Guide on cooperation
European Union - Latin America

Institut des Hautes Études de l’Amérique Latine
Université de la Sorbonne Nouvelle-Paris III
Polynnie Zajefka, Directrice, et Leda Rouquayrol Guilmette
28, rue Saint Guillaume 75007 PARIS, FRANCE
Téléphone : 33 1 43 98 69 99 - FAX : 33 1 45 48 79 58
Contact : geraldine.gondinet@univ-paris3.fr
Web site : http://www.iheal.univ-paris3.fr/

Institute for the Study of the Americas
University of London, Senate House
James Dunkerley, Director, and Karen Perkins
Malet Street, London WC1E 7HU, UK
Téléphone : (44) 207862 8870 - FAX : (44) 207862 8886
Contact : americas@sas.ac.uk - Web site : http://americas.sas.ac.uk/

Instituto de Estudios Europeos
Pontificia Universidad Católica del Perú
Miguel Giusti, Director, y María Isabel Merino
Av. Universitaria s/n cuadra 18, San Miguel, Lima, Perú(511)
Téléphone : 332-5566 - FAX : (511) 332-5566
Contact : ieeurop@pucp.edu.pe - Web site : http://www.pucp.edu.pe/invest/ieee

Instituto Universitario de Pesquisas do Rio de Janeiro
Universidade Cândido Mendes
Fabiano G. M. Santos, Diretor, e Maria Alice R. de Carvalho
Rua da Matriz, 82 – Botafogo
22260-100 Rio de Janeiro, RJ, Brasil
Téléphone : (55-21) 2537 8020 - Fax : (55-21) 22 86 7146
Contacto : fsantos@iuperj.br - Web site : http://www.iuperj.br/

Instituto Universitario de Estudios de Iberoamérica
Universidad de Salamanca
Manuel Alcántara Sáez, Director, y Agustín E. Ferraro
C/ San Pablo 26, 37001 Salamanca, España
Téléphone : 34-923 294636 • FAX : 34-923 294637
Contacto : iberoame@usal.es - Web site : http://iberoame.usal.es/

Instituto Tecnológico Autónomo de México
Stéphan Sberro
Río Hondo, 1 Col., San Ángel Tizapán 01000. México, DF
Téléphone : 0052 55 628 40 00 • Ext : 3924 • FAX : 00 52 55 628 40 92

Guide on cooperation
European Union - Latin America

Leda Rouquayrol Guilmette
Santiago Herrero Villa
GUIDE TO COOPERATION
BETWEEN THE EUROPEAN UNION
AND LATIN AMERICA

Leda Rouquayrol Guillemette
Santiago Herrero Villa
ACKNOWLEDGEMENTS

The writers want to thank the European Commission LFA Programme. Without its financing the publication of this Guide could not have been possible. We specially want to show our gratitude to Fernando Cardesa, Director for Latin America at the European Commission EuropeAid Cooperation Office. He grasped the importance of this project for civil society in general and the education community in particular and cheered us to continue working for cooperation between both continents, once the Guide was finished. We extend this gratitude to the three Heads of unit in his directorate, Denis Salord, Riccardo Gambini and Michael de Conink.

Our very special thanks to María Esmeralda Almeida Teixeira, LFA programme’s coordinator when the Guide was conceived. She helped us, on her dedication, professionalism and a great team, to solve our doubts on the procedure aspects of the project. Thanks also to Fernando Cano who knew how to proceed on this publication’s financial specificities. We want to thank the work and dedication showed by Carla Cazzaniga, Annie Martínez Alonso and Carine Van Cauter, members of the Information and Communication team at the EuropeAid Cooperation Office. They helped us on the editorial procedures and translation. They also put good quality graphic material at our disposal.

We are also grateful to Jean-Michel Blanquer, Anne Collin-Delavaud and Jean-Marc Delaunay, responsible for academic diploma. They accepted to offer an innovating course at IHEAL and DESC since 2004 : “The challenges of Cooperation between the EU and Latin America”. To Bernard Bosredon, Principal of the University Sorbonne-Nouvelle Paris III, who supported the project and to Polymnia Zajefka, who wisely knew how to continue it.

We cannot forget the prestigious Universities in Europe and Latin America who understood the values of having an updated didactic tool and constitute this project’s University network. They will offer the Guide, on electronic format, in their Websites and can be contacted through their e-mails as per the Guide cover page. A very special acknowledgement to Géraldine Gondinet and these network colleagues, teachers, researchers, administrative and accounting staff : Institut des Hautes Etudes de l’Amérique latine - Université de la Sorbonne Nouvelle-Paris III, Institute for the Study of the Americas - University of London, Instituto de Estudios Europeos - Pontificia Universidad Católica del Perú, Instituto Universitario de Pesquisas do Rio de Janeiro – Universidade Cândido Mendes, Instituto Universitario de Estudios de Iberoamérica - Universidad de Salamanca, Instituto Tecnológico Autónomo de México.

Last but not least, we want to express our gratitude to the Consulate of Brazil in Le Havre (France) whose logistic help made this guide possible. We also want to thank Latin American Embassies in Paris and Brussels, the Inter America Bank for Development, the French Foreign Affairs Ministry, the CERCAL at the ULB, the DRIC and, finally, all the European Commission Delegations in Latin America.
FOREWORD

Along with trade and political dialogue, cooperation is the third major pillar that supports relations between the European Union and Latin America. This cooperation pursues clearly defined, mutually agreed objectives. Since the Guadalajara Summit of May 2004, social cohesion, multilateralism and regional integration have held a fundamental position in relations between the two regions. Including other, more traditional development aid concepts, the European Union devotes about €500 million per year to Latin America. There are numerous specific monographs and a general bibliography on the trade exchanges and political relations between the countries that make up the European Union and those of Latin America. At the academic level, however, cooperation is a striking omission from courses of all types and levels taught at universities on both sides of the Atlantic.

This publication was motivated by the desire to fill that vacuum, to offer, as its name shows, a guide that will allow students, academics and professionals engaged in any form of development to access the world of cooperation between Europe and Latin America, understand its reasons and workings, and later, go more deeply into specific cases thanks to the exhaustive bibliographic references in electronic format which lead to the basic documentation for each case. This guide deserves to be published even for this last reason alone.

The authors have wide experience in the field of cooperation in general and with Latin America in particular, and in university teaching. I cannot but congratulate them on this initiative, which will contribute without any doubt towards elevating cooperation between the EU and Latin America to the position it deserves in university studies and towards the development of specific courses that locate this activity firmly within the academic framework of international relations in the 21st century.

Fernando Cardesa
Director for Latin America
EuropeAid Cooperation Office
European Commission
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INTRODUCCION

This publication could not begin in any other way than with an account of the institutional configuration of the European Union and its historical evolution. The first chapter gives a clear and concise description of the Union’s institutions and the interinstitutional mechanisms that allow it to function, and a summary of its more than 50 years of history. Particular attention has been given to the field of development cooperation and external relations.

Then, the legal and budgetary bases which allow the EU to be the world’s leading contributor in the field of cooperation are explained, and the priority areas of action are listed. The next two chapters describe the programmes developed for the regions of the world and the process of decision-making at the institution which manages this aid, the European Commission, with particular attention to the reform of external aid launched by the Commission in 2001.

The description of the EU-Latin America cooperation is one of the main topics of this guide. The situation of each of the three major regions in which the continent is progressing towards integration, along with a brief description of the state of political and trade relations and cooperation between the EU and each of those regions, will enable the reader to put any bilateral activity into the proper context, both in the more classical fields of the fight against poverty and in other, more innovative areas such as the development of the new technologies. The regional programmes which account for a substantial part of European cooperation in Latin America are also described.

The other major topic is a broad introduction to the cooperation methods used by the large international donors, the European Union among them. Budgetary support, the sectoral approach, and above all the complete cycle of a cooperation project, the variant most often used in Latin America, are described for the first time in a publication not addressed to officials and managers of international agencies. Each phase of the cycle is described in a way that can be understood by those for whom this is not the main or even only object of their work, along with the methodology applied and the priority given to the criteria involved. We think that these pages will make an important contribution towards informing universities about the cooperation techniques most widely used in the world, towards a better understanding, and towards promoting
academic interest in the world of cooperation and encouraging the offer of more courses on a subject which is lamentably neglected at present.

The annexes present an exhaustive list of all the documents (agreements, framework conventions, country and regional strategy reports, etc.) that serve as a basis for relations between the EU and each Latin American country, and a glossary that will help the reader to cope with the innumerable acronyms used in monographs and other publications by the EU itself and other actors in the field, including the OECD, the World Bank and the agencies of the United Nations.

The authors of this guide attributed great importance to clear and direct access to the documents cited in its pages. Instead of publishing a large bibliography of texts difficult to find, we preferred to use a direct electronic link to the reference document, whether this be an international treaty, a document of national strategy or a specific bilateral agreement. In the Internet age this is certainly the best approach.

Leda Rouquayrol Guillemette
Santiago Herrero Villa
INTRODUCTION

What we now know as the European Union was basically created as a major peace initiative in a Europe striving to forget the deep scars left by two world wars. On 9 May 1950 Robert Schuman, the French Minister for Foreign Affairs, made the now famous *Schuman Declaration* which set in motion a process of continental integration which is still progressing both qualitatively and quantitatively. The first instrument chosen to begin the progress of integration was the pooling of resources and policies related to the two major strategic raw materials of the time. Thus, the signing of the Treaty of Paris in 1951 brought the ECSC (European Coal and Steel Community) into force in 1952, which had a transnational *High Authority* empowered to take decisions on the matter which outweighed the governments of the six founding States. Schuman believed that this community of strategic materials would prevent another war between France and Germany. Besides these two countries, the ECSC was joined by Italy, Belgium, the Netherlands and Luxembourg. In 1957 the same countries broadened their collaboration horizons and signed the Treaty of Rome establishing the European Economic Community (EEC), which was set up with a view to the formation of a customs union between the six and the definition of a range of common policies which would be decided and managed by the Institutions established by that treaty. The European Atomic Energy Community (EURATOM) was also created, for the same purposes and with the same membership.

1967 brought the *merger of executives* by virtue of which a single European Commission became the institution charged with the implementation of the three treaties and the term European Communities began to be used, a name which persisted until the European Union was legally established by the Treaty of Maastricht in 1992. Meanwhile, the Six had become Twelve with the accessions of the United Kingdom, Ireland and Denmark in 1973, Greece in 1981, and Portugal and Spain in 1986. The first important modification of the founding treaties took place in 1987 with the adoption of the Single European Act¹, which enabled the establishment in 1992 of the Single European Market, an enormous effort that entailed the drafting and approval of over three hundred pieces of legislation designed to establish and give practical expression to the *four fundamental freedoms of circulation* - persons, capital,

goods and services - throughout the territory of the EU. These basic freedoms of the Treaty of Rome had suffered as a consequence of protectionist national responses to the crisis in the 1970s that resulted from the first oil crisis in 1973.

In 1995 Austria, Finland and Sweden joined the European Union. In 1999 twelve of the Fifteen took a further step towards integration by accepting monetary union and the replacement of their national currencies by the euro, the common European currency that came into physical circulation on 1 January 2002. On 1 May 2004 the EU’s greatest enlargement took place with the accession of Poland, Hungary, the Czech Republic, Slovakia, Slovenia, Lithuania, Latvia, Estonia, Malta and Cyprus.

Bulgaria and Romania, recently joined by Croatia and Turkey, still aspire to join the EU. The other Balkan republics that emerged from the disintegration of the former Yugoslavia may also become candidates in the medium term.

THE UNION’S INSTITUTIONS
The European Commission\(^2\) implements the EU’s policy decisions, directly administers part of the common budget, including external aid, and retains the right of legislative initiative. It consists of 25 members or “Commissioners”, one from each Member State, who are committed to act totally independently of their country of origin. It is the Commission which puts all types of proposals before the Council and Parliament. At the same time it is the Custodian of the Treaties and monitors the compliance of the Member States with Community legislation (directives and regulations). In the event of non-compliance by the Member States, it can even impose severe financial penalties upon them. The Commission is also responsible for drafting all cooperation proposals (the basic regulations for each region or specific issue) and for implementing them once they have been approved by the Council and Parliament. The President of the Commission is elected every five years by consensus between the Heads of State and government of the 25, and is responsible for the allocation of competences among the members of the Commission put forward by the Member States.

\(^2\) http://europa.eu.int
The Commission is organised into directorates-general, each responsible for a specific field of activity, such as competition, the environment or fisheries, in a manner analogous to the ministries in any State.

The **Council of Ministers**[^3] is the actual legislative body of the European Union. It meets on a sectoral basis (Agriculture, Economy and Finance, External Relations, among others) and each Member State is represented by its own relevant minister. It debates and adopts (or rejects) the Commission’s proposals by qualified majority in most cases and by unanimous vote in some particularly sensitive areas, such as taxation matters and international relations, including the relatively recent Common Foreign and Security Policy (CFSP) established by the Treaty of Amsterdam.

The Council’s day-to-day work consists of sectoral meetings of the representatives of the Member States in **Coreper** (Permanent Representatives Committee; PRC) which, in the sector of cooperation, monitors the implementation of the budget by the Commission. Representatives of the Member States also sit on the committees that manage and monitor all the geographical external aid programmes and approve the specific financing proposals for individual programmes and projects put forward by the Commission.

The **European Council**[^4] deserves particular mention. Four times each year it brings together the Heads of State and Government of the Member States to lay down the major policy guidelines and priorities for the actions of the Commission and Council. It is important to avoid confusion between the European Council and the Council of Europe, a body not related to the institutions of the European Union, which works mostly in the field of human rights and includes countries which are not members of the EU, among them Russia and Turkey.

The **European Parliament** (EP)[^5], elected by direct universal suffrage every five years since 1979, has had its real powers increased by the successive treaties. It consists of 732 European members (MEPs) elected from each of the 25 Member States, combined to form political and not national groups.

[^3]: http://ue.eu.int
[^4]: http://ue.eu.int/showPage.asp?id=429&lang=es&mode=g
[^5]: www.europarl.eu.int
However, it functions are far from the traditional legislative ones of the national parliaments since that power is exercised by the Council. At all events, and notwithstanding the large list of sectors where the co-decision procedure confers upon it a role of joint legislator with the Council, the EP’s main power is the one of approving or rejecting the annual budget of the EU (approximately 100 billion) and to make its voice heard by amending the Commission’s proposals and the positions of the Member States.

Since the adoption of the Treaty of Maastricht, the EP approves the composition of each new Commission and can withdraw its confidence, so giving rise to the nomination of a new Community executive. It also exercises the power of control over the Commission through its parliamentary committees. In the field of external aid, particular importance attaches to the committees on budgets (COBU), budgetary control (COCOBU), development and external relations. The role of the first two is supplemented by the Court of Auditors\(^\text{6}\) of the EU, which grants its approval and comments critically each year on the implementation of the Community’s budget, including items relating to external aid.

Finally, mention should be made here of the European Parliament’s capacity to send missions to third countries for the purpose of gathering information about the internal political situation in cases of conflict, and its collaboration with the Commission in carrying out missions as electoral observers.

The role of the EU’s other institutions is relatively modest in the field of development cooperation. The European Economic and Social Committee (EESC)\(^\text{7}\) is a body that represents the social and economic partners in the Member States (employers, trade unions and other representatives of civic society) which recently inspired the creation of a similarly named institution in Brazil. The European Committee of the Regions (ERC)\(^\text{8}\) brings together representatives from the more than two hundred regions that make up the Member States. Both issue a variety of reports, always of a consultative nature, which are not binding upon the main institutions.

\(^{6}\) [www.eca.eu.int](http://www.eca.eu.int)

\(^{7}\) [www.ces.eu.int](http://www.ces.eu.int)

\(^{8}\) [www.cor.eu.int](http://www.cor.eu.int)
The **Court of Justice** resolves inter-institutional differences and establishes Community jurisprudence on the interpretation of the Treaties and the application of the law derived from them. Its decisions must be complied with throughout the territory of the EU and are not subject to appeal. Normally it has no direct impact on the EU’s external relations unless there is a complaint by a European actor which considers that the fundamental legislation of the Union, or its own rights, have been affected adversely by an action of the Commission or the Council.

Finally, it is worth mentioning the **European Investment Bank** (EIB), a financial institution of the EU which can also act outside the Union through loans or interest-rate subsidies. Like the World Bank, it is a lending institution, in other words it never grants non-refundable grants as do the aid programmes managed by the Commission. In some cases, however, its role is very important especially in the context of the development of the private sector in a country receiving Community aid. Between 2000 and 2003 the EIB financed projects amounting to 1 104 million in Latin America.

**WIDENING AND DEEPENING**

In recent years the EU has not only grown in terms of the number of its members. It has also increased its integration by virtue of the Treaty of Maastricht (1992), the Treaty of Amsterdam (1997), the Treaty of Nice (2001) and, more recently, the Treaty establishing a Constitution for Europe, approved by the 25 Member States in June 2004, signed in Rome on 29 October of that year, and currently in the phase of ratification. Particular importance in the context that concerns us attaches to the Treaty of Maastricht, which came into force in 1993 and which established for the first time a specific legal base for the EU’s development policy (Article 130.U to 130.Y) although the relevant fundamental bases were already contained in the first Treaty of Rome, signed in 1957 (see Chapter 2).

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9 [www.curia.eu.int](http://www.curia.eu.int)
The successive treaties defined a number of areas for which the EU has developed authentic common policies. Among the most successful examples it suffices here to mention the Common Agricultural Policy (CAP), which arose from the need to ensure food self-sufficiency in difficult times and provide stable incomes for European farmers to stop them deserting the countryside. Other examples are the competition policy, which empowers the European Commission to authorise any type of merger between companies in order to avoid situations of monopoly or oligopoly that are disadvantageous to consumers, or the policy on trade which empowers the Commission to negotiate and conclude agreements in the name of all the Member States with the World Trade Organisation (WTO) or with third countries or regional bodies such as Mercosur.

As regards external relations, the European Union is half-way towards speaking with a single voice in international forums. Let us not forget that the most actual power lies with the Member States, which express themselves through the Council of Ministers as we have already seen. Although the Commission represents and speaks for the EU as a whole in matters of international trade, the same cannot be said about international relations in the strict sense, where there are disagreements about some issues. Nevertheless, in the name of the EU the Commission negotiates all kinds of international agreements, not merely trade-related, which then have to be approved by the Council and ratified by the European Parliament.

As regards development cooperation and humanitarian aid, the European Union’s system involves a coexistence of Community mechanisms managed by the Commission, together with the agencies and bodies in the Member States. The EU’s Office for Humanitarian Aid (still known by its old acronym ECHO) is the world’s leading donor in its field. Its contributions are supplemented by the humanitarian agencies in the Member States whenever a natural disaster devastates a corner of the planet (hurricanes, earthquakes, famines, etc.). Something similar happens in the context of the European Union’s development cooperation or foreign aid. The Commission has departments that design and lay down cooperation strategy with more than 140 countries and territories in every continent.
It also has a Directorate-General (EuropeAid) responsible for the overall management of external aid amounting to some €7 500 million per year, excluding the pre-accession aid granted to candidate countries.

It is important to mention here the existence of about a hundred delegations of the European Commission in almost every country with which the EU cooperates. As will be seen later, the role of these delegations is fundamental both for bilateral relations and in the development of the EU’s external aid, especially in Latin America (see the LFA and Alban guides). The new Constitutio nal Treaty of the European Union clearly stipulates the creation of an EU external service, which will make use of that wide network. The present Commission delegations will in due course become EU delegations.
BRIEF CHRONOLOGY OF THE EUROPEAN UNION

9 May 1950: Robert Schuman, French Minister for Foreign Affairs, proposes the idea of the common European use of essential materials. This was the Schuman Declaration.


25 March 1957: The EEC (European Economic Community) Treaty is signed in Rome and comes into force on 1 January 1958. At the same time, the European Atomic Energy Community Treaty (EURATOM) is signed.

1968: Merger of the executives. The new European Commission becomes the administrator and custodian of the three treaties.

1973: Enlargement of the European Communities by the accession of Denmark, Ireland and the United Kingdom.

1973: First “oil crisis”.

1981: Greece accedes to the European Communities.

1986: Spain and Portugal accede to the European Communities.


1989: With the reunification of Germany, the European Communities welcome the former German Democratic Republic.

1992: Signing of the Treaty of the European Union (Maastricht Treaty) which reformulates the previous treaties and invests the EU with its own legal personality at the international level. This came into force on 1 November 1993.

1995: Accession of Austria, Sweden and Finland.

1997: Signing of the Treaty of Amsterdam, which enabled Economic and Monetary Union (EMU). This came into force on 1 May 1999.

1999: Creation of the euro, the single European currency, a decisive step towards EMU.

2001: Signing of the Treaty of Nice, which enabled the EU to enlarge towards the east with a new distribution of votes on the Council and seats in the European Parliament. This came into force on 1 February 2003.

2002: The euro comes into physical circulation in twelve Member States of the European Union.

2004: Enlargement of the European Union to Cyprus, Malta, Lithuania, Latvia, Estonia, Poland, Hungary, the Czech Republic, Slovakia and Slovenia. The Europe of 25 is formed.

2004: The treaty establishing a Constitution for the European Union is signed in Rome.
From the standpoint of the daily work of the relevant departments of the European Commission, cooperation and external aid are interchangeable terms. However, they refer to activities carried out in different contexts, both as regards the objective poverty conditions in the countries that receive Community aid and the international reference framework established by the major players in the sector: the United Nations system, the World Bank, the International Monetary Fund and the EU’s own institutions, plus the national cooperation agencies of the countries most active in this field, both within and outside the EU (Japan, Canada, Norway, Switzerland, Australia and the United States).

It suffices to say that the expression “development cooperation” has been supplemented by the declaration of the “Millennium Development Goals”, committed to the eradication of extreme poverty (see Chapter 3) and focused on countries classed as low-income. The formula used for most middle-income countries (including almost the whole of Latin America), is that of “External aid”. A proof of the use of both terms as synonyms in Community practice is provided by the name of the department that specialises in the management of aid, “EuropeAid Cooperation Office”, which, however, was established by a Commission Decision with the title “Reform of the management of the external aid of the EU”\(^\text{14}\).

In the European Commission there is another reason, of an internal nature, which justifies the use of both terminologies. There is a department, the Directorate-General of Development\(^\text{15}\), which has for decades specialised in cooperation with the countries of Africa, the Caribbean and the Pacific (ACP). Besides being responsible for the planning of EU aid to those regions, it represents the European Commission at major international meetings and conferences such as those of Monterrey or Johannesburg. However, the planning of Community aid to other regions of the world, including Latin America, is the responsibility of a different department of the Commission, the Directorate-General of External Relations\(^\text{16}\), which has other policy aims and works in regions where the objective situation and aid needs are very different.

\(^\text{14}\) http://europa.eu.int/comm/external_relations/reform/intro/index.htm
\(^\text{15}\) http://www.europa.eu.int/comm/dgs/development/index_en.htm
\(^\text{16}\) http://www.europa.eu.int/comm/dgs/external_relations/
Think, for example, of the difference between sub-Saharan Africa and the independent republics created since the disappearance of the Soviet Union, both being regions that receive European funds.

Development aid was formally converted to a common policy in 1993, as a result of the adoption of the Treaty of the European Union (Maastricht) already mentioned. The Member States are obliged to coordinate their national cooperation policies between one another and with the European Commission, as well as with the other major development agencies. The four principal objectives of the European Political Cooperation are:

- To stimulate sustainable political, economic and social development,
- To facilitate the integration of developing countries in the world economy,
- To reduce poverty in developing countries,
- To consolidate democracy, the rule of law, and respect for human rights and fundamental freedoms.

**LEGAL BASES**

Like any organisation endowed with a legal personality, the institutions of the EU need legal basis for their actions. In the case of external aid there are two types of legal bases, which preserve the terminological difference described above. The legal base applicable to the ACP countries is enshrined in the Cotonou Agreements, concluded in February 2000 and in force since 2003. These agreements replaced a series of conventions, from the first (Yaoundé) to the Lomé Convention signed in 1975, which led to the creation of the ACP group, and ending with the fourth and last revision (Lomé IV, 1989), which saw the accession of Haiti and the Dominican Republic to the Group.

As will be seen in Chapter 4, the Cotonou Agreements constitute an authentic international treaty in the field of cooperation, which links the 25 Member States of the EU with 77 countries in the three regions. The EU-ACP Assembly is the main forum for political discussion and debate on the use of the funds and the development of the Cotonou Agreements. Its financial instrument, the European Development Fund (EDF), is not part of the Community budget but is made up of contributions from each Member State and is administered by complex mechanisms in which the beneficiary countries are represented.
The legal bases that govern EU aid to all other regions in the world are Council and European Parliament regulations, adopted on a proposal from the Commission. Chapter 4 lists the regulations currently in force for each region. They do not have the status of international agreements, but constitute the legal framework that governs cooperation relations between the EU and the beneficiary States of Community cooperation. Each “geographical” regulation lays down the bases on which the strategy papers (see Chapter 5) and the regional and national action plans are prepared, all these documents being drafted with close collaboration between the European Commission and the national authorities of the beneficiary country.

There are also other legal measures which apply to specific cooperation activities of the EU, such as human rights, equality between the sexes, or the environment. In total, the EU has eighty legal bases that empower the European Commission to implement external aid on behalf of the EU.

FINANCING PROCEDURES

We have just seen the legislative framework. But this would be of little use in the absence of sufficient financial means and appropriate procedures for committing and implementing the expenditures involved. Under its Title IV, the budget of the EU sets aside some €7.5 billions each year for external aid. Roughly speaking, the annual financial provision for all non-EU countries, excepting candidates for accession, amounts to about €4 billions a year, to which must be added about €3.5 billions from the European Development Fund for the countries and territories of Africa, the Caribbean and the Pacific.

The machinery to administer these funds is similar to that of any public administration. The sums that can be committed in each financial year (from January to December for programmes implemented under a regulation, and May to April for the EDF) are decided on the basis of the provisions of the regional and country strategy papers. These amounts are included in the EU’s annual budget, in the column “commitment appropriations”. The situation of the annual commitments made in each sector determines the second column of the Community budget, the “payment appropriations”, in other words the amounts that can actually be paid out in each financial year.
The figures given correspond to the present situation, embodied in the *financial perspectives 2000 – 2006*. The major items of the Community budget are decided for seven-year periods and are formally adopted by the Heads of State and Government of the now 25 Member States. The debate has begun on the financial perspective 2007-2013\(^{17}\), a period for which the Commission has proposed a total of €95 billion under the heading of external aid. This debate is proving difficult because six Member States are arguing that the total Community budget should not exceed 1% of the GDP despite enlargement. The real financial resources available for the EU’s external aid may even be reduced, especially if the debate on the integration of the EDF into the Community budget gets mixed up with the establishment of the financial framework for the period and the difficulties the EDF has had in committing the amounts in recent years are taken into account.

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Over the years, the history of the EC’s development cooperation has been marked by changes of orientation and basic philosophy, changes which took place for many reasons. These range from the change of the Commissioners responsible, to – most particularly – the repercussions of new trends that emerge from time to time in the international community or the conclusions of the major world conferences on development, such as Monterrey or Johannesburg, to name only those that have taken place in recent years. Regional strategies can also be modified by decisions made at high-level meetings, such as the Guadalajara Summit in May 2004, which made social cohesion a priority for Latin America’s sustainable development and launched the EURosociAL programme.

At present all the EC’s external aid revolves around reducing poverty in the world by means of the Millennium Development Goals\(^{18}\). To measure the progress towards achieving those goals, the European Commission, in close collaboration with the Member States and other international bodies such as the World Bank\(^ {19}\), the United Nations Development Programme (UNDP)\(^ {20}\) or the OECD’s Development Aid Committee (DAC)\(^ {21}\), identified a minimum group of 10 key indicators (see table below), extracted from the list of 48 indicators of the Millennium Goals.

These indicators were selected with particular attention to factors such as their availability, reliability and the frequency with which they are quoted by aid beneficiary countries in the regular evaluations and revisions of their Poverty Reduction Strategy Papers (PRSP)\(^ {22}\). The evolution of six of the ten indicators (3, 4, 5, 7, 8 and 9) is measured annually, while the other four are measured at longer intervals. Six indicators are directly related to the wellbeing of children and three of them have a specific, gender-related dimension. In addition, the evolution of the country’s GDP per capita and its gross growth are taken into account.

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\(^{18}\) www.un.org/millenniumgoals

\(^{19}\) http://www.worldbank.org/

\(^{20}\) http://www.undp.org/

\(^{21}\) http://www.oecd.org/topic/0,2686,en_2649_37413_1_1_1_1_37413,00.html

With the aim of maximising the impact of its actions in the context of global development, in November 2000\(^{23}\) the Community decided to focus its external aid in six areas where it would achieve particularly important added value. Below, these priorities are listed\(^{24}\) with brief comments on their specific application in Latin America:

**Relationship between trade and development**

In November 2002 the Council of Ministers adopted its conclusions on the Communication\(^{25}\) on Trade and Development prepared by the Commission, which gave rise to a series of EC initiatives. The Commission’s key aim is to ensure that developing countries, particularly the most vulnerable, derive substantial benefits from their participation in the world trade system. Consequently, the Commission has been working to improve the coherence between the WTD’s new trade rules and the aims of development policy. At present, Evaluations of the Impact on Sustainability are regularly used to assess the possible economic, social and environmental repercussions of trade agreements on a bilateral or regional scale. Practically all the Latin American countries are participating in projects designed to improve their trading capacities in the context of the world liberalisation process in progress.

**Integration and regional cooperation**

EU policy regards the regional integration of developing countries as an important step towards their integration into the world economy. Regional integration is therefore a fundamental element of the EU’s support for Mercosur, for the Common Market of Central America and for the Andean Community.

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\(^{23}\) Common Declaration by the Council and the Commission on the European Community’s Policy on Development, Ref. 13458/00 of 16/11-2000. See on : http://europa.eu.int/comm/development/body/legislation/docs/council_statement.pdf#zoom=100

\(^{24}\) To access the basic sectoral documents and their updated versions, see: http://www.europa.eu.int/scadplus/leg/en/s05036.htm

\(^{25}\) Policy proposal by the Commission to the Member States of the EU and to the European Parliament.

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**KEY INDICATORS OF THE MILLENNIUM DEVELOPMENT GOALS**

1/ Proportion of the population with income less than 1 USD per day.

2/ Infant malnutrition up to 5 years of age.

3/ Net school attendance ratio in primary education.

4/ Percentage of children completing primary education.

5/ Percentage of girls/boys in primary, secondary and higher education.

6/ Mortality rate below 5 years of age.

7/ Proportion of 1-year-old infants immunised against smallpox.

8/ Proportion of children cared for by qualified health staff.

9/ Prevalence of the HIV virus in the population between 15 and 24 years old and in pregnant women.

10/ Proportion of the population with sustainable access to drinking water.
At present a number of programmes are proceeding apace, which are intended to improve the capacity of the customs services and their adaptation to the new international standards. In Central America work is in progress to establish a customs framework and a common statistics system.

**Support for macroeconomic policies and egalitarian access to the social services (Health and Education)**

The principle of direct budget aid to assist countries to implement their poverty reduction strategies is applied with a sufficient degree of success. Budget support and macroeconomic aid are two different methods, both essential for reducing poverty, for sustaining public expenditure on the vital public services of health and education, and for measuring the results in practice. The work of the EC’s development policy under the heading of education follows the strategy defined in the Communication of March 2002 on *the contribution of education and training to poverty reduction in developing countries* 26.

The Commission has played an active part in the planning and launch of the international “Fast-track Initiative” *Education for All*, whose purpose is to accelerate progress towards universal primary education in development countries. Professional training is particularly relevant for the implementation of this priority in Latin America.

In the European Commission’s strategy high priority has been attributed to the progress achieved in the Millennium Development Goals related to health 27, such as infant mortality, maternal health and communicable diseases. To date the EC has contributed €460 million, over half of all the resources paid out, to the World Fund for the fight against AIDS, tuberculosis and malaria, from which Latin America also benefits.

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Transport
Transport is an essential service for the improvement of access to health, education, water and food safety. The building and modernisation of transport infrastructure (roads, ports and airports) is less important in Latin America than in other parts of the world such as Africa or Eastern Europe. However, the improvement of the road between Santa Cruz and Puerto Suárez in Bolivia is an example of a project, which helps the beneficiary country not only to integrate with Brazil but also improves interconnection between the Andean Community and Mercosur via this most important road.

Food safety and sustainable rural development
Poverty in rural areas is still the dominant characteristic and measure of the depth of poverty in the developing countries. In 2003 the Commission chaired a Special Group of Member States of the EU aiming to design a new land policy in support of developing countries. This laid the foundations for some land policies that are sustainable, participatory and beneficial for the poor, and for the modernisation of land administration schemes based on the recognition of the rights of local cultures and societies. This last concept has been particularly important in recent years in some Latin American countries such as Paraguay (Pro-dechaco Project).28

Institutional building: governance, consolidation of institutional capacity and the rule of law
The international community, including the European Union, has identified good governance and the promotion of democracy as critical elements for achieving the Millennium Development Goals. A considerable number of Latin American States, from Nicaragua or Guatemala to Peru or Paraguay, have implemented programmes of this type in recent years with finance and technical assistance from the Community. The peace process in Colombia is still one of the Community’s priority concerns on the continent.

28 http://www.delury.cec.eu.int/paraguay/cooperacion/ue_para_proyecto2.htm
Scientific and technological cooperation in support of development

Although research is not one of the priorities set by the EC, the Sixth Framework Programme of Technological Research and Development (2002-2006) includes a component of research for development entirely based on cooperation with developing countries that can be associated with certain EC research programmes.

The above six priorities are continually qualified and updated as a result of the decisions and action plans presented at international conferences, generally organised by the United Nations, in which the EU participates.

The creations of the Global Fund to combat AIDS\textsuperscript{29} or the global Initiative for Water\textsuperscript{30} receive political and financial support from the EU. The table below shows some of the action plans adopted at international conferences organised by the United Nations.

\textsuperscript{29} http://www.europa.eu.int/scadplus/leg/en/lvb/r12510.htm

ACTION PLANS ADOPTED BY THE EU AS A CONSEQUENCE OF INTERNATIONAL CONFERENCES OF THE UNITED NATIONS SINCE 1992

RIO 1992: Conventions on Climate change and Biodiversity.

VIENNA 1993: Promotion and protection of Human Rights.


COPENHAGEN 1995: Social Development.


ISTANBUL 1996 (Habitat II): Commitment to achieving the objectives of the United Nations Habitat II Programme.


NEW YORK 1999: Population and Development, focused on reproductive and maternal health, the reduction of abortion and the prevention of HIV/AIDS.

GENEVA 2000: Social Development + 5.


BRUSSELS 2001: Third United Nations Conference on Less Developed Countries (LDCs). EU initiative on freedom of trade, except in arms, for less developed countries (Everything But Arms).

MONTERREY 2002: Funding for Development. Commitment of the Member States of the EU to provide 0.33% of their GDP for official development aid (ODA), aiming to reach 0.39% on average in 2006, on the way towards 0.7%.

JOHANNESBURG 2002: World Summit on Sustainable Development. Access to drinking water, sanitation and human shelter become part of the absolute priorities of the development policy of the major international organisations organisations.

31 http://r0.unctad.org/conference/
33 http://www.un.org/esa/ffd/
34 http://www.un.org/jsummit
From the beginning, the European Community has maintained an active policy of development cooperation. At first, this cooperation was confined to the former colonies of the six founding States, all concentrated in Africa, the Caribbean and the Pacific (ACP). Thus, after successive updatings, today the countries in those regions benefit from the Cotonou Agreements which institutionalise that cooperation and establish a series of decision making bodies such as the joint EC-ACP Assembly. The implementing instrument of Community aid to the ACP countries is the European Development Fund (EDF), managed by the European Commission from extra-budgetary contributions by the Member States. The EDF operates in a different way from the EU’s other external aid programmes and, at present, the Community’s institutions are considering and debating the integration of cooperation with the ACP countries in a legal and financial framework similar to that governing the other regions of the world, namely transforming the EDF into another programme included in the EU budgets.

When Spain and Portugal acceded to the EC they were keen to extend the scheme of Community cooperation in Latin America. Internal discussions to establish the legal base for that cooperation culminated in the adoption of the DC–ALA regulation (Developing Countries in Asia and Latin America), the reference instrument provided for the implementation of the EU’s actions in those two continents. At the same time, the reinforcement of the “Mediterranean block” in the EC made it possible, with the Barcelona Conference, to launch a programme of cooperation with the countries of the Southern Mediterranean and the Middle East, culminating in the adoption of the DC-MED regulation and the MEDA programme.

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35 http://europa.eu.int/comm/development/body/cotonou/index_en.htm
37 For more details : http://europa.eu.int/comm/development/body/organisation/assess_enlarg_en.htm
38 http://europa.eu.int/smartapi/cgi/sga_doc?sga_doc=smartapi&restful=true&numdoc=31992R0443&model=guichet
39 http://europa.eu.int/comm/external_relations/euromed/cr2698_00_en.pdf
The fall of the Berlin wall and the subsequent disappearance of the state-run economic systems of Central and Eastern Europe introduced a new region into the panorama of Community cooperation. A division soon emerged between, on the one hand, the former republics of the USSR, for which the TACIS\(^{40}\) programme (Technical Aid for the Commonwealth of Independent States) was adopted and, on the other hand, the countries applying for accession to the EU, which were beneficiaries of the PHARE programme. On 1 May 2004 ten of those applicants became Members of the EU with full rights. Cooperation is continuing with the four remaining candidates\(^{41}\): Romania, Bulgaria, Croatia and Turkey (also a beneficiary of the MEDA programme).

Finally, the situation in the Balkans, created by the wars that took place in former Yugoslavia gave rise to the CARDS programme\(^{42}\), the EC’s legal instrument for establishing and assisting economic and political development in the countries of that region which aspire, one day, to become Member States of the EU with full rights.

The present situation, therefore, is that the EU (Community and Member States) provides more than half (around €30 000 million in 2003) of all the Official Development Assistance (ODA) in the world and covers almost all the developing countries and territories on all the continents (over 160), except those which persistently ignore human rights or the minimum rules of democracy.

Following this brief historical introduction it is important to describe the different forms that the EU’s external aid can assume:

### GEOGRAPHICAL PROGRAMMES

The previous paragraphs describe the geographical coverage of the evolution of the Community cooperation activities. The programmes and regulations mentioned constitute the legal base and fundamental instrument for their implementation. In general, each regulation provides for the use of two or three budget lines based on the criteria of financial, scientific or technical cooperation,


\(^{42}\) [http://europa.eu.int/comm/external_relations/see/docs/cards/2666_00_en.pdf](http://europa.eu.int/comm/external_relations/see/docs/cards/2666_00_en.pdf)
which may develop into programmes or projects of national interest (in only one of the countries covered by the reference regulation) or of regional interest (throughout the region concerned, or in one of the “sub-regions” established in each case).

There are also specific programmes of regional scope and specific content (from AL-Invest to the Observatory in the case of Latin America) financed by the “geographical” budget lines, and nothing prevents the adoption of programmes or projects that cover border zones between two or more countries. The financing of programmes and projects through these budget lines is planned annually.

THEMATIC PROGRAMMES

As a supplement to actions financed by the “geographical” programmes, there is a series of “thematic” or “horizontal” budget lines to finance programmes or projects of a specific nature in any region or country in the world. In many cases these budget lines are used to supplement particular programmes or projects financed by the classical “geographical” budgets.

On other occasions the European Commission, which manages all Community aid, can make use of those budgets to initiate actions with much greater independence and rapidity than if they were financed by the traditional geographical mechanisms. In many such cases these thematic lines cannot be programmed and they finance actions selected by means of calls for proposals that appear in the web pages that the European Commission set up for that purpose in 1998.

The main ones among these “thematic” lines are:

**European Initiative for Democracy and Human Rights**:
This publishes two project calls for tenders per year and finances those selected and some others on its own initiative. The concepts financed in Latin America by such actions of the European Commission include the reinforcement and modernisation of justice systems, missions to observe elections (Ecuador in 2002, Guatemala in 2003), aid for the victims of torture, and protection of the rights of indigenous minorities.

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43 http://www.europa.eu.int/comm/europeaid/tender/index_en.htm
Co-financing of NGOs⁴⁵:
The European Commission devotes a budget line to the co-financing of NGO projects, both European and in third countries. Since 1998 this co-financing has always been carried out by a formal call for tenders for projects in the web pages of the Commission itself.

These calls for tenders establish the criteria of projects which, every year, can be chosen for Community finance. As a general rule there are two types of annual calls for tenders: one requires the participation of NGOs in the beneficiary countries although collaboration with some NGOs of the EU is always positive. A second type of call for tenders is addressed to NGOs in the EU which promote actions of communication and increased awareness among Europe’s peoples about development and cooperation.

Environment and rain forests⁴⁶:
The European Union uses this budget line to supplement certain actions financed by the traditional “geographical” lines.

This allows a greater degree of coordination, both internal and with other national or international development agencies, when confronting environmental problems which, by their very nature, transcend the frontiers of the countries affected. We may think, for example, of some Amazonian projects (such as the G7 Pilot Project in Brazil⁴⁷) or ones in the forests of Indonesia. In both cases there are public agencies (the governments) and private ones (the companies that exploit the forest resources) which have to become involved if a conservation project is to have any chance of success.

Health⁴⁸:
This budget line focuses on the fight against AIDS and the “infectious diseases linked with underdevelopment”, namely malaria and tuberculosis. At present there are discussions at international level on the extension of this concept to other diseases such as dengue, Chagas’ disease or leprosy. Thanks to this funding, there are a number of institutions that specialise in the treatment of these diseases in African, Asian and Latin American countries.

⁴⁶ http://europa.eu.int/comm/europeaid/projects/forests/index_en.htm
⁴⁷ http://www.comdelbra.org.br/pt/eu_and_country/5.htm
Gender issues:
This concept is of fundamental importance in the preparation and development of any traditional programme or project. Any “classical” project of cooperation for social or local development must consider the impact of its implementation on the situation of women in the area. If, during the project identification phase, it is suspected this impact might be negative, the project will not go ahead. In addition, since 2002 there is a budgetary provision for programmes that specifically promote equal opportunities for women.

Uprooted populations and refugees:
Natural disasters and armed conflicts give rise to population displacements which are sometimes prolonged. This budget line provides aid to make life less difficult for these people during the period when they have to live far from their homes and, when the time comes, to facilitate reintegration in their places of origin. In Latin America this line has financed aid for Guatemalan refugees in Mexico in recent years.

The fight against drugs:
The European Union maintains a resolute policy of combating the production and consumption of drugs. In Latin America this is pursued basically through aid to the national programmes against drug addiction, social reinsertion and the control and suppression of the “precursors”, namely chemicals needed for the production of cocaine or heroin.

Link between emergency aid, rehabilitation and development:
This makes it possible to speed up the funding needed to provide a “bridge” between humanitarian aid after a natural disaster and the preparation of the more standard development aid actions. This line was used, for example, to launch the PRACC (Programme of Reconstruction and Rehabilitation in Central America) after the devastating passage of hurricane Mitch through the region.

Rehabilitation and anti-personnel mines\(^{50}\):
This budget line, which is closely linked to the previous one, covers the work of rehabilitating basic services that enable a population to survive in the circumstances immediately after an armed conflict of any type. Particular priority is given to mine-clearing operations such as those carried out at the frontier between Nicaragua and Honduras (2002). Let us remember here that in every international forum the EU maintains a steadfast attitude in favour of banning arms of that type.

Food security\(^{51}\):
In close contact with the UN World Food Programme (WFP) and a number of specialist non-governmental organisations, this secures a stable supply of food for people in 32 countries all over the world\(^{52}\), by promoting the creation and establishment of local distribution networks.

Any new permanent food disaster, once verified by the Office of Humanitarian Aid, will lead to action by the EU in the country affected for as long as the needs of that country persist.

The EU attributes particular importance to human rights, the environment and gender equality. In addition to its specific budget lines, these issues are treated horizontally in the design of any cooperation programme or project financed by the geographical budget lines. That is to say, the identification file of a project (or the definition of a programme) must include data and comments about the project’s impact on human rights, the environment and sexual equality, and the improvements that the project is expected to bring in those three areas. Any possible negative repercussion that can be foreseen almost automatically means that the project will not be approved.

\(^{50}\) http://europa.eu.int/comm/europeaid/projects/mines/index_en.htm

\(^{51}\) http://europa.eu.int/comm/europeaid/projects/foodsec/index_en.htm

\(^{52}\) These include Bolivia, Ecuador, Honduras and Nicaragua.
EUROPEAN UNION AND EUROPEAN COMMUNITY IN DEVELOPMENT AID

In almost every field of activity there is some tendency to confuse the European Union and the European Community. In the present context, the confusion is not merely a terminological or a legal variation. This publication deals with the European Community’s external aid, (responsibility for which falls to the Commission), which administers some €7 500 million each year to that end, including the EDF.

When speaking of the European Union in the context of development aid, we refer to this Community contribution plus all the bilateral contributions by Member States, administered by each of them on the basis of national criteria and mechanisms. At present work is under way to identify and develop precise instruments of coordination, complementarity and coherence between the actions administered by the Commission (Community/EC) and those financed directly by the national cooperation agencies in the Member States.

The sectoral focus, of which more will be said later, is one of the mechanisms that improves the synergies of the donors, including in this case other international bodies such as the World Bank or the agencies of the United Nations, mainly the Development Programme (UNDP). The decentralisation of the EC’s external aid, now administered by the Commission’s delegations, is an undeniably important further step along the way to the coordination of development aid from the whole of the international community with a view to increasing its efficiency, which has been recognised as such by all the other actors and by the beneficiary countries.
Possible long text content included:

**PROGRAMMATIC DISTRIBUTION OF THE EU’S EXTERNAL AID**

A) Geographical programmes

- Countries in the south and east of the Mediterranean basin: MEDA Regulation.
- Countries in Latin America and Asia: DC-ALA Regulation.
- Countries in eastern Europe and central Asia (republics originating from the former Soviet Union): TACIS Regulation.
- Countries in the western Balkans (originating from the former Yugoslavia): CARDS Regulation.

B) Thematic or horizontal programmes

- European initiative for democracy and human rights.
- Environment and tropical forests.
- Gender issues.
- Health (AIDS, malaria, tuberculosis).
- Uprooted populations and refugees.
- Food security and rural development.
- The fight against drugs.
- Rehabilitation and anti-personnel mines.
- Link between emergency aid, rehabilitation and development.
- Co-financing of NGOs and decentralised cooperation.
Cooperation is one of the sectors that have undergone perhaps the most organisational changes within the European Commission in recent years. The extension of regions eligible for EU external aid, described in the previous chapter, has generally coincided with modifications of the Commission’s organisational set-up. Each time a new geographical external aid regulation was adopted, a new department was created for its implementation, with the entire necessary technical and procedural infrastructure, including the financial databases.

The publication of calls to tender for the provision of goods and services associated with the cooperation programmes and projects has not been governed by standard criteria since the criteria for each region used to be different, although, in all cases, the European Commission has been the institution responsible for administering the programmes, with the same general objectives and the same basic rules.

The multiplication of legal bases, budget lines and specific procedures has undoubtedly detracted from the efficacy of Community aid. Nor has the internal distribution of tasks within the Commission helped its work. Each Directorate-General responsible for aid to a region had “geographical” services and “technical” services. Not infrequently, the latter received projects identified and formulated by the geographical services on fundamentally political criteria without sufficient evaluation of the technical elements, sometimes including the very sustainability of the project once Community action had ended. That resulted in a high percentage of projects for which finance had been committed, but which never reached the implementation phase or were significantly delayed in doing so.

The fact that the entire cycle was managed in Brussels was another factor that contributed towards increasing the bureaucratic image of the EU and the delays in project implementation. Let us not forget that as a result of chronic staff shortages in the specialised departments of the European Commission, every Community official had to manage more than twice as much fundings as the norm in all the world’s major donor organisations.
THE REFORM OF THE COMMISSION

In 1998 the Commission decided to address this problem and took a first significant step towards reforming the departments responsible for aid. A joint department for external relations (SCR) was created, with responsibility for the financial management of all the Community’s external aid. Besides seeing to current administration, the SCR undertook the urgent harmonisation and simplification of procedures and the identification of “dormant commitments”, namely projects which, since their identification and the initial financial commitment, had not made progress for more than three years.

The list of dormant commitments reached the frightening figure of €20 billion, some of these commitments dating back to the mid-1980s. It should be made clear that approximately one-third of that amount corresponded to projects already annulled for a variety of reasons but whose account had not been properly cancelled. As regards simplification, the number of different forms involved in tendering for goods and services, for example, was reduced from about eighty to only eight (four for the programmes and four for the EDF).

On 1 January 2001 the Commission took a further step towards reform. In implementation of the decision of 16 November 2001 the EuropeAid Cooperation Office was created, with responsibility for the integral administration of the project cycle, including the individual identification and evaluation of results. Bilateral “political” relations with third countries and the planning of aid remain in the hands of the two “programmatic” Directorate-General mentioned earlier, the DG for Development for the ACP countries and the DG for External Relations, responsible for all other regions except countries applying for accession, which remain the integral responsibility of the new Directorate-General for Enlargement.

EuropeAid is continuing the harmonisation and simplification of procedures and is adopting new cooperation techniques, and maintaining contacts with the other major donors to ensure a common approach and the necessary coordination of the different actors in the beneficiary countries.

53 www.europa.eu.int/comm/europeaid/
The reinforcement of human resources has made it possible to “pare down” the accumulation of dormant commitments substantially and gradually to speed up the financial management of programmes and projects\(^54\).

**PRESENT SITUATION**

The process of making decisions and the responsibilities of the actors involved in it will be explained below.

As we have seen, the Commission has two “political” or “programming” Directorates General and the EuropeAid Office of Cooperation, with responsibility for the implementation of development aid all over the world.

While the remit of the Development Directorate-General (DG DEV) is anything relating to the ACP countries, the External Relations Directorate-General (DG RELEX) is responsible for political relations and the planning of aid in all other regions, including Latin America. DG RELEX and the DG DEV work with a system of officials (“desk-officers” or “desks”) who monitor developments in every country with which the Commission maintains relations. These “desk-officers” are the cornerstone of those relations and are in constant contact with the administrations in third countries and with the Commission’s delegations all over the world.

Thanks to their work, the documents constituting the basis of EC cooperation are always produced in close collaboration with the Commission’s other departments, especially those with any responsibility for external aid (Trade\(^55\), Budget\(^56\), Enlargement\(^57\), Humanitarian Aid\(^58\) and Economics and Finance\(^59\), and of course the EuropeAid Office) and with the Member States. In this way, the country or regional *Strategy Papers* (“Country Strategy Paper – CSP” or “Regional Strategy Paper – RSP”) are produced, always by negotiation with the partner country.


\(^{55}\) [http://www.europa.eu.int/pol/comm/index_en.htm](http://www.europa.eu.int/pol/comm/index_en.htm)

\(^{56}\) [http://www.europa.eu.int/pol/financ/index_en.htm](http://www.europa.eu.int/pol/financ/index_en.htm)

\(^{57}\) [http://www.europa.eu.int/pol/enlarg/index_en.htm](http://www.europa.eu.int/pol/enlarg/index_en.htm)

\(^{58}\) [http://www.europa.eu.int/pol/hum/index_en.htm](http://www.europa.eu.int/pol/hum/index_en.htm)

\(^{59}\) [http://www.europa.eu.int/pol/emu/index_en.htm](http://www.europa.eu.int/pol/emu/index_en.htm)
Those documents describe the political and economic situation in the reference country, its problems and difficulties, and the sectors and geographical areas that are priorities for EC aid.

The papers also contain information about aid provided by other actors, including the Member States and the world’s other major cooperation agencies and institutions, and about their strategies, with frequent indications concerning the real possibilities of coordinating the financial contributions received by the country in question.

Finally, the CSP sets out the sectors of Community intervention and fixes the total amounts to be paid out by the EC in the country during the paper’s period of validity, which is generally five years. There is nothing that prevents a revision of a strategy paper before its expiry if circumstances arise that make this advisable and provided that both parties (the national government and the Commission) are in agreement about the revision.

The strategy papers immediately lead to multiannual operating plans (generally included in them) which are then implemented year on year (Annual Operating Plans or AOPs).

These papers arrive at the EuropeAid Office of Cooperation so that it can start implementing the aid in the way described below.

During the early phases of the project cycle (up to the financing decision, the budget support or macroeconomic transfer decision – see Chapter 9) there are ongoing consultations between all the Commission departments involved.

This usually includes the DGs responsible for internal policies (Environment, Fisheries, Transport and Energy, Research, etc.) with sectoral responsibilities related to the content of the project or programme in question. For example, the experience of the Directorate-General for Environment can help to better formulate the environmental aspects of a programme or project and to avoid mistakes in its design and implementation. In short, the financial decision undergoes formal interdepartmental consultations within the Commission before the legal financial commitment can be made.
An important step, immediately before launching the financing proposal, is the submission of programmes, projects and budgetary transfers to the Management Committee (DC-ALA in this case) where Member States are represented and express their opinion and can even block a proposal by the Commission.

**DECONCENTRATION**

The cornerstone of reform, however, is the deconcentration process by which the Commission’s delegations in third countries have been empowered to manage the complete project cycle, accompanied of course by the necessary reinforcement in human and material resources and a sustained training effort.

Over one thousand five hundred new posts were created in the delegations between 2001 and 2004, while the staff at headquarters in Brussels has slightly decreased. The number of training days per person increased from seven to fourteen between 2001 and 2003. The average workload has changed from 2.9 to 4.6 officials for every €10 million managed.

EuropeAid operates in an increasingly decentralised way. Deconcentration has made the delegations into the real driving force of external aid implementation. The saying “Anything that can be done on the spot should not be done in Brussels” is now the guiding principle of Community action. The role of headquarters is gradually changing to that of a centre for the provision of assistance and support to the delegations and a focus of exchanges of experience that help cross-fertilisation and the spread of best practice, so that lessons learned in any region can be applied where appropriate in any other region of the world.

This information exchange between the Brussels headquarters and the delegations is particularly intense during the early phases of the project cycle, until formulation. The transfer of management responsibilities to the delegations radically increases the importance of the positions assumed by the beneficiary country which, thanks to this process, does much to encourage the ownership of the programme or project and its integration into the national resources, once implementation and therefore Community funding have ended.

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60 http://europa.eu.int/comm/europeaid/decentr/index_en.htm
Deconcentration would not have been possible without the existence of an information management system that enables the daily monitoring of what is basically a financing activity, but with the aim of extending its informative possibilities to all aspects of the project, including evaluation of its impact and results and the location of all the documents produced concerning the project or programme. This management system is called CRIS (“Common Relex Information System” or common system for information on External Relations) and has brought together the many financial management and other databases that existed before reform. Until 2001 each regional programme of the EC managed its administrative and financial information individually and in isolation, using accounting systems technically incompatible with one another, which resulted in embarrassing situations for the Commission because it could not extract general figures about the totality of its cooperation activities in the world.

CRIS enables those responsible at headquarters and the delegation to work using standard tools, and in that way everybody involved in the administration and financing process of any programme or project has at their disposal all the updated information at any time. At the same time it ensures the transparency of financial management and allows the attribution of responsibility, in the event of problems during a project’s implementation.
The European Union shares many social, political and cultural values with Latin America: respect for human rights and democratic principles, law and order, the market economy, and a fair distribution of the benefits and burdens of globalisation and the advantages derived from the new technologies.

Despite the difficult recent history of some countries in the area, the EU has developed and maintained links with Latin America since the 1970s. However, it was not until the adoption of the DC-ALA Regulation already mentioned, in force since 1992, that relations between the two regions could be institutionalised and deepened in the areas of political and trade cooperation and development aid. That regulation is the foundation on which, in recent years, a whole series of specific bilateral and “bi-regional” agreements have been based, which have for example allowed the EU to share its experience of regional integration with MERCOSUR and the Andean Community.

The table below gives a brief chronology of EU–Latin America relations.

Independently of the details of cooperation between the EU and each Latin American country or group of countries, the overall policy at present falls under the “Strategic bi-regional association” of the EU with Latin America and the Caribbean countries. This association began in 1999 at the first Summit of Heads of State and Government held in Río de Janeiro (Brazil) in 1999, and has continued with periodic similar Summits such as those of Madrid (Spain) in 2002 and Guadalajara (Mexico) in 2004.

Among the declared aims of the association are the deepening of political dialogue and economic, scientific and cultural cooperation. The consolidation of trade links and the harmonious incorporated of all the parties into the global economy are also regarded as priority objectives of the association.

http://europa.eu.int/comm/external_relations/la/index.htm
http://europa.eu.int/comm/europeaid/projects/amlat/information_generale.htm
http://europa.eu.int/comm/world/lac/conc_fr/decl.htm
http://europa.eu.int/comm/world/lac-guadal/00_index.htm
The political, economic and cultural links established by the Strategic Association Initiative launched in Rio in 1999, were reinforced in Madrid in 2002 by a political declaration signed by the thirty-three countries of Latin America and the Caribbean and by the fifteen of the European Union. Madrid also provided the opportunity to negotiate an Association Agreement between Chile and the EU, which established a political and cooperation dialogue and, as a novelty, is considering the progressive establishment of a free trade zone. The “regional” programmes AL BAN and @LIS (see the next chapter) were also set in motion and support was renewed for the “Panama action plan” (1999) to combat drugs, based on shared responsibility.

As has been said, the Guadalajara Summit gave impetus to strategic cooperation on social cohesion, whose indicators in Latin America are among the lowest in the world. In the words of Chris Patten, the Member of the Commission responsible for external relations in 2004, “fighting inequality and building more cohesive societies are overriding priorities, not only for Latin America but for the EU as well.” In 1999, 15% of the EU’s population lived on the edge of poverty and more than half of them (33 million people in the fifteen Member States) were at persistent risk.66

However, problems of social cohesion are more acute in Latin America. On a scale of 0 to 100 with 100 representing absolute inequality, Latin America scores 53.9, much higher than the world average (38) and even higher than Africa. According to World Bank estimates, the wealthiest 10% of Latin America’s population receive 48% of total income, while the poorest 10% receive only 1.6%. And as calculated by the Interamerican Development Bank (IADB)67, if the wealth generated in Latin America were to be distributed as in Asia, poverty in the region would only be a fifth of what it actually is.

The importance of those figures does not merely relate to humanitarian considerations or social justice. Halving the numbers living in poverty would mean doubling the size of the market and would increase the social commitment level of those who are currently marginalised to the democratic system.

66 See the speech by Chris Patten en http://www.europa.eu.int/comm/external_relations/news/patten/speech04_61.htm
67 http://www.iadb.org/index.cfm?language=english
Sustained growth cannot be hoped for in an environment of great social inequality. In Guadalajara there was talk of social and fiscal measures that would contribute to “changing the course of history”, as expressed by a study on the region by the World Bank, published in October 2003.

The need to go more deeply into democratisation measures, teaching the citizens to claim their rights without the use of violence, the efficacy of democratic institutions, the independence of the judiciary and the transparency of electoral processes, are some of the areas identified by the EU of Guadalajara is to point the way to a common path to be followed by all the Latin American and Caribbean countries with the EU’s support and assistance. These are measures that must precede the widely hoped-for economic surge of the region and the fulfilment of expectations so long disappointed in most countries of the region, despite their natural wealth and undeniable human capital.

Guadalajara also demonstrated once more the common will to promote an international system based on the principles of multilateralism, something expressed in practice by both parties’ similar positions on the Kyoto Protocol and the International Criminal Court, to give the two most important examples in recent years. It also reinforced the EU’s commitment to supporting regional integration, including the establishment of Economic Association Agreements (EAA), and collaborating in the institutional reinforcement of the Latin American and Caribbean countries with a view to creating the Free Trade Area of the Americas (FTAA).

The enlargement from 15 to 25 Member States in 2004 provides an opportunity for the EU’s partners in Latin America. The enlarged EU has a population of almost 500 million people and a GDP of more than 9.2 billion. It represents a fifth of all world trade, almost half of direct foreign investment and 30% of direct foreign investment receipts in the entire world. It will continue being the world’s leading donor of humanitarian and emergency aid. The automatic application to 25 countries of the existing association agreements signed by the EU of 15 with the Latin American States will extend their trading opportunities and give them greater and easier access to the markets in the ten new EU members.

http://www.iadb.org/res/index.cfm?fuseaction=Publications.List&type=pub_type&pub_type_id=NEW&pub_type_id1=IDE
RELATIONS BETWEEN THE EUROPEAN UNION AND LATIN AMERICA TODAY

From the standpoint of international trade, the European Union is Latin America’s second largest partner and has progressively consolidated its economic and trade relations to the extent of doubling the 1990 figures. The EU has a trade deficit with Latin America in agricultural and energy products, the main Latin American exports to Europe, but has a trade surplus in the other sectors, basically machinery, transport equipment and chemical products. Traditionally, the EU has been the largest investor in the region.

However, some current figures on trade between a number of Latin American countries and the EU show how far there is still to go: the EU’s trade with Vietnam is greater than with Venezuela. It is greater with Kazakhstan than with Colombia, with Bangladesh than with Peru, with Mauritius than with Ecuador, and with Aruba than with Bolivia. Those statistics cannot but improve. The fight for social cohesion throughout the region is a first step towards making such comparisons a thing of the past.

In the field of cooperation, since 1996 the EU has devoted some €500 million per year on average (in addition to bilateral contributions from the Member States) to programmes and projects in the region. The European Investment Bank’s (EIB) financing for Latin America between 2000 and 2007 amounts to €2 480 million for the support of public and private infrastructure, industry, mining and services projects with particular emphasis on the improvement or protection of the environment.

The EU has striven to reinforce the political, economic and cultural links between Latin America and the Caribbean since the Río Summit in 1999, to develop a strategic association which would make it possible to deepen relations between the two regions despite the fact that their relations with the EU are governed by different Community legal and financial bases, as we have already seen. Such an association would improve the situation of the Latin American and Caribbean countries.

Besides this “bi-regional” association, the cooperation relations of the EU and Latin America are maintained at two basic levels.
Bilaterally with each of the Latin American countries, from Mexico to Chile, and with the three regional groupings set up in the region as a result of the priority granted by the EU to regional integration processes all over the world. In regulatory terms Community’ financing for Latin America is provided by virtue of budget lines\(^69\) B7 – 310 (financial and technical cooperation) and B7– 311 (economic cooperation) stemming for the DC-ALA Regulation. Furthermore, Latin America is one of the main beneficiary regions of the thematic budget liens described in Chapter 4.

Below we briefly describe relations between the EU and the three major Latin American regions:

**MERCOSUR**

MERCOSUR is a dynamic process of regional integration between Argentina, Brazil, Paraguay and Uruguay. It is the fourth largest economic group in the world, with a total GDP of €606 billion and a population of 217 million people.

The EU is entirely in favour of the MERCOSUR project and its integration objectives, and has supported it since its beginning in 1991. In 1995 a framework inter-regional cooperation agreement was signed to “reinforce the relations between the parties and prepare conditions that will allow the creation of an inter-regional association.” At the Rio Summit the two parties decided to begin association negotiations that embrace the liberalisation of trade in goods and services, closer cooperation and major political dialogue.

This was the first time in history that two trade blocks negotiated an agreement of that type, which came very close to being signed in 2004 after sixteen rounds of negotiations.

The EU is the main trading partner of MERCOSUR (almost 23\%), with €18,2 billions of Community exports to the four MERCOSUR countries and €24,1 billions of exports from MERCOSUR to the EU in 2002. The EU is also the main foreign investor, with €16,4 billions in the same year\(^70\).

\(^69\) [http://europa.eu.int/comm/europeaid/projects/amlat/statfinances/charts.htm](http://europa.eu.int/comm/europeaid/projects/amlat/statfinances/charts.htm)

As regards development aid, the EU is the main donor of aid to MERCOSUR. Between 2000 and 2006 Community financing for regional and bilateral cooperation stands at almost €250 million, broken down as follows: €48 million for MERCOSUR projects, €65.7 million for Argentina, €64 million for Brazil, €51.7 million for Paraguay and €18.6 million for Uruguay. In addition, as in other cases, there are actions financed by the regional programmes which will be examined in the next chapter.

**ANDEAN COMMUNITY OF NATIONS (ACN)**

The EU has supported the Andean process of regional integration since the inception of the ACN in 1969 with the signing of the Cartagena Agreement that established the “Andean Pact”, which was later changed into the Andean Community by the Trujillo Protocol in 1996. That same year, the Declaration of Rome initiated political dialogue between the two parties, and since then presidential and ministerial meetings have taken place.

In 2003 an agreement on political dialogue and cooperation was signed to deepen all types of relations. The agreement will institutionalise political dialogue and extend its scope to include issues such as conflict prevention, good governance, immigration, money laundering, the fight against organised crime, and terrorism.

Combating narcotics is one of the priority issues in the political dialogue between the two regions. This is the only region in the world with which the EU maintains a dialogue specifically aimed at consulting the production and trafficking of drugs. This dialogue began in 1995 and takes the form of annual high-level meetings based on fundamental principles such as the common responsibility to address problems.

The European Union is the second largest trading partner of the Andean Community and accounts for 12.3% of all its trade. However, the ACN accounts for only 0.8% of the EU’s total trade. Trade relations between the two parties are based on the system of generalised preferences, which includes a special scheme for “drugs”.
Combined with the most-favoured-nations clause, this allows 90% of Andean exports to enter the EU free of customs duty. The EU is the main investor in the ACN and is responsible for more than a quarter of the direct foreign investment in the region71.

The Andean Community is the first Latin American region to have received development aid from the EU. The first regional cooperation agreement was signed in 1983. In 1993 a second agreement enlarged its scope and laid down monitoring mechanisms. The EU is the main donor of ODA to the ACN. Between 1996 and 2002 that aid totalled €420 million from the budget lines for economic, financial and technical aid, broken down as follows: €126 million for Bolivia, €86 million for Peru, €35.5 million for Venezuela, €92 million for Ecuador and €105 million for Colombia. Over the same period regional programmes received €29 million. However, the Andean Community is one of the regions to benefit most from the “thematic” budget lines (see Chapter 4). Some examples are: Colombia with its “peace laboratories”, Bolivia with its alternative development projects, a professional training project in Peru, an environmental project in Ecuador and a flood prevention project in Venezuela which alone received €25 million from the horizontal “rehabilitation” budget line.

The total from the two types of budget lines (geographical and thematic) for the period 1996-2002 amounted to 750 million. Bolivia received 200 million, Colombia 157 million, Ecuador 80 million, Peru 200 million and Venezuela 113 million.

CENTRAL AMERICA

The basis of relations between the EU and Central America is the San José Dialogue, a forum for political discussion initiated in 1984 with the main objective of supporting conflict resolution, democratisation and development. This was renewed in Florence (1996) and in Madrid (2002) and its scope was enlarged to include issues of regional integration, security, the environment and natural disasters, bi-regional relations and political harmonisation on international issues. The latest version of this dialogue was signed in December 2003 in the form of a political and cooperation agreement, which is the successor to the San José Dialogue, although it

has kept the same name, and to the previous cooperation agreements, the first of which was signed in 1985 and renewed in 1993.

The EU is the second largest trade partner of the Central American region, with 10% of its total trade, exceeded only by the United States (with 43% of the total). For the EU this trade is only 0.4% of its total trade. As with the ACN, trade relations between the EU and Central America are governed by the system of generalised preferences. Most Central American exports enter the EU free from duty or at a preferential duty rate. The current system incorporates regional accumulation between the Central American and the Andean countries.

The EU’s cooperation with Central America has taken the form of important programmes for the promotion of human rights and democracy, the development of small and medium enterprises, poverty reduction, protection of the environment and food security, rural development and debt relief. Perhaps the best known programme was the one aimed at the rebuilding of Central America after the devastating passage of hurricane Mitch through the area in 1998, a programme granted 250 million.

Budgetary appropriations for 2002 to 2006 amount to a further 581 million, broken down as follows: 31 million for Costa Rica, 60 million for El Salvador, 77 million for Guatemala, 138 million for Honduras, 176 million for Nicaragua, 24 million for Panama and 75 million for programmes on the regional scale. The main objectives of that aid are regional integration (40 million), the prevention of natural disasters and environmental management (20 million), support for good governance (150 million), combating poverty and social exclusion (110 million) with particular attention to indigenous minorities, local and rural development, especially in Nicaragua (10 million) and the viable management of natural resources, especially in Honduras (60 million).
In addition, in 2003 the Commission approved its first sectoral financing programme with 52.5 million in the form of budgetary aid for the education sector in Nicaragua. The thematic budget lines are much used in the region, an example being the election observation missions to Nicaragua (2002) and Guatemala (2003).

**MEXICO AND CHILE**

These two countries are not part of any of the regional groups in Latin America, but this does not mean that their relations with the EU are not close. Mexico was the first Latin American country to sign a preferential association with the EU, which led to the Agreement on Economic Association, Political Harmonisation and Cooperation signed in 1997. That agreement establishes the conduct of high-level political dialogue on bilateral and international issues.

The EU is Mexico’s second largest trade partner (7% of total trade), after the United States which accounts for 77% of Mexico’s trade. In 2000 a free trade agreement was signed. Since then, trade has increased by 25.5%. 95% of Mexico’s exports to the EU are industrial products. European investments in Mexico rose from 11 billion in 1999 to 24 billion in 2001.

The rule of law, social development and economic cooperation are the main priorities of the EU’s cooperation strategy with Mexico, with provision of 56 million for the period 2002–2006. The development of the regional programmes is particularly important in Mexico. Some 3,700 Mexican companies have taken part in meetings organised by AL-Invest. Mexico is also one of the three countries given priority in Latin America by the European Initiative for Democracy and Human Rights.

In February 2004 Mexico and the EU signed an agreement on scientific and technological cooperation which will facilitate the participation of Mexican research institutes in the Community’s framework research and technological development programme.

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An association agreement was signed with Chile in 2002 which has three basic components: political dialogue to coordinate positions in the international forums, cooperation and trade.

The trade-related component of the EU-Chile cooperation agreement is very ambitious and goes far beyond their respective commitments to the WTO. For example, it establishes a free trade zone in goods by means of reciprocal and progressive liberalisation over a maximum of ten years, until complete liberalisation is achieved for 97.1% of trade. At present the EU is Chile’s main trading partner and also the main foreign investor in the country.

EU cooperation with Chile provides for Community financing totalling 34.4 million for the period 2002-2006. The priority sectors are technological cooperation and innovation (59% of the indicative budget), capacity-building for the promotion of social justice (32.5%), and the protection of the environment and natural resources (8.5%). In 2002 the EU and Chile signed an agreement to improve scientific and technological cooperation between them and to increase investment in human and institutional capital by using the resources available in programmes of the European Commission.

Regional programmes have made for significant advances in their fields of application, as will be seen in the next chapter.

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CHRONOLOGY OF RELATIONS BETWEEN THE EUROPEAN UNION AND LATIN AMERICA

1954: Beginning of the operation of the European Coal and Steel Community, the starting point of the integration process that led to the European Union in 1992.

1969: Creation of the Andean Pact, which originated the Andean Community of Nations (Trujillo Act) in 1996.

1973: Creation of CARICOM, the Caribbean Community and Common Market (Treaty of Chaguaramas).


1975: Creation of the ACP group (Africa, Caribbean and Pacific), and signing of the first Lomé Convention (ACP-EC).

1976: First cooperation activities between the EC and Latin America and some Caribbean countries which were not yet members of the ACP group.

1983: Signing of the first cooperation agreement between the EC and the Andean Pact.

1984: Beginning of the San José Dialogue between the EC and Central American countries.

1985: Signing of the EC – Central America cooperation agreement.

1986: Creation of the Río Group, a forum for political consultation which now includes all the Latin American countries.

1990: Declaration of Rome, establishing political dialogue between the EC and the Río Group.

1990: Fourth Lomé Convention (Lomé IV), with the accession of Haiti and the Dominican Republic.

1991: Signing of the Treaty of Asunción, creating MERCOSUR (Common Market of the South), consisting of Argentina, Brazil, Paraguay and Uruguay.

1992: Creation of Cariforum, the political dialogue forum of the Caribbean countries.

1994: Signing of the Ouro Preto Protocol, which consolidates and institutionalises the MERCOSUR process.

1994: Fourth Ministerial Meeting between the EU and the Río Group in Sao Paulo. Adoption of a declaration on “association”.

<table>
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<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1996</td>
<td>First meeting to establish high-level dialogue between the EU and the Andean Community on the fight against drugs, after various agreements on the so-termed “chemical precursors” in 1995.</td>
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<td>1997</td>
<td>Signing of the economic, political harmonisation and cooperation Agreement with Mexico.</td>
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<td>1999</td>
<td>Río Summit: launch of the EU, Latin America and Caribbean Strategic Association.</td>
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<td>1999</td>
<td>Beginning of negotiations in the association agreement between the EC and MERCOSUR.</td>
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<td>2000</td>
<td>Signing of the Cotonou Agreements between the EU (15 countries) and the ACP States (77 countries).</td>
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<td>2000</td>
<td>Entry of Cuba, as an observer, to the ACP group.</td>
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<td>2000–2001</td>
<td>Progressive entry into force of the EU-Mexico Free Trade Agreement.</td>
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<td>2002</td>
<td>Madrid Summit between Latin America, the Caribbean and the EU.</td>
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<td>2002</td>
<td>Signing of the EU–Chile Association Agreement.</td>
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<td>2003</td>
<td>Entry into force of the Cotonou Agreements.</td>
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<td>2003</td>
<td>Entry into force of the provisional trade arrangements of the EU–Chile Agreement.</td>
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<td>2003</td>
<td>Signing of the agreement on political dialogue and cooperation between the EU and the Andean Community.</td>
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<td>2003</td>
<td>Signing of the agreement on political dialogue and cooperation between the EU and Central America.</td>
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<tr>
<td>2004</td>
<td>Beginning of the negotiations on the Economic Association Agreements (EAA) with the Caribbean.</td>
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<td>2004</td>
<td>Guadalajara Summit (Mexico) between Latin America, the Caribbean and the EU.</td>
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</table>
The European Commission began designing Regional Programmes for Latin America in 1993, with the adoption of the first one, AL-Invest. These programmes, which are widely used in the region, supplement the financing provided at national or subregional level. Organisations, institutions and companies in all the EU and Latin American countries are eligible depending on their sector of activity, that is to say, they are geographically horizontal for the two regions. The usual way of working involves setting up networks representing both sides of the Atlantic.

In recent years the EU has created and developed a series of programmes in which organisations representing civil society in Latin America and Europe participate prominently. These programmes take place in higher education and research (LFA and AL AN), economic cooperation between companies (AL-Invest), the information society (@LIS), energy (ALURE), Urban development (URB-AL) and social cohesion (EUROSociAL). Another programme, the Observatory, studies and analyses relations between the two regions. Community financing is generally provided for good quality projects selected following calls for proposals (see Chapters 8 and 9).

AL AN

Launched officially at the second EU–LAC Summit (Madrid) in May 2002, this is a programme of grants for high-level studies. Its objectives are to reinforce cooperation in the field of higher education, to increase the access of Latin American citizens to the EU’s higher education system, to improve human resources, to create jobs and to increase the skills of Latin American citizens in their countries of origin.

Its main activities have been the award of grants and scholarships in higher education (“Master’s” degrees and doctorates) and specialisation grants for experienced professionals, the formation of a network with focal points of information and communication in Latin America, and the opening of a network of former scholars which is also open to scholars of @LFA and other programmes in Latin America. It is scheduled to last until 2010 and the total budget is 113.5 million. The EU’s contribution will be 88.5 million, 75 million of which are earmarked exclusively for grants and scholarships.
In its first two rounds (in 2003 and 2004) 1 030 candidatures were chosen, each for an average of two years, which means a total of 2 060 annual grants. The Community’s contribution for that period was 26.9 million.

All the available information can be found on http://www.europa.eu.int/comm/europeaid/projects/alban/index_en.htm

**LFA (Latin America – Academic training)**

This promotes cooperation between higher education institutions in the two regions. Its objectives are: to provide added value to relations between the EU and the Latin American countries, to establish and reinforce cooperation mechanisms between universities, and to improve the quality of human resources and institutions in the two continents, with mobility both between the EU and Latin America and vice-versa and between different Latin American countries. This programme has built a network of higher education institutions in the EU and Latin America, which includes most universities in both regions. In its second phase (2000–2005), in which nine calls for tenders were published and concluded, 208 projects have been approved so far, 86 of which relate to academic and institutional management and 122 to scientific and technical training.

All the available information can be found on: http://www.europa.eu.int/comm/europeaid/projects/alfa/index_en.htm

**AL-Invest**

The first regional programme to begin operating (1993), AL-Invest contributes towards internationalisation and mutual contacts between companies in the two regions, with particular preference for small and medium-sized enterprises (SMEs). Its objectives are: to reinforce inter-regional trade relations by the transfer of technology and technical knowledge from Europe to Latin America, and to maintain sustainable and mutually beneficial cooperation between enterprises in the two regions.

In the first two phases of AL-Invest results have been very positive. Over 30 000 enterprises have participated and trade agreements worth over 200 million have been signed.
The third phase of the AL-Invest programme (2004–2007) will receive a contribution of 46 million from the EU. In December 2003 the European Commission signed a contract with a consortium of institutions representing the two continents, which will be responsible for its implementation. All the information available can be found on: http://www.europa.eu.int/comm/europeaid/projects/al-invest/index_ens.htm

**URB-AL**

This programme establishes direct links between cities in Europe and Latin America by the dissemination, acquisition and application of good practice in the field of urban policies, through cooperative action between cities, provinces and regions of both sides. Its objectives also include institutional support.

In its seven years of operation, URB-AL has brought together over 12,000 local European and Latin American organisations with some 2,000 instances of participation. In its first phase (1996–2000) eight thematic networks were established and 79 common projects were approved, 70 of which have already concluded. Its budget grant was 14 million, which grew to 50 million for the second phase (2001–2006).

This second phase includes, as new themes, local financing and the participative budget, combating urban poverty, promotion of the participation of women in local decision-making bodies, civic security, and lastly, the city in the age of the information society. All the available information can be found on: http://www.europa.eu.int/comm/europeaid/projects/urbal/index_ens.htm

**@LIS (ALLIANCE FOR THE INFORMATION SOCIETY)**

The objective in this case is to reduce the *digital deficit* by promoting the use of the new information and communication technologies. Starting with a first call in 2003, 19 projects were chosen in four technical fields: local government, education and cultural diversity, public health and social integration. At present 103 organisations in the European Union and 109 in Latin America are participating in these projects.
In addition, three cooperation networks have been established, corresponding to regulators, researchers and participants in the programme, which is also open to the Caribbean countries. Its budget (2001–2006) is 85 million, 75% of which is contributed by the EU.

All the available information can be found on: http://www.europa.eu.int/comm/europeaid/projects/alis/index_en.htm

EUROsociAL
Launched officially at the third EU-ALC Summit (Guadalajara, 2004), this programme receives Community financing of 20 million intended to reduce social inequalities in the region. On 15 March 2005 the first call for project tenders closed. The three main areas are education, health, the administration of justice and taxation. A crosscutting action on employment will be implemented in collaboration with the ILO (International Labour Organisation).

All the available information can be found on: http://www.europa.eu.int/comm/europeaid/projects/amlat/eurosocial_en.htm

OBSERVATORY FOR RELATIONS BETWEEN THE EUROPEAN UNION AND LATIN AMERICA
Approved in September 2003, the task of the Observatory is to identify and develop all possibilities for association between the two regions. Its objectives are: to contribute to thinking on common networks that the EU and Latin America should develop, to reinforce relations between study organisations in the two regions prepared to share their study potential and information and to promote the dissemination in Europe and Latin America of relevant information with a strategic vision of relations between the two.

All the available information can be found on: http://www.europa.eu.int/comm/europeaid/projects/oreal/oreal_en.htm
The preceding chapters have described the political, legal and financial bases on which cooperation between the European Union and Latin America is founded. The coming chapters review in detail the implementation of cooperation, the forms that this can take, and the processes that must take place for the cooperation programme or project to be implemented successfully.

Chapters 4 to 7 showed how the European Commission maintains a permanent dialogue with the beneficiary countries in order to establish sectoral and geographical priorities and to determine the implementation methods. The EU’s external aid is decidedly moving towards ownership of projects – and therefore, of their results – by the beneficiary States, which the EU prefers to call “partners” in order to make clear the concept of shared responsibility and the interactive process of drawing up a programme or project.

One result of this coresponsibility is that the European Commission’s main interlocutor for identifying and implementing development activities to receive Community financing is the government of each of the partner countries. Normally, as we have already seen, those activities are decided by the national government and the Commission (above all the delegations) and are enshrined in the documents referred to in Chapter 5 and listed in extenso in Annex 1. This means that most of the activities financed by the Commission are proposed by the authorities of the beneficiary country.

The participation of civil society may seem restricted in the framework we have just described. However, the vast majority of programmes and projects entail active participation by people, organisations and companies when they are implemented: ranging from civil engineering enterprises (for infrastructure) to professional bodies (social development) and non-governmental organisations (health, education, the environment) and individual experts in any of the fields of activity covered by any project.

The European Commission attaches great importance to the participation of all such organisations and people in the implementation of the cooperation projects that it finances. Believing that transparency is a virtue in its own right and contributes significantly towards increasing the effectiveness of cooperation, in 1998 the European Commission created a unique web page in which are published each and every one of the broad range of cooperation opportunities offered abroad.
On the page http://www.europa.eu.int/comm/europeaid/tender/index_en.htm all tenders for works and the provision of goods and services can be found, as well as calls for tenders open to any type of organisation and whose mechanism is described in the next chapter. This page has a multifunctional search engine which allows access to all calls for tenders of a given type (works, supplies, services and grants) in a specific region or country, at any phase of the implementation of a programme or project. The same page also gives access to the entire panoply of policy documents listed at http://www.europa.eu.int/comm/europeaid/tender/gestion/index_en.htm.

As will be seen later, drawing up a cooperation project entails making provision for each and every one of the contributions required for its proper implementation and the planning of the necessary calls for tenders or proposals. Most funding under thematic budget lines goes to NGOs and civilian organisations of all types via calls for proposals, also published on the Internet page mentioned. The practical guide to the interpretation of contractual procedures for the EC’s external action is to be found on http://www.europa.eu.int/comm/europeaid/tender/gestion/pg/npg_en.doc. The general Finance Regulation, referred to earlier, can be found on http://europa.eu.int/geninfo/query/engine/search/query.pl.

This said, the main methods for implementing external aid financed or cofinanced by the European Commission will now be described. At present there are a number of possible approaches. Project support is the option most often adopted, although in the near future it may give way to the sectoral approach or to budgetary aid. So let us briefly review these strategies.

**THE SECTORAL APPROACH**

Over time, sectoral programmes have had a variety of names: sectoral investment programmes, sectoral development programmes, and now the sectoral approach. Despite this varying terminology there are certain general principles with which the international community is basically in agreement.
In the first place it is recognised that it is the beneficiary governments that should ensure leadership in the management and development of such programmes. Its common aim is to improve the efficacy and efficiency with which internal and external resources are used, by the mutual acceptance of priorities established in the national programmes for poverty reduction or similar documents, and to improve the quality of management.

The sectoral approach concedes greater decision-making power to the governments of the beneficiary countries in respect of the policy, strategy and expenditure in the sector concerned. It increases the coherence between the sectoral policy, the resources assigned to the sector and the results, by means of greater transparency and a broader and more general view of the sector and its problems. It also drastically reduces transaction costs for the beneficiary country.

In practice, the sectoral approach involves creating a working group directed by the beneficiary government and with the participation of all the donor agencies, which produces a sectoral programme based on three components:
1) a sectoral policy document with its corresponding strategic framework,
2) a framework of sectoral expenditure forecasts in the medium term,
3) a coordination process between different donors in the sector, under the leadership of the beneficiary government.

**BUDGETARY SUPPORT**

Budgetary support is the transfer of resources to the government of the beneficiary country. Once received, the funds are managed by it, using its own financial management systems and procedures. This means that local ownership and coherence with other national policies are maximised, while transaction costs are minimised.

There are two kinds of budgetary support:
1) **Macroeconomic support.** This is directed at a country’s national development policy as a whole, within its macroeconomic and budgetary framework.
2) **Sectoral budgetary support,** which provides additional funds for a specific sector, supporting a national sectoral policy and an expenditure framework agreed between the beneficiary country and the donor.
Provided that conditions allow it, the second is that preferred by the EC. In any case, its will depend on the fulfilment of four basic criteria:

1) That the macroeconomic management is stable and provides a favourable environment for private sector development.
2) That national policy reflects a credible commitment to reducing poverty and achieving growth in the country.
3) That the management of public finances meets certain quality standards and/or that there is a credible programme of reforms of the system.
4) That a series of agreed efficacy indicators exists, which can measure the progress achieved towards national policy objectives.

THE PROJECT
According to the classical definition, a project is a series of activities that lead to clearly defined objectives within a precise timetable and with a specific budget. A project must incorporate a series of associated entities that include the target population group and the main beneficiaries. For its implementation, coordination, management and financing agreements must be drawn up. There must be a monitoring and evaluation system enabling lessons to be learned for the future and an appropriate level of economic and financial analysis which demonstrates that the benefits envisaged will outweigh the costs.

As already noted, the major international cooperation agencies agree that the “project” approach should be replaced by a sectoral approach in the medium term. The specific characteristics of economic, social and political development in each country/region will determine the time frame of replacing one technique by the other. Most cooperation experts think that Latin America will probably be the last region in the world in which this change of strategy takes place. Accordingly, it is important to give greater attention on the development of the project cycle, including the modifications and corrections that the European Commission has introduced in recent times.

Development projects are a classical way to define and manage processes of investment and change. The individual project approach can be adopted in many sectors: health, education, infrastructure, institutional reform and others. The cost, i.e. the financial investment required, can range from a few thousand to many millions of euros.
In any case, as will be seen later, a project must be part of a programme that conforms to some basic policy orientation adopted by the EC and the beneficiary country.

This individual projects approach has been preferred by all the cooperation agencies in the world for many years. However, the problems created by this strategy have been becoming ever clearer over the years, in particular for the following reasons:

• **Inadequate project ownership** by the beneficiary government once it has ended, with clear negative implications for the sustainability of the project’s benefits.

• The **huge number of isolated projects**, financed by different agencies and institutions in the same country, each of them with its own methods and procedures, has resulted in the squandering of resources, basically on the transaction costs of countries receiving external aid.

• The establishment of a **multiplicity of agreements** on management, finance and evaluation by the same beneficiary country with different donors has helped reduce rather than increase local capacity and responsibility.

Lastly, the individual projects approach can contribute towards the “**interchangeability**” of local resources. That is to say, if a cooperation agency decides to invest €100 million in a sector that is all-important for the country’s development – for example health – the government of the beneficiary country may divert the €100 million from its own budget, originally earmarked for that sector, and invest it in military or any other type of expenditure not regarded as a priority for the country’s development.

Nevertheless, the “project approach” is still the most frequently used approach in the EC’s cooperation activity. In recent years the European Commission has significantly increased its degree of coordination with other donors and has substantially improved the efficacy of the latest generation of projects, even though, gradually, combinations of the different strategies described are being tried out. When designing a combination of them, four important considerations have to be borne in mind:

• The **degree of control** that donors wish to retain over the resources.

• The allocation of **primary responsibility** as regards the available resources.
When is a Project Appropriate?

The practice of financing individual projects is still that most often used in the EC’s cooperation activities. There are also cases when it is the best – indeed, the only – alternative:

- **Decentralised cooperation** with non-State bodies, such as projects managed by NGOs.
- **Emergency** and post-crisis interventions.
- Technical assistance projects, or pilot projects for **institutional training**.
- **Cross-border** environmental (or other) projects.
- Investment projects with **high transaction costs** for the beneficiary government (major infrastructural projects such as ports and airports).

Lastly, whenever the conditions of a country or sector do not allow the use of any other strategy.

Most of the EC’s external aid budget (7.8 billion in 2003) is committed to and implemented by means of projects and programmes. Cooperation with Latin America can still continue for some time with the present “programmes and projects” approach, though with greater coordination and better coherence between the interventions of the various actors and the local authorities. The next chapters set out the basics of the stages of a cooperation project, the so-called “project cycle.”

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GENERAL AND CONTEXT
The operational management of a typical EC cooperation project involves a cycle of **five phases**:

- Planning
- Identification
- Formulation
- Implementation
- Evaluation and Auditing

Ideally, the results of the last phase should close the circle and inform the next planning phase, so that the lessons learned during the project’s implementation or the results themselves can be added to the volume of existing theoretical and practical knowledge and improve the next sectoral and/or national generation of projects.

The duration and importance of each phase of the cycle depends on the nature of the project. A major civil engineering project (design and construction of communication infrastructure, for example) may need some years to progress from identification to implementation, while a project consisting in the provision of assistance to population groups affected by a conflict situation may need only a few weeks before on-the-spot operations begin. However, it is essential to ensure that the necessary resources and time are committed in the early stages for implementation to be successful and for the final results of the project to be those hoped for.

There is a fundamental difference between the EC’s external aid programmes regarding the point during the project cycle when the financing decision is made. Whereas in programmes such as MEDA or TACIS that decision is normally made at the end of the identification phase, in the ACP countries or those covered by the ALA regulation (and consequently in Latin America) the financing decision is made only after completing the **formulation** of the project.

THE PROJECT CYCLE AND CALLS FOR PROPOSALS
Calls for Proposals (Appels à propositions/Convocatorias de propuestas) are normally used for the “thematic” or “horizontal” budget lines, such as the European Initiative for Democracy and Human Rights, the environment, food security or co-financing with NGOs.

THE THREE BASIC PRINCIPLES OF THE PROJECT CYCLE
In each phase the decision-making criteria are defined, together with appropriate procedures which must include the main information needs and the qualitative criteria that enable the results of this phase to be judged.

The phases of the current cycle are "progressive". Each phase must be implemented in full for the next one to be able to begin successfully.

Lastly, the next phase of planning and identification must take into account the results of monitoring and evaluation as integral parts of a structured feedback and institutional learning process.
This is practically the only way to provide grants to non-state actors, in accordance with the new financial regulation. The use of this procedure is increasing under the “geographical” budget lines, above all under the *regional programmes* (for example, *Alfa*) and in the new financing facilities such as the *global initiatives* for water or energy.

This type of procedure differs from that normally used in the “classical” cooperation projects. Through the use of calls for proposals the EC transfers responsibility for the identification, formulation and implementation of projects to the non-state organisations that tender for the said calls, provided that they satisfy the requirements thereof, basically in relation to the project type and the “eligibility” criteria for applicants.

There is still another exception to the “classical” project procedure: when the EC establishes a direct agreement, either because, in one way or another, there is a monopoly situation, or because the European Commission’s interlocutor is the beneficiary State. In these latter cases, however, the EC retains a more direct role and responsibility for management in the project’s identification and formulation phases. However, even in these cases, following the project cycle management guidelines is useful given that:

- all cooperation projects receiving Community finance can be evaluated on the basis of the quality criteria described below,
- the principles of good management practice can be applied by anyone who is receiving and managing EC funds.

**THE PROJECT CYCLE AND THE LOGICAL FRAMEWORK**

Project Cycle Management (PCM) is a term already used in donor institutions all over the world describe the management activities and decision-making procedures throughout the life of the cooperation project. It includes the basic tasks, the distribution of roles and responsibilities, the key documents and the decision options at any given moment. The use of these techniques ensures that:

- The projects are in line with the main *policy objectives* of the EC and the beneficiary States.
- The projects are *relevant* in the context of a previously established strategy and in relation to the actual problems of the beneficiary groups.
• The projects are **feasible**, in other words the objectives can be achieved realistically having regard to the difficulties of the context in which they are implemented and taking into account the capacities of the implementing organisations.
• The benefits generated by the project have a real chance of **sustainability**.

To achieve those aims, project cycle management:
• requires the participation of clearly defined partners (stakeholders) and promotes local ownership of the project,
• among other instruments, uses the Logical Framework to support a series of judgements and analyses, including problems and risks, objectives and the strategies of the associated organisations,
• incorporates qualitative evaluation criteria at each phase of the cycle,
• requires the production of quality documentation at every phase, so that decisions are made on the basis of good information about the actual situation and its evolution. See the table below.

The **Logical Framework** is an analysis and management tool used at present by the vast majority of bilateral and multilateral agencies and by other protagonists of international cooperation. Normally, the EC requests the development of a logical framework “matrix” as an integral part of its project formulation procedures. When intelligently applied, the Logical Framework is a very effective instrument. However, it cannot replace experience and sound professional judgement, and must be supplemented by the use of other instruments such as economic and financial analysis and the environmental impact survey, and by working methods that ensure the effective participation of all involved.

It is important to stress here that the preparation of viability studies, annual operating plans and regular monitoring reports are generally the responsibility of the partners implementing the project and not of the EC, although the latter can contribute or provide resources for the performance of those tasks. While the EC does not dictate the exact format of those documents, it must make sure that the information in them is pertinent and appropriate in both quality and quantity. In that way decisions will be based on firm grounds and will guarantee the proper use of the resources committed.
THE QUALITY SUPPORT SYSTEM

Since the reform of external aid management introduced in 2001, the EC has adopted a system for supporting the quality of projects financed with Community resources. Its basic instrument is the Quality Support Group (QSG).

The Group’s objectives are as follows:

- To support the improvements needed in the documentation and ideas of a project or programme.
- To make sure that project reviews are carried out in a harmonised way by the use of consistent and standardised quality criteria.
- To ensure regular reporting and monitoring.
- To identify and facilitate the interchange of “good practices” and innovative approaches.

The Quality Support Group provides advice at two key points during the project cycle:

- At the end of the identification phase, the time when the file (individual projects) or financing proposal (programmes, or group of projects) is reviewed.
- At the end of the formulation phase, when the draft financing proposal has already been prepared (individual projects) or when the specifications for the technical and administrative provisions (for projects contained in a programme) have been drawn up.

THE QUALITY FRAMEWORK

There is a group of qualitative evaluation criteria for every main decision point during the life of a project. These criteria are reflected in requests for information in documents such as the identification file or the financing proposal. For that purpose the “quality framework” has been developed, although it is not an exclusive environment. The particular and specific circumstances of each project demand the application, experience and good judgement and approach of those managing it.
The quality framework comprises three basic attributes extended into a total of sixteen parameters:

**A) RELEVANCE:**
The project is designed to solve demonstrated high priority needs:
1) It is consistent and contributes towards the EC’s Development and Cooperation policies.
2) It is consistent and contributes towards the policies of the partner government and the existing sectoral policies.
3) The main stakeholders and beneficiaries have been identified, issues of equality between the sexes and institutional capacity have been analysed, and local ownership has been demonstrated.
4) The problems have been correctly analysed.
5) Previous experience and possible links with other projects/programmes have been analysed and integrated in the selection of a strategy.

**B) VIABILITY:**
The project is well designed and will produce sustainable benefits for the target groups.
6) The objectives (general, aims and results) and the work programme are logical and clear, and address clearly identified needs.
7) The implications regarding costs and resources are; the project is financially viable and will yield positive economic returns.
8) The coordination, management and financing agreements are clear and support institutional reinforcement and local ownership.
9) The follow-up (monitoring) system and audit agreements are clear and practical.
10) The assumptions and risks have been correctly identified and appropriate measures have been put in hand to manage them.
11) The project is sound and sustainable from the social, technical and environmental standpoints.

**C) EFFECTIVE AND CORRECT MANAGEMENT:**
The project is producing the benefits envisaged and is correctly managed.
12) The project continues to be relevant and viable.
13) The project’s objectives are being achieved.
14) The management of the project by those responsible for its implementation is correct.
15) The sustainability of the project has been addressed effectively.
16) The managers are applying the principles of good practice.

As will be seen later, the attributes and parameters of the project’s quality framework are paralleled by the evaluation and audit criteria, processes in which they are given a score that enables the quality of the project to be summed up.

THE FINANCING DECISION

In the case of Latin America the EC makes a financing decision once the project has gone through its formulation phase. The adoption of that decision usually includes:

• The preparation of a judgement of the quality of the draft proposal, and adoption of the necessary changes.
• The approval (or rejection) of the proposal.
• The preparation, negotiation and conclusion of the Financing Agreement between the EC and the associated implementing organisation, including the technical and administrative provisions needed for implementation.

Thereafter, the quality control group issues its judgement and, if this is positive, the financing and implementation agreements are concluded. Only then are the financing proposals sent to the Member States of the EC represented on the DC-ALA Committee. Once the Committee has pronounced the mandatory positive opinion, the Commission, generally by written procedure, adopts the financing decision, which must include all implementation details in a manner flexible enough to ensure that no impediment to the normal implementation of the project is likely to arise.
KEY DOCUMENTS AND RESPONSIBILITIES IN THE PROJECT CYCLE

The fundamental documents of the EC and the sources of information that support project cycle management are as follows:

- The EC’s Development Policy in force at the time when the cycle begins.
- The Regional/Country Strategy Papers.
- The documents that comprise the Indicative National Programme (INP).
- The identification file of the project.
- The Financial Proposal, whether for an individual project or a group of projects, in which case it is usually called the “Programme of Action”.
- The Financing Agreement and the associated technical and administrative documents, including the terms of reference that will be used for possible later calls for tender.
- The information contained in the Common Relex Information System (CRIS).
- The evaluation and audit reports.
1/ PROGRAMMING

The EC’s external aid is programmed in multiannual cycles. The institution responsible for planning is the European Commission in dialogue with the authorities of the beneficiary countries. The document that results from that dialogue is the Country (or Regional) Strategy Report, which includes the Indicative Multi-annual Programme. The validity of that document, the true masterpiece of community cooperation with a third country, usually lasts five years unless any fundamental change in the circumstances of the partner country necessitates modifications during the period initially envisaged.

The country strategy papers collect together a whole series of data and indicators concerning the country concerned and the possibilities for action on the basis of the priorities indicated by either side. The purpose of those documents is to identify the main sectors in which collaboration between the national authorities and the EC can establish a joint action which makes the best use of the available resources, within the framework of a pertinent and feasible plan that enables the implementation of the individual projects and programmes. The typical structure of this document is as follows:

1) A description of the EC’s cooperation objectives.
2) The policy objectives of the partner country.
3) An analysis of the political, economic and social situation, including the sustainability of current policies and the challenges in the medium term.
4) A review of the EC’s past cooperation activity, with an analysis of that experience and a summary of progress in the cooperation programmes of the EC Member States and other international donors in the country concerned.
5) The EC’s strategy, including a strictly limited number of intervention sectors which complement interventions by other donors.

Once the said strategy has been defined, it must be converted into an Indicative National Programme (INP) which, as already noted, can be an integral part of the strategic paper. The INP is an administrative instrument which covers a period of a few years (normally between 3 and 5). It identifies and defines actions and measures suitable for the achievement of the declared aims. The INP must stem totally from the analyses that precede it and must be coherent with them.
2/ IDENTIFICATION

The identification phase consists in:

- Identifying the intentions of the project that are coherent with the priorities of the EC and the beneficiary country.
- Assessing the relevance and viability of those intentions.
- Preparing an identification file under the ALA programme (as already noted, other regulations, TACIS and ACP, provide for the financing proposal at this stage).
- Preparing a financing decision or determining the scope of the work to be carried out later during the formulation phase of the individual projects.

The initial ideas for identification of a project can come from a variety of sources such as the beneficiary governments, non-state actors, multilateral or regional development agencies, etc. Crucial elements in this phase are the possibilities for local ownership of the project, and the commitment of the national authorities.

The initial description of the project must derive from the priorities identified in the strategy paper and the indicative national programme. As a general rule, at the end of the identification phase sufficient information should be available about the points listed in the table below. That information must be incorporated in the basic documents that result from this phase, i.e. the terms of reference for any viability study financed by the EC and the project’s identification file. Once all that work has been done, the fundamental decision consists in preparing a financing decision at the conclusion of this phase. If the information available satisfies all the requirements mentioned earlier, the project can be regarded as ready for progress to the formulation phase. Otherwise, the EC can request additional information and checks or reject the project. As already indicated, the relevance, viability and sustainability of the project are key elements at the time of making the decision to move on to the next phase.

WHAT DOES THE INDICATIVE NATIONAL PROGRAMME SPECIFY?

- The overall objectives and strategic choice on which the priorities of the country and the EC are based, i.e. the intervention sectors and kinds of cooperation most appropriate for achieving the objectives (individual projects, sectorial programmes, budget aid or others).

- The financial estimates for each area of cooperation defined, indicating where possible a provisional timetable of the EC’s contributions and their volume.

- The indicators that enable the project’s progress to be measured in the medium term. If there is a Poverty Reduction Strategy Paper (PRSP), the INP indicators must correspond with those established in that document.
3/ FORMULATION

This phase consists in:

- **Confirmation** of the relevance and viability of the project as described in the identification file.
- The preparation of a **detailed project design**, including the identification of the agreements needed for its development, its correct management and development, a cost/benefit analysis, risk management, monitoring, evaluation and final audit.
- Finally, the preparation of a proposal and the **financing decision**.

In the same way as in the identification phase, the possible partners and other local actors must play a prominent role in the formulation of a project. Other donors can also participate by contributing useful experience. The key factors allocating responsibilities are:

- The aim to **integrate** the project into existing local structures, and local empowerment possibilities.
- The anticipated **agreements** concerning the project’s **coodination and management** - including financial management.
- The **capacity** of the parties to participate in and finance the formulation process.

At the end of this phase there should be sufficient information on the following criteria:

**Analysis of the situation**:
Check on the context of the project and programme.
Analysis of the parties involved and verification of institutional capacity.
Analysis of problems.
Application of past experience and review of other initiatives in implementation or planning.
Choice of strategy.

**Description of the project**:
General objective and intention.
Group objective, location and expected duration.
Results expected and indication of activities.
Cost and resources required.
Management agreements:
Coordination and management structures.
Financing and management agreements.
Monitoring, evaluation and auditing.

Viability and sustainability:
Financial and economic.
Environmental.
Technical.
Social.
Risk management.

If the combination of all these elements is found to be satisfactory, the EC will accept the financing proposal, issue the corresponding decision and conclude the financial agreement or accord prior to implementation of the project.

**INFORMATION RESULTING FROM THE IDENTIFICATION PHASE**

1) **Political and programmatic context** relating to both the beneficiary country and the EC.
2) Analysis of other **parties associated** with the project.
3) Analysis of **problems** for the project’s implementation, including “cross-cutting” issues (especially human rights, the environment and equality between the sexes).
4) Application of the **experience accumulated** (sectorial and regional) and review of similar initiatives in the planning or implementation phase.
5) **Preliminary description** of the project, including the basic assumptions for its proper operation, an analysis of the risks, and possible solutions for them.
6) Indicative necessary **cost and resources** implications.
7) Estimation of the **necessary agreements** on coordination, management and finance.
8) Preliminary verification of the project’s economic-financial, environmental, technical and social **sustainability**.
9) **Monitoring plan** for the formulation phase.
4/ IMPLEMENTATION

It is in this phase that the project becomes visible on the ground. Its intention is to obtain the results envisaged by effective management of the resources assigned. In parallel a progress monitoring system must be established which takes the form of periodic reports. Implementation can be divided into three main phases: initiation, actual implementation, and closure.

**Initiation**

During this period all the administrative and preparatory work required for the project to progress correctly is carried out. *Inter alia*, the necessary implementation contracts must be prepared, the mobilisation of resources that will be needed throughout implementation must be planned, relations with the parties involved must be established on a solid basis, initiation and information workshops must be set up, and the working plan must be reviewed by comparison with the realities on the spot. In addition, it is during this period that an appropriate system for monitoring and evaluating the results must be established.

**Implementation**

The fundamental obligations during the period of actual implementation are the mobilisation and management of resources of all types, the implementation of the activities planned within the time envisaged, their monitoring and the production of progress reports, the review of operational plans in the light of experience, and their correction and modification if necessary.

**Closure**

The EC’s presence gradually decreases to the point of disappearance once the continuity of the project is ensured. All responsibilities are transferred to the associated beneficiary organisations after previously ensuring that a plan for necessary maintenance is really in place and that management capacities have been transferred effectively. Lastly, it must be made certain that the necessary funds have been set aside by the beneficiary organisations which are to assume sole responsibility for the project’s continuity.
The basic documents produced during this phase are:
- Operative **work plans** (generally annual).
- Periodic **progress reports**.
- Specific **stage reports** (for example, including the interim evaluation).
- **Closure report** (at the conclusion of the project).

All these documents must refer to the basic concepts already mentioned, namely objective, intention, results, activities, resources needed and financial management, and to the operation of the agreements reached on the management of the project and the fulfilment of the responsibilities assigned to each participant.

During the implementation phase important decisions can be made regarding the development of the project. Those decisions can range between a review of the entire work plan and the cancellation of the project. The checking and information instruments described in the paragraphs below can also give rise to important changes of orientation during the implementation phase76.

5/ **MONITORING AND EVALUATION**

Monitoring and evaluation are terms that refer to the collection, analysis and use of information that is relevant for making the necessary decisions. However, the differences between those two concepts should be appreciated. Periodic reviews and audits are also part of the existing control instruments.

Follow-up (monitoring) and periodic reviews are the responsibility of the project management team. They are carried out throughout the implementation phase in order to check the progress made and compare it with forecasts, take corrective action if necessary, and update the initial plans. In general monitoring should contribute towards the improvement of management decisions.

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76 The web pages of the Commission’s delegations give detailed information about the development of the projects located in each country. To access the list of the Commission’s delegations on the Internet, see [http://europa.eu.int/comm/external_relations/delegations/intro/web.htm](http://europa.eu.int/comm/external_relations/delegations/intro/web.htm)
Evaluation generally incorporates elements external to the project to ensure the greatest possible objectiveness, and is carried out at intervals as of the project’s initiation (half-way through the implementation timetable, and once the project has been completed). Its purpose is to incorporate the experience learned during the project’s implementation into the body of knowledge possessed by the participating institutions and to provide the elements which the institutional responsibility of the donor organisation demands. The basic criteria of any evaluation are to check the project’s relevance, impact, efficacy and sustainability.

At present there are evaluation reports whose content is different: individual projects, sectoral projects, activities in a specific country, and programme.

Finally, there are audits. These incorporate elements external to the project and are carried out before implementation begins and once the project has ended. Their purpose is to reassure participants about good management and to provide recommendations for the improvement of projects under way or in the design phase.

In any of the information processes mentioned above it is essential to know the levels of information required by each of the participating organisations.

At present, the EC uses an external monitoring system which collects information about the progress of all cooperation projects in which it participates. This system concentrates on issues relating to the principles of relevance, efficiency, impact and sustainability, in accordance with the classical model for evaluation reports.

In any case all these checking and information systems must give priority to the information needs of the managers on the spot and must provide appropriate information feedback to all participants, including the project’s target population groups. Only this enables active participation and the later ownership of the project by the beneficiary population, that being the ultimate aim of the EC’s external aid.

77 To access the sectoral, regional or national methodology, criteria and evaluation reports, see: http://www.europa.eu.int/comm/europeaid/evaluation/index.htm
The preceding pages have reviewed the current situation of cooperation between the European Union and Latin America, showing its evolution through the years and going into some detail regarding the forms and methodology of its implementation. It is now time to present a summary evaluation of the results obtained and to consider what the possible evolution of that cooperation might be in the future.

In the field of external aid the Commission, presided over by Romano Prodi (2000–2004), concentrated its efforts on reform, as seen in Chapter 5. Thanks in part to this reform, it has been possible to correct defects in the implementation of actions such as the Programme of Rehabilitation and Reconstruction in Central America (PRRCA), which is now moving into its final phase. The review of dormant commitments (see Chapter 5) has also made it possible to clarify the reasons why a relatively large amount of money[^78] had not yet been channelled into concrete programmes or projects, and led to an improved redefinition of projects and to the launch of initiatives that had been waiting a considerable time, sometimes years, for their implementation on the spot to begin. The decentralisation of resources to the Commission’s’ delegations in Latin America has intensified work between them and the national ministries, initiating new working methods in almost all the Latin American States.

During the five years of the last Commission the importance attributed to such issues as democracy, the rule of law and equality between the sexes has increased, such issues being very important for the development of any region or country in the world, but particularly for Latin America given the degree of human development there which is higher than in other regions. The end of the last dictatorships in the region opened the way for numerous institutional reform programmes, many of them already completed

[^78]: To review the amounts of finance involved in EU–Latin America cooperation, see: http://www.europa.eu.int/comm/europeaid/reports/europeaid_ra2004_en.pdf
http://www.europa.eu.int/comm/europeaid/reports/COMM_PDF_SEC_2004_1027_1_EN_DOCUMENTDETRAVAIL.pdf
reform of the judicial power in Nicaragua\textsuperscript{79}) and others still in progress (institutional reform in Paraguay\textsuperscript{80}), which will contribute towards increasing States’ effectiveness vis-à-vis their own citizens and, consequently, their weight on the international scene.

The Guadalajara Summit, which has been mentioned several times in this publication, has clarified the priority objectives of cooperation between the EU and Latin America: social cohesion, regional integration and multilateralism on the international scene. Those three objectives will from now on be present in any new policy or planning document prepared by the national governments or regional institutions of Latin America in collaboration with the European Commission or any other institution of the EU. It must be stressed here how important those three concepts are, not only for sustainable development in Latin America but also for the creation of a multipolar world order in which the subcontinent will be able to reach positions that will enable it the better to defend the interests of its peoples. For this to succeed is in the interests, not only of the governments and regional organisations in Latin America, but also of the Member States of the European Union and the Community’s institutions.

On the other hand, the new Commission, which began its term of service in November 2004 under the Presidency of José Manuel Durão Barroso, from Portugal, seems on reading the biographies of the Commissioners responsible for external aid, to be more likely to attach greater importance than the previous Commission to collaboration with Latin America. A first indication of that importance can be seen in the restructuring of the EuropeAid Cooperation Office that took place at the beginning of 2005 under the responsibility of Commissioner Benita Ferrero Waldner. Whereas the departments responsible for other regions (TACIS and MEDA) merged into a single directorate after the reduction of human resources in Brussels caused by decentralisation, cooperation with Latin America is still managed by a directorate dedicated exclusively to it\textsuperscript{81}.

\textsuperscript{79} http://www.delnic.cec.eu.int/es/eu_and_country/cooperation_desc/cooperation_desc_nic.htm
\textsuperscript{80} http://www.delury.cec.eu.int/ue_paraguay/cooperacion.htm
\textsuperscript{81} http://www.europa.eu.int/comm/europeaid/general/org_graph_en.pdf
The recent enlargement to ten new Member States will also allow certain “liberation” of external political priorities and will enable greater attention to be paid to political dialogue with countries in other regions that are receiving external aid, Latin America among them. A renewed European Union seriously committed to multilateralism cannot but improve and deepen its relations with Latin America in the conviction that the deepening of phenomena such as regional integration and improvement of the parameters of social cohesion in the region will be as beneficial, in the medium term, for the whole of the international community, including the European Union itself, as for the States in Latin America.
ANNEX 1: COOPERATION DOCUMENTS

In the following pages the reader can find the electronic reference to all existing documents that establish any type of agreement between the European Union and the countries and regions of Latin America. The list does not include bilateral agreements of any type signed between individual countries of the two geographical areas.

LATIN AMERICA
Regional strategy paper:
Index page of the European Commission:
http://www.europa.eu.int/comm/external_relations/la/index.htm
Home-page of the EuropeAid Cooperation Office:

MERCOSUR
Regional strategy paper:
Towards an Association Agreement (2004):
http://www.europa.eu.int/comm/external_relations/mercosur/intro/index.htm#3

ARGENTINA
Country strategy paper:

BRAZIL
Country strategy paper:
Framework cooperation agreement:
http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!ICELEXnumdoc&lg=en&numdoc=21995A11101(01)&model=guichett

PARAGUAY
Country strategy paper:
Framework cooperation agreement:

URUGUAY
Country strategy paper:
Framework cooperation agreement:
ANDEAN COMMUNITY OF NATIONS (ACN)
Regional strategy paper:
Cooperation and political dialogue agreement:
Combating drugs: the Cochabamba Declaration (1996):

BOLIVIA
Country strategy paper:
Framework cooperation agreement:
http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=21998A0429(01)&model=guichett

COLOMBIA
Country strategy paper:
Peace Laboratory in Magdalena Medio:

ECUADOR
Country strategy paper:

PERU
Country strategy paper:

VENEZUELA
Country strategy paper:

CENTRAL AMERICA
Regional strategy paper:
Cooperation and political dialogue agreement:
Framework cooperation agreement:
System for Central American economic integration:
http://www.sieca.org.gt/
Regional programme for the reconstruction of Central America (PRRAC):
http://www.europa.eu.int/comm/external_relations/ca/prrac.htm

COSTA RICA
Country strategy paper:
EL SALVADOR
Country strategy paper:

GUATEMALA
Country strategy paper:

HONDURAS
Country strategy paper:

NICARAGUA
Country strategy paper:
Strategy paper on poverty reduction and sustainable development:
National operative plan for development:
http://www.pnd.gob.ni/

PANAMA
Country strategy paper:
http://www.europa.eu.int/comm/external_relations/panama/csp/02_06en.pdf

MEXICO
Country strategy paper:
Agreement on scientific and technical cooperation:
Agreement on association, cooperation and political cooperation:
Agreement on association, cooperation and political cooperation:
Agreement on free trade in services:
Agreement on free trade in goods:
First Mexico – European Union Summit (2002):
http://europa.eu.int/comm/external_relations/mexico/intro/ma05_02_en.htm
First EU – Mexico Civil Society Forum:

CHILE
Country strategy paper:
Framework cooperation agreement:
http://europa.eu.int/smartapi/cgi/sga_doc?smartapi!celexapi!prod!CELEXnumdoc&lg=EN&numdoc=22002A1230(01)&model=guichetti
Towards a new association agreement:
ANNEX 2 : GLOSSARY

To facilitate understanding, the list below sets out terms and acronyms used in this publication and in other documents on the same subject.

ACN : Andean Community of Nations.

ACP : Africa–Caribbean–Pacific. The group of ACP countries that have privileged relations with the EU was established by the signing of the first Lomé Convention with the EEC in 1975. In 2004 it comprised 70 countries.

LFA : Academic Training in Latin America. Regional Latin America–EU programme of cooperation in the fields of higher education.

AL-Invest : Regional business cooperation programme between European and SMEs and companies in Latin America.

@LIS : Alliance for the Information Society. Regional cooperation programme for the promotion of the information society and to combat the “digital deficit”.

ALURE : Regional cooperation programme in the field of energy.

ASEAN : Association of Southeast Asian Nations, comprising Bur-ma/Myanmar, Brunei, Cambodia, Indonesia, Laos, Singapore, Thailand and Vietnam.

AUNP : ASEAN–EU University Network Programme, a programme for cooperation between universities in the EU and ASEAN.

CARDS : EC assistance programme for the reconstruction, development and stabilisation of the Balkan States.

CARICOM : Community and Common Market of the Caribbean, the main objective of which is to promote regional economic integration.

CARIFORUM : Forum for debate intended to promote the regional integration of the Member States of the ACP group.

CFSP : Common Foreign and Security Policy of the European Union, which has been in the process of formulation since the Maastricht Treaty of 1992.
COTONOU AGREEMENT: New ACP–EU Association Agreement concluded in February 2000 for a period of twenty years (2000–2020) and which, together with its finance protocol, is reviewed every five years. It replaces the fourth Lomé Convention (Lomé IV).

CSP: Country Strategy Paper: document drawn up by the EC and the partner country, which establishes the bases of cooperation activities for a given period, normally five years.

DC–ALA REGULATION: Regulation of the European Parliament and the Council which regulates the European Community’s cooperation with the countries of Asia and Latin America.

DIPECHO: Disaster prevention programme of the European Humanitarian Aid Office (ECHO).

EAA: Economic Association Agreements. Trade agreements between the EU and the ACP regions that comply with WTO rules, whose objective is the progressive elimination of obstacles to trade and the intensification of cooperation in all related fields.

EBRD: European Bank for Reconstruction and Development.

EC: European Community (see also EU).

EDF: European Development Fund. This finances projects and programmes in the ACP States and in the overseas countries and territories of the Member States of the EU. The ninth EDF, which covers the first five years of the Cotonou Agreement, amounts to 13.5 million.

ECHO: European Humanitarian Aid Office. The world’s largest donor of humanitarian and emergency aid.

ECLAC: Economic Commission for Latin America and the Caribbean.

EIB: European Investment Bank.

EIDHR: European Initiative for Democracy and Human Rights.

EU: European Union. Established on the bases of the EEC (European Economic Community), the ECSC (European Coal and Steel Community) and EURATOM (European Atomic Energy Community), and comprising 25 Member States (see Chapter I).

EURONAID: Association of European non-governmental organisations for food and emergency aid.

EUROSOCIAL: Regional cooperation programme launched at the Guadalajara Summit (May, 2004), whose aim is the promote social cohesion in Latin America.
**FAO**: Food and Agriculture Organisation of the United Nations.

**FLEX**: System for the compensation of financial imbalances in the ACP countries caused by significant export income losses.

**GSP**: Generalised System of Preferences. It grants preferential, quantitatively unlimited tariff advantages unilaterally, in accordance with the principle of non-reciprocity, to 180 developing countries, transitional economies and dependent territories. The tariff advantages are determined as a function of the products imported (sensitive and not sensitive). There is a GSP Drugs, which applies to Andean and Central American countries, whose aim is to find outlets for exports of alternative crops and to promote social and economic development, especially by means of industrialisation.

**HIPC**: Highly Indebted Poor Countries.

**IADB**: Inter-American Development Bank.

**IADC**: Inter-American Drug Abuse Control Commission.

**LAC**: Latin America and the Caribbean. Bi-regional strategic association promoted by the EU.

**LOMÉ CONVENTION**: The first Lomé Convention, signed in 1975, included the then nine Member States of the EC and 46 ACP countries. It was renewed four times between 1975 and 2000 before being replaced by the Cotonou Agreements.

**MDG**: Millennium Development Goals.

**MEDA**: Regional cooperation programme between the EU and countries on the southeast coast of the Mediterranean.

**MEMORANDA OF UNDERSTANDING – MoU**: Bilateral agreements between the EU and its partners, which establish the priorities and indicative budgets for development cooperation for a given period, at present usually from 2000 to 2006. Produced in parallel with the country strategy papers and used during their finalisation.

**MERCOSUR**: Southern Cone Common Market. Regional integration organisation.

**NGO**: Non-governmental organisations.

**OAS**: Organisation of American States.

**OECD**: Organisation for Economic Cooperation and Development. It includes the world’s most highly developed economies.

**OECS**: Organisation of Eastern Caribbean States.
**PCM** : Project Cycle Management: management of the project cycle. Methodology used by the main actors in development aid. See Chapter 9.

**PHARE** : Poland and Hungary: aid for economic restructuring. Later extended to Bulgaria, the Czech Republic, Estonia, Latvia, Lithuania, Slovakia and Slovenia, it has served, together with other instruments, to help those countries prepare themselves for accession to the EU.


**RÍO GROUP** : Political consultation instrument that addresses subjects of common interest for the countries of Latin America and the Caribbean.

**SAARC** : South Asian Association for Regional Cooperation. It includes Bangladesh, Bhutan, India, the Maldives, Nepal, Pakistan and Sri Lanka.

**STABEX** : System in use until the ninth EDF to compensate export earnings losses in the ACP countries caused by fluctuations in prices or in the demand for agricultural products.

**SYSMIN** : System in use until the ninth EDF for mitigating the effect of earnings obtained from the production and sale of mineral products.

**SWAP** : Sector-Wide Approach. A specific approach for sectoral development. See Chapter 8.

**TACIS** : Technical Assistance for the Commonwealth of Independent States. Cooperation programme between the European Union and the republics that emerged from the former Soviet Union.

**URB-AL** : Regional cooperation programme intended to develop links between local European and Latin American organisations by the exchange of experiences in the field of urban policies.

**WFP** : World Food Programme of the United Nations.

**WHO** : World Health Organisation.

**WTO** : World Trade Organisation
This publication has been produced with the assistance of the European Union. The contents of this publication are the sole responsibility of the authors (Leda Rouquayrol Guillemette, Santiago Herrero Villa) and can in no way be taken to reflect the views of The European Union.

Editeur : Association CEFICALE - France
Conception graphique : JPB communication - France
Imprimé en France

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ISBN 2-9524330-0-3

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Santiago Herrero Villa

Journalist and expert on Communication on EU affairs. Between 1998 and 2004 headed Information and Communication services at the EuropeAid Cooperation Office in the European Commission, where he was responsible for the Annual Report on EC External Assistance.

He organised the information networks through EC delegations in Latin America and other parts of the world. He also launched the systematic follow-up of EC funded cooperation project-related information activities through the Commission adoption of Visibility guidelines and the setting up of Information and Communication regional periodical meetings, including project managers and, in some cases, other donors.

He organised in 1999 the first (and single so far) meeting with I&C responsible persons from the 15 member States NGO National Platforms at the European Institute in Florence.

He started working at the European Commission in 1982, as head of publications in Spanish (for Spain and Latin America) and, since then has taken several jobs at this Institution. Has taken part in many seminars and meetings on EU Information and Communication in several Spanish and European Universities and has been guest lecturer at ICADE in Madrid and the European Institute for Public Relations and Lobby in Brussels.

Before entering the European Commission, worked in several Spanish media and was the editor in chef of the international relations magazine “Mundo Diplomático.”

He has written many articles for the media and several University communications.
Leda Rouquayrol Guillemette

Project manager for the “Guide on Cooperation European Union – Latin America”, supported by the European Commission’s EuropeAid Cooperation office LFA programme. She is responsible for the courses on cooperation at the University of Paris III New Sorbonne’s Institute for High Studies on Latin America (IHEAL) as well as in other European and Latin American universities.

Professor on Latin American civilisation and member of the Research group “Identities and Cultures”, she teaches at the faculty of International Affairs in Le Havre University since 1989. There, she created the master on Commerce with Latin America, the training programme for Latin American jurists in Europe and organised the Seminar on the working of European Institutions, made under the High Patronage of the European Parliament Presidency.

Diploma on Political Studies by Paris IX-Dauphine University “Decisions, Space, Power” and Doctor on Civilisation, she presented her Thesis in 1994 “The Evolution of Violence in Brazil, through the study of violent crimes during the 1980s”. Doctor on Law by the Federal University of Ceará.

Between 2000 and 2003, she was national detached expert at the European Commission, at the Directorate-General for External Relations and, later on, at the EuropeAid Cooperation Office. There she was responsible for the EC Annual Report of Activities and the Annual Report on the Implementation of EC Financial Assistance to Latin America, in close contact with EC Delegations, concerning EC funded cooperation programmes and projects in that region. While in Brussels, she was president of the National Experts Liaison Committee, gathering 170 French experts working at the European Institutions.

The subjects of her last publications are Democracy, Social Cohesion, and management of EC external assistance, regional integration and the reform of the management of the EC financial assistance, among others.
CEFICALE Is a non-profit organisation conceived to continue activities following the publication of the Guide on the Cooperation between the European Union and Latin America, edited in the framework of the European Commission’s LFA programme. This booklet is already on distribution in four languages among more than 100 European and Latin American universities.

We all know the fate of many projects undertaken in the framework of Cooperation policy. Once they have been launched and concluded, they may disappear, covered by the following project waves. CEFICALE will try to guarantee that the different project partners’ interest and collaboration will endure in time and space. CEFICALE will try to create interest on the subject within those institutions, mainly universities that have not shown up yet and, especially, in those from the ten member States adhered to the EU in 2004. In this regard, the existence of the Guide is already a solid basis to prepare academic training on this issue. CEFICALE is willing to help with any means at its disposal, mainly know-how and experience, at anybody’s request.

By using the specific terminology of the cooperation sector, CEFICALE intends to ensure continuity to the publication project financed by the European Commission; give its contribution to the appropriation of this project by beneficiary universities and push for sustainability and durability of the efforts invested in the publication. The final goal is to reach the point where Civil Society finds itself in a position to update this knowledge and spread it to all those sectors possibly interested in the issues of cooperation between Europe and Latin America.

35, Rue du 129è - BP 525 - 76058 LE HAVRE CEDEX - FRANCE
Tél : + 33 (0) 2 35 19 23 60 - Fax : + 33 (0) 2 35 21 49 18
Site : www.ceficale.org - Email : contact@ceficale.org