. They have been signed with Argentina (1999), Chile (2002), Brazil (2004) and Mexico (2004). Their principle is to allow reciprocal access to the framework programme by broadening the conditions of access to INCO. For some signatory countries these agreements extend a very long-standing cooperation. Argentina, for example, began cooperation in science and technology with the EU in 1986 and has taken part in 222 projects to a value of around EUR 221 million. The agreements also allow the establishment of a channel for dialogue with these countries that helps to direct measures towards areas in which capacities exist and which can generate synergies with production sectors with greater potential for incorporating production technology and knowledge, and with priority development sectors: biotechnology, the food sector, environment and climate change, natural disasters, etc.

Access to these programmes has been hampered by various factors involving both the way in which they are structured in the EU and constraints in the Latin American countries (Nupia 2008): lack of and dispersal of information, the complexity of notification systems and lack of previous links between European and Latin American research centres. The most significant difficulties for Latin America are the dispersal of research topics and agendas and the primacy of national and bilateral rather than regional agendas (intra-Latin American scientific and technological cooperation is very weak, which hinders cooperation with third parties); dispersal of R+D centres; dispersal of the research agendas of stakeholders operating in this field, such as the Organisation of American States (OAS) and the Organisation of Iberoamerican States for Education, Science and Culture (OEI), particularly its important Science and Technology for Development programme; the poor management capacity of the Latin American centres (the training of managers should be a priority for cooperation in this field); and in general the absence or weakness of national R+D+I policies, since in recent years many countries have opted for neoliberal economic policies that have been passive in this area, tying the transfer of technology to foreign investment. In this context it is important to highlight the policy inconsistency that may exist between technology transfer commitments included in MDG 8 and those that have been adopted (albeit very generally) in EU-LAC political dialogue, and the current design of the association agreements as regards rules for protecting intellectual property.

This diagnosis gives rise to certain criteria that may help to strengthen cooperation in science and technology. First, communication and networks to facilitate access must be promoted. Second, greater emphasis must be placed on building the capacities of the centres rather than merely supporting individual researchers, as Alban or Erasmus-Mundus do (the latter more recently), ensuring that scholarship programmes are connected to broader projects and that research personnel are brought back within them. Efforts must be geared towards training managers. Finally, emphasis must be placed on the Latin American centres’ communication and coordination in terms of both political dialogue and cooperation programmes.

Giving fresh impetus to the Euro-Latin American area of education, besides its educational aims, could make a significant contribution to the goal of improving mutual knowledge. One proposal in this
area is to set up a ‘Fulbright’ type programme of prestigious scholarships. Although this was in part intended to be an objective of the ‘Albán’ scholarships, the latter are generally considered not to have fulfilled that role, and in this regard a cherry-picking approach would not be the best way to strengthen higher education. It will also in any event be important to respond to the EU’s increasing interest in young Latin American students, in competition with the United States, where costs are higher and barriers to access are growing. The EU has a strategic interest in becoming a first-class international academic benchmark, and this area could contribute to that end16.

Enhanced cooperation in this field could become a strand of relations with the region, particularly with the most advanced countries, for which other types of cooperation in social sectors are less relevant. In the context of a more differentiated cooperation policy with Latin America and the Caribbean, with the programmatic tools (budget support, sector-wide approaches) carrying greater weight for the poorest countries, European scientific and technological cooperation could be one of the most important components of advanced cooperation with upper middle-income countries, as well as an opportunity for triangular cooperation and support for regional policies and for integration.

3. CONCLUSIONS AND PROPOSALS

This strategy document has highlighted the principal changes arising in development cooperation with Latin America: the adoption of an international development and anti-poverty agenda dominated by the Millennium Development Goals (MDG); reflection on appropriate strategies for achieving those goals in the middle-income countries; the increasing involvement of the latter in development cooperation by means of ‘post-liberal regionalism’ policies and the growth of ‘South-South’ cooperation; and demands for ownership, alignment, harmonisation, mutual accountability and management for results of the Paris Declaration on Aid Effectiveness.

Against this background, EU development cooperation over the last ten years has changed significantly to adapt to the above requirements, particularly in its strategic orientation towards the MDGs and poverty reduction, administrative reform, planning and programming, the three ‘Cs’ (coordination, complementarity and coherence) and the rationalisation of budget instruments and lines. These changes have been recognised by the Development Assistance Committee’s evaluation of cooperation (2007c). The latter’s recommendations are particularly important in connection with the following: the need to ensure the integrity of the EU’s development and poverty eradication agenda, ensuring that cross-cutting issues such as gender and the environment are duly addressed; the special nature of Community assistance and the need for greater Community and Member State specialisation on the basis of their respective comparative advantages; the need to ensure policy coherence by bringing this issue to the decision-making level; and closer coordination within the Commission between its various departments, from the delegations in developing countries onwards, and by means of ‘whole-of-government’ approaches at developing-country level, especially as regards democratic governance, security system reform and gender. The evaluation also recommends that the delegations be given a broader role in designing and implementing programmes and in furthering dialogue with civil society organisations.

A great effort in the area of cooperation with Latin America has been made to adapt to the above demands, particularly in terms of national and subregional programming. Significant challenges remain, however, due partly to the change in the economic and political cycle taking place in the region. These challenges are particularly visible in regional cooperation. Through the strategy devised by the EU for a ‘stronger partnership’ and the commitments assumed at the Vienna Summit in 2006, EU-Latin America relations are moving towards the building of a ‘network’ of association agreements that will involve a qualitative change from the guidelines followed in recent years. At regional level

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16 See the conclusions of the panel of experts on the EU-Latin America area of higher education at the international seminar ‘Intercontinental cooperation between the EU and Latin America related to the issues of poverty, development and democracy’, Vienna, 24-26 April 2006.
the 2007-2013 programming is a ‘framework document’ to some extent and some of the main programmes are yet to be defined, while others are being changed and relaunched in line with the corresponding evaluations. Opportunities for regional cooperation to innovate and to adapt are therefore being opened up.

In this context the following strategies and proposals are relevant to EU-Latin America cooperation:

- **Maintain aid to middle-income countries in Latin America and the Caribbean.** Development cooperation is a key element of bi-regional relations, and EU and Member State commitment to the MDGs should not lead to a reduction in aid to the region, since that would have a negative effect on its work in the area of poverty and inequality reduction, the achievement of other development goals and democratic governance and its contribution to the provision of regional and global public goods. This also means playing an active role in achieving an international consensus on cooperation with the MICs described above.

- **Greater gradual increases in aid and concentration on the special characteristics of middle-income countries.** According to the European Consensus on Development, the EU must continue to direct resources towards the region’s low-income countries, particularly in the Andean area and Central America, using tools such as budget support and a sector-wide approach through national development and poverty reduction strategies. At the same time, cooperation with upper middle-income countries should continue to focus on areas in which cooperation can be more effective due to those countries’ circumstances: macroeconomic and international financial stability so that they can continue to attract funds from other external sources; institutional capacity-building and/or policy design, in particular to make public policy more effective and efficient; tax reforms ensuring adequately funded and sustainable redistributive policies and investment in human capital; national production capacities and policies for improving international competitiveness, particularly the fostering of investment in infrastructure; improvements in national research, development and innovation systems (R+D+I); and support for social stakeholders promoting political, institutional and legislative change at both national and international level, and those with the capacity to mobilise additional resources, such as multilateral or subregional banks.

- **Improving aid effectiveness: EU leadership.** According to the European Consensus on Development, the EU and the European Commission in particular must take the lead in applying the Paris Declaration and international commitments on aid effectiveness, which in Latin America are particularly relevant for lower middle-income countries in which a large number of donors are involved, and for Haiti. Improving coordination and complementarity with Member States is particularly important. The application of this agenda, however, must avoid the risk of overlooking civil society stakeholders, who continue to play an important role in defining national development agendas and in democratic governance.

- **The key role of the association agreements.** When generating development opportunities for the middle-income countries, association agreements can play an even more important role than transfers of aid, since they ensure access to external markets, promote external investment and foster innovation and competitiveness. If they are to play a positive role in development, however, disparities must also be duly recognised and they must be designed to allow the implementation of active policies that enable adjustment costs to be offset and the transformation of production to be promoted, particularly in the case of agreements with the Andean Community and Central America.

- **Association agreements, social cohesion and policy coherence.** As has been said, the relationship between social cohesion and the free trade component of association agreements raises a significant problem of policy coherence for the EU. In the area of trade, the association agreements correspond to the ‘WTO-plus’ model and are very similar to those promoted by the United States. As pointed out in the preceding section, ensuring that these
agreements have a positive impact on social cohesion requires appropriate treatment of asymmetries, support for policies to improve competitiveness and, if the GSP+ preferences in force until 2008 are abandoned, the incentives connected to labour and social rights, good governance and the environment that characterised those preferences would have to be maintained.

- **An extended strategy of support for regional integration.** Support for regionalism and integration is a key element of the development agenda of Latin American and Caribbean MICs because of its potential and actual contribution to developing the production fabric and employment, to governance and institutional capacity-building, and to the provision of regional public goods. Such support has proved to be even more important in a context of crisis and change in integration. The EU must maintain this support through a broader strategy that is not dictated by the development of trade commitments and that combines political dialogue, the process for signing bi-regional association agreements – in this context the mere possibility of signing bilateral agreements with some countries from each group is a powerful force for disintegration – and development assistance via subregional strategies for the Andean Community, Central America and Mercosur. In these circumstances it is important to be aware of the changes occurring in the regional integration ‘map’, particularly as regards Andean Community-Mercosur convergence, the enlargement of Mercosur and formation of the Union of South American Nations (Unasur). Cooperation with the subregional groups must also adapt to the new regional integration agendas, which go beyond trade liberalisation and extend to fields such as: the furthering of economic integration through macroeconomic convergence and sectoral policies; political cooperation, peace and security, transport and energy infrastructure integration and cross-border cooperation; the management of water basins and natural spaces; disaster risk reduction and mitigation; ‘bottom-up’ regionalisation by the formation of regional civil society networks that can play an active role in the process; and the correction of regional disparities to ensure income convergence and social and territorial cohesion. It could in particular be extremely useful for the EU to provide financial and/or institutional support for the tools and funds established or which the various subregional groups may establish to counter such disparities, such as the Mercosur structural convergence fund (FOCEM), or which could be created within the framework of the Central American customs union.

- **Greater attention to ‘South-South’ cooperation by means of triangular cooperation mechanisms.** The increase in ‘South-South’ cooperation confirms the growing role of the more advanced Latin American countries in the region’s integration processes and development. Such cooperation provides opportunities for the EU in terms of: the mobilisation of additional resources, both financial, human and technical; adaptation to the region’s needs; greater involvement of Latin American stakeholders; and the strengthening of the institutional capacities of donors and recipients alike. In some respects the regional programmes and their methodology of working with ‘networks’ of decentralised stakeholders may be an appropriate basis for promoting this type of cooperation.

- **Mobilisation of additional resources.** To achieve the above as a whole, the establishment of a ‘bi-regional solidarity fund’ proposed by the European Parliament in 2001 continues to be of interest. As pointed out in a viability study of this fund (Ayuso 2006), this instrument could support a type of cooperation geared more towards supporting regional integration and the provision of regional public goods. The fund should therefore focus on sectors in which the regional dimension is essential or contributes greater added value. The fund’s sphere of activity would be region-wide policies fostering interdependence, countering problems affecting global common goods and helping to eliminate disparities and combat poverty. These specifically include: the fostering of social cohesion; linkage infrastructure; the environment; regional energy policy; cultural cooperation; the combating of drug trafficking and criminal organisations; conflict resolution and cross-border security. In this context the EU can also promote greater EIB participation going beyond the mutual interest provided for...
in the new mandate for the period 2007-2013, so as to support regional integration by means of energy and communications infrastructure projects and other fields, in cooperation with subregional banks such as the ADC or CABEI.

- **Improvement of mutual knowledge and social participation in bi-regional relations.** A permanent bi-regional organisation must be established whose priorities include expanding the participation of the many stakeholders involved in bi-regional relations and monitoring the bi-regional agenda. This organisation, which could be called the Euro-Latin America Foundation, would be a public-private initiative, with the Commission and the European Parliament playing an important role in its implementation, strategic orientation and funding.

- **A comprehensive strategy for cooperation in science and technology.** The increasing importance of research, development and innovation (R+D+I) for Latin American and Caribbean MICs requires a comprehensive strategy that encompasses EU-LAC relations as a whole. Ministerial level political dialogue has already begun, and significant development cooperation initiatives exist. It is nevertheless important to ensure the consistency of technology transfer commitments adopted within such dialogue, the current design of the association agreements as regards rules for protecting intellectual property and the need to supplement their free trade component with policies for improving competitiveness. The current dispersal of instruments must be rectified and measures must be taken to ensure that they help to strengthen national R+D+I capacities.

- **Towards a Euro-Latin American and Caribbean higher education area.** The building of an EU-LAC common area of higher education and research is part of the bi-regional agenda of social cohesion, regional integration and mutual knowledge of the 'strategic partnership'. A programme of student, teacher and researcher mobility between the two regions must be designed, developed and appropriately funded, and on the basis of the positive experience recorded in both regions – including ‘South-South’ educational cooperation – it must involve a multilateral network approach based on existing educational and research institutions and networks. It is therefore important to ensure automatic recognition of studies in all academic subjects undertaken in an institution from the other region at all levels of higher education (degree, master's and doctorate), something that requires appropriate and reliable accreditation systems. More than offering individual scholarships, this programme must foster and develop research-based centres of excellence and must bring mobility into both parties' research projects.
Annexes

Classification of Latin American and Caribbean countries according to levels of income on the Development Assistance Committee (DAC) list

<table>
<thead>
<tr>
<th>Least developed countries (LDCs)</th>
<th>Other low-income countries</th>
<th>Lower middle-income countries</th>
<th>Upper middle-income countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Annual income per capita below $825 in 2004</td>
<td>Annual income per capita between $825 and $3,255 in 2004</td>
<td>Annual income per capita above $3,255 in 2004</td>
</tr>
<tr>
<td>Haiti</td>
<td>Nicaragua</td>
<td>Bolivia</td>
<td>Argentina</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Brazil</td>
<td>Belize</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colombia</td>
<td>Chile</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cuba</td>
<td>Costa Rica</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ecuador</td>
<td>Dominica</td>
</tr>
<tr>
<td></td>
<td></td>
<td>El Salvador</td>
<td>Grenada</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guatemala</td>
<td>Mexico</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Guyana</td>
<td>Panama</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Honduras</td>
<td>Uruguay</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Jamaica</td>
<td>Venezuela</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Paraguay</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Peru</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Dominican Republic</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Surinam</td>
<td></td>
</tr>
</tbody>
</table>
# Financial flows to Latin America and the Caribbean, 1998-2006

<table>
<thead>
<tr>
<th>$ billions</th>
<th>1998</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006e</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current account balance</strong></td>
<td>-89.6</td>
<td>-55.8</td>
<td>-47.4</td>
<td>-52.8</td>
<td>-15.6</td>
<td>8.5</td>
<td>21.1</td>
<td>37.1</td>
<td>51.1</td>
</tr>
<tr>
<td><strong>as % of GDP</strong></td>
<td>-4.5</td>
<td>-3.2</td>
<td>-2.4</td>
<td>-2.8</td>
<td>-0.9</td>
<td>0.5</td>
<td>1.0</td>
<td>1.6</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Financial flows</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net private and official flows</td>
<td>109.8</td>
<td>101.2</td>
<td>75.4</td>
<td>95.2</td>
<td>50.4</td>
<td>63.8</td>
<td>58.0</td>
<td>65.0</td>
<td>68.2</td>
</tr>
<tr>
<td>Net private flows (debt + equity)</td>
<td>98.7</td>
<td>99.6</td>
<td>86.5</td>
<td>74.9</td>
<td>37.7</td>
<td>59.1</td>
<td>68.3</td>
<td>96.2</td>
<td>92.8</td>
</tr>
<tr>
<td>Net equity flows</td>
<td>71.9</td>
<td>85.0</td>
<td>79.4</td>
<td>73.1</td>
<td>53.2</td>
<td>47.4</td>
<td>61.9</td>
<td>82.4</td>
<td>80.5</td>
</tr>
<tr>
<td>Net FDI inflows</td>
<td>74.1</td>
<td>88.6</td>
<td>80.0</td>
<td>70.6</td>
<td>51.8</td>
<td>44.0</td>
<td>62.5</td>
<td>70.0</td>
<td>69.4</td>
</tr>
<tr>
<td>Net portfolio equity inflows</td>
<td>-2.2</td>
<td>-3.6</td>
<td>-0.6</td>
<td>2.5</td>
<td>1.4</td>
<td>3.4</td>
<td>-0.6</td>
<td>12.4</td>
<td>11.1</td>
</tr>
<tr>
<td><strong>Net debt flows</strong></td>
<td>37.9</td>
<td>16.2</td>
<td>-4.0</td>
<td>22.1</td>
<td>-2.8</td>
<td>16.4</td>
<td>-3.9</td>
<td>-17.4</td>
<td>-12.3</td>
</tr>
<tr>
<td><strong>Official creditors</strong></td>
<td>11.1</td>
<td>1.6</td>
<td>-11.1</td>
<td>20.4</td>
<td>12.7</td>
<td>4.7</td>
<td>-10.3</td>
<td>-31.2</td>
<td>-24.6</td>
</tr>
<tr>
<td>World Bank</td>
<td>2.4</td>
<td>2.1</td>
<td>2.0</td>
<td>1.3</td>
<td>-0.3</td>
<td>-0.4</td>
<td>-1.0</td>
<td>-0.8</td>
<td>-4.4</td>
</tr>
<tr>
<td>IMF</td>
<td>2.5</td>
<td>-0.9</td>
<td>-10.7</td>
<td>15.6</td>
<td>11.9</td>
<td>5.6</td>
<td>-6.3</td>
<td>-27.6</td>
<td>-10.9</td>
</tr>
<tr>
<td>Other official</td>
<td>6.2</td>
<td>0.4</td>
<td>-2.4</td>
<td>3.5</td>
<td>1.1</td>
<td>-0.4</td>
<td>-3.0</td>
<td>-2.9</td>
<td>-9.3</td>
</tr>
<tr>
<td><strong>Private creditors</strong></td>
<td>26.8</td>
<td>14.6</td>
<td>7.1</td>
<td>1.8</td>
<td>-15.5</td>
<td>11.7</td>
<td>6.4</td>
<td>13.8</td>
<td>12.3</td>
</tr>
<tr>
<td>Net medium- and long-term debt flows</td>
<td>55.1</td>
<td>19.5</td>
<td>8.0</td>
<td>16.4</td>
<td>-5.0</td>
<td>9.0</td>
<td>-0.9</td>
<td>16.6</td>
<td>10.2</td>
</tr>
<tr>
<td>Bonds</td>
<td>17.7</td>
<td>20.1</td>
<td>8.4</td>
<td>2.9</td>
<td>-0.4</td>
<td>11.0</td>
<td>-1.8</td>
<td>16.6</td>
<td>-7.1</td>
</tr>
<tr>
<td>Banks</td>
<td>39.1</td>
<td>-1.4</td>
<td>0.4</td>
<td>15.2</td>
<td>-2.6</td>
<td>-1.0</td>
<td>0.9</td>
<td>0.1</td>
<td>17.4</td>
</tr>
<tr>
<td>Other private</td>
<td>-1.7</td>
<td>0.8</td>
<td>-0.8</td>
<td>-1.6</td>
<td>-1.9</td>
<td>-0.9</td>
<td>0</td>
<td>-0.1</td>
<td>0</td>
</tr>
<tr>
<td>Net short-term debt flows</td>
<td>-28.3</td>
<td>-3.9</td>
<td>-14.6</td>
<td>-10.5</td>
<td>2.6</td>
<td>7.3</td>
<td>-2.8</td>
<td>2.1</td>
<td></td>
</tr>
<tr>
<td><strong>Balancing item</strong></td>
<td>-74.2</td>
<td>-53.7</td>
<td>-35.3</td>
<td>-40.5</td>
<td>37.9</td>
<td>-37.7</td>
<td>-54.1</td>
<td>-67.3</td>
<td>-64.0</td>
</tr>
<tr>
<td><strong>Change in reserves (−= increase)</strong></td>
<td>9.0</td>
<td>7.3</td>
<td>2.7</td>
<td>-1.9</td>
<td>-1.9</td>
<td>-34.6</td>
<td>-25.0</td>
<td>-34.8</td>
<td>-55.3</td>
</tr>
</tbody>
</table>

**Memo items**

- **Bilateral aid grants**
  - **of which**
    - Technical cooperation grants: 2.3
    - Other: 3.2
  - Net official flows (aid + debt): 16.6
  - Workers' remittances: 15.9
  - Repatriated FDI Income: 13.8

**Sources:** World Bank Debtor Reporting System and staff estimates.

**Note:** e = estimate; — = not available.

- a. Combination of errors and omissions and net acquisition of foreign assets (including FDI) by developing countries.
Development of assistance in Latin America and the Caribbean by all DAC donors (USD million, current prices)

<table>
<thead>
<tr>
<th>ODA-category</th>
<th>1997</th>
<th>2001</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total ODA, gross disbursements</td>
<td>4 839.95</td>
<td>5 463.15</td>
<td>6 365.44</td>
</tr>
<tr>
<td>Total ODA, net disbursements</td>
<td>3 927.01</td>
<td>4 456.30</td>
<td>5 235.66</td>
</tr>
<tr>
<td>Total ODA, excluding debt relief</td>
<td>3 607.56</td>
<td>3 942.68</td>
<td>4 757.10</td>
</tr>
</tbody>
</table>

Source: OECD

Proportion of world net ODA for which Latin America accounts

(percentage of total ODA, 1994-2005)

Source: Xalma 2007, p. 30, with OECD data
### Official Development Assistance in Latin America, 2006

<table>
<thead>
<tr>
<th>Recipient country</th>
<th>Total ODA in 2006 (net disbursements, USD million, current prices)</th>
<th>ODA as percentage of GDP (2006)</th>
<th>ODA per capita (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Antigua and Barbuda</td>
<td>3.28</td>
<td>0.340%</td>
<td>47.20</td>
</tr>
<tr>
<td>Argentina</td>
<td>114.07</td>
<td>0.053%</td>
<td>2.83</td>
</tr>
<tr>
<td>Barbados</td>
<td>...</td>
<td>...</td>
<td>...</td>
</tr>
<tr>
<td>Belize</td>
<td>7.61</td>
<td>0.625%</td>
<td>25.85</td>
</tr>
<tr>
<td>Bolivia</td>
<td>580.67</td>
<td>5.201%</td>
<td>63.67</td>
</tr>
<tr>
<td>Brazil</td>
<td>82.42</td>
<td>0.007%</td>
<td>0.43</td>
</tr>
<tr>
<td>Chile</td>
<td>83.01</td>
<td>0.056%</td>
<td>5.09</td>
</tr>
<tr>
<td>Colombia</td>
<td>988.2</td>
<td>0.727%</td>
<td>22.26</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>23.7</td>
<td>0.107%</td>
<td>5.73</td>
</tr>
<tr>
<td>Cuba /c</td>
<td>78.26</td>
<td>0.195%</td>
<td>6.68</td>
</tr>
<tr>
<td>Dominica</td>
<td>19.36</td>
<td>6.453%</td>
<td>267.45</td>
</tr>
<tr>
<td>Ecuador</td>
<td>188.78</td>
<td>0.462%</td>
<td>13.72</td>
</tr>
<tr>
<td>El Salvador</td>
<td>157.34</td>
<td>0.859%</td>
<td>22.64</td>
</tr>
<tr>
<td>Grenada</td>
<td>26.81</td>
<td>5.165%</td>
<td>297.98</td>
</tr>
<tr>
<td>Guatemala</td>
<td>487.17</td>
<td>1.380%</td>
<td>38.27</td>
</tr>
<tr>
<td>Guyana</td>
<td>172.93</td>
<td>19.3%</td>
<td>224.84</td>
</tr>
<tr>
<td>Haiti</td>
<td>581.42</td>
<td>11.719%</td>
<td>66.78</td>
</tr>
<tr>
<td>Honduras</td>
<td>587.4</td>
<td>6.360%</td>
<td>78.48</td>
</tr>
<tr>
<td>Jamaica</td>
<td>36.72</td>
<td>0.348%</td>
<td>13.20</td>
</tr>
<tr>
<td>Mexico</td>
<td>246.67</td>
<td>0.029%</td>
<td>2.26</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>732.65</td>
<td>13.645%</td>
<td>129.09</td>
</tr>
<tr>
<td>Panama</td>
<td>30.44</td>
<td>0.178%</td>
<td>9.38</td>
</tr>
<tr>
<td>Paraguay</td>
<td>56.13</td>
<td>0.616%</td>
<td>8.41</td>
</tr>
<tr>
<td>Peru</td>
<td>467.86</td>
<td>0.501%</td>
<td>16.31</td>
</tr>
<tr>
<td>Dominican Rep.</td>
<td>53.03</td>
<td>0.173%</td>
<td>5.66</td>
</tr>
<tr>
<td>Saint Kitts and Nevis</td>
<td>5.16</td>
<td>1.059%</td>
<td>131.13</td>
</tr>
<tr>
<td>S. Vincent/Grenadines</td>
<td>4.73</td>
<td>1.015%</td>
<td>40.03</td>
</tr>
<tr>
<td>Saint Lucia</td>
<td>18.45</td>
<td>2.036%</td>
<td>108.11</td>
</tr>
<tr>
<td>Surinam</td>
<td>63.78</td>
<td>3.993%</td>
<td>135.47</td>
</tr>
<tr>
<td>Trinidad and Tobago</td>
<td>12.97</td>
<td>0.065%</td>
<td>12.27</td>
</tr>
<tr>
<td>Uruguay</td>
<td>20.77</td>
<td>0.107%</td>
<td>6.00</td>
</tr>
<tr>
<td>Venezuela (Rep. of)</td>
<td>58.3</td>
<td>0.032%</td>
<td>2.24</td>
</tr>
</tbody>
</table>

a) Cuban GDP, *CIA World Fact Book 2007* estimates

Sources: OECD ODA data. GDP data obtained from the World Bank. *World Bank Development Indicators Database.*
### Development of ALBA by Presidential summits, 2004-2008

<table>
<thead>
<tr>
<th>Summit</th>
<th>Principal agreements and initiatives</th>
</tr>
</thead>
</table>
| I Summit     | - Formation of ALBA by Venezuela and Cuba, adoption of its 12 principles.  
- Extension of Cooperation Agreement of 30 October 2000 between Venezuela and Cuba: counter-trade; Venezuelans oil on preferential terms, in exchange for 15 000 Cuban doctors for ‘Misión Barrio Adentro’. |
| Havana, 14/12/2004 |                                                                                                                                                                      |
| II Summit    | - Adoption of the ALBA Strategic Plan. Signature of 49 cooperation agreements and instruments.  
- Social and health cooperation: 30 000 Cuban doctors and health workers will continue working in Venezuela on ‘Misión Barrio Adentro’. Some 45 000 Cuban doctors and health specialists will train in Venezuela on ‘Misión Barrio Adentro II’. Another 10 000 Venezuelans will train in medicine and nursing in Cuba on ‘Misión Ribas’ and ‘Misión Sucre’. Care and surgery in ophthalmology and other specialties for 100 000 Venezuelans.  
- Economic cooperation: agreements for the establishment of joint ventures in various fields.  
- Tariff elimination and counter-trade programme.  
- Energy: framework agreement, sales contracts for crude oil, and oil and oil product storage; draft agreement to rehabilitate the Cienfuegos refinery, technology transfer between PDVSA and Cubana de Petróleos (CUPET); expansion of the Matanzas oil tanker terminal. |
| Havana, 27-28/04/2005 |                                                                                                                                                                      |
| III Summit   | - Accession of Bolivia.  
- Signing of ‘People’s Trade Treaty’.  
- Cooperation agreements. Extension to Bolivia of health cooperation measures with Cuba and Venezuela: ophthalmology care, 5 000 scholarships to study medicine in Cuba, 600 Cuban medical specialists in Bolivia. A USD one billion Venezuelan fund for projects in Bolivia.  
- Tariff elimination measures.  
- Petrocaribe and Fondo ALBA-Petrocaribe energy agreement: institutional framework, setting up of fund with an initial contribution of USD 50 million from Venezuela. Extension of the preferential financing mechanisms in line with the increase in oil prices. |
| Havana, 28-29/04/2006 |                                                                                                                                                                      |
| IV Summit    | - Accession of Nicaragua.  
- Petrocaribe energy cooperation agreement between Venezuela and Nicaragua (direct supply of oil, oil products and gas of up to 10 000 barrels per day).  
| Caracas, 11/01/2007 |                                                                                                                                                                      |
| V Summit     | - Agreement for drafting ‘People’s Trade Treaties’.  
- Signature of the ALBA-Haiti Petión, Bolivar, Martí cooperation agreement.  
- Establishment of social movements: social ‘summit’ and Tintorero Declaration.  
- Institutionalisation of ALBA: Council of Presidents, Council of Ministers, Council of Social Movements; Secretariat, Policy Committee, seven thematic committees.  
- Agreements on transnational companies and projects: literacy, culture, supply of industrial property, financial cooperation, tourism, mining, agri-foodstuffs sector, air (ALSUR) and water transport (Transalba), metallurgical sector and ‘Linea Blanca’. Opening of ‘Casas del ALBA’. Mandate to establish the ‘Banco del ALBA’.  
- Venezuelan bilateral agreements with Bolivia, Haiti and Nicaragua for supplying hydrocarbons on preferential terms, and earmarking of some ALBA fund resources for infrastructure work and social projects in the three countries.  
- ALBA energy treaty: participation in the ‘ALBA Block’ in the Orinoco Belt through the ‘Petrolalba’ transnational company; development of gas-based petrochemical poles; energy substitution and efficiency projects. Establishment of Empresa Granacional de la Energia.  
- Bilateral energy agreements. With Bolivia: fuel distribution, power station, exploration and operation of four gas fields; with Cuba: remodelling of Cienfuegos refinery and gasification plant; with Nicaragua: refinery and power station project; with Haiti: gasification plant and power station.  
- Political agenda: declarations of support for Cuba on the Posada Carriles case, and support for Venezuela on cancellation of the RCTV licence. |
| Barquisimeto, 29/04/2007 |                                                                                                                                                                      |
| VI Summit    | - Accession of Dominica.                                                                                                                                              |
|              |                                                                                                                                                                      |
| Caracas  
24-26/01/2008 | - Political agenda: support for Venezuelan initiatives for ‘humanitarian exchange’ in the conflict with Colombia. Proposed creation of a military alliance.  
- Establishment of Banco del ALBA, with an initial capital of USD one billion, and commitment to adopt the respective agreement within 60 days.  
- Agreement to establish a transnational energy company within 90 days.  
- Establishment of ‘ALBA Cultural’.  
- Cooperation projects: Venezuela-Cuba underwater cable. |

Source: drawn up internally, based on information from the Instituto de Altos Estudios Diplomáticos Pedro Gual (Ministerio del Poder Popular para las Relaciones Exteriores, Venezuela)
Principles of the Paris Declaration (2005)

Ownership: ‘Partner countries exercise effective leadership over their development policies and strategies and coordinate development action’

**Partner countries** define their own development strategies through consultative processes; they translate these into results-oriented operational programmes appropriate to their budget planning; they take the lead in coordinating aid in dialogue with donors and with the participation of civil society and the private sector. **Donors** respect partner country leadership and help build their capacity to exercise it.

Alignment: ‘Donors base their overall support on partner countries’ national development strategies, institutions and procedures’

All **donors** align with partners’ national development strategies and link funding to a single framework of conditions and/or indicators; they use partner countries’ institutions and systems (public finances, accounting, auditing, procurement), where these provide assurance that aid will be used for agreed purposes. **Partner countries and donors** establish common frameworks to assess the performance, transparency and accountability of country systems. **Partner countries** will make the reforms necessary to ensure this. Donors will give support for institutional and management capacity-building as regards national public finances, rather than undermining them with parallel structures.

**Donors** will establish reliable indicative multiannual commitments of aid and will disburse it in a timely fashion; they will use national government procurement systems when the country has implemented mutually agreed processes; and they undertake to untie aid according to DAC criteria.

Harmonisation: ‘Donors’ actions are more harmonised, transparent and effective’

**Donors** implement common arrangements and simplify procedures for planning, financing, disbursement, monitoring, evaluating and reporting to government, reducing the number of separate field and diagnostic
missions. They harmonise environmental impact assessments and other cross-cutting issues. **Partner countries** undertake to define the comparative advantages of donors and their complementarity at country or sector level. **Donors** undertake to use their respective comparative advantages at sector or country level by delegating to other donors where appropriate. If these principles are applied to fragile states they need to be adapted to assist governability and create institutions that offer security and equitable access to social services.

**Managing for results**

**Partner countries** strengthen the linkages between national development strategies and budget processes; they establish results-oriented reporting frameworks with manageable and accessible low-cost indicators; and **donors** commit to link programming and resources to results and align them with partner country performance assessment frameworks, without introducing performance indicators that are not consistent with their development strategies; they harmonise their monitoring and reporting requirements and agree joint formats for periodic reporting, until they can rely on partner countries’ statistical and monitoring systems.

**Mutual accountability**

**Donors and members are accountable for development results**

One of the priorities for **partner countries and donors** is to enhance accountability and transparency. This increases public support for national policies and development assistance. **Partner countries** undertake to strengthen the parliamentary role in national development strategies and/or budgets; they foster participatory approaches and assess progress in implementing those strategies. **Donors** undertake to provide transparent, comprehensive and timely information on aid flows so as to enable partner authorities to present comprehensive budget reports to their parliaments and citizens.

Source: drawn up internally on the basis of the Paris Declaration (2005)
### Key documents of EU regional strategy for Latin America, 1996-2007 (summary table)

#### ‘The EU and Latin America. The present situation and prospects for closer partnership (1996-2000)’, COM (95) 495, 23 October 1995

<table>
<thead>
<tr>
<th>Political objectives</th>
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<tbody>
<tr>
<td>To set up a ‘strategic partnership’ to agree positions in international forums on peace and security, combat illegal activities, promote democracy, etc. Key cooperation issue: consolidation of democracy and the rule of law, promotion of human rights, reform of the state</td>
<td>To strengthen economic and trade cooperation - To develop markets and regional integration through common coordinated policies (competence) - to stabilise financial flows and incentives for sustainable investment</td>
<td>Key cooperation issue: support for regional integration and industrial cooperation</td>
<td>Key cooperation issue: - the fight against poverty and social exclusion, link between economic and social progress - education and training, by promoting prestige centres supporting cutting-edge sectors and technology transfer - decentralised cooperation in the field of culture and artistic heritage</td>
<td>- Concentration on specific sectors - Differentiated approach by countries/subregions - Concentration of funds in less developed countries - From demand-driven programming to policy-dialogue based programming - Strategy documents with multiannual indicative appropriation</td>
<td>Preliminary communication for the first Summit of Heads of State and Government EU-LAC in Rio de Janeiro, June 1999.</td>
</tr>
</tbody>
</table>
### ‘Follow-up to the first summit between Latin America, the Caribbean and the European Union’, COM(2000) 670, 31 October 2000

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<tbody>
<tr>
<td>- Promotion and protection of human rights: intensification of support for human rights organisations, ombudsmen</td>
<td>- To strengthen dialogue and cooperation with LA on the WTO round</td>
<td>Support for the most vulnerable groups and the combating of poverty (in accordance with COM(2000) 212 on development policy) Specific initiative: ‘Social initiative’ for LAC</td>
<td>Disaster prevention through subregional strategies with Andean Community and Central America.</td>
<td>In relation to the 11 Tuusula priorities, a distinction is made between the three regional priorities (human rights, information society and the reduction of social imbalances). The remainder will fall within subregional and bilateral strategies and dialogues - Principles for action. Subsidiarity, balance between regional, subregional and bilateral strategy, and realism as regards Commission goals and resources</td>
<td>The communication specifically assumes both the priorities laid down in COM(99) 105 and the priorities agreed at the Summit and implemented at Tuusula, insofar as they affect the competences of the Commission, which will give ‘added value, rapid results and visibility’</td>
</tr>
<tr>
<td>- Support for democratic political systems</td>
<td>- Specific measure for promoting the ‘Information Society’ (ALIS programme)</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>- Promotion and protection of economic and social rights</td>
<td>- Measures supporting subregional integration: financial stability for Mercosur-Chile; Access to ‘post-GSP’ markets with Andean Community; application of the association agreement with Mexico; regional integration with Central America.</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Specific initiative: to create an EU-LAC discussion forum on human rights</td>
<td></td>
<td></td>
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</tbody>
</table>

### ‘Communication on the Commission's objectives, in the framework of the relations between the European Union and Latin America, in view of the 3rd Summit of Heads of State and Government of the European Union and Latin America and the Caribbean to be held in Guadalajara (Mexico) on 28 May 2004, COM(2004) 220, 7 April 2004

<table>
<thead>
<tr>
<th>To promote democratic governance.</th>
<th>- To strengthen the WTO and multilateralism.</th>
<th>Integration objectives: developed at subregional level.</th>
<th>Preparatory document for the Guadalajara Summit, in which the Commission makes concrete proposals for EU and LAC Heads of State and Government to adopt decisions - Includes an ‘assessment report’ (SN 2346/4/02/REV 4, 17 May 2002) that reaffirms the validity of the 55 Rio priorities and the 11 Tuusula priorities.</th>
</tr>
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<tbody>
<tr>
<td>- To promote integration. ‘Integration deficit’ slows growth and hinders EU-LAC relations</td>
<td>- To promote association agreements with CA and the Andean Community when the Doha round is completed and there is ‘sufficient’ integration, agreed in an effective institutional framework – the customs union – and removal of non-tariff barriers.</td>
<td>To promote EU-LAC cooperation on social cohesion by fighting poverty and inequality, and strengthening public finances for social policy to play a redistributive role.</td>
<td></td>
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To promote EU-LAC cooperation on social cohesion by fighting poverty and inequality, and strengthening public finances for social policy to play a redistributive role.

Preparatory document for the Guadalajara Summit, in which the Commission makes concrete proposals for EU and LAC Heads of State and Government to adopt decisions - Includes an ‘assessment report’ (SN 2346/4/02/REV 4, 17 May 2002) that reaffirms the validity of the 55 Rio priorities and the 11 Tuusula priorities.

Preparatory document for the Guadalajara Summit, in which the Commission makes concrete proposals for EU and LAC Heads of State and Government to adopt decisions - Includes an ‘assessment report’ (SN 2346/4/02/REV 4, 17 May 2002) that reaffirms the validity of the 55 Rio priorities and the 11 Tuusula priorities.


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<tr>
<td>- To step up and focus political dialogue, with better targeting of subject areas; greater flexibility (ministerial meetings in troika format, senior officials in thematic meetings, etc)</td>
<td>- To create a climate favourable to trade and investment.</td>
<td>Since the Guadalajara Summit, social cohesion has been a shared goal and priority area of EU-LA relations.</td>
<td>To strengthen security, particularly in the fight against drugs, on a basis of shared responsibility</td>
<td>More selective, concentrated and coordinated cooperation. Through the programming document (RSP) 2007-2013 the Commission proposes:</td>
<td>Building a common area of higher education between the two regions. The aim is to ensure that more than 4 000 Latin American teachers and students are invited to visit European universities in the period 2007-2013.</td>
</tr>
<tr>
<td>- To create a Euro-Latin American parliamentary assembly.</td>
<td>- To support the WTO, but efforts will be made at the same time to develop the network of association agreements with LA.</td>
<td>The EU will therefore integrate the aim of social cohesion into all action undertaken with Latin America. This involves:</td>
<td>Greater environmental cooperation, with:</td>
<td>- To focus on priority areas (social cohesion and regional integration);</td>
<td></td>
</tr>
<tr>
<td>To play a more active role in conflict prevention and crisis management in Latin America by:</td>
<td>- Dialogue facilitating access to markets, dialogue on barriers to trade and investment, dialogue on macroeconomic stability</td>
<td>- setting up a specific dialogue;</td>
<td>- dialogue on the environmental aspects of sustainable development;</td>
<td>- To target the greater part of poverty reduction funds on low-income and lower middle-income countries;</td>
<td></td>
</tr>
<tr>
<td>- Transfers of experience in this area;</td>
<td>- Greater role for European cutting-edge technology sectors in developing the region through an R&amp;D framework programme.</td>
<td>- prioritising social cohesion in development cooperation;</td>
<td>- meeting between environment ministers in preparation for the Summits;</td>
<td>- To carry out targeted actions of mutual interest with upper middle-income countries</td>
<td></td>
</tr>
<tr>
<td>- Support for the efforts of countries and regional bodies;</td>
<td>- To promote a climate favourable to European businesses in Latin America by stepping up dialogue for the adoption of common rules and standards.</td>
<td>- strengthening cooperation with international institutions;</td>
<td>- more in-depth discussions in international bodies, particularly on climate change.</td>
<td>- To provide support for subregional integration with Mercosur, the Andean Community and Central America;</td>
<td></td>
</tr>
<tr>
<td>- Dialogue and structured cooperation with the OAS and Rio Group</td>
<td>- To encourage greater regional integration through transport and energy infrastructure, sharing its experience of network infrastructures and encouraging the EIB to lend its support as part of the future ‘Latin American facility’</td>
<td>- promoting the participation of the actors involved (organisation every two years of a “forum for social cohesion”)</td>
<td></td>
<td>- To increase the coordination of European aid in general and the visibility of cooperation in particular.</td>
<td></td>
</tr>
</tbody>
</table>
## EU regional cooperation strategies with Latin America. Summary table

<table>
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<tr>
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<th>Interdependence management objectives</th>
<th>Cross-cutting strategies and elements</th>
<th>Other aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td>General objective: to support the bi-regional strategic partnership. To respond to regional challenges at an economic, technological, social and environmental level</td>
<td>- To strengthen cooperation between civil society networks (AL-Invest, URB-AL, ALFA, ALIS, etc.), with 60%-70% of the indicative financial allocation. - Social initiative, with 15%-20% of the indicative financial allocation.</td>
<td>- Priority sector: natural disaster prevention and rapid implementation of reconstruction measures, with 20% of the indicative financial allocation. - Network of administrations responsible for sustainable management of energy (EUR 10-20 million)</td>
<td>- Consistency between the regional, subregional and bilateral dimensions. - Concentration on four priority fields: support for relations between civil society networks through decentralised cooperation; social initiative; prevention of natural disasters; and 'accompanying measures': EULARO (EUR 1.5 million) - Consistency with Community policies (trade, fisheries, drugs, environment, etc.) - Synergy with other donors - Visibility of regional cooperation</td>
<td>Regional programming document (RSP), in the ‘COM’. Prepared with a view to the II EU-LAC Summit (Madrid, May 2002) - Defines the indicative multianual budget 2002-2006: EUR 1 725 million, and 280 for regional actions</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>First area: Social cohesion by reducing poverty, inequality and exclusion</th>
<th>Second area: Regional integration</th>
<th>Third area: Investment in human resources and support for mutual understanding</th>
<th>Other aspects</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Objectives:</strong></td>
<td><strong>Objectives:</strong></td>
<td><strong>Objectives:</strong></td>
<td><strong>Linkage between political priorities and regional cooperation will be ensured</strong></td>
</tr>
<tr>
<td>- To stimulate dialogue between countries and subregions on cohesion</td>
<td>- To promote the activities of network operators and regions</td>
<td>- To strengthen the region's competitiveness</td>
<td><strong>Improvements in effectiveness:</strong></td>
</tr>
<tr>
<td>- To exchange experience and good practice</td>
<td>- To promote dialogue and institutional capacity building on links between integration, investment and development</td>
<td>- To improve mutual understanding between the two regions</td>
<td>- Improving visibility</td>
</tr>
<tr>
<td>- To make greater use of Eurosocial</td>
<td>- Interconnectivity of transport networks under new EIB mandate</td>
<td><strong>Instruments:</strong></td>
<td>- Search for complementarity and synergies</td>
</tr>
<tr>
<td>- To promote dialogue with the IADB, ECLAC, UNDP and other stakeholders</td>
<td><strong>Instruments:</strong></td>
<td>- EIB loans</td>
<td>- Tailor-made instruments</td>
</tr>
<tr>
<td><strong>Resources:</strong> 35%, EUR 194 million</td>
<td>- Studies and conferences</td>
<td>- Studies and conferences</td>
<td>- Partnerships with regional stakeholders</td>
</tr>
<tr>
<td><strong>Measures in first 2007-2010 RIP</strong></td>
<td><strong>Resources:</strong> 25%, EUR 139 million</td>
<td><strong>Measures:</strong></td>
<td>- Recognition of disparities in stakeholder capabilities</td>
</tr>
<tr>
<td>Adjustment of Eurosocial and URB-AL</td>
<td><strong>Measures:</strong></td>
<td>- 4 000 scholarships (defined by the Vienna Declaration)</td>
<td>- Incorporating cross-cutting issues (gender, human rights, indigenous peoples, environment and culture).</td>
</tr>
<tr>
<td><strong>Other measures:</strong> cooperation in the fight against illegal drugs</td>
<td><strong>Measures:</strong></td>
<td>- ‘Mutual understanding’ specific programme (to be defined)</td>
<td>- Centralised management</td>
</tr>
<tr>
<td>- Training and institution building</td>
<td>- 35%</td>
<td><strong>Total budget:</strong></td>
<td><strong>Total budget:</strong></td>
</tr>
<tr>
<td>- Intelligence-sharing and data-protection infrastructure</td>
<td>EUR 194 million</td>
<td>EUR 556 million (21% of resources allocated to LA by DCI)</td>
<td><strong>Total budget:</strong></td>
</tr>
</tbody>
</table>

RIP: Regional Indicative Programme
**Latin American participation in the Sixth EU Research Framework Programme**

<table>
<thead>
<tr>
<th>Country</th>
<th>No of applicant institutions</th>
<th>% success of proposals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Argentina</td>
<td>544</td>
<td>15.81</td>
</tr>
<tr>
<td>Bolivia</td>
<td>107</td>
<td>13.08</td>
</tr>
<tr>
<td>Brazil</td>
<td>843</td>
<td>17.56</td>
</tr>
<tr>
<td>Chile</td>
<td>393</td>
<td>17.30</td>
</tr>
<tr>
<td>Colombia</td>
<td>177</td>
<td>9.60</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>77</td>
<td>15.58</td>
</tr>
<tr>
<td>Ecuador</td>
<td>92</td>
<td>14.13</td>
</tr>
<tr>
<td>El Salvador</td>
<td>18</td>
<td>33.33</td>
</tr>
<tr>
<td>Guatemala</td>
<td>32</td>
<td>9.38</td>
</tr>
<tr>
<td>Honduras</td>
<td>14</td>
<td>14.29</td>
</tr>
<tr>
<td>Mexico</td>
<td>270</td>
<td>20.00</td>
</tr>
<tr>
<td>Nicaragua</td>
<td>34</td>
<td>17.65</td>
</tr>
<tr>
<td>Panama</td>
<td>12</td>
<td>8.33</td>
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<tr>
<td>Paraguay</td>
<td>31</td>
<td>25.81</td>
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<tr>
<td>Peru</td>
<td>179</td>
<td>13.97</td>
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<tr>
<td>Uruguay</td>
<td>96</td>
<td>23.96</td>
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<tr>
<td>Venezuela</td>
<td>92</td>
<td>11.96</td>
</tr>
</tbody>
</table>

Source: DG Research, INCO programme
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