

# Report on South-South Cooperation in Ibero-America 2009



SEGIB Studies No. 4

# Report on South-South Cooperation in Ibero-America 2009



Secretaría General  
Iberoamericana

Secretaria-Geral  
Ibero-Americana

Secretaría General Iberoamericana [SEGIB]

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28008-Madrid

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November 2009

Author:

Cristina Xalma - Researcher, Ibero-American General Secretariat [SEGIB]

Director:

Jose Maria Vera, Planning Director, Cooperation Secretariat  
Ibero-American General Secretariat [SEGIB]

Cover photos:

Bilateral Horizontal/South-South Cooperation between Colombia and Cuba: "Promotion of Sericulture and the Transformation of Silk Cocoons into Handicrafts." Partners: for Colombia, the Cauca Sericulture Development Corporation (CORSEDA), and for Cuba, the Indio Hatuey Grass and Forage Experimental Station (Ministry for Higher Education – MES).

Published by: Pentacrom

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## INTRODUCTION

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## INTRODUCTION

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In November 2007, at the XVII Summit in Santiago, Chile, the Ibero-American Conference member countries explicitly declared their support for South-South Cooperation in Latin America. Accordingly, paragraph 38 of the Program of Action adopted at this Summit, instructed the Ibero-American General Secretariat (SEGIB) to prepare an annual report on South-South Cooperation.

In the framework of this declaration, SEGIB will present the third *Report on South-South Cooperation in Ibero-America - 2009* to the XIX Summit in Estoril. The report reviews South-South Cooperation events in the region in 2008, under its diverse modalities - Horizontal Bilateral, Horizontal Regional, and Triangular. The Report presents what happened in 2008 under each modality, changes with respect to 2007, and a selection of Good Practices.

Some important changes were made to the Report this year. An introductory chapter provides insight about the vision of South-South Cooperation held by the Ibero-American countries. These views arose from discussions among the Cooperation Officers at meetings held in 2009, and will be the subject of further reflection and debate.

The Report is now an integral part of the Ibero-American Program to Strengthen Horizontal South-South Cooperation approved at the XVIII Summit in San Salvador in October 2008. This Program is the culmination of efforts spearheaded by the Cooperation Officers in 2007 to promote improved information systems in the countries, training for teams, and building a Good Practices Data Bank. Progress achieved in the framework of the Program will undoubtedly result in future enhancements to the methodology and processing of data, and in the results featured in this Report.

In closing, we wish to draw attention to the valuable participation of two international organizations: the Latin American and Caribbean Economic System (SELA) and the United Nations Development Program (UNDP). The former shared inputs on South-South Cooperation for Trade Facilitation; the latter supported publication and dissemination of the Report, and wrote the prologue. For the Ibero-American General Secretariat the sum of all efforts converges into what is, without a doubt, the commitment embodied in this Report: to contribute to the consolidation of South-South Cooperation as a tool to improve the development and wellbeing of the Ibero-American people.

**Enrique V. Iglesias**  
Ibero-American Secretary General

**Miguel Hakim**  
Secretary for Ibero-American Cooperation

## Ibero-American Cooperation Officers as of 1 November 2009

COUNTRY	AGENCY	CONTACT
Andorra	<i>Ministry of Foreign Affairs, Culture and Cooperation</i>	<i>Mrs. María Ubach</i>
Argentina	<i>Ministry of Foreign Affairs, International Trade, and Worship</i>	<i>Mrs. Julia Levi</i>
Bolivia	<i>Ministry of Planning and Development</i>	<i>Mr. Javier Fernández</i>
Brazil	<i>Brazilian Cooperation Agency (ABC)</i>	<i>Mr. Marco Farini</i>
Colombia	<i>International Cooperation Bureau Ministry of Foreign Affairs</i>	<i>Mr. Enrique Maruri</i>
Costa Rica	<i>International Cooperation Bureau Ministry of Foreign Affairs and Worship</i>	<i>Mrs. Circe Villanueva Monje</i>
Cuba	<i>Ministry of Foreign Trade and Foreign Investment</i>	<i>Mr. Orlando Hernández</i>
Chile	<i>International Cooperation Agency (AGCI)</i>	<i>Mrs. María Cristina Lazo</i>
Dominican Republic	<i>Technical Secretariat - Presidency</i>	<i>Mrs. América Bastidas</i>
Ecuador	<i>Ecuadorian International Cooperation Agency (AGECI)</i>	<i>Mrs. Gabriela Rosero</i>
El Salvador	<i>Ministry of Foreign Affairs</i>	<i>Mr. Jaime Miranda</i>
Guatemala	<i>Planning and Programming Secretariat of the Presidency</i>	<i>Mrs. Delfina Mux Canci</i>
Honduras	<i>Ministry of Foreign Affairs</i>	<i>Mrs. Guadalupe Hung</i>
Mexico	<i>Technical and Scientific Cooperation Bureau Ministry of Foreign Affairs</i>	<i>Mr. Máximo Romero</i>
Nicaragua	<i>Ministry of Foreign Affairs</i>	<i>Mr. Valdrack Jaentschke</i>
Panama	<i>Ministry of Foreign Affairs</i>	<i>Mr. Francisco Matos</i>
Paraguay	<i>Ministry of Foreign Affairs</i>	<i>Mrs. Claudia Patricia Aguilera</i>
Peru	<i>Peruvian International Cooperation Agency (APCI)</i>	<i>Mr. Carlos Hely Pando Sánchez</i>
Portugal	<i>IPAD – Portuguese Institute for Development Support</i>	<i>Mr. Manuel Augusto Correia</i>
Spain	<i>Spanish Agency for International Development Cooperation (AECID)</i>	<i>Mrs. Julia Olmo</i>
Uruguay	<i>Ministry of Foreign Affairs</i>	<i>Mrs. Zulma Guelmán</i>
Venezuela	<i>Ministry of Popular Power for Foreign Affairs</i>	<i>Mr. Rubén Molina</i>



## PROLOGUE

The United Nations Development Program (UNDP) attaches great importance to Capacity-Building as a contribution to human development. The United Nations System is committed to helping countries achieve the Millennium Development Goals and other national development targets in a sustainable manner. Latin American and Caribbean countries have identified their own particular challenges in the capacity-building process. Although most countries in the region are classified as Middle Income Countries with skilled assets in many areas, governmental and non-governmental stakeholders point to capacity shortfalls in areas such as strategic planning, program implementation and service delivery, security, justice and the rule of law as well as disaster risk reduction, cooperation for development, energy and environment, and HIV/AIDS. This is particularly true at the sub-national level. Building institutional capacities and skilled human resources must be viewed as a key component for any regional cooperation, technical support or South-South solutions, providing a comprehensive approach for governments in the region to tackle programming and implementation of vital development initiatives at both the national and local levels.

South-South cooperation has become a priority for the region, contributing important elements to the discourse on how to improve development effectiveness. The UNDP plays a vital role in facilitating knowledge, policies, institutional reform and cross-fertilization in learning; all key factors to continue building national capacities to improve policies, planning, monitoring and evaluation, aid coordination and South-South solutions in the region.

This report collects and analyzes horizontal, bilateral and triangular cooperation trends already present and growing in Latin America, drawing attention to the characteristics, flows, actions, patterns and profiles displayed in the experiences of these countries. The findings show there is strong interaction between countries in the region, as well as with countries outside the region, such as some European and Asian countries involved in triangular cooperation processes.

The UNDP has helped countries in the region, encouraging them to share information, knowledge and good practices. What is more, the UNDP has supported facilitation of South-South cooperation in terms of competitiveness, building partnerships between developing countries, sharing experiences and technologies, and promoting networks of experts and institutions.

The knowledge gained by our colleagues has proven invaluable for several countries, enabling them to learn from and replicate successful initiatives in their own context. The challenge we now face is extremely important and as demand for capacity-building programs and projects grows, so must the resources in order to keep pace with demand. Therefore, continued processes such as the one presented in this Report, are vital to help identify successful initiatives capable of being adapted and transferred from country to country. This document offers an opportunity to start the discussion and exchange views on many topics relating to economic development and the roles played by developing countries in a changing world. It is also an avenue to encourage new networks and greater exchange between developing countries to further document and disseminate the experiences of the South and solutions to specific problems.

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I hope government officials, development professionals, consultants and researchers, will find this report extremely useful to help raise awareness about current South-South solutions, replicating good development practices so as to achieve greater coverage of vulnerable populations. National Cooperation Agencies have an important role to play to provide evidence, identify and/or offer potential solutions, build capacities to document, learn and exchange information with other countries, and to promote South-South cooperation together with Capacity Building.

It was a wonderful experience for the UNDP to participate in the preparation of this Report. I wish to thank the SEGIB team and to express my gratitude to the partner countries and governments for making this possible. We believe it is an important starting point, and thank all the individuals and institutions that helped produce this document, and in particular SEGIB, a fundamental partner in this effort.

**Rebeca Grynsan**  
UNDP Director  
Regional Bureau  
Latin America and the Caribbean



**EXECUTIVE SUMMARY**

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## EXECUTIVE SUMMARY

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The first chapter of this report provides an overview of South-South cooperation from the perspective of Ibero-American countries. The text was drafted with inputs from the twenty-two Cooperation Officers of the Ibero-American Conference. As noted, South-South cooperation experienced a renewed push in recent years owing to its diversification of instruments and participants alike, becoming a point of reference worthy of consideration at international fora on South-South cooperation, and developing its own agenda for discussions centered on how to achieve *more and better* South-South cooperation.

Latin America has not been a passive player in this evolution. Quite the contrary, the region helped shape the evolution of South-South cooperation, encouraging debate on this modality, actively participating at the most important international cooperation fora. Furthermore, it drove the expansion under quite distinct modalities, notably *Horizontal/South-South Cooperation* (in both the *Bilateral* and *Regional* versions), and *Triangular Cooperation*.

Thus, in 2007 and 2008, *Bilateral Horizontal/South-South Cooperation* initiatives increased by 27% in Latin America, growing from 1,480 to 1,879. Of the almost 1,880 initiatives reported, Cuba, Argentina, Mexico and Brazil were the *donor partners* in almost 80% of the cases. The partners in the remaining 20% were Chile, Venezuela, Colombia and, in a few exceptional cases, Uruguay, Costa Rica, Honduras, Nicaragua, El Salvador, Panama, Peru and Ecuador. As *recipient partners*, Venezuela and Paraguay (given their special relations with Cuba and Argentina, respectively) accounted for over half of the cooperation initiatives (some 740 projects). Another 18% went to El Salvador and Bolivia, and the rest was shared between two major groups: one group comprised of countries whose relative participation in all initiatives ranged from 2.6% to 4%, and the other group made up of countries that never received more than 2.5%. The first group includes countries in the Caribbean Basin (Cuba and the Dominican Republic), the Andean region (Ecuador, Peru and Colombia) and Central America (Nicaragua and Honduras). The second group is made up of countries located in the Southern Cone (Brazil, Uruguay, Argentina and Chile), plus Mexico and Panama.

The breakdown into activity sectors shows some 1,000 initiatives in 2008 targeted economic sector capacity-building (almost 55% of the 1,879 reported). The remainder – close to 850 – were split more or less equally between initiatives to improve the social conditions for Latin American people, and those seeking to have a positive effect in other areas such as culture, gender, institution-building, humanitarian aid, disaster prevention, or environment. Only 2.7% of regional initiatives did not fit a sector classification.

The sectoral distribution of initiatives was determined by the partners' *needs and capacity profile*. In effect, most initiatives classified by principal *donor partner* focused on economic issues: 70% in the case of Cuba; 60% for Argentina; about 50% for both Brazil and Venezuela. Chile and Colombia, on the other hand, contributed mostly (45% and 50%, respectively) to institution-building, the environment, humanitarian aid, or disaster prevention. None of these partners concentrated the bulk of cooperation in social sectors, although the relative participation of this sector measured against the total number of initiatives ranged widely from a minimum of 11% in the case of Argentina to a maximum of practically 40% for Venezuela.

From the *recipient partner* angle, 70 to 80% of the cooperation sought by Venezuela, Cuba and Paraguay targeted the economic sector. Economic cooperation was also important for Peru and Nicaragua, although the proportion was relatively lower at 50% and 35%, respectively. Other *recipient partners* (El Salvador, Costa Rica,

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Colombia, Ecuador and the Dominican Republic) focused on institution-building, assistance to recover from the 2008 natural disasters, and environmental improvements. Lastly, Bolivia received the highest proportion of cooperation for social sectors (about 35.4%), whereas this sector accounted for less than 20% in other countries.

Although available information is still partial and/or incomplete and the methodology used needs to be perfected, calculations show that the economic cost for some of these initiatives in 2008 exceeded US\$13 million. Also, about 80% of this amount – i.e., some US\$10.3 million – went to finance initiatives executed by Brazil as donor partner. The remaining US\$2.7 million covered cooperation delivered by Chile, Argentina, Mexico and Colombia to other countries of the region.

Looking at this data from another angle, more than 20% of the estimated US\$13 million in cooperation in 2008 covered the economic cost of initiatives in which Paraguay was the recipient partner. Available data further show that Uruguay was the recipient of some US\$1.73 million (13% of the total). The initiatives involving Cuba, Peru, Bolivia, Ecuador, Costa Rica, Panama, El Salvador, Argentina, Mexico, Colombia, Honduras, Guatemala and Nicaragua ranged from a minimum cost of US\$250,000 to US\$1.25 million. Amounts received by other countries were smaller and/or not significant.

In 2008, 72 initiatives/projects reported in Latin America were executed under the *South-South cooperation* (SSC) and *triangular cooperation* (TC) modalities. In 60% of the cases of triangular cooperation, Chile and Mexico were the technical executors of the cooperation in their capacity as *new provider* (35% and 25% of the total, respectively). Brazil, Argentina and Costa Rica accounted jointly for 30%, whereas Bolivia, Colombia and Cuba were involved in one-time operations (1.5% in each case).

Most of the financing for triangular cooperation operations was provided by Japan and Germany as *traditional donor*, accounting for 67% and 24% of cases, respectively. The remaining 9% was provided by other conventional partners, including Spain. It is worth noting that the strong presence of Japan and Germany, and Spain's growing participation, were influenced by the treatment afforded in their respective international cooperation strategies to triangular cooperation with Latin America.

On the beneficiary side of triangular cooperation, Ecuador stands out with practically 27% of the total operations carried out under this modality. The rest of the triangular cooperation was shared, in order of relative importance, by Nicaragua, Paraguay and El Salvador (relative share ranging from 10 to 20%); Guatemala, Colombia and Bolivia (more than 5%); Honduras (4%), Dominican Republic, Costa Rica and Peru (under 5%).

Because of their characteristics (multisectoral market and greater scientific and technological complexity), triangular cooperation initiatives were aimed at sectors such as the environment (solid waste or catchment basin management); strengthening government (implementation of territorial development and urban management methodologies); agriculture (research and phytosanitary applications); health and reproductive health (from research to implementation of new techniques); social policies (construction of earthquake-resistant housing); and water supply and sanitation.

Although complete data about the economic costs of triangular cooperation initiatives are not available, records indicate that the projects executed by Brazil and Chile amounted to at least US\$575,000 and US\$365,000, respectively. In addition, financing from Canada, Japan and Germany to support triangulation in the region ranged from US\$85,000 to US\$150,000 at a minimum. Other available data either refer to specific operations and/or are not significant.

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As for the third modality – *Regional Horizontal/South-South Cooperation* – and as also noted last year, the Latin American regional integration organizations adopted cooperation systems with their own, quite distinct characteristics. Furthermore, these systems do not systematically promote horizontal initiatives but instead these appear in short-term operations or as the result of diverse dynamics. Some projects executed in 2008 in the framework of the Bolivarian Alternative for the Americas (ALBA), the Andean Community of Nations (CAN), the Mesoamerican Project, MERCOSUR, and the Ibero-American Conference, displayed the general traits of a *Regional Horizontal/South-South Cooperation* project. More needs to be done, however, to identify a larger number of projects and to adjust the conceptualization of this modality to the reality of these regional systems.

Good Practices were identified in *Bilateral Horizontal/South-South Cooperation* and in *Triangular Cooperation* carried out in 2008. The selected experiences involved Argentina, Chile, Colombia, Mexico, and Venezuela (*donors* in bilateral projects or technical executing agencies in triangular cooperation initiatives); and Bolivia, Cuba, El Salvador, Nicaragua, Panama, Paraguay, Dominican Republic and Uruguay (*recipients*). These initiatives covered diverse sectors such as food security, local development, environmental protection or the strengthening of human rights, among others. The Good Practices qualifier resulted from positive evaluations both for project design and development and for the resulting outcomes. Implementation of the Ibero-American Program to Strengthen Horizontal/South-South Cooperation, approved by the San Salvador Ibero-American Summit in 2008, will be an invaluable tool to help identify similar ideas and initiatives for publication in future issues of the Report.

The boost in South-South cooperation in Latin America coincided with the region's progressive crowding-out as a beneficiary of global Official Development Assistance (ODA). In effect, Latin America's relative participation in the world total for 2008 amounted to 4.3%, its lowest percentage since the beginning of the decade. The drop was not even offset by the scaling up of aid from Spain, delivering almost US\$1.3 billion in 2008 (up 25% from the previous year), becoming one of the largest donors in the region with the United States. As in previous years, the largest proportion of regional ODA went to Central American and Andean countries, in addition to Brazil whose ODA increased to the extent the country now ranks sixth in terms of largest relative volume.

Lastly, this Report presents a preliminary review concerning an emerging modality: South-South cooperation for Trade Facilitation, contributed by the Latin American Economic System (SELA). For the time being, progress remains at the conceptual level. We intend to identify regional experiences that fit this modality of cooperation for analysis in future issues of the Report.

CHAPTER I  
SOUTH-SOUTH COOPERATION

## The Ibero-American Conference and South-South Cooperation

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The Ibero-American Summit is the annual meeting of Heads of State and Government of the twenty-two countries in Latin America and Europe where Spanish and Portuguese are spoken.<sup>11</sup> The idea was born at the event commemorating the five-hundredth anniversary of the encounter between two worlds, when Spain proposed convening an Ibero-American Summit. The first Summit in Guadalajara, Mexico, in 1991, adopted the objectives of the Ibero-American Conference, underscoring the political will of the Ibero-American governments to advance solutions for the challenges facing the region, translating the Ibero-American nations' common historical and cultural bonds into an instrument for unity and development based on dialogue, cooperation and solidarity.

The Ibero-American Cooperation System was created with the intent of providing an institutional framework to regulate cooperation within the Ibero-American Conference. Presently, the Ibero-American Cooperation System is coordinated by the Ibero-American General Secretariat (SEGIB) whose duty it is to articulate, strengthen, and assure the quality of this cooperation.<sup>111</sup>

Since 2007, SEGIB, together with the 22 Ibero-American Cooperation Officers, have prepared an annual report that, in this – its third edition – provides general information on the most relevant South-South cooperation (SSC) projects carried out in the region.

This chapter was drafted with inputs from all the Cooperation Officers to serve as an introduction to this third edition of the Report. Given the diverse approaches and practices, the concepts reflected in these pages are but a first attempt that will continue to evolve and mature with the participation of the twenty-two Ibero-American countries.

<sup>1</sup> This Chapter is based on proposals from Argentina and Mexico reflecting discussions held among the Cooperation Officers. The text also incorporates comments submitted by other Ibero-American countries. Chapter I does not represent the opinion and position of the Bolivarian Republic of Venezuela with respect to South-South Cooperation. The contents of this Chapter will remain open for further discussion and comment at future meetings.

<sup>11</sup> The member countries of the Conference are Andorra, Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Paraguay, Portugal, Spain, Uruguay and Venezuela.

<sup>111</sup> At the V Ibero-American Summit held in San Carlos de Bariloche (Argentina) in 1995, member countries signed the Agreement for Ibero-American Cooperation in the Framework of the Ibero-American Conference, creating the Ibero-American Cooperation System as the guiding principle for cooperation programs and projects emanating from the Conferences. The Agreement for Ibero-American Cooperation entered into effect on 4 December 1996.

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## International Cooperation Resources and Middle-Income Countries

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The Millennium Summit in 2000 provided the international community, for the first time, with quantifiable objectives, goals and indicators enshrined in the “Millennium Development Goals” (MDG). In a world with a scarcity of funds to finance the MDGs to ensure their attainment by 2015, the “International Conference on Financing for Development” held in Monterrey in 2002, adopted the Consensus that bears the same name. At this event, among measures relating to trade, debt forgiveness and national resources for developing countries, donors ratified the commitment to earmark 0.7% of GDP to achieve the MDGs.<sup>iv</sup>

The former downward trend in global Official Development Assistance (ODA) was reversed in recent years with global aid reaching US\$120 billion in 2008, a five-fold increase with respect to five years earlier.<sup>v</sup> Nonetheless, this amount only represents 0.3% of donor country GDP, far below the 0.7% goal set by the United Nations. What is more, resources earmarked for Latin American have stalled at about US\$5 billion, down from the expected 10% of the total to less than 5%.<sup>vi</sup>

This fact reflects the tendency to concentrate ODA flows towards the less developed countries to the detriment of the so-called middle-income countries (MIC) – a category attaching to practically all Latin American countries. Because the classification solely uses a “per capita income” indicator, it is only relatively useful in measuring each country’s cooperation needs as it standardizes situations without identifying existing asymmetries among middle-income countries. The current indicator thus hides realities that deserve the international community’s attention through ODA. It is therefore necessary for further efforts to be made to better understand the classification criteria, especially in the context of the current financial crisis.

From the above, it can be inferred that cooperation is not static but evolves over time. Thus, the heterogeneity of middle-income countries demands that international development assistance be conceived as an integral system to support countries’ efforts to achieve economic and social progress as part of their development process, modulating the intensity and adapting the content of assistance to the specific needs at each stage.

To crowd out the MICs from ODA focus is equivalent to penalizing them for having reached a certain level of development. It also curtails their potential to become development partners in joint efforts to help other less developed countries.

On the other hand, the reduction in ODA for the MICs was one of the factors driving some of our countries to redouble efforts in the delivery of South-South cooperation to respond to the development needs of others. Thus, the MICs present a clear duality: on the one hand, they are donors for other countries of equal or lesser development but, on the other hand, they continue requiring ODA for strategic sectors.<sup>vii</sup>

<sup>iv</sup> UN General Assembly Resolution A/CONF.198/3, “International Conference on Financing for Development” – 1 March 2002, p. 9.

<sup>v</sup> See <http://www.oecd.org/dataoecd/46/19/43161677.pdf>

<sup>vi</sup> See <http://oecd.org/dac/stats/idsoline>, and SEGIB (2008). *El Informe de la Cooperación Sur-Sur en Iberoamérica*, p.116

<sup>vii</sup> As a result of this situation, countries in our region joined forces and participated actively at international fora to discuss the conceptual basis for the classification, as well as the directions for cooperation with this group of countries. The most recent Forum was the “Third International Ministerial Conference on Developmental Cooperation with Middle-Income Countries” held in Windhoek, Namibia, from 4 to 6 August 2008.

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## The Buenos Aires Plan of Action

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The 2007 Report of the United Nations High Level Committee on South-South Cooperation recognized that this form of cooperation had intensified significantly, driven by solidarity, the excellent economic results achieved by several developing countries, the increase in activities working towards subregional and regional integration, and the attention paid to poverty reduction in the framework of initiatives undertaken to achieve the MDGs.<sup>viii</sup>

Interestingly, this cooperation that today is making significant inroads began more than 30 years ago. As a matter of fact, a crucial milestone in the history of South-South cooperation occurred in Buenos Aires, on 12 September 1978, when delegations from 138 States adopted by consensus a Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (TCDC).<sup>ix</sup>

The idea was to unite the Southern, Northern, Eastern and Western parts of the world to promote TCDC, with the sights set on building a true global partnership for development. But let us not forget that SSC precedes the 1978 Declaration of Buenos Aires. It took fully five years just to negotiate and draft the document, a period during which numerous conferences were held throughout the world to analyze and discuss the matter.<sup>x</sup>

The Buenos Aires Plan of Action (BAPA) was unique in its time and of its kind in that it introduced deep changes to the criteria applied to development assistance, giving greater weight to the national and collective capacity of developing countries to resort to their own means, thus setting the stage for a new international economic order based on cooperation among developing countries.

The BAPA helps to understand TCDC actions, when it states, in paragraph 5, that *“It is a vital force for initiating, designing, organizing and promoting co-operation among developing countries so that they can create, acquire, adapt, transfer and pool knowledge and experience for their mutual benefit and for achieving national and collective self-reliance, which are essential for their social and economic development.”*

The BAPA, stemming from the United Nations Conference on Technical Cooperation among Developing Countries,<sup>xii</sup> outlines the best practices for TCDC. However, it clearly states that in no way does it seek to reduce the “responsibility of developed countries.” In other words, developing countries are adopting a path to action on their own, in parallel with cooperation efforts realized by developed countries that does not substitute traditional cooperation initiatives.

The BAPA scope of application is much broader than the current concept of ODA that in most cases is tied to achieving the MDGs, as it includes many additional areas and sectors for cooperation. This factor differentiates South-South from traditional North-South cooperation.<sup>xiii</sup>

<sup>viii</sup> See SSC/15/1. 15th session, New York, 29 May-1 June 2007, Item 2 of the provisional agenda, [http://ssc.undp.org/unssc\\_uploads/HLC\\_reports/hlc15/SSC15-1\\_ENG.pdf](http://ssc.undp.org/unssc_uploads/HLC_reports/hlc15/SSC15-1_ENG.pdf), consulted on 17 September 2009.

<sup>ix</sup> See [http://tcdc.undp.org/knowledge\\_base/bapa\\_english.aspx](http://tcdc.undp.org/knowledge_base/bapa_english.aspx)

<sup>x</sup> See [http://tcdc.undp.org/knowledge\\_base/bapa\\_english.aspx#emblem](http://tcdc.undp.org/knowledge_base/bapa_english.aspx#emblem)

<sup>xi</sup> Stemming from the Conference that adopted the BAPA, the United Nations General Assembly in 1978 established the Special Unit for South-South Cooperation (SU/SSC). Hosted in UNDP, the SU/SSC receives policy directives and guidance from the General Assembly High-Level Committee on South-South Cooperation. See <http://ssc.undp.org/aboutus.aspx>

<sup>xii</sup> Paragraphs 6 and 8 of the BAPA: “This in no way reduces the responsibility of developed countries to undertake the necessary policy measures, in particular, the increase of development assistance for accelerated development of developing countries.” ... *TCDC is neither an end in itself nor a substitute for technical co-operation with developed countries.* [Emphasis added].

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## A vision of South-South Cooperation in Latin America

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Thirty-one years after the adoption of the Buenos Aires Plan of Action, South-South cooperation has recently gained new momentum, engaging the countries promoting the modality to provide cooperation as a partnership for development, based on working together and building capacities.

Presently, there is no generally accepted definition for South-South Cooperation. However, its principles were laid down in the framework of the 1978 United Nations Conference, stating that SSC *“is a conscious, systematic and politically motivated process developed to create a framework of multiple links between developing countries.”*<sup>xiv</sup> This process ensures that cooperating countries do not interfere in the affairs of other states, emphasizing equality among partners and respect for local development content.

South-South cooperation is a viable option to support development using the resources and experiences that countries are able to share with others of equal or less development in a process of mutual cooperation. In practice, it is a form of independent cooperation, not based on economic criteria, that offers strategic partnerships between equals to attain common objectives. Everyone benefits from South-South cooperation as there are lessons to learn and knowledge to be shared in both directions.

The practice growing out of South-South cooperation suggests it is advisable to replace concepts such as “development assistance” used by traditional donors, by “international development cooperation”, the term preferred by stakeholders as it better fits the new reality.

### **The following criteria and strengths help provide a better understanding of South-South cooperation in our region:**

1. South-South cooperation is based on solidarity to build capacities through technical cooperation. This is a voluntary commitment among countries having decided to jointly address the challenges of development, poverty and inequality.
2. This form of cooperation targets all sectors and ambits on an as-needed basis, avoiding a vertical assistance-based relationship in the pursuit of development, opting for a horizontal partnership among stakeholders as its driving principle.
3. South-South cooperation does not substitute for nor is it an auxiliary or an instrument of traditional North-South cooperation. Instead, SSC seeks to coordinate plans and programs with North-South cooperation whenever possible, adding its own experience to achieve the best results efficiently and cooperatively. This coordination is channeled through the needs of developing countries expressed in their national plans and priorities.

<sup>xiii</sup> Paragraph 17 of the BAPA recommends TCDC target actions “in such fields as employment and development of human resources, fisheries, food and agriculture, health, industrialization, information, integration of women in development, monetary and financial co-operation, raw materials, science and technology, technical co-operation and consultancy service, telecommunications, tourism, trade, and transport and communications...”

<sup>xiv</sup> As part of the preparatory work for the United Nations Conference on Technical Cooperation for Developing Countries (TCDC), the Administrator of UNDP convened a Panel of Consultants on Technical Co-operation among Developing Countries in Kuwait, June 1977, where the term South-South Cooperation was coined.

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4. The strength of South-South cooperation lies in the relationship among stakeholders offering and seeking benefits based on reciprocity.
  5. South-South cooperation is widely accepted as it arises from agreements between countries facing similar domestic and global challenges, ensuring actions are adapted to common needs and perspectives. This promotes mutual understanding, the sharing of management models already implemented by other Southern countries and the taking into account of successes as well as mistakes and lessons learned.
  6. South-South cooperation, as described in the BAPA, is executed in multiple sectors and its special strength lies in technical cooperation and capacity-building. The experts sent by countries to execute SSC are specialists and technicians with great expertise in their respective field of activity as they are drawn from the ranks of their own administration. Therefore, SSC experts imply a cost that must be recognized by other cooperation actors.
  7. Developing countries, especially when from the same region, share common experiences as well as cultural ties that facilitate mutual understanding and can enhance cooperation project and program effectiveness.
  8. Technologies are used effectively by the countries involved in South-South cooperation because the technological resources of the developing countries providing the cooperation are readily adaptable, thereby facilitating their use, maintenance and conservation.
  9. The strength of South-South cooperation lies in the efficient and effective use of all types of resources, thereby containing costs and building on a broad range of experiences.
  10. This cooperation favors relations among countries in the same region, promoting integration and good neighborly relations, and with partner countries in other regions, building partnerships.

South-South cooperation has paved the way for new forms of interventions, such as Triangular Cooperation. In triangular cooperation, the MICs play a crucial role as providers of skilled human resources, their own “case study” expertise, suitable technologies, and resources in kind. Triangular cooperation offers clear evidence that this is not a static activity, rather one that evolves over time. Just about a year ago triangular cooperation was understood exclusively as that resulting from a strategic partnership between a traditional donor, a provider of development cooperation, and a beneficiary third country. Today, there are successful examples of triangular cooperation between countries that promote South-South cooperation. Traditional donors are updating their triangular cooperation models, recognizing the substantial contributions made by South-South donors through their experts, among others.

Thus, traditional donors benefit from strategic associations with MICs executing South-South cooperation. Not only are they able to channel resources but also make use of their donor expertise to multiply the potential of developing countries through triangular programs that support examples of successful South-South cooperation.

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## The international agenda for more effective cooperation

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Following the entry into force of the BAPA, governments and several regional and international agencies, such as ECOSOC, the UNDP, Development Banks, and the Organization for Economic Co-operation and Development (OECD),<sup>xv</sup> among others, have pursued aid effectiveness with the objective of achieving measurable results. Subsequent to the Millennium Summit and the Monterrey Conference in 2005, traditional donors signed the Paris Declaration on Aid Effectiveness.<sup>xvi</sup>

In the Paris Declaration, participating traditional donors—for the most part members of the OECD Development Assistance Committee (OECD/DAC)—assumed major commitments. Many countries questioned the Declaration, believing it did not take into account the perspectives of other cooperation and development stakeholders, such as South-South cooperation, civil society organizations, Sovereign Funds, and non-traditional or non-DAC donors.

The High Level Forum on Aid Effectiveness signed the Accra Agenda for Action (AAA) in September 2008.<sup>xvii</sup> The AAA was negotiated on the basis of commitments agreed in the Paris Declaration, although this time with the participation of partner countries, civil society and non-traditional donors.

The AAA was designed as an agenda to accelerate progress in meeting the commitments agreed in the Paris Declaration,<sup>xviii</sup> recognizing the other actors in international development cooperation, proposing to build more effective and inclusive partnerships for development by working together.<sup>xix</sup>

In paragraph 19, the AAA acknowledges the contributions made by all development actors, “*and in particular the role of middle-income countries as both providers and recipients of aid.*” In particular, the AAA recognizes the importance and particularities of South-South cooperation and acknowledges that we can learn from the experience of developing countries, and encourages further development of triangular co-operation. It should be noted that several Latin American countries were the drivers behind the efforts resulting in the acknowledgement of SSC in the Accra Agenda for Action.

<sup>xv</sup> The OECD hosts the Development Assistance Committee (DAC), whose function it is to record cooperation initiatives for developing countries, especially in financial terms. The DAC groups most developed countries; hence it was the traditional donors that in recent years directly impacted the global agenda for cooperation and development.

<sup>xvi</sup> The Paris Declaration on Aid Effectiveness proposes to respect five key principles for international development cooperation: ownership, harmonisation, alignment, results, and mutual accountability. See <http://www.oecd.org/dataoecd/11/41/34428351.pdf>

<sup>xvii</sup> See <http://www.oecd.org/dataoecd/58/16/41202012.pdf>

<sup>xviii</sup> Predictability: donors will provide 3-5 year forward information on their planned aid to partner countries. Country systems: partner country systems will be used to deliver aid as the first option, rather than donor systems. Conditionality: donors will switch from reliance on prescriptive conditions about how and when aid money is spent to conditions based on the developing country's own development objectives. Untying: donors will relax restrictions that prevent developing countries from buying the goods and services they need from whomever and wherever they can get the best quality at the lowest price.

<sup>xix</sup> Paragraph 9 of the AAA states that “*In recent years, more development actors—middle-income countries, global funds, the private sector, civil society organisations—have been increasing their contributions and bringing valuable experience to the table. This also creates management and co-ordination challenges. Together, all development actors will work in more inclusive partnerships so that all our efforts have greater impact on reducing poverty.*”

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The Doha Declaration on Financing for Development<sup>xx</sup> also acknowledged the contribution and the role played by middle-income countries towards attaining the principal international commitments.<sup>xxi</sup>

We believe the process stemming from the AAA is highly relevant to ODA in order to advance towards effective cooperation based on partnership and principles deriving from decades of cooperation experience. The AAA contains useful provisions to manage and negotiate international cooperation; and expanding and opening the Paris process at Accra to new participants was a positive step.

Presuming that the SSC identity started with the BAPA and flourished through experience, we note that Latin American countries have adopted diverse approaches to the relationship existing between SSC and these processes. Some countries in the region want SSC to move in the direction of the principles and agenda enshrined in the Paris and Accra process, seeking new strategic partnerships between equals with traditional donors. Others prefer to stress that SSC needs its own space and must yet consolidate and reach consensus on its guiding principles and objectives, which need not necessarily be the same as those defined in the Aid Effectiveness process.

In any event, we believe it is positive to conduct joint analyses and dialogues<sup>xxii</sup> to study and assess how to coordinate Paris and Accra with South-South cooperation, and how the latter influences and enriches, from its own experience, the principles underpinning the Aid Effectiveness process.

<sup>xx</sup> <http://www.un.org/esa/ffd/doha/index.htm>

<sup>xxi</sup> See paragraph 49 of the Doha Declaration: "We reiterate our support for South-South cooperation, as well as triangular cooperation, which provides much needed additional resources to the implementation of development programmes. We recognize the importance and different history and particularities of South-South cooperation and stress that South-South cooperation should be seen as an expression of solidarity and cooperation between countries, based on their shared experiences and objectives. Both forms of cooperation support a development agenda that addresses the particular needs and expectations of developing countries. We also recognize that South-South cooperation complements rather than substitutes for North-South cooperation. We acknowledge the role played by middle-income developing countries as providers and recipients of development cooperation. Regional cooperation could also be strengthened as an effective vehicle for mobilizing resources for development, inter alia, by strengthening regional financial institutions to better assist in upgrading critical sectors in developing countries.

[www.un.org/esa/ffd/doha/documents/Doha\\_Declaration\\_FFD.pdf](http://www.un.org/esa/ffd/doha/documents/Doha_Declaration_FFD.pdf)

<sup>xxii</sup> Such discussions have been held in the context of the new Task Team on South-South Cooperation within the DAC Working Group on Aid Effectiveness (WP-EFF). The Task Team includes, among others, Honduras, Mexico, Spain, and is chaired by Colombia. The TT promotes learning from the implementation of the Paris Declaration and South-South Cooperation. Similarly, the DAC organized a *Policy Dialogue on Development Co-operation*, an event that was held in Mexico City on 28-29 September 2009.

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## The new international cooperation architecture

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At the World Summit in 2005,<sup>xxiii</sup> the Heads of State and Government instructed the Economic and Social Council to hold annual ministerial-level substantive reviews to assess progress and follow-up on the outcomes of the internationally agreed development goals (MDGs), and hold a biennial high-level Development Cooperation Forum.<sup>xxiv</sup>

This Forum, one of the key new functions of the ECOSOC, is intended to improve the consistency and effectiveness of activities undertaken by development partners. Examining the trends and progress of international development cooperation, the Forum provides policy guidance and recommendations to improve the quality and the repercussions of this activity. The Forum brings together all the development actors (member countries, United Nations System organizations, the World Bank, the International Monetary Fund, the OECD, regional development banks, and civil society and private sector representatives) to establish a dialogue on fundamental policy matters that affect the quality and impact of cooperation. The Forum takes place under the umbrella of the United Nations, assuring that debates are inclusive, with meetings attended by many stakeholders, offering developing countries and civil society a place to share their inputs.

The ECOSOC High Level Forum is the ideal venue for the countries advocating South-South cooperation to think about the activity, and share their vision and understanding of international development cooperation with traditional donors. Given the wide-ranging attendance by countries, it may also serve as the relevant ambit to articulate, in a comprehensive manner, ideas about the new structure demanded by international cooperation as it faces increasingly complex periods and situations. Therefore, we believe that the duplication of fora should be avoided in favor of consolidating existing bodies.

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## Future developments

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There is no doubt that existing international fora acknowledge the significant presence of new cooperation actors. In this reality with scaled-up international development cooperation flows and mechanisms and growing complexity, South-South cooperation must continuously renew itself, grow and coordinate its actions with other actors and forms of cooperation to seek the best outcomes.

We are aware of the challenges ahead and the need to strengthen our capacity to act. For this reason, we launched the Ibero-American Program to Strengthen Horizontal/South-South Cooperation, approved at the XVIII Ibero-American Summit in San Salvador. This Program aims to enhance the information and coordination systems, train our staff, identify good practices and lessons learned, and continue the task initiated in this document: the debate, and establishing positions and agreements on South-South cooperation.

<sup>xxiii</sup> This was a follow-up summit meeting to the United Nations 2000 Millennium Summit. It was held in New York on 14-16 September 2005, at the 60th session of the United Nations General Assembly.

<sup>xxiv</sup> UN General Assembly Resolution A/RES/60/1, 24 October 2005, p. 33. For additional information about the Development Cooperation Forum, see <http://www.un.org/ecosoc/newfunct/2010dcf.shtml>

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One of the challenges is to develop a methodology to obtain data on cooperation activity and quantify the financing. In order to help advance this task, the third Report on South-South Cooperation in Ibero-American set out with the objective of giving visibility to the international development cooperation actions carried out in this important part of the world.

For the Ibero-American Conference member countries – the Latin American countries involved in South-South cooperation, and the European donors supporting it through triangulations and Ibero-American programs – this activity is the true reflection of our commitment to eradicate poverty and attain a fairer economic order, through partnerships for equitable and sustainable development.

## Historical review of South-South Cooperation (2000-2009)\*

Box I.1 presents regional and international facts and events that determined the dynamics of South-South cooperation from 2000 to the present. The Cooperation Officers have already discussed some of these events in the preceding section, referring to international fora and conferences that, for different reasons, helped shape recent evolutions in South-South cooperation. Some particular events stand out, such as the Millennium Summit (2000), the Monterrey Summit on Financing for Development (2002), and the subsequent Doha review meeting in 2008; the High Level Forums on Aid Effectiveness (Rome 2003; Paris 2005; Accra 2008); or the more recent First High Level Development Cooperation Forum organized by the United Nations Economic and Social Council (ECOSOC) in New York in July 2008.

The other events shown in the Box are those that took place in the period 2000-2009, drawing attention to the pressing need for more and different forms of South-South cooperation. The process described below should be considered from the perspective of events at three levels: all developing countries; within Latin America; and among developing regions.

South-South cooperation first became one of the driving forces at meetings held by developing countries, especially in the context of the Group of 77 (G77) and the Non-Aligned Movement (NAM),<sup>i</sup> two groups that became aware of their vulnerability with the rise of the so-called *new global problems*. On this international stage, the developing world assumed the potential conferred upon it by South-South cooperation to find a response to the problems it faced. Accordingly, at successive summits (in particular at the First and Second South Summits of the Group of 77–Marrakesh, 2003; and Doha, 2005–and the XIV NAM Summit–Havana, 2006), these countries laid claim to South-South Cooperation from two different dimensions: a political dimension, giving them greater participation and say at multilateral institutions and fora; and an economic dimension, especially in its commercial and financial aspects.<sup>ii</sup>

Latin America stands out as the developing region most engaged in South-South cooperation due to the conceptual momentum it gave this modality of cooperation, and to the emergence of increasingly novel experiences blazing the way for South-South cooperation. There is little doubt that owing to the many regional debates,<sup>iii</sup> Latin America surged ahead in building consensuses that were later adopted by larger movements, such as the G77 or the NAM. To illustrate the point, the First South Summit in Marrakesh in 2003, to a large extent used the language of the Caracas Declaration on South-South Cooperation, a declaration crafted at the Regional Preparatory Meeting for the High-Level Conference of the Group of 77 on South-South cooperation. It served to consolidate the defining traits of a cooperation characterized by its “ethical, human and social aspects.”

\* The Annex was compiled by Ms, Cristina Xalma, researcher, Cooperation Secretariat of the Ibero-American General Secretariat (SEGIB).

## Box I.1. Regional and international South-South Cooperation (2000-2009)

Year (month)	Event	Ambit	Contribution
2000 (04)	G77 South Summit of Heads of State and of Government. Havana, Cuba	Multilateral (United Nations/G77)	Discussed how globalization, inadequate access to technologies, and insufficient global ODA, among others, affect developing countries. Sought common solutions, including South-South cooperation. Convened the First High Level Conference on South-South Cooperation for 2003.
2000 (09)	United Nations Millennium Development Summit. New York (United States)	Multilateral (United Nations)	Countries adopted the Millennium Declaration, resolving to work towards achieving the Millennium Development Goals (MDG) by 2015. Goal 8 draws attention to the needs of the least developed countries, and resolves to grant them more generous development assistance.
2001 (08)	10th Meeting of the Inter-Governmental Follow-up and Coordination Committee of the ECDC. Tehran (Iran)	Multilateral (United Nations/G77)	Coincides with the 20th anniversary of the adoption of the Caracas Plan of Action on Economic Cooperation among Developing Countries (ECDC). Adopted the so-called Tehran Consensus seeking to generate political dynamism and visibility for South-South Cooperation.
2002 (03)	First International Conference on Financing for Development. Monterrey (Mexico)	Multilateral/ Bilateral	Traditional donors pledge funding for the MDGs. Paragraphs 19 and 43 of the Final Declaration encourage South-South cooperation, including through triangular cooperation, to facilitate the exchange of views on successful strategies, and strive to make assistance more effective.
2002 (03)	XV Meeting of International Cooperation Directors for Latin America and the Caribbean. Montevideo (Uruguay)	Regional inter-governmental (SELA)	The debate centered on new paradigms for international cooperation (new actors and modalities). Special attention was given to Technical Cooperation between Developing Countries (TCDC), in particular: achievements and outcomes since its inception in 1978; trends and prospects.
2003 (02)	XIII Non-Aligned Movement Summit (NAM). Kuala Lumpur (Malaysia)	Multilateral (NAM)	Referred to the Havana Summit (2000) and the Tehran meeting (2001), endorsing the agreements adopted at those meetings. The final Declaration expresses support to "enhance South-South Cooperation in all areas of our relations."
2003 (05)	XVI Meeting of International Cooperation Directors for Latin America and the Caribbean. Panama City (Panama)	Regional inter-governmental (SELA)	Dedicated to the relationship between "Financing Development and the Millennium Development Goals (MDG)," it encouraged using the capacities developed by some Latin American countries to promote South-South cooperation activities to help achieve the MDGs.
2003 (09)	Meeting of the Foreign Ministers of India, Brazil and South Africa. Brasilia (Brazil)	Trilateral/ Interregional	Meeting establishing the India-Brazil-South Africa (IBSA) Dialogue Forum. In signing the Declaration of Brasilia, the three countries indicated they "aspire to make a significant contribution to the framework of South-South cooperation." The general objective aims to promote dialogue, SSC, and to seek common positions in matters of international importance.
2003 (12)	58th Session of the United Nations General Assembly (UNGA). New York (United States)	Multilateral (United Nations)	This Assembly decided to substitute the term "Technical Cooperation Between Developing Countries" by "South-South Cooperation" for all official purposes
2003 (12)	High Level Conference on South-South Cooperation or First South Summit. Marrakesh (Morocco)	Multilateral (United Nations/ G77)	On the 25th anniversary of the Buenos Aires Plan of Action (1978), the role of South-South cooperation was examined in light of the new international cooperation architecture. New guidelines were designed for closer economic and social cooperation between developing countries, urging countries to coordinate positions to face global problems. Latin America presented its own position to the Conference, as it appears in the Caracas Declaration on South-South Cooperation, adopted by consensus in June at the Regional Meeting of the G77 LAC countries.

## Box I.1. Regional and international South-South Cooperation (2000-2009) (continued)

Year (month)	Event	Ambit	Contribution
2004 (03)	First Meeting of the Trilateral Commission of the IBSA Dialogue Forum (India, Brazil, South Africa). New Delhi (India)	Trilateral/ Interregional	The Ministers signed the New Delhi Agenda to intensify cooperation in diverse areas. The IBSA Fund for the Combat Against Hunger & Poverty was launched. The Fund is administered by the UNPD, with funds of up to 3 million dollars contributed by the three countries. A portion of the funds was allocated to projects in Guinea Bissau and Haiti.
2004 (12)	59th Session of the United Nations General Assembly. New York (United States)	Multilateral (United Nations)	Resolution 59/250 urges organizations and bodies of the United Nations system to mainstream, in their programmes and through their country-level activities and country offices, modalities to support South-South cooperation. Members are invited to celebrate the United Nations Day for South-South Cooperation on 19 December every year.
2005 (03)	Second High Level Forum on Aid Effectiveness. Paris (France)	Multilateral (OECD)	Adopted the Paris Declaration on Aid Effectiveness, establishing guiding principles for effective aid. The Paris Declaration does not explicitly refer to South-South cooperation. The preparatory forums held prior to this meeting (Partnerships in February) agreed that South-South and triangular cooperation can "improve aid efficiency and effectiveness".
2005 (05)	First Summit of South American-Arab Countries (ASPA). Brasilia (Brazil)	Interregional	The Brasilia Declaration expressed the will to build a "bi-regional development agenda." The Summit reached a number of agreements on scientific and cultural cooperation, and measures to intensify trade and mutual investments.
2005 (05)	XVII Meeting of International Cooperation Directors for Latin America and the Caribbean. Caracas (Venezuela)	Regional inter-governmental (SELA)	Debated policies and mechanisms to strengthen and intensify South-South cooperation. Also issued a call to establish an organization for cooperation and development for the countries of the South (an OECD of the South).
2005 (06)	High Level Conference on South-South Cooperation or Second South Summit. Doha (Qatar)	Multilateral (United Nations/ G77)	Adopted the Doha Plan of Action describing initiatives to strengthen South-South cooperation in all regions of the world and in all its modalities. Established "The South Fund for Development and Humanitarian Assistance" to help attain South-South cooperation goals and objectives.
2005 (06)	Third Caribbean Meeting of Energy Ministers and/ or First Energy Gathering of Caribbean Heads of State and/or Government. Puerto de la Cruz (Venezuela)	Regional	Established Petrocaribe (affiliate of the Venezuelan state company PDVSA). Its purpose was to implement the Energy Cooperation Agreement ratified by Venezuela and the Central American and Caribbean countries, and to administer the ALBA-Caribbean Fund established to finance social and economic programs. Contributions to the fund resources were drawn, in part, from oil invoicing savings generated by the Energy Agreement.
2005 (10)	VI Meeting of the Joint Cuba-Venezuela Commission. Caracas (Venezuela)	Bilateral Regional	Cuba and Venezuela sign the Treaty Establishing the Bolivarian Alternative for the Americas (ALBA). It is a model for integration based on promoting complementarity, solidarity and cooperation among people. Later accession by Bolivia (2006); Nicaragua and Dominica (2007); Honduras (2008).
2006 (09)	XIV Non-Aligned Movement Summit (NAM). Havana (Cuba)	Multilateral (NAM)	Advocates South-South cooperation that, although complementing North-South cooperation, builds capacities for the non-aligned countries. This will help improve their economic, trade and political position in an international context leading towards multilateralism.
2006 (09)	First IBSA Summit of Heads of State. Brasilia (Brazil)	Trilateral/ Interregional	The three member countries reaffirmed that cooperation strengthens developing country positions at international fora. They further reaffirmed the statement by the Ministerial Joint Commission in March 2006 "South-South cooperation is an essential and fundamental component of international cooperation for development."

### Box I.1. Regional and international South-South Cooperation (2000-2009) (continued)

Year (month)	Event	Ambit	Contribution
2006 (11)	First Africa-South America Summit (ASA). Abuja (Nigeria)	Interregional	Adopted the Abuja Declaration, Resolution, and Plan of Action, laying the foundations for a new South-South relationship between the two regions, by means of cooperation agreements in several areas (energy, finance, education, etc.). Also agreed to reinforce political cooperation between the two regions to unite their voices in matters such as the UN reform or WTO negotiations.
2007 (03)	Intergovernmental Conference on Middle Income Countries (MIC). Madrid (Spain)	Multilateral/ Bilateral (United Nations/ Spain)	In the context of shifting aid from MICs as recipients, and from a perspective of cooperation, the conference considered options to address the problems faced by these countries. Emphasis was given to responses spearheaded by the MICs through South-South and triangular cooperation. Traditional donors were urged to support these options.
2007 (09)	Second Intergovernmental Conference on Middle Income Countries. San Salvador (El Salvador)	Multilateral/ Bilateral (United Nations/El Salvador)	The MICs present concrete proposals to the international community in support of South-South, triangular and regional cooperation, and claim greater participation and say at international fora and institutions.
2007 (11)	XVII Ibero-American Summit. Santiago de Chile (Chile)	Regional inter-governmental	Paragraph 38 of the Plan of Action urges the Ibero-American General Secretariat (SEGIB) "to support preparation of Ibero-American Cooperation Initiatives to promote South-South and triangular cooperation, based on the annual cooperation report drafted by (SEGIB)."
2007 (12)	UNGA 62 and 15th Session of the High Level Committee on South-South Cooperation. New York (USA)	Multilateral (United Nations)	Exhaustive review of SSC in the framework of international cooperation. Participants advocated greater integration of technical and economic cooperation between developing countries (TCDC and ECDC). It was decided the provisional agenda of the 64th session of the United Nations General Assembly (UNGA 64, late 2009) would include the subitem "South-South Cooperation for Development."
2007 (12)	Inauguration of Banco del Sur (Bank of the South). Buenos Aires (Argentina)	Regional (UNASUR)	Creation of Banco del Sur. Member countries Argentina, Bolivia, Brazil, Ecuador, Paraguay and Uruguay. Initial subscribed capital US\$7 billion. With countries making contributions according to means, it aims to become the development and integration bank for the 12 countries making up the future UNASUR (former Community of South American Nations). The Bank may potentially extend its range to all countries in the region.
2008 (01)	VI ALBA Summit Caracas. (Venezuela)	Regional (ALBA)	Constitution of Banco del ALBA. Member countries Bolivia, Cuba, Nicaragua and Venezuela; about US\$1 billion in initial subscribed capital. The Bank was created to finance development programs and projects requested by member countries, arising in the context of the Summits.
2008 (05)	Summit of the Heads of State and Government of the former South American Community of Nations. Brasilia (Brazil)	Regional (UNASUR)	Formal constitution of UNASUR (Union of South American Nations). Comprising Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Guyana, Paraguay, Peru, Surinam, Uruguay and Venezuela, it aims to build an institutional process to strengthen regional trade, financial and energy integration, among others, prioritizing political dialogue to arrive at common positions on the international scene. As a political body, UNASUR does not preclude accession by other Latin American countries.
2008 (07)	First High Level Development Cooperation Forum (DCF/ECOSOC). New York (USA)	Multilateral ECOSOC (United Nations)	The Report of the Forum includes a section on SSC and triangular cooperation reaffirming the basic principles of this cooperation, recognizing that South-South complements North-South cooperation. At the Forum, countries expressed differing views about the role of the OECD/DAC as reference framework for SSC. Participants questioned whether the DCF would become the "DAC for the South."

### Box I.1. Regional and international South-South Cooperation (2000-2009) (continued)

Year (month)	Event	Ambit	Contribution
2008 (08)	Third International Ministerial Conference on Developmental Cooperation with Middle-Income Countries. Windhoek (Namibia)	Multilateral/ Bilateral (United Nations/ Namibia)	The MICs ratify the Madrid and San Salvador agreements on SSC and triangular cooperation. They draft a common position paper for the upcoming Doha summit. They propose convening a Buenos Aires Plan 30+1 anniversary.
2008 (09)	Third High Level Forum on Aid Effectiveness. Accra (Ghana)	Multilateral (United Nations/DAC)	Intends to accelerate and deepen implementation of the Paris Declaration on Aid Effectiveness, and review progress. Paragraph 19b of the resulting Accra Agenda for Action acknowledged the contributions made by middle-income countries as providers of aid, recognized the importance and particularities of South-South cooperation, and encouraged further development of triangular co-operation.
2008 (10)	XVIII Ibero-American Summit. San Salvador (El Salvador)	Regional inter-governmental	Argentina, Bolivia, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru, Spain and Uruguay promote the Ibero-American Program to Strengthen South-South Cooperation. The Program was established "to strengthen and revitalize Ibero-American Horizontal/South-South cooperation, contributing to the quality and impact of its actions and the extension of associated good practices."
2008 (10)	World Bank	Multilateral	The WB launched the <i>South-South Experience Exchange</i> , a financing facility to encourage developing countries to share their knowledge and expertise in overcoming poverty. Total contributions are expected to be around US\$10 million. Mexico and Spain are two of the eight donors that pledged support.
2008 (12)	Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus. Doha (Qatar)	Multilateral	Countries are encouraged to deepen and improve SSC and triangular cooperation. Paragraphs 49 and 50 of the Doha Declaration encourage developing countries to make more effective the initiatives pledged in the Paris Declaration. It further recognizes that SSC complements North-South cooperation.
2008 (12)	XIX Meeting of International Cooperation Directors for Latin America and the Caribbean. Mexico city (Mexico)	Regional inter-governmental (SELA)	Dedicated to "International Cooperation to Facilitate Trade in Latin America and the Caribbean," it insists on the need to direct South-South cooperation towards easing trade, and the expected positive impact on MDG 1 (Eradicate extreme poverty and hunger).
2009 (02)	Working Party on Aid Effectiveness (WP-EFF)	Multilateral (DAC)	Established the <i>Task Team on South-South Cooperation</i> , chaired by Colombia and including, among others, Honduras, Mexico and Spain. Promotes learning from the implementation of the Paris Declaration and South-South Cooperation. Is particularly relevant to SSC partners who also acceded to the Paris Declaration.
2009 (03)	Second Summit of South American-Arab Countries (ASPA). Doha (Qatar)	Interregional	Debate on the global financial crisis and its impact on the two regions, and possible joint measures, with special emphasis on SSC initiatives.
2009 (11)	Second Africa-South America Summit (ASA). Caracas (Venezuela)	Interregional	Aims to build solid bases for economic cooperation, integration and socio economic development between the two regions.
2009 (11)	30+1 anniversary of the Buenos Aires Plan of Action on TCDC. Nairobi (Kenya)	Multilateral (United Nations)	Pending when this report went to print. Aims to review the Buenos Aires Plan of Action, 31 years after its launch. Latin America attends the event with a common position on South-South cooperation, reached through a debate at the meetings of the Cooperation Officers at the Ibero-American Conference.

**Source:** Altman (2009); Ayllón (2009); Cardona (2008); Lechini (2009 and 2007); Martínez Vial (2007); Peña (2009); Rodríguez Asier (2008); Serbin (2009); UNDP (2004); Declarations of the Second and Third High Level Forum on Aid Effectiveness (Paris 2005, Accra 2008), Doha (2 December 2008), the First and Second South Summit (Marrakesh 2003, Doha 2005), and Declaration of Havana (2000); Petrocaribe Energy Cooperation Agreement (2005); Constituent Treaty establishing UNASUR (<http://www.mre.gov.br/>); digital portals of ALBA ([www.alternativabolivariana.org](http://www.alternativabolivariana.org)), the United Nations ([www.un.org](http://www.un.org)), the Non-Aligned Movement ([www.cubanoal.cu](http://www.cubanoal.cu)), the G77 ([www.g77.org](http://www.g77.org)), and ECOSOC ([www.un.org/ecosoc](http://www.un.org/ecosoc)).

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However, Latin America became known for its capacity to generate new and ever more distinct forms of South-South cooperation. In just one decade, South-South cooperation extended the length and breadth of the continent, taking on distinct formats. In addition to multiplying the number of bilateral agreements, other types of initiative emerged: integration plans (the Bolivarian Alternative for the Americas–ALBA; the Mesoamerican Project and UNASUR, respectively replacing the Plan Puebla Panama and the South American Community of Nations); preferential financial plans from relatively more developed countries for the less developed nations (Petrocaribe); several regional development banks (such as the recently created Banco del ALBA and Banco del Sur). These actions became clear benchmarks for cooperation in a process of constant reinvention.

Lastly, South-South interregional activity never ceased as evidenced by the many summits between developing regions, including the ASPA (South American-Arab Countries) and ASA (Africa and South America) Summits. These Summits saw the same dynamics that characterized the events among developing countries: common problems were discussed; formulas were sought for South-South cooperation to address these problems; and political, economic and trade agreements were signed. There are yet other experiences, such as the IBSA Forum, a trilateral initiative born in 2003 between India, Brazil and South Africa, that drew attention for its singularity, becoming one of the richest examples of interregional cooperation known today.

## NOTES

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i All Latin American countries member of the Ibero American Conference, with the exception of Mexico, are also members of both the G77 and the NAM.

ii In addition to general demands for strengthening trade and financial cooperation mechanisms between developing countries, other concrete initiatives were promoted, such as the NAM Business Forum on South-South Cooperation born at the Havana Summit in 2006.

iii Debates were conducted, on the one hand, at the Meetings of Cooperation Directors of the Latin American Economic System (SELA). These discussions centered on issues affecting the different modalities of South-South Cooperation (technical and economic), the relationship between South-South cooperation and other forms of international cooperation including, for example, the Millennium Development Goals (MDG). On the other hand, debates also took place at the meetings of Cooperation Officers at the Ibero-American Conference.

CHAPTER II  
IBERO-AMERICA AND  
*BILATERAL HORIZONTAL/SOUTH-SOUTH COOPERATION*

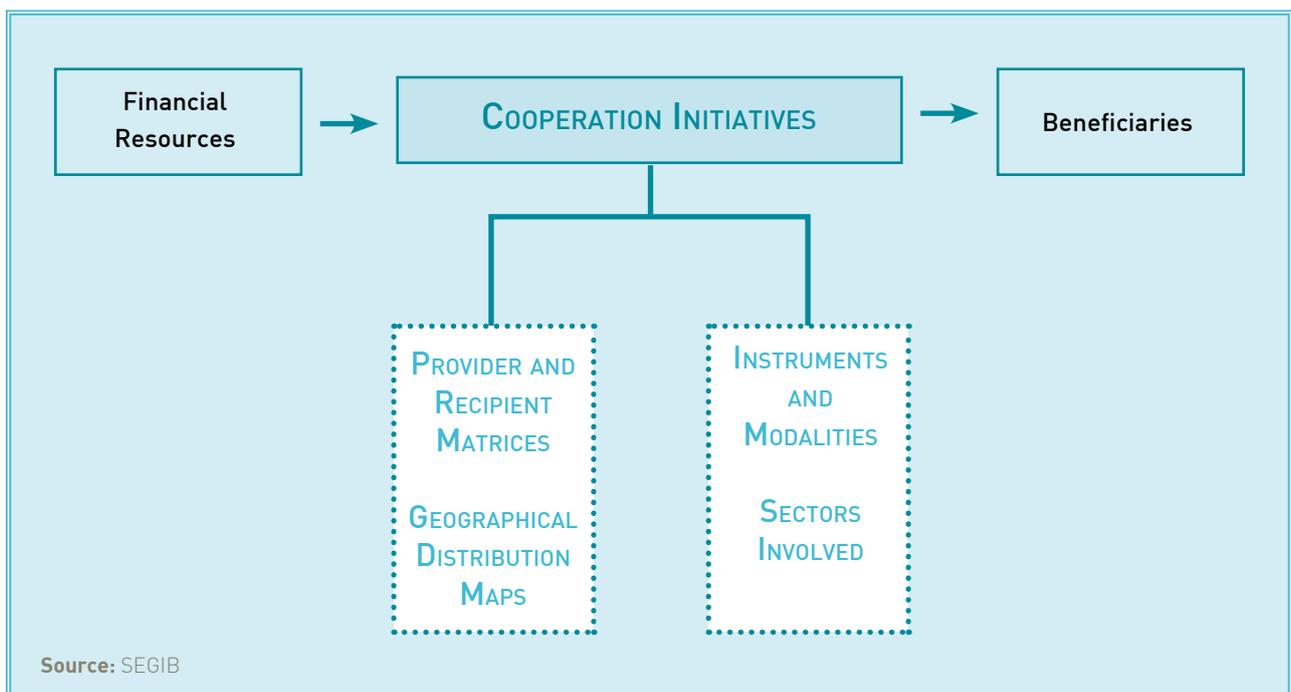
**A study with more and better information**

As was true of earlier editions of this report, the study on *Bilateral Horizontal/South-South Cooperation* in Latin America is based on a single source of information: reporting by the cooperation agencies or bureaus of the 19 Latin American member countries of the Ibero-American Conference.

The efforts made by these countries to provide the most complete and accurate information possible year after year has borne fruit. Thus, the following can be said of this report:

- a) All of the countries (with the sole exception of Honduras) reported the number of horizontal cooperation initiatives they participated in during 2008, both as *providers* and *recipients*. They also added information regarding the sectors in which these activities took place.
- b) Some of them also:
  - Specified the instrument used (indicating whether they were conducted through projects or other mechanisms) and modalities (defined, for example, as “solidarity” or “complementarity,” according to whether the partnering countries were at different or similar levels of relative development, respectively);
  - Provided information on the financial resources mobilized to implement the cooperation initiative, as well as the beneficiaries.

**Diagram II.1. Variables for the interpretation of *Bilateral Horizontal/South-South Cooperation***



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As a result, the study on *Bilateral Horizontal/South-South Cooperation* in Ibero-America has also improved. Figure II.1 presents a summary of the data that has been provided (financial resources, number of initiatives, instruments and modalities, sectors involved, and beneficiaries), as well as the presentation formats used for analysis (primarily provider and recipient matrices and geographical distribution maps). All of these components together offer a more complete picture of how cooperation stands in Latin America, and how it is evolving.

## **Bilateral Horizontal/South-South Cooperation Initiatives**

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This section covers the bilateral horizontal/South-South cooperation initiatives carried out in 2008. How many initiatives were there? Which countries had exchanges? How intensive was the cooperation among the different partners and what factors influenced this? These are some of the questions that can be answered with the available information.

Discussion of the cooperation initiatives covers geographical distribution and differentiates among the cooperation projects. Also, the fact that some of the data builds on information included in the previous report allows us to see whether there have been significant changes from one year to the next. Next, the sector-based analysis makes it possible to further develop the region's profile of *needs* and *capacities*. With this information in hand we can design more effective strategies to foster bilateral horizontal/South-South cooperation in Latin America.

### *Provider and recipient cooperation matrices*

Matrix II.1 shows the information received on the countries' cooperation initiatives in 2008:

- a) Each cell reports the number of exchanges between a pair of partners. The column on the left indicates the names of the countries that acted as *providers*; the country names across the top of the chart indicate when a country has been a *recipient*.
- b) The cells in the last column and row indicate the total number of cooperation activities that each country participated in, again as *provider* or *recipient*, respectively.
- c) The figure in the cell at the intersection of the last column and row indicates the total number of horizontal cooperation initiatives conducted that year.

According to this chart, the Ibero-American partners exchanged 1,879 horizontal cooperation initiatives in 2008. This figure alone is significant only if we compare it to the previous year, 2007, during which those same countries participated in a total of 1,480 initiatives. This means that from 2007 to 2008, as is shown in Table II.2, the countries had an increase of practically 400 initiatives (a 27% increase).

## Matrix II.1. Bilateral horizontal/South-South cooperation initiatives (2008)

In units

PROVIDERS		RECIPIENTS																	TOTAL		
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)								
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama		Uruguay	Venezuela
LMIC	Bolivia																			0	
	Brazil	13		12	19	12	21	3	5	9	16	10	7	10		27	3	6	12	21	206
	Colombia	1			4	1	26	8	5		5	6	1	1		13	1	6	1		79
	Cuba	9	2	9		8	1	8	5	4	3	1	11	2	1	1	1	5	4	448	523
	Ecuador																			1	1
	El Salvador																			1	1
	Guatemala																				0
	Honduras																			2	2
	Nicaragua																			2	2
	Paraguay																		1	2	3
	Peru			3						1	1										5
Dominican Rep.																				0	
UMIC	Argentina	62	6	4	10	12	37	1	5	5	302	23	6		12	2	13	1	18	519	
	Chile	22		4	5	10	54	4	2	8	5	3	5	1	7	2	2	6		140	
	Costa Rica			5										1						6	
	Mexico	21	2	13	3	21	52	15	22	18		10	25	2	12	1		15	4	1	237
	Panama			1																	1
	Uruguay		5	1	1	1			1		1			6	5		4			3	28
	Venezuela	16	11	2	20	9	3	2	4	25	5	3	2	12	2	1	3		6		126
<b>TOTAL</b>	<b>144</b>	<b>26</b>	<b>54</b>	<b>62</b>	<b>74</b>	<b>194</b>	<b>41</b>	<b>49</b>	<b>70</b>	<b>338</b>	<b>56</b>	<b>57</b>	<b>34</b>	<b>21</b>	<b>62</b>	<b>16</b>	<b>47</b>	<b>35</b>	<b>499</b>	<b>1,879</b>	

Countries classified by income level according to World Bank GNI per capita criteria: Lower middle income (US\$936 - US\$3,705); Upper middle income (US\$3,706 - US\$11,455).

Note: Data furnished by countries regarding the number of cooperation initiatives that they received from/provided to another country did not always agree. Two different figures may in fact be needed for each of the boxes in order for the chart to be complete. When faced with a discrepancy between the figures, we always opted for the higher figure. For large discrepancies we consulted with the countries involved to come to agreement on the correct figure.

Source: SEGIB based on reporting from cooperation agencies and/or bureaus.

## Matrix II.2. Change in the number of bilateral horizontal/South-South cooperation initiatives (2007-2008)

In units

PROVIDERS		RECIPIENTS																	TOTAL		
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)								
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama		Uruguay	Venezuela
LMIC	Bolivia																			0	
	Brazil	+9		+12	+19**	+3	0	+3	+5*	+2	+16*	+1	-2	+5	-2	+21	+3	+6*	+12*	+20	+133
	Colombia	0			-6	-1	0	+1	-1		-3	-5	-3	+1	-1	0	-6	+1	-1	-1	-25
	Cuba	-3	+2	-3		-7	+1	-15	+1	-5	+1	-1	-1	0	-1	+1	-1	-27	-6	-52	-116
	Ecuador				-1															+1	0
	El Salvador																			+1	+1
	Guatemala																				0
	Honduras						-1													+2	+1
	Nicaragua																			+2	+2
	Paraguay																		+1	+2	+3
	Peru			+2					+1	0											+3
Dominican Rep.																				0	
UMIC	Argentina	+45	+6	-2	+5	-14	0	-5	+1	+1	+290	+12	+3			0	+1	+11	+1	+18	+373
	Chile	+4	-1	-10	+3	-1	30	-3	-14	-5	-1	-8	-1	-1		1	-1	0	+2		-6
	Costa Rica			+5																	+5
	Mexico	+6	+2	-1	+2	+6	10	+2	+10	-39	-5	+3	+15	+2	+12	-14		0	+4	+1	+16
	Panama			-1																	-1
	Uruguay		+5	+1	+1	+1			+1		-1	-1	-1	+6	+4		+4			+3	+23
	Venezuela	+5	+9	+1	-14	-6	-2	-1	+3	-5	+3	0	-12	+6	0	0	+2		-2		-13
<b>TOTAL</b>	<b>+66</b>	<b>+23</b>	<b>+4</b>	<b>+9</b>	<b>-19</b>	<b>+38</b>	<b>-18</b>	<b>+6</b>	<b>-50</b>	<b>+300</b>	<b>+1</b>	<b>-2</b>	<b>+19</b>	<b>+12</b>	<b>+9</b>	<b>+2</b>	<b>-9</b>	<b>+11</b>	<b>-3</b>	<b>+399</b>	

Countries classified by income level according to World Bank GNI per capita criteria: Lower middle income (US\$936 - US\$3,705); Upper middle income (US\$3,706 - US\$11,455).

Note: No information is available for last year regarding the cases marked with (\*) (ones in which Brazil participated as a provider and Cuba, Honduras, Paraguay, Panama, and Uruguay were recipients). In order to estimate the change in the number of initiatives between 2007 and 2008, a zero value was assigned to 2007. For these boxes, the 2008 data (Table II.1) reflect the change in the number of initiatives (Table II.2).

Source: SEGIB based on reporting from cooperation agencies and/or bureaus.

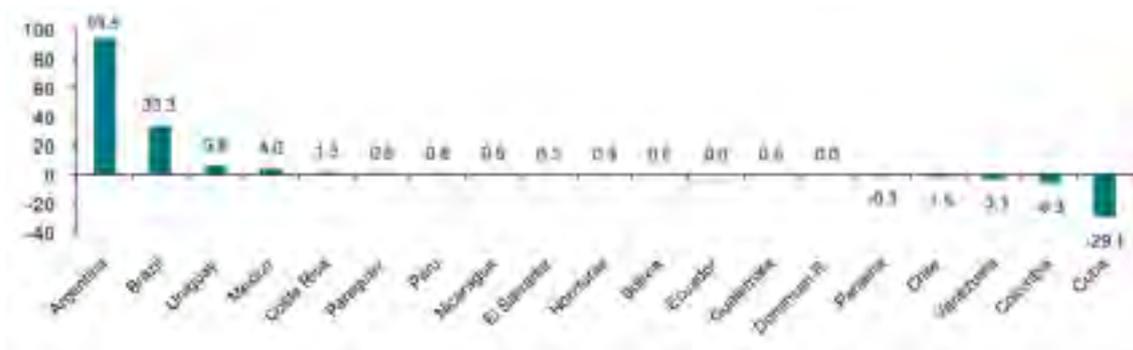
As is suggested by reading Table II.2 and Graph II.1, individual countries' share in the increase was very uneven. Specifically:

- a) On the side of the *providers*, the countries that contributed the most to this increase were Argentina and Brazil, with 373 and 133 more initiatives, respectively, than the previous year. These increases offset the drop in initiatives by Cuba which, declined from 639 initiatives in 2007 to 523 in 2008. The partners that made the next biggest contribution to the increase in cooperation initiatives were Uruguay and Mexico, who together added about 50 new initiatives.
- b) On the side of the *receiving countries*, the biggest increase went to Paraguay, a country which alone was responsible for three-quarters of the almost 400 new initiatives. It was followed by Bolivia (66) and El Salvador (38), and at a relative distance, Brazil and Argentina (with more than 40 new initiatives between the two). These and a few other increases offset the decreases recorded for such countries as Nicaragua (50 fewer initiatives) and Ecuador and Guatemala, which each benefited from around 20 fewer initiatives in 2008 than in 2007.

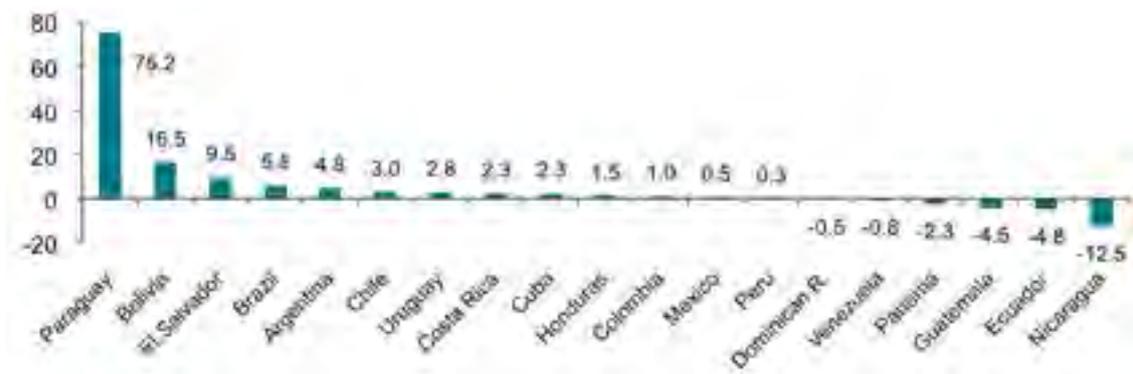
**Graph II.1. Share of the change in number of initiatives, per partner country (2007-2008)**

Percentage

**II.1.A. Compared to number of initiatives provided**



**II.1.B. Compared to number of initiatives received**



Source: SEGIB based on reporting from cooperation agencies and/or bureaus

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The reasons for these fluctuations, however, are varied. Some countries did actually experience a *real* increase or decrease in the number of initiatives in which they were involved. In other cases, however, the changes are more a reflection of new methodologies and/or new systems of record-keeping, as illustrated below:

- a) In 2008 Cuba did actually reduce the number of initiatives in which it was the provider. This was due in large part to the impact of three hurricanes on the island between September and November of that year, in which losses were estimated at around US\$10 billion (20% of GDP). The need to respond to that situation limited Cuba's capacity to mobilize resources to provide foreign cooperation (and it is apparently still limiting Cuba this year).
- b) In Brazil, the 133-initiative increase between 2007 and 2008 largely reflects an updating of the country's records. In fact, figures on the initiatives in which this country participated in 2007 (73 provider initiatives) were not provided by Brazil (who had only reported figures for 2006), but rather by the recipient countries. In 2008 Brazil updated its records and reported 142 initiatives. This updated figure was added to 64 additional initiatives which had only been reported by the recipient countries. The final figure, 206 initiatives, was almost three times the 2007 figure.
- c) Record-keeping and better identification of initiatives also contributed to the increase reported for Uruguay. In 2008 the country began to develop an information system which has allowed it to keep better track of all cooperation activities in which it participates, both North-South and South-South.
- d) Matters of methodology and design are behind Mexico's relatively small increase of 16 initiatives. The bulk of these cooperation initiatives were implemented through projects. As will be seen in the following section, each initiative reported by Mexico can be broken down into multiple activities carried out over periods longer than two years. Many of the 2007 projects may have thus continued in 2008, which explains why, upon evaluating changes from one year to the next, fluctuations are minimal.

Finally, it bears mention that in 2008 some issues arose regarding the composition of the matrices. Some countries reported that while implementing certain initiatives, and within the logic of exchanging capacities and mutual strengthening which is characteristic of South-South bilateral cooperation, it was sometimes difficult to determine which partner was the *provider* and which was the *recipient*. The blurred boundary between these roles made it difficult to know which box to record an initiative in, and consequently, how to ultimately tally the initiatives. The criterion applied to this situation in 2008, as well as the methodological debate which it opened up, is detailed in Box II.1.

## Box II.1. The blurry line between *provider* and *recipient*: methodological issues

An in-depth review of the history of implementation of Bilateral Horizontal/South-South Cooperation initiatives and projects reveals how difficult it can be to clearly distinguish the role played by each of the partners in these activities. The following cases illustrate the situation:

- a) In the first case, the partners are at significantly different levels of relative development. Therefore, cooperation tends to consist of a *transfer of capacities* from one partner to the other. This kind of relationship makes it easy to distinguish which partner is the *provider* and which is the *recipient*. An example might be an initiative in which Chile (provider) gives technical support to El Salvador (recipient) to develop a system to measure the environmental impact of projects in sanitation and drinking water supply.
- b) In another case, the partners have similar levels of relative development, particularly in a specific area of activity (education, energy, the environment, etc.). This lends itself to an *exchange of capacities* between partners. In such a case it may be more difficult to determine the role of each country. An example would be exchanges between countries such as Mexico and Uruguay in the health sector. In this area, both partners have developed expertise in drafting numerous laws: Uruguay has laws banning smoking in public places; Mexico has laws regarding the settlement of disputes between the users and providers of health care services. Thus:
  - For each specific initiative it is relatively easy to distinguish the role played by each partner: when Uruguay gives Mexico training to regulate tobacco use, then Uruguay is the *provider* and Mexico is the *recipient*. The roles are reversed when Uruguay (the *recipient*) asks Mexico (the *provider*) for advisory services on handling disputes in the realm of health care.
  - However, it becomes more difficult to determine the roles when the initiative is a global, mutual exchange of knowledge regarding regulation of the public health system. In such cases the transfer of capacities may be *bidirectional*, and determining who plays the role of provider and who plays the role of recipient is rather hard to do.

Such dilemmas are not isolated. Several countries allege that it is often very difficult to identify the role played by each partner in certain bilateral South-South cooperation initiatives or projects. This is what Argentina says, for example, regarding its exchanges with Cuba in the biotechnology sector and that is echoed by Venezuela regarding its cooperation with Cuba in science and technology.

Difficulty in identifying the role played by each partner creates a problem when it comes to measuring cooperation. For example, when building a matrix of the providers and recipients of bilateral horizontal/South-South cooperation, in whose column should the initiative be listed? The provider's? The recipient's? *Both*? As can be seen in the matrices below (which were prepared to illustrate this point), there is often more than one answer to these questions:

- a) First, Venezuela suggests (Option 1) that initiatives and projects be tallied such that the provider and recipient roles be counted equally: in one initiative country A will be shown as the provider and country B as the recipient; in another initiative the roles are reversed and Country A is shown as the recipient and country B as the provider. As is shown in the Option 1 sample matrix, the risk of this option is over counting, because one initiative may be shown twice.

## Box II.1. The blurry line between *provider* and *recipient*: methodological issues (continued)

b) The other countries prefer, for the time being, to assign just one combination of roles per initiative or project (Option 2). To do this, they indicate which partner acted *more like the provider* and which partner acted *more like the recipient*. There can be several criteria to determine this. Generally, the provider role is played by the country that “sponsors” the initiative. But sometimes, it may be a different criterion, such as which country provided more of the financing, or which one contributed more knowledge, etc.

### Matrixes of providers and recipients of Horizontal/South-South Bilateral Cooperation: Accounting Options.

According to the number of initiatives/projects

Option 1 (Venezuela)

Providers	Recipients			
	A	B	C	Total
A	1	1		2
B				
C				
Total	1	1		2

Option 2 (rest of the countries)

Providers	Recipients			
	A	B	C	Total
A		1		1
B				
C				
Total		1		1

Thus far this year, out of respect for the majority opinion, the matrixes of providers and recipients of horizontal/South-South bilateral cooperation are prepared by assigning each initiative or project a single combination of roles. The discrepancies, however, are due to the fact that the terms provider and recipient designate very rich concepts, which are sometimes difficult to place into categories. This is driving a methodological debate which will certainly be reflected in the solutions adopted by countries in future editions of this report.

**Source:** Ministry of Public Health of the Republic of Uruguay; Ministry of Health and Social Protection, and Ministry of Foreign Affairs of the Bolivarian Republic of Venezuela; Ministry of Foreign Affairs and Worship of the Republic of Argentina.

### Instruments and modalities

As was indicated in the last report,<sup>1</sup> *cooperation initiatives* are the *common unit* that the Ibero-American countries agreed to use to measure the Bilateral Horizontal/South-South Cooperation in which they participate. Use of such units allows for an initial quantification of this cooperation, and lends itself to an analysis of the situation based on statistics and comparisons which would otherwise not be possible, even in this simple form.

However, in the search for a common denominator, the initiatives wind up including very heterogeneous situations. When these initiatives are broken down by instrument or modality, for example, the initial conclusions may need to be nuanced or adjusted. A typical example occurs when attempting to distinguish between initiatives and one of their premier instruments of execution: *the projects*.

Within the framework of the Ibero-American Conference it is assumed that an *initiative* denotes “*execution of one or several activities which, over a variable period of time, fulfills a concrete objective.*” Said *initiatives* may be carried out by means of various instruments, including “*studies, advisory services, internships, training*” and even “*cooperation projects.*” The projects, in turn, include the “*execution of multiple activities ... during a minimum period of two years*” and their ultimate purpose is to “*transfer capacities to at least one of the partners*” (SEGIB questionnaire 2009).

As the above illustrates, the “amount” of cooperation—the results obtained or the effort made by the partners—may be very different depending on whether the initiatives are implemented through projects or other instruments. In this regard, for 2008 not all of the countries have been able to provide information denoting that difference. However, Table II.1 summarizes the information provided by those countries that did indicate how many of the initiatives they participated in were actually projects.<sup>2</sup>

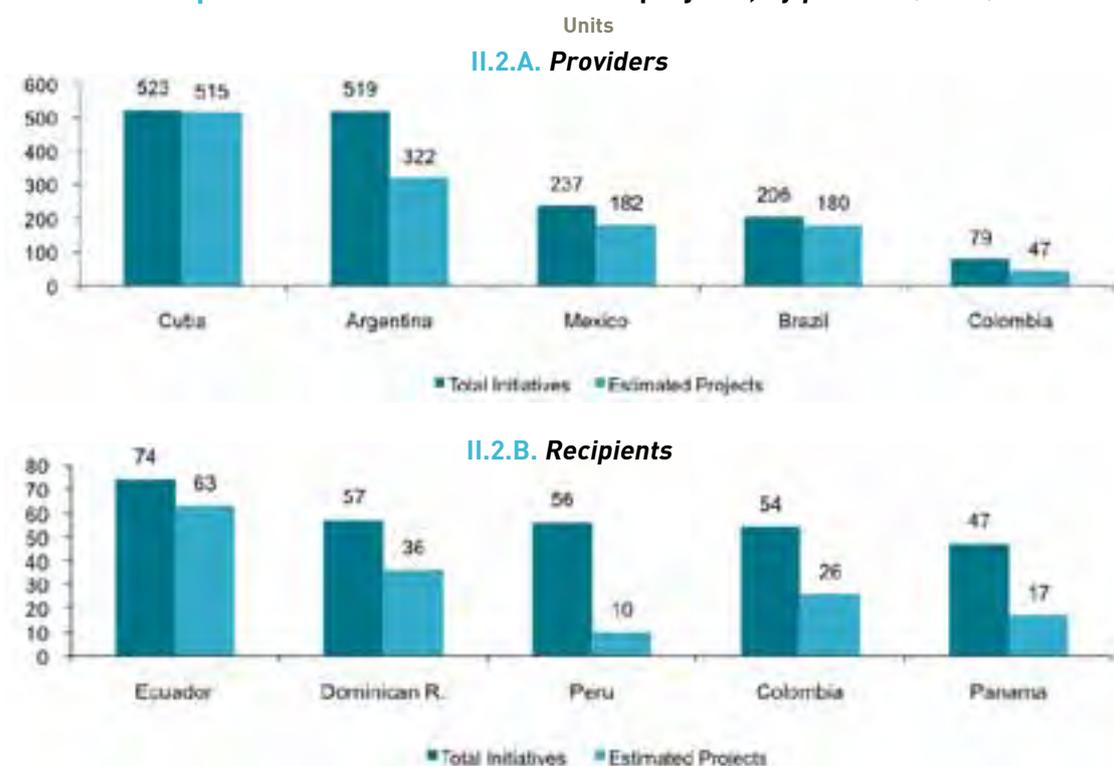
**Table II.1. Cooperation initiatives implemented as projects, by country (2008)**

Provider		Recipient	
Cuba	98.4%	Ecuador	85.2%
Brazil	87.3%	Dominican Republic	63.3%
Mexico	76.6%	Colombia	48.5%
Argentina	62.9%	Panama	35.5%
Colombia	59.1%	Peru	18.2%

Note: Figures are obtained by calculating participation in projects over the total number of initiatives reported, as provider or recipient, for each of these countries. **Source:** SEGIB based on reporting from cooperation agencies and/or bureaus.

If we combine the available data, an estimation exercise can be conducted<sup>3</sup> which, despite subtle differences, serves to illustrate the distinction between *initiatives* and *projects* in the general conclusions. The results of this exercise are obtained in Graphs II.2.A and II.2.B, which compare the number of *initiatives* that some countries participated in as providers or recipients in 2008, to the number of *projects* they participated in during that same year.

**Graph II.2. Estimated initiatives and projects, by partner (2008)**



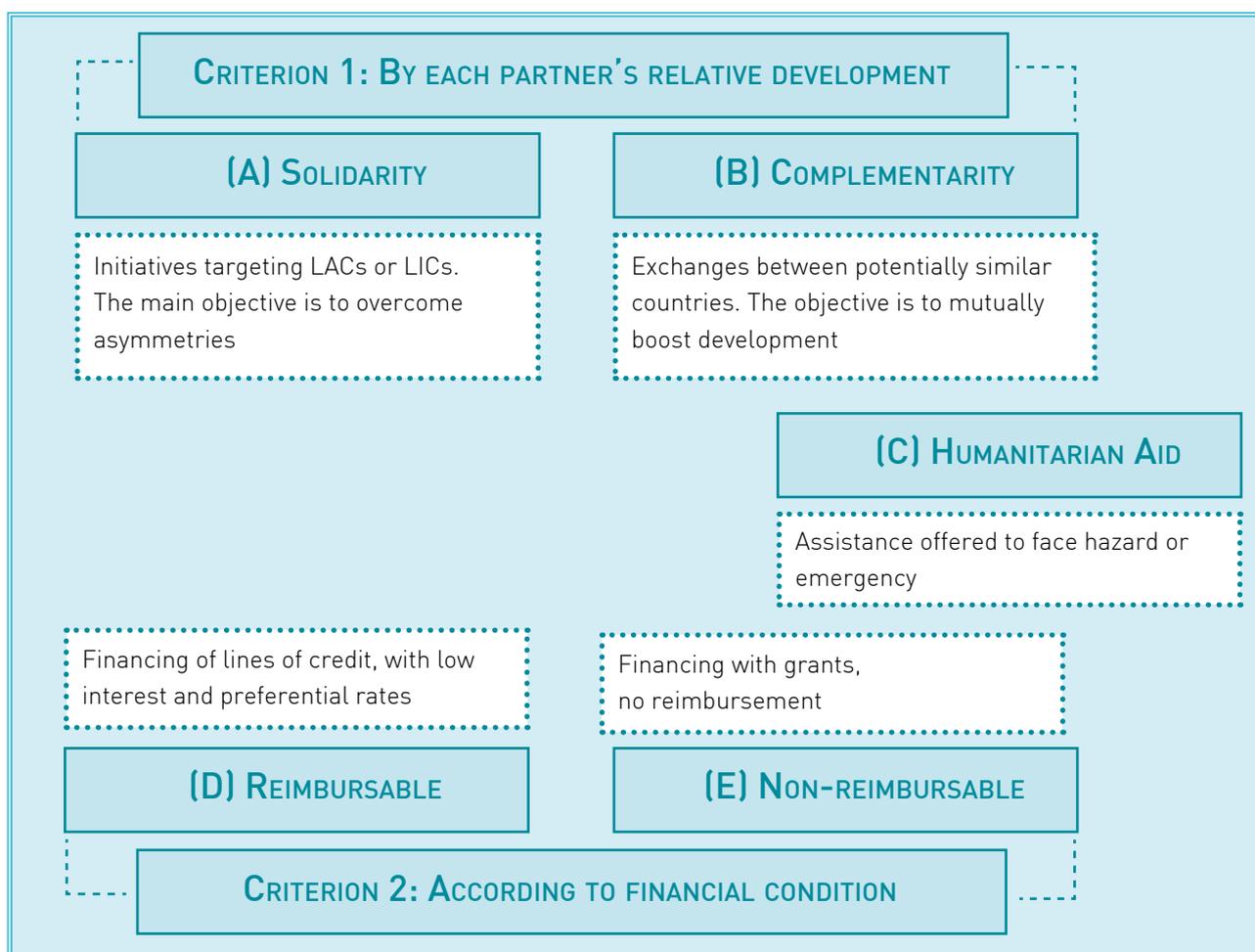
**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

Here are some examples of how counting *projects* or *initiatives* can affect the results:

- a) On the providers' side, in 2008 Argentina was only 4 initiatives behind Cuba (519 compared to Cuba's 523) but when measured in projects, Argentina fell short of Cuba by 200 (322 compared to 515). Mexico and Brazil, on the other hand, have a 31-point gap when measured in initiatives, but they are virtually tied when measured in projects, at 182 and 180, respectively.
- b) On the recipients' side, if we were to rank Colombia, Dominican Republic, Ecuador, Panama, and Peru according to the number of initiatives, Peru would rank third. However, if we measure according to *projects*, Colombia and Panama would move up one level from fourth and fifth, respectively, and Peru would rank fifth.

Finally, the results obtained when measuring by *initiatives* can also be clarified and/or enriched if they are broken down by modalities. One proposal of the information this would include is summarized in Diagram II.2. According to this proposed modality (developed by Venezuela), one could see whether it is an initiative consisting of the transfer of capacities from one relatively more developed partner to a less developed one, or whether it is more of a mutual strengthening of capacities. This would also make it possible to know the financial conditions of the initiatives, i.e., whether or not they are reimbursable.

**Diagram II.2. Modalities of Bilateral Horizontal/South-South Cooperation: Venezuelan Proposal**



**Source:** SEGIB as reported by the Ministry of Foreign Affairs of the Bolivarian Republic of Venezuela  
LAC: less advanced country – LIC: low-income country

*Geographical distribution maps*

Maps II.1 and II.2 illustrate the geographical distribution of bilateral horizontal/South-South cooperation in 2008. The provider and recipient maps give estimates of each country's level of cooperation as a percentage of the total. The percentages are grouped into different levels and color-coded (less than 2.5% of the initiatives; between 2.6% and 5.0%; between 5.1% and 7.5%; between 7.6% and 10.0%, and above 10.1%). These maps allow for a quick reading of which countries in the region were most and least active in terms of providing and receiving horizontal/South-South cooperation.

**Map II.1. Geographical distribution of cooperation initiatives, by provider**



**LEGEND. Color coding according to percentage of cooperation initiatives provided in 2008:**

PERCENTAGE	COLOR
Less than 2.5%	White
Between 2.6% and 5.0%	Light Yellow
Between 5.1% and 7.5%	Yellow
Between 7.6% and 10.0%	Orange
More than 10.1%	Dark Orange

**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

As is shown by Map II.1, in 2008 the provision of cooperation was concentrated in a few countries. In fact, 4 out of the 19 countries accounted for 80% of the initiatives. Cuba and Argentina, the first and second-ranked providers in the region, respectively, each contributed close to 28%. Mexico and Brazil, third and fourth-ranked providers, respectively, both made contributions which rounded out to 11-12% of the initiatives reported. Among the remaining roughly 20% of initiatives, Chile and Venezuela were the most active partners, jointly contributing 14% of the region's total. The last 7% came from contributions by Uruguay (1.5%) and small contributions from the Central American countries of Costa Rica, Honduras, Nicaragua, El Salvador, and Panama; the Andean countries of Peru and Ecuador; and Paraguay.

**Map II.2. Geographical distribution of cooperation initiatives, by recipient**



**LEGEND. Color coding according to the percentage of cooperation initiatives received in 2008:**

PERCENTAGE	COLOR
Less than 2.5%	White
Between 2.6% and 5.0%	Light Orange
Between 5.1% and 7.5%	Yellow
Between 7.6% and 10.0%	Orange
More than 10.1%	Dark Orange

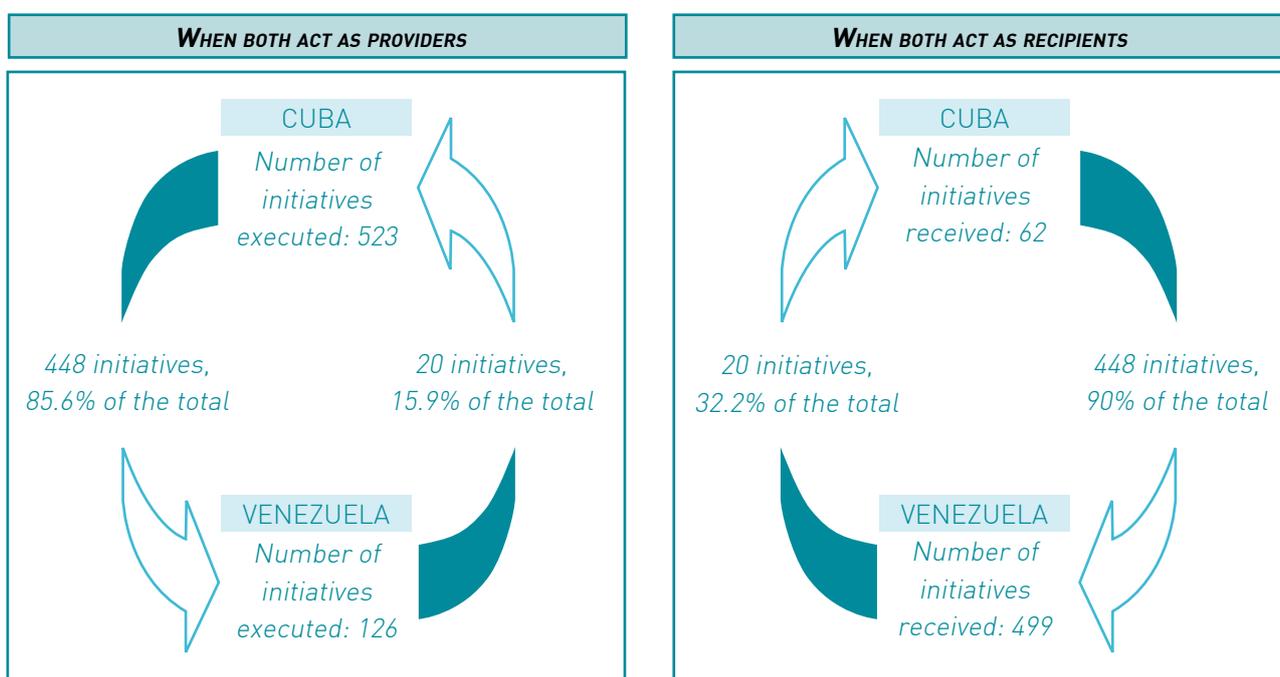
**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

Map II.2 shows that the distribution of initiatives according to recipient was much more spread out. Still, three geographically distant countries accounted for more than half of the 1,879 initiatives reported: Venezuela and Paraguay, ranked first and second among the recipient countries, with 26% and 18%, respectively; and El Salvador came in third place with more than 10% of the initiatives. Bolivia followed closely behind, with a final count of 7.7%.

The rest of the initiatives (37.5%) were distributed among two large groups. The first group included countries that individually received between 2.6% and 4% of the region’s bilateral horizontal/South-South cooperation. With the exception of Costa Rica, these were receiving countries that are categorized as lower-middle income countries, and they are geographically distributed around the Caribbean Basin (Cuba and the Dominican Republic); Central America (Nicaragua and Honduras); and the Andean region (Ecuador, Peru, and Colombia). The second group is made up of countries that received no more than 2.5% of the total. With the exception of Guatemala, they are all classified as upper-middle income countries, and they are located in North and Central America (Mexico and Panama), and the Southern Cone (Brazil, Uruguay, Argentina, and Chile).

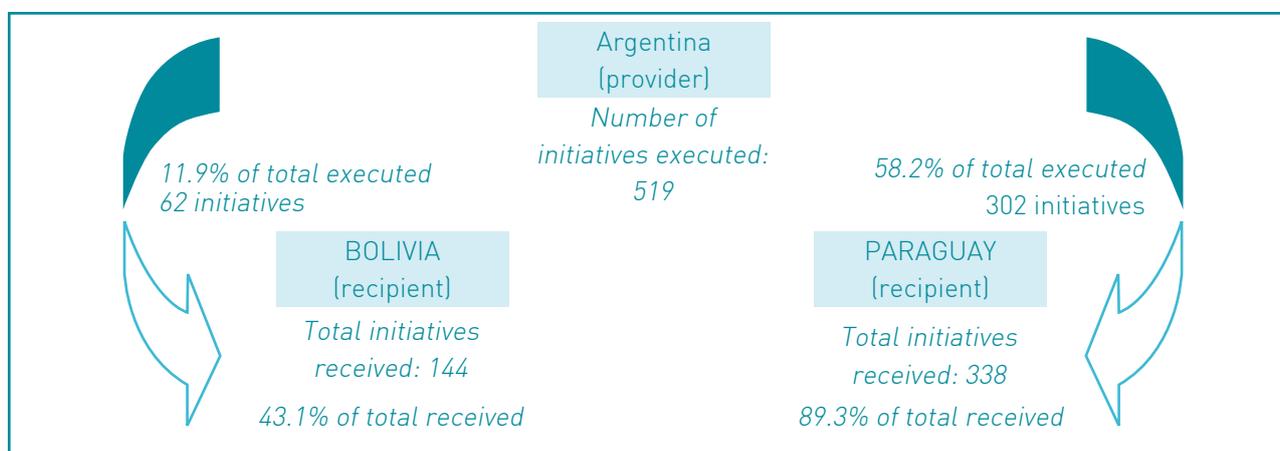
### Diagram II.3 Intense cooperation between the main providers and recipients (2008)

#### II.3.A. The case of Cuba and Venezuela

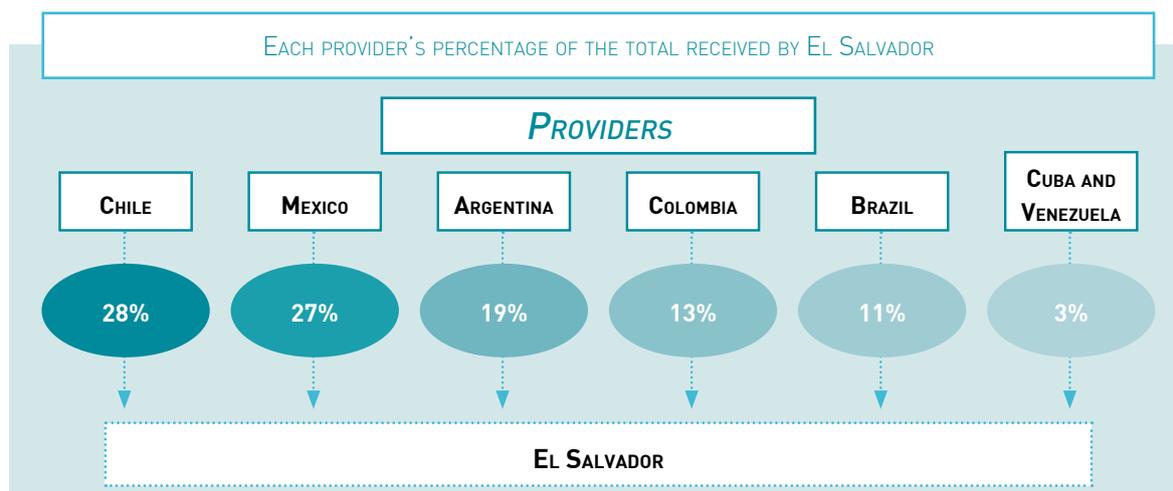


## Diagram II.3. Intense cooperation between the main providers and recipients (2008) (continued)

### II.3.B. The case of Argentina, Bolivia, and Paraguay



### II.3.C. Origin of initiatives received by El Salvador, by provider



Source: SEGIB as reported by cooperation agencies and/or bureaus

The concentration of initiatives in a small group of provider countries (Cuba, Argentina, Mexico, and Brazil) and a small group of recipients (Venezuela, Paraguay, El Salvador, and Bolivia) is explained, in large part, by the intensive cooperation between these partner countries. Specifically, as is observed in Diagram II.3:

- The fact that Cuba is the leading provider and Venezuela the leading recipient is explained by the intense level of activity between these two partners. The 448 initiatives that Cuba executed in Venezuela in 2008 accounted for more than 85% of the total that Cuba offered, and 90% of what Venezuela received.
- Almost 70% of the initiatives executed by the second largest provider (Argentina) targeted Paraguay (more than 58%) and Bolivia (12%). These initiatives also accounted for 90% of the cooperation received by Paraguay (second ranked recipient) and 43% of that received by Bolivia (fourth ranked recipient).

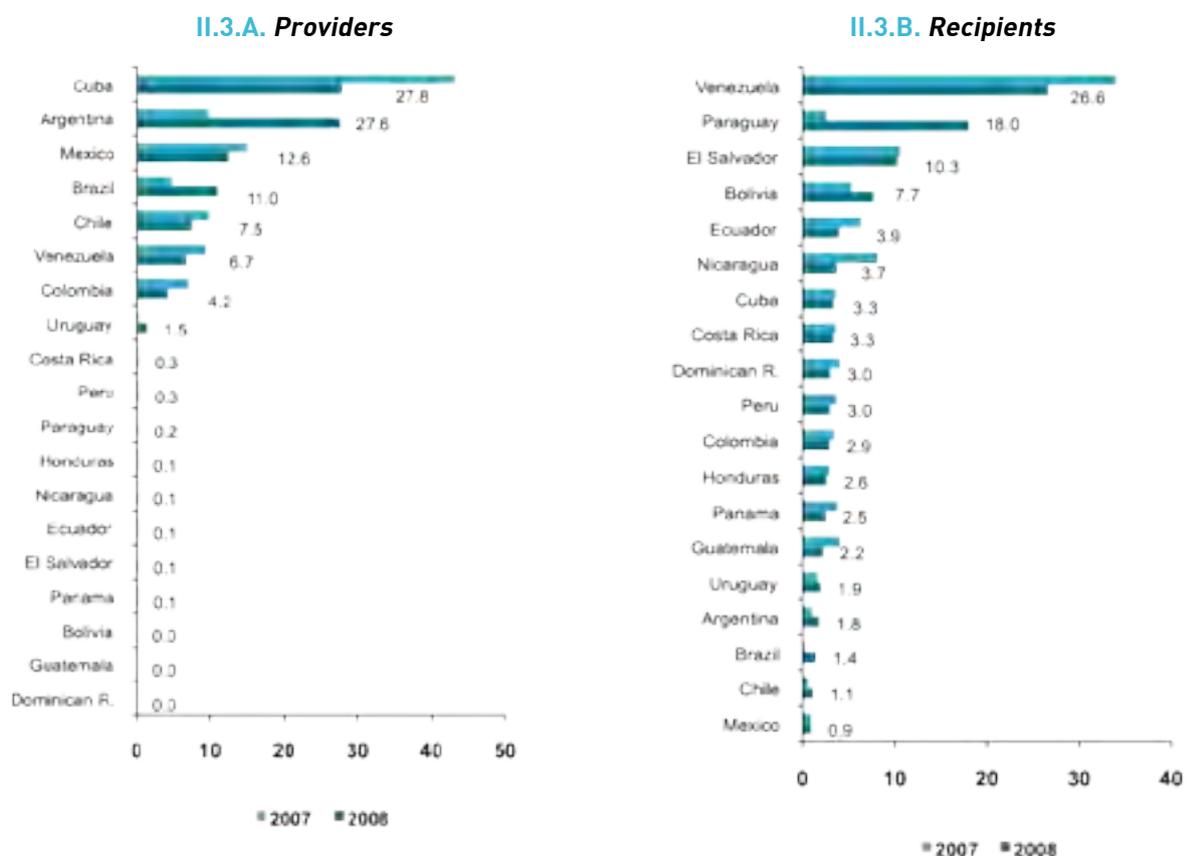
c) In 2008, 87% of the cooperation received by El Salvador (third largest recipient) came from the 4 or 5 most active providers: Chile, Mexico, Argentina, and Brazil, with contributions of 28%, 27%, 19%, and 11% respectively.

Finally, we should note to what extent countries changed position in terms of relative share of the total amount of cooperation between 2007 and 2008. These changes are illustrated in Diagram II.3, which compares the relative weight of each partner for each of those years and for their respective roles. As can be seen from the diagrams, these fluctuations are reflective of what was explained in the foregoing section<sup>4</sup> which analyzed what each country had contributed from one year to the next, as a percentage of the increase in horizontal/ South-South cooperation.

Thus, Argentina and Brazil rose in the rankings of provider countries, and Paraguay and Bolivia rose in the rankings of recipients. Conversely, Cuba, Colombia, and Venezuela had a drop in their relative position as providers; while Venezuela, Guatemala, Ecuador, and Nicaragua saw a drop in their relative position as recipients during this period.

**Graph II.3. Change in each country's share of all initiatives, by provider or recipient (2007-2008)**

In percentage



Source: SEGIB as reported by cooperation agencies and/or bureaus

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### *Patterns and determinants of cooperation flows*

The previous report included an initial attempt to identify the determinants of bilateral horizontal/South-South cooperation flows in Ibero-America. The report concluded that, generally speaking, one of the main determinants of the direction of these cooperation flows was the relative level of development of the countries, and related to this, the opportunities countries have had to develop certain sector capacities.

The capacities of some and the needs of others affected the direction in which cooperation flowed. However, a study of the distribution among countries of the cooperation provided by Mexico, Venezuela, and Chile would suggest that there are additional incentives (geopolitical, historic, and other factors) which determined the direction in which cooperation flowed. Specifically, it was observed that Mexico, in an attempt to bolster the development of its neighbors, tended to provide cooperation to Central America. Venezuela, in turn, tended to reinforce the capacities of countries with which it is promoting other regional projects (such as ALBA and Petroamerica). And finally Chile, taking a South-South approach to the Millennium and Monterrey Summit commitments, focused its initiatives on the Central American and Andean countries that have the region's lower relative levels of development.

The idea that multiple factors determine the direction of bilateral horizontal/South-South cooperation flows was reinforced with this year's case studies, which centered on the three main provider countries: Cuba, Argentina, and Brazil. Maps II.3, II.4, and II.5 were prepared to show the geographical distribution of the cooperation initiatives that each of these countries provided.

Map II.3 shows just how concentrated Cuban cooperation was. As was stated earlier, 85% of Cuba's bilateral horizontal/South-South cooperation initiatives flowed to Cuba's primary partner, Venezuela, with which Cuba has strong political and economic ties. The island nation's tradition of solidarity, which is intertwined with its foreign policy, explains why the remaining 15% of initiatives were distributed among all of the other countries of the region, without exception. The amount of this cooperation was necessarily small, not exceeding 2.5 percentage points in any one country. So aside from Venezuela, Cuban cooperation was primarily distributed among its Caribbean neighbors (Dominican Republic); the Central American (Guatemala, Honduras, Nicaragua, and Panama), and the Andean countries (Bolivia, Ecuador, and Colombia).

According to Map II.4, Argentine cooperation was also highly concentrated since 60% of the initiatives this country provided were in Paraguay and Bolivia. In fact, among the five countries with which Argentina shares a border, Paraguay and Bolivia are the relatively least developed ones, compared to Brazil, Chile, and Uruguay, who only accounted for 1.4% of Argentina's initiatives. This would suggest that Argentina's horizontal/South-South cooperation focused on bolstering the development of its neediest immediate neighbors. The remainder of Argentine cooperation was spread throughout Latin America, both far and near, with Peru, Venezuela, Panama and El Salvador as the next most frequent recipients.

Finally, Map II.5 shows how very widespread Brazilian cooperation has been, with a relatively even distribution among countries. The partner that received the largest number of initiatives was Costa Rica, but it accounted for only 13% of Brazilian cooperation in 2008. Next in line were El Salvador and Venezuela, who together with Costa Rica accounted for one third of the initiatives. Like Argentina, helping one's immediate neighbors was also an important criterion for Brazil—even more so given the size of this country. It is no coincidence that the seven countries that share a border with Brazil are among the 11 who benefited from the bulk of Brazil's cooperation: Venezuela, Colombia, Ecuador, Peru, and Bolivia (33% of the initiatives); Paraguay, Argentina, and Uruguay (almost 20%).

**Map II.3. Geographical distribution of cooperation initiatives executed by Cuba**



**LEGEND. Color coding according to the percentage of initiatives provided in 2008:**

PERCENTAGE	COLOR
Less than 2.5%	White
Between 2.6% and 5.0%	Light Orange
Between 5.1% and 7.5%	Yellow
Between 7.6% and 10.0%	Orange
More than 10.1%	Dark Orange

**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

**Map II.4. Geographical distribution of cooperation initiatives executed by Argentina**



**LEGEND. Color coding according to the percentage of initiatives provided in 2008:**

PERCENTAGE	COLOR
Less than 2.5%	White
Between 2.6% and 5.0%	Light Yellow
Between 5.1% and 7.5%	Yellow
Between 7.6% and 10.0%	Orange
More than 10.1%	Dark Blue

**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

**Map II.5. Geographical distribution of cooperation initiatives executed by Brazil**



**LEGEND. Color coding according to the percentage of initiatives provided in 2008:**

PERCENTAGE	COLOR
Less than 2.5%	White
Between 2.6% and 5.0%	Light orange
Between 5.1% and 7.5%	Yellow
Between 7.6% and 10.0%	Orange
More than 10.1%	Dark orange

**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

### *Initiatives and sectors of activity*

The information available for this year has made it possible to classify the 1,879 bilateral horizontal/South-South cooperation initiatives executed in the region in 2008 by sector of activity. Despite the challenges posed by such classification (see Box II.2), these initiatives have also been organized by sector group. Specifically, and using the same criteria as last year, the initiatives have been grouped into three major categories: *Social* (Education and Health, among others); *Economic* (creating conditions for the economy to function—such as Infrastructure and Financial Services—and Productive Sectors); and *Other Areas* (a more heterogeneous group ranging from Institutional Strengthening to Disaster Prevention).

#### **Box II.2. The challenge of classifying initiatives by sector of activity**

The classification of bilateral horizontal/South-South cooperation by sector of activity is often difficult:

- Part of the problem stems from which sector classification system to use. The main standard is provided by the Development Assistance Committee (DAC) of the OECD, whose classification system is periodically revised. It arranges the sectors into major groups, including diverse activities ranging from “Education” and “Health” through “Debt Relief.”
- Another source of confusion is the fact that many cooperation initiatives tend to encompass multiple sectors. For example, an initiative in biotechnology may fall under all of the following categories, depending on the applications involved: science and technology, any branch of agriculture and livestock, food security, medicine and health. Another example might be an activity in wastewater sanitation, which might be categorized as a water supply activity or an environmental activity.

Since there are so many options, work is being done to classify according to the criteria that best reflect bilateral horizontal/South-South cooperation in our region. For the time being, we are applying the following criteria:

- The sector classification used (presented in the Annex) is a modified version of the system adopted by the OECD Development Assistance Committee (OECD/DAC). In summary, only five of DAC’s major areas of activity are used. Specifically, in light of the fundamentally technical nature of the cooperation exchanged among the countries of the region, categories 5 and 6 were omitted (Commodity Aid and General Programme Assistance; Action Relating to Debt). The remaining five major categories are somewhat modified and grouped around three main areas: *Social*, including activities related to “Social Infrastructure and Services”; *Economic*, including “Economic Infrastructure and Services” and “Productive Sectors”; and finally, *Other Areas*, which encompasses a broad range of activities from “Culture” and “Environment” (a class in and of itself, although in the DAC this is a subgroup), to “Government and Civil Society” and “Emergency and Humanitarian Aid.”
- Since the member countries of the Ibero-American Conference have this alternative sector classification system in addition to that of the DAC, when assigning each bilateral horizontal/South-South cooperation initiative to a sector of activity, we have followed the system adopted by each country. Thus, and particularly for multi-sector activities, the countries have been the ones to determine the sector involved in each initiative.

**Matrix II.3. Bilateral horizontal/South-South cooperation initiatives by sector of activity (2008)<sup>5</sup>**

**II.3.A. Social Sector**

In units

PROVIDERS		RECIPIENTS																		TOTAL			
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)										
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama	Uruguay		Venezuela		
LMIC	Bolivia																						
	Brazil	4		1	6	3	4		2	4	7	3		3		4		3	5		49		
	Colombia						8	1			2	4		1				1			17		
	Cuba	2	2	5		8	1	6	5	4	3	1	3	2	1	1	1	4	3		68	120	
	Ecuador																						
	El Salvador																				1	1	
	Guatemala																						
	Honduras																						
	Nicaragua																						
	Paraguay																			1		1	
	Peru																						
	Dominican Rep.																						
UMIC	Argentina	21	6				10			7		3			5		4	1	1		58		
	Chile	11			2	2	12	1	1		3		1		1			2			36		
	Costa Rica			1																	1		
	Mexico	4	2	2		4	11	3	1			4					4	2	1		38		
	Panama																						
	Uruguay		5	1	1				1		1			5	5		2				21		
	Venezuela	9	1	1	4	2	3	2	3	8	2	3	2	2	2	1	3		2		50		
<b>TOTAL</b>	<b>51</b>	<b>16</b>	<b>11</b>	<b>13</b>	<b>19</b>	<b>49</b>	<b>13</b>	<b>13</b>	<b>16</b>	<b>25</b>	<b>11</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>12</b>	<b>6</b>	<b>16</b>	<b>16</b>	<b>71</b>	<b>392</b>			

**Matrix II.3. Bilateral horizontal/South-South cooperation initiatives by sector of activity (2008)<sup>5</sup> (continued)**

**II.3.B. Economic Sector: Economic Infrastructure and Services**

PROVIDERS		RECIPIENTS																		TOTAL
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)							
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama	Uruguay	
LMIC	Bolivia																			
	Brazil	2		2	3	1	3		3	1	2	1	2		10			1	8	39
	Colombia	1			2		6			1	1				3	1	3			18
	Cuba	2					1					2					1		227	233
	Ecuador																			
	El Salvador																			
	Guatemala																			
	Honduras																			
	Nicaragua																			
	Paraguay																			
	Peru																			
	Dominican Rep.																			
UMIC	Argentina			3	4	2				18	2	1		5		5		2	42	
	Chile	1		1	1	2										2			7	
	Costa Rica			1															1	
	Mexico	6		6	1	7	1		1		3	5	1				1	1	33	
	Panama																			
	Uruguay					1									1				2	
	Venezuela	2		1	3	3			2									1	12	
<b>TOTAL</b>	<b>14</b>		<b>11</b>	<b>13</b>	<b>16</b>	<b>14</b>	<b>1</b>	<b>6</b>	<b>21</b>	<b>8</b>	<b>9</b>	<b>3</b>		<b>18</b>	<b>2</b>	<b>12</b>	<b>3</b>	<b>237</b>	<b>388</b>	

**Matrix II.3. Bilateral horizontal/South-South cooperation initiatives by sector of activity (2008)<sup>5</sup> (continued)**

**II.3.C. Economic Sector: Productive sectors**

PROVIDERS		RECIPIENTS																		TOTAL
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)							
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama	Uruguay	
LMIC	Bolivia																			
	Brazil	3		1	9	5	4	2	1	1	2	2	3	1	5	1	4	12	56	
	Colombia				1		1	1					1		2					6
	Cuba	3		1									2					1	131	138
	Ecuador																		1	1
	El Salvador																			
	Guatemala																			
	Honduras																		1	1
	Nicaragua																		2	2
	Paraguay																		2	2
	Peru			1																1
	Dominican Rep.																			
UMIC	Argentina	13		3	4	14	1	4	5	202	16	2				4		12	280	
	Chile	1		2	4	18		1				1	1						28	
	Costa Rica			1															1	
	Mexico	6		1	1	1	11	5	6	1	2			1	1		5		41	
	Panama																			
	Uruguay															1			3	4
	Venezuela	2	9		14	3			12	1			10					3		54
<b>TOTAL</b>	<b>28</b>	<b>9</b>	<b>5</b>	<b>30</b>	<b>17</b>	<b>48</b>	<b>9</b>	<b>12</b>	<b>19</b>	<b>205</b>	<b>20</b>	<b>9</b>	<b>12</b>	<b>1</b>	<b>8</b>	<b>1</b>	<b>10</b>	<b>8</b>	<b>164</b>	<b>615</b>

**Matrix II.3. Bilateral horizontal/South-South cooperation initiatives by sector of activity (2008)<sup>5</sup> (continued)**

**II.3.D. Other Areas**

PROVIDERS		RECIPIENTS																	TOTAL				
		Lower Middle-Income Countries (LMIC)											Upper Middle-Income Country (UMIC)										
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras	Nicaragua	Paraguay	Peru	Dominican Rep.	Argentina	Chile	Costa Rica	Mexico	Panama		Uruguay	Venezuela		
LMIC	Bolivia																						
	Brazil	4		8	1	3	10	1	1	4	2	3	4		8			2	1		53		
	Colombia				1	1	11	6	5		2	1			8		2	1			38		
	Cuba	2		3				1					2								22	30	
	Ecuador																						
	El Salvador																						
	Guatemala																						
	Honduras																				1	1	
	Nicaragua																						
	Paraguay																						
	Peru			2						1													3
	Dominican Rep.																						
UMIC	Argentina	28		4	4	4	11		1		75	5			2	2				3	139		
	Chile	9		3		4	22	3	1	2	3	3			6	2		4			62		
	Costa Rica			2										1							3		
	Mexico	5				9	29	5	5	6		2	16	1	7		5	1			91		
	Panama			1																	1		
	Uruguay													1							1		
	Venezuela	3	1			1			1	3	2											11	
<b>TOTAL</b>	<b>51</b>	<b>1</b>	<b>23</b>	<b>6</b>	<b>22</b>	<b>83</b>	<b>16</b>	<b>13</b>	<b>12</b>	<b>85</b>	<b>13</b>	<b>24</b>	<b>6</b>	<b>8</b>	<b>24</b>	<b>4</b>	<b>7</b>	<b>8</b>	<b>27</b>	<b>433</b>			

Countries classified by income level according to World Bank GNI per capita criteria: Lower middle income (US\$936 - US\$3,705); Upper middle income [US\$3,706 - US\$11,455].

Source: SEGIB based on reporting from cooperation agencies and/or bureaus

The disaggregation of initiatives by sector of activity and according to provider and recipient generated the data for Matrices II.3, which are sector-specific (*Social*; *Economic*: Economic Infrastructure and Services, Productive Sectors; and *Other Areas*). Table II.2 and Graph II.4 summarize the information included in the matrices.

**Table II.2. Bilateral Horizontal/South-South Cooperation Initiatives by sector of activity (2008)**

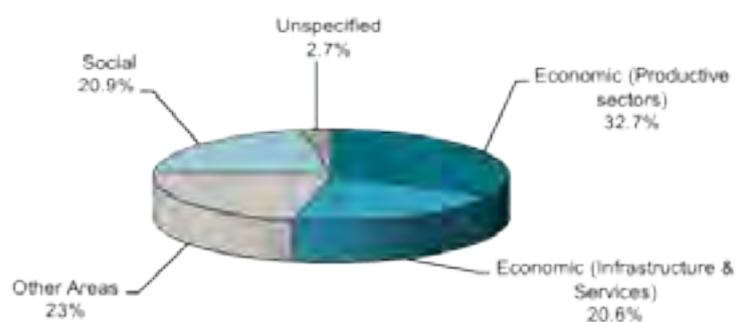
In units and percentages

Sector Group	Initiatives		
	Number	Percentage of	
		<i>Economic Group</i>	<i>total</i>
Social	392	----	20.9
Economic	1,003	100,0	53.4
<i>Economic Infrastructure and Services</i>	388	38,7	20.6
<i>Productive Sectors</i>	615	61,3	32.7
Other Areas	433	---	32.7
<i>Unspecified</i>	51	---	2.7
<b>Todas</b>	<b>1,879</b>	<b>---</b>	<b>100</b>

Source: SEGIB based on reporting from cooperation agencies and/or bureaus

**Graph II.4. Bilateral Horizontal/South-South Cooperation initiatives by sector of activity (2008)**

Percentages



Source: SEGIB based on reporting from cooperation agencies and/or bureaus

As is shown by the above figures, in 2008 some 1,000 initiatives (almost 55% of the 1,879 total recorded for Latin America) were to strengthen economic capacity. The rest of the initiatives (around 850) were divided evenly (around 21-23% each) between the other two sector categories of *Social* (to improve social conditions for the population) and *Other Areas*, including culture, gender, institutional strengthening, humanitarian aid, disaster prevention, and the environment. Only 2.7% of the initiatives in the region could not be classified by sector.

Among the economic activities, a majority (more than 60%) were in the “productive sector.” In fact, and consistent with the situation in Latin American countries, agriculture was the most dynamic sector of horizontal/South-South cooperation. Also, as is befitting a region that holds large reserves of oil and gas, the second most dynamic sector for cooperation initiatives was in mineral resources and mining. Meanwhile, activity in other primary sectors such as fishing or forestry was almost irrelevant, but cooperation in industry, trade, and tourism had renewed vibrancy. Particularly interesting was tourism, because a few years ago it was considered to be a possible key to economic growth (Box II.3).

### **Box II.3. Tourism, cooperation, and development**

According to the World Tourism Organization (WTO), in 2008 international tourism generated close to one trillion dollars. That figure consolidated the industry’s place as the fourth largest in world commerce after oil, chemicals, and the automotive industry. The WTO also reported that a billion tourists traveled throughout the world. Although the primary destinations continued to be in Europe and North America, the developing countries have been attracting more tourists. In fact, in 2007, two developing countries (Turkey and Mexico), ranked ninth and tenth in the world for the number of tourists they welcomed.

The fact that ever more developing countries are getting involved in tourism is related to widespread recognition that tourism is a sector that serves as a catalyst for development in countries that receive tourists. In fact, the relationship between tourism and development can be seen in this sector’s ability to generate:

- foreign exchange revenue earned through the export of services and also the investments tourism can attract;
- a spillover or multiplier effect for sectors serving as suppliers to the tourism industry;
- employment, both direct (in tourism) or indirect (in the spillover sectors).

The potential benefits of tourism on development, however, are not always realized. In fact, many economists are critical of a heavy reliance on tourism because it can cause national economies to become too dependent on an activity highly vulnerable to the many events that may negatively impact demand. Factors that could cause a contraction in tourism are as varied as natural disasters and the current world economic crisis.

This has been the case for our region. According to SEGIB-WTO (2008) and ECLAC, the 19 developing Ibero-American countries received some 55 million tourists in 2007, who generated some US\$41 billion (5% of regional revenue for the export of goods and services). Forty percent of this tourism was in Mexico—a world powerhouse in this sector, which also captured more than 30% of regional revenues. Next were Brazil and Argentina, who received around 10% each of both arriving tourists and revenue. The rest of the countries had much lower levels of activity.

### Box II.3. Tourism, cooperation, and development (continued)

#### Bilateral horizontal/South-South cooperation initiatives in the tourism sector (2008)

##### Number of initiatives

Provider	Receiving country							
	Ecuador	El Salvador	Guatemala	Panama	Paraguay	Peru	Venezuela	Total
Argentina	2	1		2	4	2		11
Brazil		1						1
Chile		3						3
Cuba			1				4	5
Mexico		4	4					8
Total	2	9	5	2	4	2	4	28

**Source:** SEGIB based on reporting from cooperation agencies and/or bureaus

The importance of tourism in national development strategies, as well as the enormous differences in capacity developed by the different countries of the region, explains why there are increasingly more bilateral horizontal/South-South cooperation initiatives involving exchanges of experience in this sector. Most of these were offered by Argentina and Mexico, and to a lesser degree, by Cuba, Chile, and Brazil. On the receiving end, the Central American countries of El Salvador, Guatemala, and Panama boosted their tourism sectors; and Ecuador, Paraguay, Peru, and Venezuela enhanced their capacities in South America.

Some of the noteworthy initiatives were:

- a) Those aimed at improving high-quality tourism offerings (“Training Workshop in Responsible Whale Watching” from Argentina to Panama; the design of “Plans to Promote Social Tourism”—exchanges between Cuba and Venezuela; and advisory services on “Ecotourism Products” from Mexico to El Salvador);
- b) Institutional strengthening of the tourism sector (“Plan of Action to Develop a Tourism Satellite Account” and “Strengthening the Tourism Statistical Information System” from Mexico to Panama and Bolivia; “Sharing experiences in security, and training for staff at the Tourism Safety Police Stations and the Quito Metropolitan District Secure Points” from Argentina to Ecuador).

**Source:** World Tourism Organization (WTO) ([www.unwto.org](http://www.unwto.org)); statistics from the Economic Commission for Latin America and the Caribbean (ECLAC) ([www.eclac.org](http://www.eclac.org)); SEGIB-WTO (2008).

The rest of the initiatives in the *economic* group (almost 40% of more than 1,000 recorded), were aimed at strengthening the “infrastructure and services” needed for economies to function. Thus, initiatives aimed at boosting both the fabric of production (particularly cooperatives and small and medium-sized enterprises), and employment, gained ground. Key economic sectors such as transport and finance began to garner more attention. However, as was true in previous years, cooperation in the following fields was noteworthy: energy generation and supply; communications; and science and technology. Within the latter, an increasing number of initiatives were in biotechnology, an area that helps both agriculture and health (Box II.4).

## Box II.4. Cooperation in the biotechnology sector: value added

According to the dictionary of the Real Academia de la Lengua Española (RAE), biotechnology is a branch of science that “uses living cells to obtain and improve useful products such as food and medications.” As is revealed by this definition, it is a sector of applied research which has an impact on multiple key activities for the development of a country’s economy and society: health, food security, agriculture, integration into world markets, etc.

This sector requires high levels of continuous investment in financial, material, and human resources. However, developing countries often have limited ability to maintain these levels of investments over time. Therefore, cooperation in biotechnology offers a new “value added” because it allows countries to share in both the investment burden and the resulting benefits.

The advantages afforded by this kind of cooperation are illustrated in the exchanges which the three Ibero-American leaders in biotechnology maintained during 2008. They were Cuba, Argentina, and Brazil.

Cuba has been focusing on biotechnology since the days when its foreign relations revolved around the former Soviet Union. As a result, Cuba now has a world-class institution: the Center for Genetic Engineering and Biotechnology (CIGB) in Havana. This institution has a strong analytical infrastructure which applies the results of its research to agriculture and biomedicine. Its major achievements include defense against pests and fungal and viral diseases affecting key food crops. It has also led to the development of more than 20 products (including vaccines) effective in the prevention and cure of uterine and pulmonary cancer, among other diseases.

However, the Cuban biotechnology sector faces many challenges. One is Cuba’s policy of sharing its achievements with other countries of the region. This means that Cuba not only exports its products at very accessible prices, but it also helps other countries develop their own research and products. Another challenge is Cuba’s need to lower its food imports (80% of the total consumed by the domestic market), and to consequently replace these foods with domestic products, including genetically modified soybean.

The answer to the first challenge lies partially in Cuba’s cooperation with Argentina, and more specifically with two reference institutions: the National Institute of Agricultural Research (INTA) and the National Institute of Technological Research (INTI). Through these two institutes, Argentina has developed the capacity to reap the benefits of its research on an industrial scale. Therefore, both countries benefit through their cooperation exchanges: Cuba transfers part of its research tools to Argentina and learns about industrial techniques that help maximize the distribution of its products.

In facing its second challenge, Cuba is supported by Brazil. With its Brazilian Agricultural Research Company (EMBRAPA), Brazil leads on issues related to the treatment, enhancement, cultivation, and exploitation of soybean. In their cooperation exchanges, Cuba advances its policy of food import substitution, and Brazil assimilates new research techniques.

**Source:** Interviews and the website of the Center for Genetic Engineering and Biotechnology (CIGB) ([www.cigb.edu.cu](http://www.cigb.edu.cu)); Ministry of Foreign Investment and Economic Cooperation (MINVEC) of the Republic of Cuba; and the National Technological Research Institute (INTI).

As regards cooperation in social matters, most initiatives continued to be in education and health, with a subset of the latter—reproductive health—gaining prominence. An increasing number of initiatives were also found in the area of water supply and sanitation, as well as such diverse activities as sports and housing policy—all under social cooperation. Other initiatives involved sharing experiences for the promotion of social policies, which are so crucial to the fight against inequality, poverty, and indigence (Box II.5).

## Box II.5. Coordination of social policies in the fight against poverty and indigence

According to ECLAC (2009), in 2002 44% and 13.3% of the population in Latin America lived in poverty and indigence, respectively. In 2007, the situation had improved somewhat and these percentages had dropped to 34% and 12.5%. Still, the situation in the world's region with the greatest inequality remained worrisome: 185 million Latin Americans were poor and 70 million of these were indigent.

However, this improvement was no accident. It was the fruit of the efforts made by Latin American countries to promote more effective social policies to fight poverty and indigence. In fact, the improvement coincided with a political context marked by greater prominence of social issues on government agendas

### Evolution of poverty and indigence in Latin America: Chile and Uruguay (2002 to 2007)

#### Percentage of total population

Population under line of	Chile		Uruguay		Latin America (with Haiti)	
	2003	2006	2004	2006	2002	2007
... poverty	18.7	13.7	31.9	27.4	44.0	34.1
... indigence	4.7	3.2	3.9	2.9	13.3	12.6

Source: SEGIB based on data from ECLAC (2008) and Svaestuen (2007)

As the above table shows, two of the countries that contributed to improvements in the region were Chile and Uruguay. These countries did not limit themselves to individual efforts to fight poverty. Rather, at the end of 2007, and after demonstrating the effectiveness of their respective policies, Chile and Uruguay decided to share their experiences through a Bi-national Agreement to Coordinate Social Policy. Through this agreement, the two countries established a viable exchange of horizontal/South-South cooperation initiatives on social issues between the Chilean Ministry of Planning (MIDEPLAN) and the Uruguayan Ministry of Social Development (MIDES).

### List and description of the main social programs of Chile and Uruguay

Uruguay		Chile	
Program	Brief description	Program	Brief description
Ingreso Ciudadano (citizens' income)	Cash transfers to population under poverty line	Chile Solidario (Solidarity Chile)	Protection system for the most vulnerable population
Empleo Transitorio (temporary employment)	Temporary work in community projects		
Alimentario Nacional (national food program)	Food support for poorest of the poor and school children	Chile Crece Contigo (Chile: Growing with You)	Universal comprehensive protection system for early childhood, targeting vulnerable groups
De Emergencia Sanitaria (health emergency)	Health coverage for most vulnerable households		
Educación en Contexto Crítico (critical education)	Support for schools in critical areas	Ficha protección Social (Social Protection)	System to identify vulnerable families. Measures economic resources, needs, risks
De Asentamientos Precarios y Pen. (housing)	Help to improve living conditions in precarious settlements		
De Atención a los Sin Techo (care for the homeless)	System of shelters and support for reincorporation into the labor market	Sistema Integral de Información Social (Social Data System)	IT platform to allocate social benefits

Source: SEGIB as reported by Courtoisie and Da Costa (2006), MIDES ([www.mides.gub.uy](http://www.mides.gub.uy)), and MIDEPLAN ([www.mideplan.cl](http://www.mideplan.cl))

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### Box II.5. Coordination of social policies in the fight against poverty and indigence (continued)

In 2008, the agreement was executed through the “Project to Share Experiences in Social Protection and Comprehensive Child Protection.” Jointly financed under a cost-sharing agreement, the project allowed for the exchange of technical internships in the different Ministries to learn about each other’s programs. Specifically:

- Uruguay showed an interest in learning about Chile’s programs (see chart) for child protection, particularly among very vulnerable families. These programs not only entail the coordination of protection measures, but also the creation of data systems to optimize the resources allocated to this purpose.
- Chile, in turn, was particularly interested in the Program to Shelter the Homeless. This is a Uruguayan day/night shelter program for individuals and families living in the street. In addition to being given a place to eat, bathe, and rest, beneficiaries are offered social services to facilitate their re-incorporation into society and the labor market.

**Source:** ECLAC (2008); Courtoisie and Da Costa (2006); Svalestuen (2007); interviews w/ the Ministry of Social Development (MIDES) of Uruguay and website (<http://www.mides.gub.uy/mides>); Ministry of Planning of Chile (MIDEPLAN) ([www.mideplan.cl](http://www.mideplan.cl))

Finally, in 2008 there were 400 bilateral horizontal/South-South cooperation initiatives outside of the social and economic sectors. Most of these were in the area of government and civil society. The leading areas were legal and judicial development, the fight against impunity, public sector human resources training, and bolstering statistics systems, among others. There were also initiatives aimed at building up systems of cooperation—both international and South-South. The case of one country, Uruguay, illustrates how bilateral horizontal/South-South cooperation in fact helped it create a new system of cooperation (see Box II.6).

Most of the remaining initiatives were in the areas of culture and the environment. A few addressed issues of gender and the establishment of development models. Finally, humanitarian aid was involved in an increasing number of bilateral horizontal/South-South cooperation initiatives. As Box II.7 shows, the dramatic events afflicting some of the countries in the region (hurricanes, tropical depressions, floods, and fires, to name a few) inspired Latin America to resort to South-South cooperation as a tool for solidarity in the aftermath of natural disasters. This aid, by the way, is increasingly conceived as a complement to initiatives in disaster prevention, as it marks an attempt to build up the response capacity of countries affected by natural disasters, while at the same time helping them create conditions to minimize damage caused by these phenomena.

## Box II.6. Uruguay's cooperation system: assistance to build a new system

The countries of Latin America are very heterogeneous when it comes to managing their cooperation programs. Their respective cooperation systems are built around very different institutions and legal systems, as is seen in the chart below:

- Most of the countries run their cooperation systems through a General Bureau of Cooperation in the Ministry of Foreign Affairs, or through a Secretariat under the Office of the President.
- The remaining countries can be divided into two groups: those that have autonomous cooperation institutes or agencies, and those that rely on the coordinated and simultaneous action of two government agencies or institutions (Presidency; Ministry of Foreign Affairs; or other).

### Institutions in charge of cooperation system, by country

<i>Institutional Formula</i>	<i>Countries that use the formula</i>
Cooperation Agency and/or Institute	Brazil (ABC); Chile (AGCI); Ecuador (AGECI); Peru (APCI); and Uruguay (in planning)
General Cooperation Bureau (Ministry of Foreign Affairs)	Argentina; Costa Rica; El Salvador; Mexico; Nicaragua; Panama; Venezuela
Secretariat or other arrangement (President)	Guatemala; Honduras; Dominican Republic
Other	Bolivia; Colombia; Cuba; Paraguay

**Source:** SEGIB

Amidst their various institutional approaches, bilateral horizontal/South-South cooperation has become a good instrument to allow the countries of the region to exchange experiences and transfer their respective capacities. One of the more visible results of this exchange has been the establishment of a new system of international cooperation in Uruguay, to be led by the International Cooperation Institute. The Institute will be in charge of managing the international cooperation received by Uruguay, and it will have a specific unit devoted to managing South-South cooperation.

While establishing its new cooperation system, in 2008 Uruguay received support from the following countries:

- Chile: support focused on the institutional and legal underpinnings of the new system. The Chilean International Cooperation Agency (AGCI) served as the main model for the new Uruguayan Institute.
- Mexico: essentially addressing the horizontal cooperation program, provided a model for the new Uruguayan unit that will manage South-South cooperation.
- Colombia: helped Uruguay map out its cooperation, which is an essential tool for decision-making.

**Source:** Office of Planning and Budget (OPP) of the President of the Republic of Uruguay; Social Action and International Cooperation Bureau of the Ministry of Foreign Affairs of Colombia

## Box II.7. Ibero-American solidarity in response to natural disasters

Unfortunately, 2008 was another year in which Latin America suffered the impact of different kinds of natural disasters. Just to name some:

- After more than three months of persistent rainfall, in mid-February a governmental decree declared that Bolivia was experiencing a national disaster. The flooding claimed more than 50 lives and left more than 45,000 families homeless (*La República*, February 13, 2008).
- In just eight days from late August to early September, Hurricanes Gustav and Ike hit the island of Cuba. Damages were on the order of US\$10 billion, or the equivalent of 20% of GDP and the total value of 2007 imports (*Granma*, September 16, 2008). Hurricane Paloma, in early November, further aggravated the situation.
- At the end of May, the season's first tropical depression developed south of Central America. It first made landfall in Nicaragua, although the effects of the storm also impacted Honduras. In addition to material damages in both countries, three people died.
- Ecuador was affected by months of endless rain, which caused flooding and left more than 300,000 people homeless in almost half of the national territory. Additionally, because of repeated eruptions of Tungurahua Volcano, thousands of people were displaced from at least three of the country's provinces (<http://www.unicef.org/infobycountry/index.html>).
- Finally, Paraguay was forced to handle two epidemics (dengue and yellow fever—the latter had virtually disappeared for a century, since no cases had been reported since 1904); and a severe drought in the Chaco region, in which there was no rainfall for more than six months.

The region responded to these disasters with true displays of solidarity. Virtually all of the countries (including Central American and the Andean countries, which are the poorest of the region) showed solidarity with the affected countries by mobilizing whatever resources they could to help alleviate the effects of these unfortunate disasters. As is required by the situation, their responses took different forms, including:

- In-kind donations, such as: food; building materials (from electric cables to roof girders); all kinds of clothing (coats, blankets, towels...); mattresses; cleaning materials; medications; and water purification tablets and water tanks, just to name a few.
- Financial or monetary donations.
- Logistical support, such as for the transport of materials and rescue brigades (loaning of planes or helicopters); or the dispatch of medical aid (sending of medical brigades); among other forms of support.

Detailed examples of this aid are found in the following tables, which document humanitarian aid mobilized by Colombia and Venezuela in response to disasters in 2008.

## Box II.7. Ibero-American solidarity in response to natural disasters (continued)

### Humanitarian Aid provided by Colombia and Venezuela to countries hit by natural disasters (2008)

#### A. Colombia

Affected country	Type of disaster	Type of aid	Aid
Bolivia	Flooding	In-kind and financial	9 tons (t) of <i>bienestarina</i> (fortified weaning supplement); 2 emergency health kits with drugs; and US\$10,000
Cuba	Hurricane Gustav	In-kind	10 tons (t) of zinc sheets and roofing
Ecuador	Eruption of Tungurahua Volcano	In-kind	8 t of <i>bienestarina</i> ; 1.2 t of blankets; and 0.3 tons of medicines
Guatemala	Winter weather	Financial	US\$13,000
Honduras	Winter weather	Financial	US\$12,000

#### B. Venezuela

Affected country	Type of disaster	Type of aid	Aid
Bolivia	Flooding	In-kind; transport of materials; assistance by Venezuelan personnel	51.65 tons (t) of products; 2 flights; brigades of 50 professionals
Cuba	Hurricanes Gustav, Ike, and Paloma		Brigades to rebuild schools and the Mariel-Pinar del Río electrical line
Honduras	Hurricane Alma		15t of products; 1 flight; brigades of 10 professionals
Nicaragua	Tropical depression		20t of products; 1 flight; brigades of 10 professionals
Paraguay	Dengue and yellow fever epidemics		A total of 35t of products; 2 flights; brigades of 20 professionals
Ecuador	Flooding	In-kind	Donation of materials

**Source:** SEGIB based on reporting from the Foreign Ministries of Colombia and Venezuela.

### *Regional profile of needs and capacities*

A continuous demand of countries participating in bilateral horizontal/South-South cooperation is to identify the profile of *needs* and *capacities* of the different partners involved. Consequently, in order to improve effective delivery of this form of cooperation, one must first determine the strengths of the providing partners, and secondly, the needs of the recipients.

The information we have drawn on for preparation of this report has made it possible to present the most accurate regional profile to date. In fact, Tables II.3 and II.4 show participation by sector compared to the total number of initiatives in which the major providers and recipients participated throughout 2008. In order for the percentage distribution to be meaningful, only countries benefitting from or contributing to a minimum of 50 initiatives were examined.

As is evident in the first table, none of the seven major provider countries focused the bulk of cooperation on social sectors. However, the percentage of each country's initiatives in the social sectors varied widely, from a low of 11% for Argentina to a high of almost 40% for Venezuela. The areas that the major providers specialized in were the economic sector (about 50% of the initiatives sponsored by Brazil and Venezuela, 60% of those carried out by Argentina, and more than 70% of Cuba's) and the socioeconomic sector (around 45% of Chile's and nearly 50% of Colombia's initiatives).

A better method of profiling areas of specialization of these partners is to disaggregate the data. Accordingly, in the social sector, Cuba and Venezuela focused most of their efforts on transfer of capacities in the subsectors of health and education while Colombia's profile was more geared towards education and Brazil's towards health policy (more specifically reproductive health). Chile, Mexico, and Argentina, in turn, engaged in a wider variety of cooperation through initiatives relating to education, health and social policy, and drinking water purification and water supply.

**Table II.3. Initiatives of major providers by broad sector (2008)**

Initiatives, in numbers; breakdown, in percentage

Initiatives							
Broad sector	Cuba	Argentina	Mexico	Brazil	Chile	Venezuela	Colombia
Social	120	58	38	49	36	50	17
Economic	371	322	74	95	35	66	24
Infrastructure & services	233	42	33	39	7	12	18
Production sectors	138	280	41	56	28	54	6
Other	30	139	91	53	62	11	38
Unspecified	2	0	33	9	7	0	0
<b>Total</b>	<b>523</b>	<b>519</b>	<b>237</b>	<b>206</b>	<b>140</b>	<b>126</b>	<b>79</b>

Breakdown							
Broad sector	Cuba	Argentina	Mexico	Brazil	Chile	Venezuela	Colombia
Social	22.9	11.2	16.1	23.8	25.7	39.4	21.5
(Econ) Infrastructure & services	44.6	8.1	14.0	18.9	5.0	9.4	22.8
(Econ) Production sectors	26.4	53.9	17.4	27.2	20.0	42.5	7.6
Other	5.7	26.8	38.6	25.7	44.3	8.7	48.1
Unspecified	0.4	0.0	14.0	4.4	5.0	0.0	0.0
<b>Total</b>	<b>100</b>						

Note: To make the breakdown meaningful, only countries with more than 50 initiatives were included.

Source: SEGIB based on statistics from cooperation agencies and/or bureaus

In the economic sector, Cuba focused some 45% of its initiatives on strengthening economic infrastructure and services. In the case of Argentina and Venezuela, cooperation involving the transfer of capacity in productive sectors represented 45% and 54%, respectively, of total initiatives when both countries played the role of provider. Meanwhile, Brazil struck a more balanced distribution of initiatives in this field: 27% of its total initiatives focused on reinforcing productive sectors; and almost 20% on creating conditions for the recipient countries' economies to run at more optimal levels. In this same spirit of providing greater detail, the predominant fields of initiatives sponsored by Cuba involved two sectors that are crucial to economic progress: communications and science and technology. As regards Argentina and Venezuela, initiatives were primarily focused on strengthening agriculture in the former and fisheries, mineral resources and mining in the latter. In keeping with the balance mentioned above, Brazil combined initiatives ranging from agricultural sectors and energy (mineral resources and mining as well as electricity generation and supply), to science and technology, and business and employment activities.

**Table II.4. Initiatives of major recipients by broad sector (2008)**

Initiatives, in numbers; breakdown, in percentage

Initiatives											
Broad sector	Venezuela	Paraguay	El Salvador	Bolivia	Ecuador	Nicaragua	Costa Rica	Cuba	Dominican R.	Peru	Colombia
Social	71	25	49	51	19	16	12	13	13	11	11
Economic	401	226	62	42	33	25	26	43	18	28	16
Infrastructure & services	237	21	14	14	16	6	18	13	9	8	11
Production sectors	164	205	48	28	17	19	8	30	9	20	5
Other	27	85	83	51	22	12	24	6	24	13	23
Unspecified	0	2	0	0	0	17	0	0	2	4	4
<b>Total</b>	<b>499</b>	<b>338</b>	<b>194</b>	<b>144</b>	<b>74</b>	<b>70</b>	<b>62</b>	<b>62</b>	<b>57</b>	<b>56</b>	<b>54</b>

Breakdown											
Broad sector	Venezuela	Paraguay	El Salvador	Bolivia	Ecuador	Nicaragua	Costa Rica	Cuba	Dominican R.	Peru	Colombia
Social	14.2	7.4	25.3	35.4	25.7	22.9	19.4	21.0	22.8	19.6	20.4
(Econ) Infrastructure & services	47.5	6.2	7.2	9.7	21.6	8.6	29.0	21.0	15.8	14.3	20.4
(Econ) Production sectors	32.9	60.7	24.7	19.4	23.0	27.1	12.9	48.4	15.8	35.7	9.3
Other	5.4	25.1	42.8	35.4	29.7	17.1	38.7	9.7	42.1	23.2	42.6
Unspecified	0.0	0.6	0.0	0.0	0.0	24.3	0.0	0.0	3.5	7.1	7.4
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Note: To make the breakdown meaningful, only countries with more than 50 initiatives were included.

Source: SEGIB based on statistics from cooperation agencies and/or bureaus

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Lastly, under cooperation labeled as “Other Areas,” we can highlight the transfer of capacities by Chile, Colombia, and Mexico. Most of these initiatives were related to strengthening government administration in the recipient countries. All three countries also played a leading role in the effort to promote activities pertaining to environment, humanitarian aid, and disaster prevention.

The profile of demands in the main recipient countries varied somewhat in 2008. For example, Bolivia was the only country in which the largest number of initiatives received was in the social sector (35.4%). Nevertheless, for all the recipient countries evaluated here (Cuba and the Dominican Republic; Costa Rica, El Salvador and Nicaragua; Colombia, Ecuador and Peru) social-related initiatives accounted for 20% or more of the total number of initiatives received. The exceptions were Venezuela and Paraguay, with 14 and 7.5% respectively.

Moreover, Venezuela, Cuba and Paraguay channeled between 70% and 80% of bilateral horizontal/South-South cooperation into the economic sectors. In Peru and Nicaragua, economic cooperation was also the most significant (50% and 35%), though lower than that of the aforementioned countries. The rest of the main recipient countries (El Salvador, Costa Rica, Colombia, Ecuador, and the Dominican Republic) channeled the bulk of the cooperation they received into sectors other than the economic and social areas. This cooperation classified as “Other Areas” ranged from 30% for Ecuador (a country which, like Brazil, had more even distribution across sectors) to 43% for El Salvador.

As for activities in the social sector, most of the initiatives Bolivia benefited from were in education and health. Colombia and the Dominican Republic, in turn, addressed needs primarily in the health field. The remaining major recipient countries engaged in a wider variety of cooperation, encompassing health and education or social and housing policies. One case that stands out is that of El Salvador, in which 40% of projects were for capacity building in the country’s water supply and sanitation sector (Box II.8).

### **Box II.8. Cooperation for universal access to safe drinking water: the Salvadoran case**

Goal 7.C of the Millennium Declaration set forth the need to “reduce by half the proportion of people without sustainable access to safe drinking water and basic sanitation” by 2015 ([www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)). In 2006, based on United Nations statistics (2009), the world had moved toward achieving this Millennium Development Goal. The same report found, however, that the said progress was inadequate. In fact, in 2006, 2.5 billion people lacked access to toilets, latrines or other types of sanitation; and 884 million had no access to safe drinking water. According to the report, a vast majority of these people live in rural areas.

As can be viewed in the table below, the Latin American region is no exception to this problem. In 2006, around 110 million Latin Americans (20% of the population) did not have access to sanitation services; furthermore, almost 45 million (8% of all Latin Americans) did not have access to sources of safe drinking water. The situation was particularly serious in rural areas. According to the United Nations (2009), Latin America is in second place as the region with the lowest supply of safe drinking water in those areas. One half of this population, additionally, does not have access to basic sanitation services ([www.eclac.org/estadisticas/bases](http://www.eclac.org/estadisticas/bases)).

## Box II.8. Cooperation for universal access to safe drinking water: the Salvadoran case (continued)

### Indicators of access to sanitation and sources of improved water supply (2006)

In percentage of total population

	...access to sanitation services			...access to water supply sources		
	National	Urban area	Rural area	National	Urban area	Rural area
El Salvador	86	90	80	84	94	68
Latin America	79	86	50	92	97	72

Source: SEGIB based on ECLAC statistics ([www.eclac.org/estadisticas/bases](http://www.eclac.org/estadisticas/bases))

In the case of El Salvador, over the last years, notable progress has been achieved in the area of access to sanitation services. This has made it possible for the portion of the total urban and rural population with access to these services to surpass the mean in Latin America. The shortfall lies in access to safe drinking water. Thus, in relative terms, Salvadorans have less access to safe drinking water than do other Latin Americans.

The progress that has been achieved, as well as attempts that have been made to overcome current deficiencies, to some extent has been the result of bilateral horizontal/South-South cooperation that El Salvador has received from other countries of the region. In fact, around 40% of the initiatives benefitting El Salvador in the social sector (19 out of 49), involved technical assistance and training in different aspects pertaining to water supply and sanitation. Said projects came from countries such as Argentina, Chile, Colombia and Mexico, most of which have made notable gains in this field. Some of these projects are reflected in the table below.

### Water supply and sanitation projects in El Salvador, as reported by provider (2008)

Provider	Project Name (technical assistance and training in ...)
Argentina	<ul style="list-style-type: none"> <li>- Safe drinking water and sanitation system design in urban and rural areas</li> <li>- Improvement in processes of analysis and design of raw sewage treatment plants</li> <li>- Quality control and billing process for water supply system and sewerage services</li> <li>- Application of modern methodologies to develop pre-investment studies and economic profitability and social analysis in water supply and sanitation system projects</li> <li>- Water quality control and oversight</li> </ul>
Chile	<ul style="list-style-type: none"> <li>- Preparation of specific environmental assessments of safe drinking water supply and sanitation systems</li> <li>- Strategic planning for the safe drinking water and sanitation sector</li> <li>- Implementation of quality control systems based on ISO/IEC international standard 17025:2005</li> <li>- Use and operation of water quality analysis equipment</li> <li>- Learning about new technologies and experiences in management and treatment of surface water, to provide and supply optimal water quality</li> </ul>
Mexico	<ul style="list-style-type: none"> <li>- Strategic planning for water supply and sanitation sector institutions</li> <li>- Environmental assessments on safe drinking water and sanitation systems</li> </ul>

Source: Ministry of Foreign Relations of El Salvador

Source: SEGIB based on United Nations (2009) statistics of the Economic Commission for Latin America and the Caribbean (ECLAC) ([www.eclac.org/estadisticas/bases](http://www.eclac.org/estadisticas/bases)) and the Ministry of Foreign Relations of El Salvador

In the economic sector, cooperation received by Venezuela was very focused on improvement of the “infrastructure and services” which serve its economy (47.5%). In addition to initiatives in communication and science and technology, the cooperation received addressed employment and promotion of different business organization solutions. There was also cooperation aimed at strengthening productive sectors (33% of all initiatives), including agriculture and industry. In fact, this cooperation profile cannot be separated from the country’s effort to “harvest its oil;” in other words, to overcome Venezuela’s structural dependence on hydrocarbons and turn this wealth into a diversified production machine (Box II.9).

## Box II.9. Cooperation and transformation in the productive sector: the Venezuelan case

The economic strength of the Bolivarian Republic of Venezuela is widely known. Rich in oil and gas, the Andean country has the largest hydrocarbons reserves in the region. Venezuela is also the top producer and exporter of energy products in Latin America and fifth in the world (Acosta and Schuldt, 2006).

Contrary to what one would expect, however, having so much wealth available through hydrocarbons does not always ensure economic development. There are two problems that this type of economy tends to face: on the one hand, it becomes overly dependent on oil and consequently very vulnerable to any problem in the sector; on the other hand, it suffers from what has come to be known as “Dutch Disease”, an explosive combination of excessive revenue, tendency of the exchange rate to appreciate, and a propensity toward importing, which winds up rendering it incapable of developing a sound and sufficiently diverse domestic system of production.

The Venezuelan economy has not been immune to these ailments. To illustrate this point, let us look at the country’s dependence on oil in the 1990s: oil accounted for 25% of gross domestic product (GDP); 70% of all revenue from the export of goods and services was related to oil; and more than 40% of all State revenue was from oil (Herrera and Nakatani, 2008). Furthermore, inadequate development of the productive system condemned Venezuela to a deficit in agricultural output, which led the country to import 30% of its food (a markedly high percentage).

As a result of these issues, Venezuela has been debating for many years how to “harvest or grow its oil”—in other words, how to get that wealth to translate into production diversification and full economic development. Over the past decade, attempts to “harvest the oil” have been supported, basically, by a set of economic policy measures. But these efforts have also been nurtured by another instrument: sharing experiences through bilateral horizontal/South-South cooperation with other Latin American countries.

Consequently, part of the cooperation that Venezuela receives in the economic sector is clearly designed to contribute to the transformation of production in the country. In addition to Cuban cooperation (which accounts for 90% of the economic initiatives benefitting the country), Argentina and Brazil have been important providers to Venezuela. Highly concentrated in the agricultural sector, these initiatives have been designed as part of an “integrated plan of action” to lead to a “spillover effect” on other complementary activities as well as social improvements.

### Cooperation initiatives of Argentina and Brazil with Venezuela, by economic sector (2008)

Number of initiatives

Providers	Economic subsector			Total
	Transportation & storage	Employment (promoting cooperativism)	Agriculture	
Argentina		2	12	14
Brazil	8		12	20
<b>Total</b>	<b>8</b>	<b>2</b>	<b>24</b>	<b>34</b>

Source: SEGIB based on statistics from the Ministries of Foreign Relations of Argentina and Venezuela.

## Box II.9. Cooperation and transformation in the productive sector: the Venezuelan case (continued)

In fact, the efforts of Argentina and Brazil (broken down by subsector in the table above) reflect the philosophy typically behind the promotion of local 'development poles', called "Endogenous Development Nuclei" in Venezuelan parlance. These 'nuclei' are designed to make a difference in municipalities with critically high unemployment rates and act as links in the food production chain and spill over to other links in this chain. Both Argentine and Brazilian cooperation aims to encourage the Venezuelans to take ownership of what they have learned, so they can independently replicate it in other parts of the country.

Most of these initiatives involve transfer of technology, inputs, and knowledge to facilitate the installation of agroindustrial plants in different parts of the country. Projects in the execution stage include:

- On the Argentine side: designing industrial food processing plants; supplying farm machinery; technical assistance on technological innovation to optimize dairy production (quantitatively and qualitatively); and advisory services to improve the genetic stock of the beef cattle herd.
- On the Brazilian side: building irrigation systems; implementing a strategy for the diagnosis and control of diseases affecting cattle production and breeding; transfer of technology and subsequent training for use thereof in six factories, each of which is engaged in different business activities; support for small and medium-size entrepreneurs in the farming/cattle-raising sector; etc.

Lastly, it must be noted that Argentine and Brazilian agencies of renowned prestige have taken part in many of these initiatives. These include: the National Institutes of Industrial and Farming Technology of Argentina (INTI and INTA); as well as the Brazilian Agency of Industrial Development (ABDI), the National Service of Industrial Training (SENAI) and the Brazilian Center for Analysis and Planning (CEBRAP).

**Source:** Acosta and Schuldt (2006); Herrera and Nakatani (2009); Ministry of Foreign Relations of Argentina; National Institute of Industrial Technology (INTI) of Argentina; Ministry of Communities of the Bolivarian Republic of Venezuela.

Given its need to reduce food imports, Cuba concentrated most of the economic cooperation it received on strengthening the agricultural sector. In a similar vein, Paraguay received a great deal of cooperation in river fishing, another key sector for food security. Peru combined agricultural cooperation and fisheries, and Nicaragua used cooperation to build capacity in energy generation and supply, a crucial sector for development.

Lastly, the remaining major recipient partners were successful at getting bilateral horizontal/South-South cooperation to help strengthen their respective government and state institutions. Bolivia was unique in that much of the cooperation received was for training government officials (Box II.10). The negative impact of natural disasters on countries like Bolivia, the Dominican Republic, and Ecuador, explain why part of said cooperation was focused on humanitarian aid and disaster prevention. Colombia and Ecuador were also able to improve their capacity to care for the environment.

## Box II.10. Institutional strengthening through cooperation between Argentina and Bolivia

Cooperation in the field of institutional strengthening can impact the State or government sector in many ways. According to the OECD Development Assistance Committee (DAC) sector classification system (which served as basis for the system used in this report), said cooperation can include initiatives geared toward economic development planning; public sector management; modernization of the State; governance; human rights; justice and anti-impunity measures; peacebuilding processes carried out within the UN framework; or capacity building for statistics gathering/reporting, among others.

During 2008, these types of initiatives were very much a part of the Argentina - Bolivia bilateral horizontal/South-South cooperation. Out of a total of 62 initiatives in which Argentina acted as a providing partner with Bolivia, 28 of them (almost 50%) were geared toward institutional strengthening. These included:

- Initiatives focusing on Bolivian public sector management. For this purpose, the Argentine Horizontal Cooperation Fund (FOAR)\* helped to establish a cooperation agreement between the National Institute of Public Administration (INAP)\* of Argentina and the National Personnel Management Service (SNAP)\* of Bolivia. Several courses and research projects were conducted in the context of this agreement in order to train public sector managers at the state, local and community level. Said training focused on aspects pertaining to governance and strategic management.
- Initiatives reinforcing specific State institutions, such as the Army or the Justice system. Examples of this form of cooperation include a training session for the Bolivian Navy and an International Seminar on Combating Impunity.
- Human Rights-related initiatives. Along with efforts to fight impunity, there were initiatives to provide training in the recovery, examination, and identification of the remains of people who disappeared or were killed under the successive dictatorships to which the Bolivian people were subjected.
- Initiatives focusing on capacity building to generate statistics, for example, to monitor progress towards attaining the Millennium Development Goals (MDGs) with sufficient regional breakdown.

**Source:** Argentine Horizontal Cooperation Fund (FOAR) and the Institute of Public Administration (INAP) ([www.sgp.gov.ar/inap](http://www.sgp.gov.ar/inap))

\*Spanish acronyms

## Resources mobilized to fund cooperation

As was noted above, there are major pitfalls involved in attempting to accurately report on bilateral horizontal/South-South cooperation in Ibero-America based only on the execution of initiatives. One of these pitfalls stems from the fact that the realities surrounding these initiatives show a wide variation. For example, some initiatives only require three weeks of technical assistance while others will require more than two years. These variances may distort both the real scope of this cooperation as well as the relative significance of the different partners involved in it.

One way to contrast and compare findings that are based on the number of initiatives, is to use other indicators as well. As mentioned in Box II.11, one option could be to identify the economic cost of said initiatives (as opposed to the value, which is a separate concept). Stated in other terms, this entails learning the total cost of all expenses that had to be defrayed (such as per diem, travel expenses, investment in equipment, and other things) in order to carry out the cooperation initiative. In light of the fact that bilateral horizontal/South-South cooperation is implemented under a cost-sharing arrangement, the costs must add up, in turn, to the total economic contribution of each participant.

## Box II.11. Economic value of horizontal/South-South cooperation: methodological note

Another way of accurately reporting on bilateral horizontal/South-South cooperation is to determine how much was mobilized in financial, human, technical, etc. resources to make execution of initiatives or projects possible. Processing that information, nonetheless, requires, breaking everything down to a unit of comparison: the economic value of all the resources. Those values must in turn be reduced to a common unit of currency.

The hard part of calculating that value lies in the fact that mobilization of resources, particularly in the context of solidarity-based support, does not always consist of payment for a good or service. Consequently, the economic value involves much more: it involves assessing, along with a market-based or lower price, how much would have been paid, for example, to a medical professional who participated in technical assistance in another country, had the service not been provided in a context of solidarity.

For the time being, no consensus has been reached on the criteria to be applied to conduct such an exercise. This is even true for something as basic as fees or the exchange rate to be used when converting the data into the local currency. Assessing the value of horizontal/South-South cooperation is also hampered by the information-reporting systems themselves, which have difficulty disaggregating data to the extent that such an assessment would require.

Another way to approach estimation of the economic value of executed initiatives and/or projects (at least partially), is by learning the economic cost. In other words, in view of the fact that this cooperation operates under a cost-sharing mechanism, assessment could be done by simply finding out how much was spent to cover the cost of the cooperation. To obtain this information, it would be enough to know what part of the total cost (or how much of a financial contribution) was made by each partner.

As is indicated in the table below, for the purposes of this report, the information to which we had access has proven to be incomplete, although it represented a significant step forward. In other words, only nine countries provided data pertaining to at least one of the following aspects: the contribution they made to the initiatives they participated in; what their provider or recipient counterparts provided; or the sum of both figures.

### Information on funding provided by each partner, by role (2008)

#### A. Declarations of countries in the role of provider

Type of funding declared	Provider					
	Argentina	Brazil	Chile	Colombia	Mexico	Uruguay*
... provided by itself	Yes	Yes	Yes	Yes	Yes	Yes
... provided by recipient	No	Deductible	No	No	No	Deductible
... provided by both	No	Yes	No	No	No	Yes

#### B. Declarations of countries in the role of recipient

Type of funding declared	Recipients					
	Chile	Colombia	Ecuador*	Panama	Peru	Uruguay*
... provided by itself	Yes	Yes	Yes	Yes	Yes	Yes
... provided by recipient	No	No	Deductible	Yes	Deductible	Deductible
... provided by both	No	No	Yes	Yes	Yes	Yes

\* Only provided information for some initiatives in which it participates. **Source:** SEGIB.

### **Box II.11. Economic value of horizontal/South-South cooperation: methodological note (continued)**

Nonetheless, thanks to this information it is possible to put together for the first time, albeit partially and incompletely, Matrix II. 4 which shows the financial resources that have been mobilized to cover the costs of part of the bilateral horizontal/South-South cooperation initiatives that took place in the region during 2008. Said matrix was drawn up by adding together two earlier matrices, A.2 and A.3, included in the annex. In the former, the figure in each cell always refers exclusively to funding from the provider; in the latter, the value in each cell matches the contribution provided only by the recipient partner. The number resulting from adding Matrix A.2 and Matrix A.3 together is then entered in each cell of Matrix II.4 to show the total amount of financial resources contributed by both partners to cover the cost of the initiatives in which they participated.

Three types of issues were encountered in filling out the cells of the matrices. Quite often, no figure could be assigned to a cell, because neither partner provided information. Other times, information was provided by only one partner and was entered in the matrix. The third situation was when both partner A and partner B reported their own economic estimate, making it necessary to validate only one of the two figures. Faced with this dilemma, it was decided as a general criterion to use the figure reported by the same partner from which the number of initiatives in 2008 had been taken within the particular cooperation arrangement (Matrix II.1).

Whichever the case may be, in view of the partial nature and lack of available information, it is presumed that the amounts recorded in each cell err on the low side and fall quite short of the actual amounts. As a result, it is fitting to point out once again that Matrix II.4 must be read with caution. This exercise should be viewed as a preliminary and tentative exercise of economic assessment of bilateral horizontal/South-South cooperation in Ibero-America, the results of which must be interpreted prudently.

For purposes of this report, countries have only reported limited data and, therefore, it has only been possible to come up with a rough, preliminary, and partial estimate of the economic cost of initiatives carried out in 2008. A note of caution must be sounded for any interpretation of the data summarized in Matrix II.4, because of this shortfall of data. Furthermore, it must be understood, as is suggested in Box II.11, that in all certainty the economic figures listed in said matrix are considerably lower than what they would have been had more information been gathered and better methods employed. Nonetheless, this preliminary exercise can help to begin to draw some qualified conclusions and, especially, contribute to eventual completion of an economic assessment of the bilateral horizontal/South-South cooperation that is being promoted throughout the Latin American region. So, bearing in mind all of the warnings explained above, Matrix II.4 suggests that the partial economic cost of the initiatives carried out in the region in 2008, surpassed US\$13 million at a minimum.<sup>6</sup>

When figures are disaggregated by country, it can be asserted (Graph II.5) that nearly 80% of the US\$13 million (about US\$10.3 million) was used to finance the execution of initiatives involving Brazil in the role of provider. Another 9% (a little over US\$1.215 million) went to defraying costs of the cooperation that Chile carried out in other countries of the region. Moreover, for initiatives in which Argentina and Mexico played the role of provider, the minimum cost was nearly US\$900,000 and US\$450,000, respectively, which together amounts to 10% of the total. Lastly, a total of around US\$165,000 was spent (1.3%) on initiatives in which Colombia was the provider.

**Matrix II.4. Rough estimate of the economic cost of bilateral horizontal/South-South cooperation (2008)**  
(Partial and/or incomplete data)

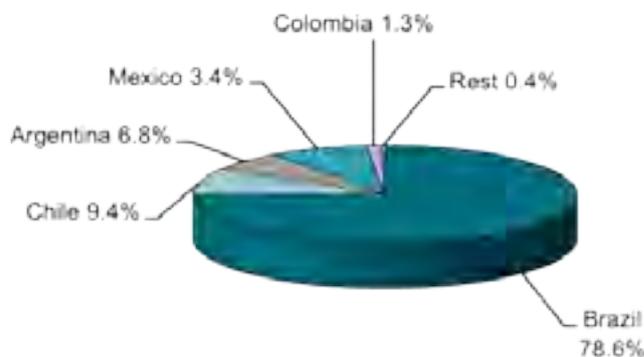
In dollars

PROVIDERS		RECIPIENTS							
		LOWER MIDDLE-INCOME COUNTRIES							
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras
LMIC	Bolivia								
	Brazil	419,592		290,992	1,138,195	536,221	353,931	197,350	304,477
	Colombia	10,153			29,962	12,073	5,357	25,547	29,864
	Cuba	N/A*	N/A	5,933		N/A	N/A	N/A	N/A
	Ecuador								
	El Salvador								
	Guatemala								
	Honduras								
	Nicaragua								
	Paraguay								
	Peru			5,654					
	Dominican R.								
UMIC	Argentina	191,097	16,839	12,888	34,164	55,535	70,271	4,375	27,454
	Chile	175,489		17,833	33,989	51,174	71,586	24,851	10,068
	Costa Rica			14,617					
	Mexico	17,907	1,236	32,536	4,401	31,117	61,089	24,132	22,964
	Panama			1,778					
	Uruguay		N/A	N/A	N/A	N/A			N/A
	Venezuela	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL		814,238	18,075	382,231	1,240,711	686,120	562,234	258,255	394,827



### Graph II.5. Distribution of the economic cost of cooperation, by provider (2008)

Percentage share

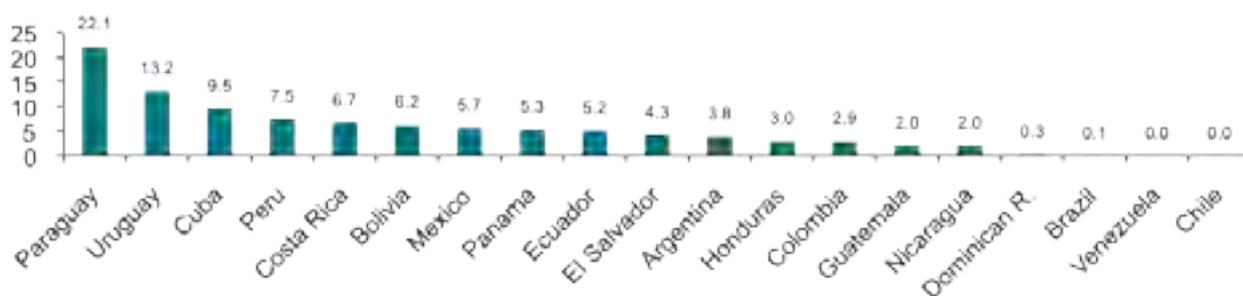


Note: The proportion of the economic costs of all initiatives in which the countries appearing in the graph took part exclusively as providers is based on a total amount of US\$13 million in cooperation executed in 2008. Source: SEGIB based on reporting by cooperation agencies and/or bureaus.

Another way to look at this data shows that out of the estimated US\$13 million spent on cooperation in 2008, nearly US\$2.9 million (more than one fifth of the total amount) went to the economic cost of initiatives in which Paraguay was the recipient partner (Graph II.6). The same data indicate that initiatives in which Uruguay was the recipient cost 13% of the total amount (more than US\$1.725 million) and initiatives in Cuba absorbed at least US\$1.25 million. Cooperation projects executed in the Andean countries of Peru, Bolivia and Ecuador, as well as the Central American countries of Costa Rica, Panama and El Salvador, together with Argentina and Mexico, involved mobilizing US\$0.5 to US\$1 million per country in funding. Lastly, the cost of cooperation in which Colombia, Honduras, Guatemala, and Nicaragua were recipients, ranged from US\$250,000 to US\$400,000. The remaining countries posted lower and/or not significant amounts.

### Graph II.6. Distribution of the economic cost of cooperation, by recipients (2008)

Percentage share



Note: The proportion of the economic costs of all initiatives in which the countries appearing in the graph took part exclusively as recipients is based on a total amount of US\$13 million in cooperation executed in 2008. Source: SEGIB based on reporting by cooperation agencies and/or bureaus.

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Moreover, given the incompleteness of available data (see Matrices A.2 and A.3 in the Annex), it is very difficult to calculate the breakdown of costs by country. Some data suggest that under the cost-sharing arrangement, the provider partner contributes about 80% of the cost and the recipient partner covers at least 20%. For example, Brazil contributed nearly US\$8.5 million out of a total cost of US\$10.3 million for all initiatives it executed, and Colombia contributed US\$140,000 out of a total amount of US\$165,000.

A unique example of funding with fully shared costs was set by the two most active countries in the region, Chile and Mexico. The two countries struck an agreement to exchange cooperation experiences and co-fund them under the “Joint Mexico-Chile Fund”. Consequently, in 2008, Chile (in this specific case as providing partner) and Mexico (the recipient partner) each financed 50% of the total cost of nearly US\$700,000 for a “Mexican Prison Reform System” project.

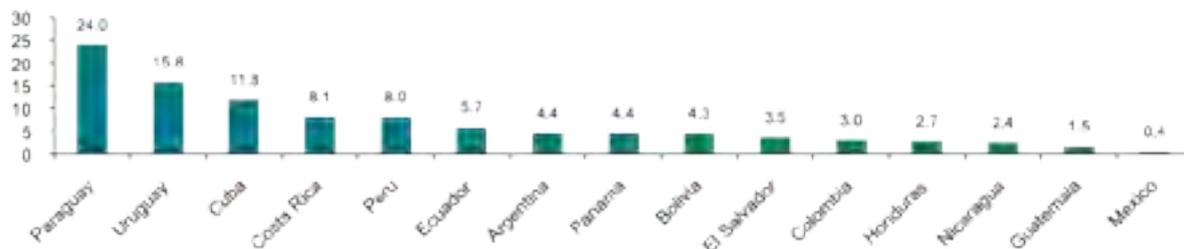
Lastly, as represented in Graphs II.7, when we look exclusively at funding contributed by the major provider partners (Matrix A.2 of the Annex)<sup>7</sup> allocation by country can be estimated. So, to sum up:

- 40% of the resources mobilized by Brazil (around US\$3.5 million) benefited two of the countries it shares a border with: Paraguay (25%) and Uruguay (15%). Another 30% was divided up equally between Cuba, Costa Rica and Peru. The remainder was distributed among ten recipient partners, with Mexico receiving the lowest amount (.4%) and Ecuador, the highest (5.7%).
- On the other hand, almost 25% of what Mexico earmarked to fund bilateral horizontal/South-South cooperation initiatives went to El Salvador. The remaining 75% was distributed among Andean partners (Peru, Ecuador and Colombia), Central American partners (Guatemala, Honduras and Nicaragua) and Caribbean partners (Dominican Republic).
- Argentina adopted the same pattern as for the initiatives, earmarking nearly half of its resources (around US\$400,000) for cooperation with its neighbors Paraguay and Bolivia. The rest was given out in amounts above US\$50,000 to four countries, following a general northward direction from Peru to Ecuador, Panama and El Salvador.
- Chile’s contribution to the joint fund it maintains with Mexico accounted for 40% of the more than US\$850,000 it mobilized. Another 20% benefited its neighbor Bolivia. El Salvador and Ecuador received 15% (around US\$125,000). The remaining recipient partners received small amounts—Panama being the highest with US\$35,000.
- Lastly, the three major beneficiaries of Colombia’s cooperation (Cuba, in the Caribbean; and Honduras and Guatemala in Central America) each received 20% (about US\$30,000) of the US\$140,000 that this country mobilized as a provider. Another two Andean countries, Ecuador and Bolivia, together with Paraguay, jointly received another 20%. The remainder was distributed to El Salvador (almost 4%), while a smaller amount went to neighbor Venezuela (0.3%).

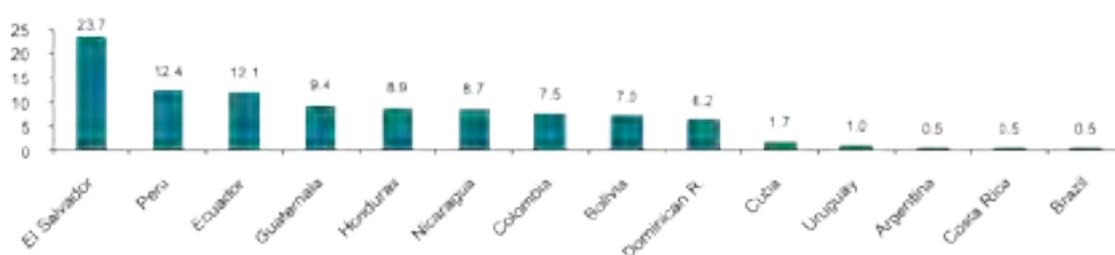
**Graph II.7. Distribution of the financial contribution of five countries, by recipient (2008)**

In percentage

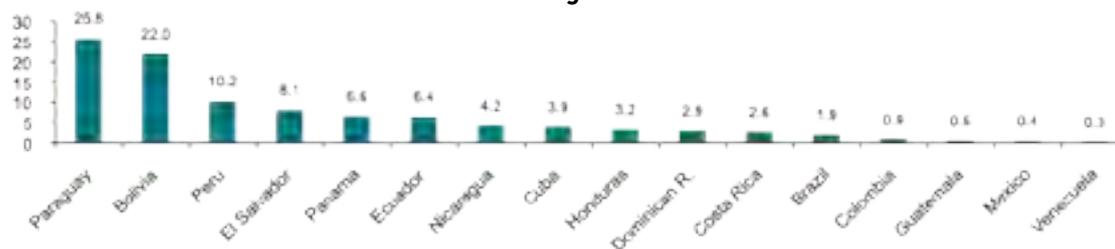
**II.7.A. Brazil**



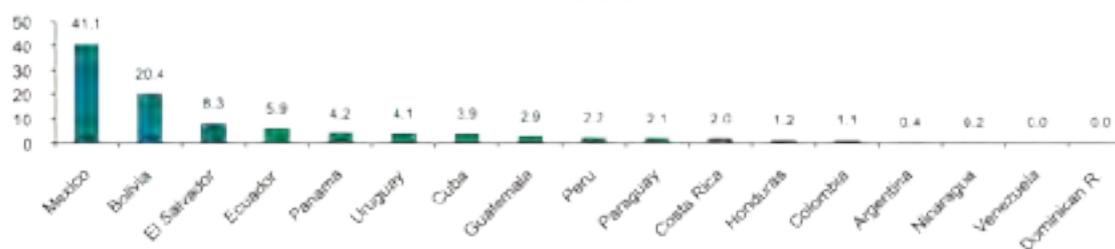
**II.7.B. Mexico**



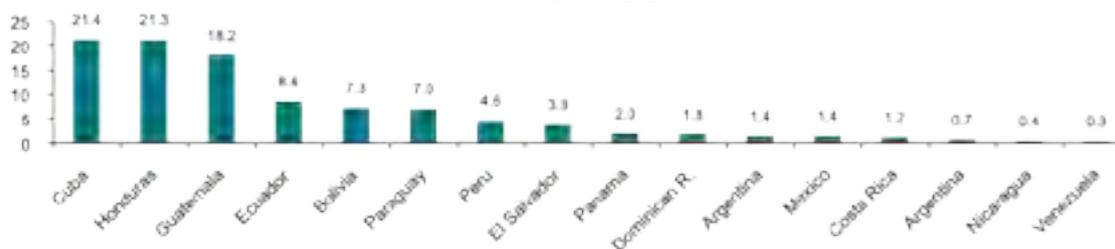
**II.7.C. Argentina**



**II.7.D. Chile**



**II.7.E. Colombia**



Note: Data from Matrix A.2 (from the Annex), instead of Matrix II.4, was used to calculate the distribution, reflecting what each provider contributed in 2008 to the funding of initiatives in which it participated with each of its respective recipient partners. **Source:** SEGIB based on reporting by cooperation agencies and/or bureaus

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As a final note, in light of the foregoing, the economic measurement (both in terms of cost and value) of bilateral horizontal/South-South cooperation must be improved in order to more accurately gauge the volume of this cooperation. However, this cannot be achieved without first reaching a consensus on the criteria to be used in all economic assessments. Progress must also be made towards standardizing national information reporting systems to make the essential exercises of aggregation and comparison meaningful. As will be discussed in greater detail in Chapter V, part of these efforts can be carried out within the framework of the Ibero-American Program to Strengthen South-South Cooperation (approved at the San Salvador Summit of 2008) which specifically included among its purposes, improvement of information systems.

## **Beneficiaries of bilateral horizontal/South-South cooperation**

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As was noted at the beginning of this chapter, any attempt at providing the most comprehensive overview possible of bilateral horizontal/South-South cooperation in Ibero-America must approach the topic from three different angles: what is being done; the resources making it possible; and the impact of the cooperation. To get a complete picture, we must first identify the beneficiaries of the cooperation: in other words, know who and how many people were targeted by the cooperation. Only then can we determine whether the initiatives and/or projects had a positive impact on the beneficiaries.

As of the present time, the information reporting systems available in the countries generate very little data pertaining to beneficiaries. As was the case in the previous report, available data do not offer a complete picture of the situation but do provide some tools to help move this analysis forward.

In short, we can point to Report II, which revealed how difficult it was to systematize beneficiary information, partly because of the many different units used to present the data. In fact, this data ranged from individuals to legal entities (in one case, 80 Panamanian agricultural leaders; in another, a Nicaraguan dairy cooperative); or from specific groups (for example, Paraguayan street children and teenagers) to more generic groups of people (such as the residents of the neighborhood of El Capotillo in the Dominican Republic).

Similarly, this third report brings other elements to light which hamper the systematic compilation of information on beneficiaries. In this case, the difficulties stem from the need to identify two different types of impacts: direct impact (affecting groups of more specific beneficiaries) and indirect impact (affecting broader groups of people). The information relating to some of Cuba and Venezuela's Scholarship Programs, as well as cooperation provided by Argentina, Colombia, and Mexico to Peru, stand as examples of both types of impact.

Cuba coordinates part of its bilateral horizontal/South-South cooperation through such scholarship programs. One of these programs allows students from countries other than Cuba to study at the Latin American School of Medicine (ELAM) in Havana. Likewise, Venezuela uses scholarships widely as tools of cooperation promoting, among others, an International Scholarship program. One thing common to both programs is that they are not only intended to train young foreigners from low-income families and assure their access to a college education; but also to make it possible for these young graduates to return to their countries of origin to apply their newly acquired skills and make a positive contribution to the development of their nations.

In keeping with this idea, as can be viewed in Table II.5, in 2008, a total of 6,359 young men and women from other Ibero-American countries (ranging from 327 from Honduras or 5% of the total number, to 632 from Venezuela or 10% of the total) attended ELAM in Cuba on scholarship. Another 642 students (almost 85% from Bolivia, Nicaragua and Ecuador) benefited from the Venezuelan scholarship system for higher education. In addition to these direct beneficiaries, we would have to add other indirect ones: their nations' communities where these young people will end up practicing as professionals.

**Table II.5. Young Fellows admitted to university programs in Cuba and Venezuela (2008)**

Number of individuals and percentage

Cuba			Venezuela		
	Individuals	Percentage		Individuals	Percentage
Venezuela	632	10.1	Bolivia	346	53.9
Bolivia	536	8.6	Nicaragua	105	16.4
Ecuador	534	8.5	Ecuador	84	13.1
Mexico	506	8.1	Paraguay	20	3.1
Paraguay	496	7.9	Panama	16	2.5
Brazil	474	7.6	Honduras	15	2.3
Panama	455	7.3	Mexico	14	2.2
Peru	441	7.0	Chile	13	2.0
Colombia	415	6.6	Peru	13	2.0
Nicaragua	346	5.5	El Salvador	12	1.9
Argentina	387	6.2	Uruguay	3	0.5
El Salvador	368	5.9	Guatemala	1	0.2
Guatemala	342	5.5			
Honduras	327	5.2			
<b>Total</b>	<b>6,259</b>	<b>100</b>	<b>Total</b>	<b>642</b>	<b>100</b>

Note: Data only include young people on scholarship at the Latin American School of Medicine (ELAM) (Cuba) and the International Scholarship Program of Venezuela. **Source:** Ministry of Foreign Investment and Economic Cooperation (MINVEC) of Cuba and Ministry of Foreign Relations (MPPRE) of Venezuela.

The Peruvian Agency for International Cooperation (APCI) also understands the importance of the chain of beneficiaries and indirect impacts generated by certain bilateral horizontal/South-South cooperation initiatives. This is particularly true of some specific instances (such as in phytosanitary activities) or when the initiative affects a specific group of people (such as small groups of farmers or fishermen whose activity is local or very small scale). Table II.6 reflects some instances when that chain of indirect impacts was identified.

Some of the best examples of this are the phytosanitary projects carried out by Argentina, Colombia and Mexico in Peru in 2008. The direct beneficiaries were, respectively, 350 ranchers, 1,000 farmers and 100 researchers. In the first two cases, cooperation improved livestock and farming production conditions, which in turn will benefit their families (by improving income-generating capacity), the residents of their communities (who should benefit from a spill-over effect from the aforementioned boost in income), and the general population (because of the consequent improvement to food security). In the third case, the sequence of effects begins at an earlier link in the chain, where research takes place, and its impact will be felt on a more macro level, by having a positive effect on the whole agricultural production system and everyone who participates in it, including industry and end consumers.

**Table II.6. Beneficiaries of bilateral horizontal/South-South cooperation executed in Peru (2008)**

Providing Partner	Brief description of initiative	Sector	Beneficiaries		
			Direct		Indirect
			Group Category	Number	
Argentina	Technical assistance cattle feed	Agriculture	Ranchers	50	Rancher families (improved income); community residents (spill-over effect); general population (food security); ...
	Advisory service on improving cattle feed	Agriculture	Ranchers	30	
	Advisory service on phytosanitary methodology	Agriculture	Ranchers	150	
	Advisory service on phytosanitary methodology	Agriculture	Ranchers	200	
	Advisory service on improving competitiveness dairy industry	Agricultural Industry	Ranchers	50	
	Training through Rural Education Networks	Agriculture	Teachers Students	50 1,000	
	Implementation high quality grape vine seed	Agriculture	Farmers	100	Families (improved income); community (improved positioning in foreign markets); ...
	Training to improve competitiveness of agro export companies	Industry Agriculture	Teachers Students	50 100	Domestic Industry (improved positioning in foreign markets); industry workers (job security); ...
	Review Curriculum Veterinarian Course of Study	Agriculture	Teachers Students	20 80	Future students; phytosanitary system; agro export industry; food security for population; ...
<b>Total</b>				<b>1,880</b>	
Colombia	Training in marine biodiversity	Fisheries	Researchers	200	Fishermen and their communities; fishing industry; food security of the population; ...
	Quality control agricultural pesticides	Agriculture	Farmers	1,000	Agricultural communities; agricultural industry; food security for population...
<b>Total</b>				<b>1,200</b>	
Mexico	Develop safe handling protocols for genetically modified plants	Agriculture	Researchers	100	Farmers and their communities; agribusiness; food security for population; ...
	Beekeeping impact of chemical pollutants	Agriculture	Honey beekeepers	100	Beekeeping families, residents in pollution pockets
	Training aquaculture technological projects	Fisheries	Aquafarmers	500	Aquafarmer families; communities; fishing sector; food security for population; ...
	Advisory service on environmental technology	Jobs/Industry	Teachers Students	20 100	
	Technology-based incubator cooperation	Science and Technology	Teachers	50	Technology Companies
<b>Total</b>				<b>870</b>	
<b>TOTAL</b>				<b>3,950</b>	

Source: SEGIB based on statistics from the Peruvian Agency for International Cooperation (APCI)

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## FOOTNOTES

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<sup>1</sup> See Box II.2 on page 32 of the Second Report on South-South Cooperation in Ibero-America.

<sup>2</sup> For methodological purposes, it is important to note that figures for the total number of initiatives assigned to each country are obtained by cross checking self-reported numbers with those reported by the corresponding partners (see note to Matrix II.1); however, participation in projects over the total number of initiatives is obtained exclusively based on self-reporting by the country on the number of initiatives and projects in which it participated.

<sup>3</sup> We applied the percentage of projects over initiatives from Table II.1 to the total of initiatives assigned to the countries (Matrix II.1) as provider or recipient, as the case may be.

<sup>4</sup> See Graph II.1 of this chapter.

<sup>5</sup> Matrices II.3.A, II.3.B, II.3.C, and II.3.D include the bilateral horizontal/South-South cooperation initiatives disaggregated by sector of activity, according to the following groupings: *Social*, *Economic*—economic infrastructure and services, *Economic*—Productive Sector, and *Other Areas*, respectively. Adding Matrix A.1 which reflects the initiatives that were not disaggregated (included in the Annex), gives us Matrix II.1 showing the total of initiatives executed in 2008.

<sup>6</sup> As noted, the figure is high, but most certainly lower than the real figure. To corroborate this claim it suffices to note that there is scant information on the economic cost of the initiatives executed by two major partners: Cuba and Venezuela.

<sup>7</sup> In fact, the total cost of the initiatives in which these countries participated as provider partners is no longer separated out from the source of financing; instead, what is counted are the amounts on record as fully funded by these countries in the role of provider.

<sup>8</sup> This only refers to the role of provider; this excludes the nearly US\$350,000 contributed to the Joint Fund with Chile, associated with its role as recipient partner.

*CHAPTER III*  
*SOUTH-SOUTH AND TRIANGULAR COOPERATION*  
*IN IBERO-AMERICA*

### ***South-South and Triangular cooperation: a modality on the rise***

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The Report of the United Nations Economic and Social Council (ECOSOC) presented at the First High Level Development Cooperation Forum in 2008, indicated that South-South and triangular cooperation were on the rise.<sup>1</sup> As evidence of this, the report cites the examples of Argentina, Brazil and Chile, three countries that, as many other developing countries, tend to channel part of their growing cooperation through this triangular modality.

The traditional donors and developing countries alike are contributing to this surge in triangular cooperation in the framework of international cooperation.

- a) In the North-South context, the priority the Millennium Declaration attaches to the less developed countries does not necessarily satisfy all traditional donors. This is especially relevant in cases where such donors, for historical, political or other reasons, maintain a strong relationship with some middle income recipients (for example Spain with Latin America). In such cases, donors seek to discharge their obligations towards Least Developed Countries (LDC) and Low Income Countries (LIC) while testing new formulas to channel part of their cooperation toward their traditional recipient partners.
- b) In the South-South context, bilateral horizontal/South-South cooperation is used as a tool to leverage the sectoral capacities acquired by some countries to cover the deficiencies in others. The relative low cost of these initiatives is the great virtue of this modality. However, too often, developing countries are confronted by two limitations holding back an even greater surge: the relative scarcity of financial resources and the usually weak or deficient institutional development.

As a result, countries see several advantages to triangular cooperation:

- 1) For traditional donors, triangular cooperation is the tool that allows them to continue working and maintain their special rapport with middle income countries, while, at the same time, reaching out to other partners. This is in keeping with and complements their bilateral initiatives and, more importantly, does not prevent traditional donors from complying with the pledges assumed under the Millennium Declaration.
- 2) For developing countries, triangular cooperation reinforces bilateral horizontal/South-South cooperation. The financial and institutional possibilities offered by triangular cooperation enables them to deepen existing cooperation, sometimes extending it to other countries, and doing so more effectively, remaining attuned to recipients' realities. Under this modality, it is possible to promote projects of a longer duration and greater scope, ensuring they are sustainable over time (AECID, 2009).

Thanks to these advantages, triangular cooperation has gained a place on the international cooperation stage. As suggested in ECOSOC (2008), some Ibero-American countries are precisely the ones that gave momentum to this modality. The following sections reinforce this idea providing an overview of the reality of South-South and triangular cooperation in Ibero-America in 2008.

**Table III.1. Triangular cooperation with Chile as new provider (2008)**

Traditional donor	Recipient country	Initiative	Activity sector	Scope	Economic cost (\$)				Beneficiaries
					Chile	Traditional donor	Recipient country	Total	
Canada	Bolivia	Transfer of knowledge for the Criminal Defense System	Government and Civil Society	Other	9,116	150,997	N/A	160,113	N/A*
Germany	Colombia	Building hazardous waste management capacities	Environment	Other	7,455	18,020	N/A	25,475	N/A
Germany	Colombia	Building consumer protection mechanisms	Government and Civil Society	Other	1,506	4,611	N/A	6,117	N/A
Japan	Colombia	Strengthening the rehabilitation system for persons with disabilities	Government and Civil Society/Health	Other/Social	3,411	2,098	N/A	5,509	N/A
Japan	Costa Rica	CENARE biopsychosocial care model	Other (Social policies)	Social	31,417	N/A	N/A	N/A	N/A
Japan	Ecuador	Environmental restoration course for sustainable watershed management	Environment	Other	N/A	N/A	N/A	N/A	N/A
Japan	Ecuador	Course on sustainable cattle production for small and medium-sized enterprises	Agriculture/Enterprise	Economic	N/A	N/A	N/A	11,150	N/A
Japan	Ecuador	Strengthening the rehabilitation system for persons with disabilities	Government and Civil Society/Health	Other/Social	N/A	N/A	N/A	10,900	N/A
Germany	El Salvador	Social housing	Other (Housing policy)	Social	4,651	7,333	N/A	11,984	N/A
Germany	El Salvador	New social protection initiatives	Other (Social policies)	Social	3,263	2,492	N/A	5,755	N/A
Japan	El Salvador	Export promotion	Trade	Economic	3,248	19,442	N/A	22,690	N/A
Japan	Guatemala	Third country tax expert	Government and Civil Society	Other	0	4,254	N/A	4,254	N/A
Germany	Honduras	New social protection initiatives	Other (Social policies)	Social	4,046	6,992	N/A	11,038	N/A
Japan	Nicaragua	Course on Sustainable cattle production for small and medium-sized enterprises	Agriculture/Enterprise	Economic	N/A	N/A	N/A	N/A	Officers at the Ministry for Agriculture and Forestry (MAGFOR)
Japan	Nicaragua	Strengthening the rehabilitation system for persons with disabilities	Government and Civil Society/Health	Other/Social	N/A	N/A	N/A	N/A	Ministry of Health, governmental and non-governmental institutions
Japan	Nicaragua	Environmental restoration course for sustainable watershed management	Environment	Other	3,812	13,967	1,052	18,831	Officers at the National Forestry Institute (INAFOR)
Germany	Paraguay	Social housing	Other (Housing policy)	Social	6,551	11,594	N/A	18,145	N/A
Germany	Paraguay	Transfer of a land development methodology	Government and Civil Society	Other	N/A	N/A	N/A	N/A	Institutions in the River Apa region
Germany	Paraguay	Promote public/private cooperation for local economic development	Other (Local development)	Other	N/A	N/A	N/A	N/A	Department of Concepcion
Spain	Paraguay	Capacity-building at the Interagency Coordination Bureau	Government and Civil Society	Other	N/A	N/A	N/A	N/A	Ministry officers
Japan	Paraguay	Early care for children with disabilities	Health	Social	12,328	11,889	N/A	24,217	Children with temporary or permanent needs
Germany	Peru	Metrology course	Government and Civil Society	Other	309	7,588	N/A	7,897	N/A
Germany	Dominican R.	Jobs and youth	Employment	Economic	11,998	7,112	N/A	19,110	N/A
Japan	Dominican R.	Third country agriculture expert	Agriculture	Economic	N/A	6,522	N/A	N/A	N/A

N/A: Not available

Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

**Table III.2. Triangular cooperation with Mexico as new provider (2008)**

Traditional donor	Recipient country	Initiative	Activity sector	Scope	Economic cost (\$)				Beneficiaries
					Mexico	Traditional donor	Recipient country	Total	
Germany	Ecuador	Capacity-building for integral solid waste management	Environment	Other	N/A	N/A	N/A	N/A	Environmental workers of the Association of Municipalities of Ecuador
Japan	Ecuador	Training in non-destructive testing	Industry	Economic	8,700	N/A	N/A	N/A	Officers
Japan	Ecuador	Applied robotics training	Industry	Economic	26,400	N/A	N/A	N/A	Officers
Japan	Ecuador	Civil protection and disaster prevention program	Disaster prevention	Other	N/A	N/A	N/A	N/A	Officers
Japan	El Salvador	Improve earthquake-resistant social housing building technology	Housing policies/Disaster prevention	Social/Other	N/A	N/A	N/A	N/A	Ministry of Housing and Urban Development, low-income population in earthquake-prone areas
Japan	El Salvador	Identify marine species with commercial value and apply processing technology	Fishery	Economic	N/A	N/A	N/A	N/A	Fishing and Aquaculture Development Center (CENDEPESCA)
Japan	El Salvador	Training in use of coffee waste to process food-enriching protein	Agriculture	Economic	N/A	N/A	N/A	N/A	National School of Agriculture (ENA)
Japan	El Salvador	Transfer technologies to control vegetable pests and diseases	Agriculture	Economic	N/A	N/A	N/A	N/A	National Agriculture, Livestock and Forestry Technology Center (CENTA)
Spain	Guatemala	Training in denomination of origin systems	Agriculture/Trade	Economic	N/A	N/A	N/A	N/A	Coffee grower organizations
Japan	Guatemala	Consultancy on solid waste management	Environment	Other	N/A	N/A	N/A	N/A	National Solid Waste Management Commission
Japan	Guatemala	Course on uterine cancer prevention and control	Reproductive health	Social	N/A	N/A	N/A	N/A	Ministry of Public Health
Japan	Guatemala	Course on protected areas connectivity and management	Environment	Other	N/A	N/A	N/A	N/A	Technicians at the Ministry for the Environment and Natural Resources
Japan	Honduras	Training in growing tilapia in floating cages	Fishery	Economic	N/A	N/A	N/A	N/A	Gulf of Fonseca fishermen
Japan	Nicaragua	Course on uterine cancer prevention and control	Reproductive health	Social	N/A	N/A	N/A	N/A	Ministry of Public Health
Japan	Nicaragua	Seminar-Workshop on spinal cord rehabilitation	Health	Social	N/A	N/A	N/A	N/A	Ministry of Health (MINSa)
Japan	Nicaragua	Technical assistance in disaster prevention and mitigation	Disaster prevention	Other	N/A	N/A	N/A	N/A	National System for Disaster Prevention, Mitigation and Attention (SINAPRED)
Japan	Paraguay	Promotion and strengthening of the maquila systems (assembly industries)	Industry	Economic	N/A	N/A	N/A	N/A	National Council for the Maquila Export Industry
Germany	Dominican R.	Capacity-building for integral solid waste management	Environment	Other	N/A	N/A	N/A	N/A	Secretariat of State for Economy, Planning and Development

N/A: Not available

Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

**Table III.3. Triangular cooperation with Brazil and Argentina as new providers (2008)**

Traditional donor	Recipient country	Initiative	Activity sector	Scope	Economic cost (\$)				Beneficiaries	
					New provider	Traditional donor	Recipient country	Total		
Brazil	Spain	Bolivia	Water supply and sanitation consultancy	Water supply and sanitation	Social	N/A	17,612	N/A	N/A	450,000 people in 26 municipios
	Japan	Ecuador	International course on rescue and first aid techniques for use in emergencies	Disaster prevention	Other	N/A	N/A	N/A	136,590	N/A
	Japan	Ecuador	Course on urban management practices	Government and Civil Society	Other	N/A	N/A	N/A	98,250	N/A
	Japan	Ecuador	Training in agroforestry techniques	Agriculture Forestry	Economic	N/A	N/A	N/A	114,370	N/A
	Japan	Ecuador	Food animal parasite diagnosis course	Agriculture	Economic	N/A	N/A	N/A	82,519	N/A
	Japan	Ecuador	Course on immunobiological development for health	Health	Social	N/A	N/A	N/A	98,210	N/A
	Japan	Ecuador	Course on urban train systems course	Transport	Economic	N/A	N/A	N/A	47,520	N/A
	Japan	Nicaragua	International course on rescue and first aid techniques for use in emergencies	Disaster prevention	Other	N/A	N/A	N/A	N/A	Ministry of the Interior (MIGOB)
	Japan	Nicaragua	Domestic wastewater treatment course	Water supply and sanitation	Social	N/A	N/A	N/A	N/A	State Water and Sewage institutes; Managua City Hall
	Italy	Nicaragua	Integrated sanitation management course	Water supply and sanitation	Social	N/A	N/A	N/A	N/A	State Water and Sewage institutes
	Japan	Nicaragua	Course on immunobiological development for health	Health	Social	N/A	N/A	N/A	N/A	Ministry of Health (MINSAL)
Argentina	Japan	Ecuador	Course on marine pollution evaluation and reduction	Environment	Other	5,670	N/A	N/A	N/A	N/A
	Japan	Ecuador	Course for conservation agents working as forest rangers	Environment	Other	12,520	N/A	N/A	N/A	Nature Preserve Agents
	Japan	Ecuador	International training course in remote sensing using ASTER data	Geology; Environment	Other	10,900	N/A	N/A	N/A	Officers of the Military Geographic Institute
	Japan	Ecuador	Course on management of viral diseases in plants	Agriculture	Economic	6,475	N/A	N/A	N/A	N/A
	Japan	Ecuador	Course to promote food self-sufficiency	Agriculture	Economic	13,770	N/A	N/A	N/A	N/A
	Japan	Nicaragua	Course for conservation agents working as forest rangers	Environment	Other	N/A	N/A	N/A	N/A	Nature Preserve Agents
	Japan	Nicaragua	International training course in remote sensing using ASTER data	Geology; Environment	Other	N/A	N/A	N/A	N/A	Officials at the Nicaraguan Institute of Territorial Studies (INETER)
	Japan	Paraguay	Technical assistance to improve safe microbiological testing conditions	Science and technology	Economic	N/A	N/A	N/A	N/A	N/A
Japan	Paraguay	Project planning workshop – Project cycle management methods	Government and Civil Society	Other	N/A	N/A	N/A	N/A	Civil servants in charge of developing cooperation projects	

N/A\* Not available

Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

**Table III.4. Triangular cooperation by donors (bilateral or other) (2008)**

	Traditional donor	New provider	Recipient country	Initiative	Activity sector	Scope	Economic cost (\$)				Beneficiaries
							New provider	Traditional donor	Recipient country	Total	
Country	Japan	Bolivia	Ecuador	Course on advances in gastroenterology and endoscopy	Health	Social	N/A	N/A	N/A	N/A	N/A
	Japan	Colombia	Ecuador	Fully integrated supervision and automation course	Science and technology	Economic	N/A	N/A	N/A	N/A	N/A
	Germany	Costa Rica	Bolivia	Transfer of expertise for public management of tourism in protected areas	Tourism/ Environment	Economic/ Other	4,000	N/A	N/A	N/A	Environmental civil servants
	Germany	Costa Rica	Bolivia	Technical assistance for payment of environmental and reforestation services	Environment	Other	17,329	N/A	N/A	N/A	N/A
	Germany	Costa Rica	Colombia	Transfer of successful practices in community rural tourism, organic agriculture and forest management	Tourism/ Agriculture/ Environment	Economic/ Other	31,189	N/A	N/A	N/A	Ministry of Agriculture and Livestock; Ministry of the Environment; among others
	Germany	Costa Rica	Colombia	Strengthening the ecotourism sector	Tourism/ Environment	Economic/ Other	N/A	18,265	6,560	N/A	Colombian civil servants
	Japan	Costa Rica	Colombia	Sustainable management and exploitation of natural forests	Environment	Other	N/A	39,651	2,854	N/A	N/A
	Germany	Costa Rica	Nicaragua	Strengthening protected wildlands management	Environment	Other	5,673	N/A	N/A	N/A	Ministry of Natural Resources
Other	IICA – Inter-American Institute for Cooperation on Agricultural	Chile	Paraguay	Several activities: Wheat and soya hands-on training; Animal and plant health; Knowledge, organization and operation for the Agricultural Studies and Policies Office (ODEPA)	Agriculture	Economic	12,289	8,524	N/A	20,813	N/A
	Petrocaribe	Cuba	Honduras	Substitution of fluorescent lights for incandescent bulbs	Energy supply	Economic	N/A	N/A	N/A	N/A	N/A

N/A\* Not available

Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

### ***South-South and Triangular Cooperation in Ibero-America: a characterization***

Tables III.1 through III.4 present a summary of South-South and triangular cooperation in Ibero-America in 2008. The tables classify 72 initiatives/projects, the total recorded in the region for the year. Each table refers to triangular cooperation initiatives involving one Ibero-American country in the capacity of *new provider or partner*, that is to say the partner generally in charge of the project's technical execution.

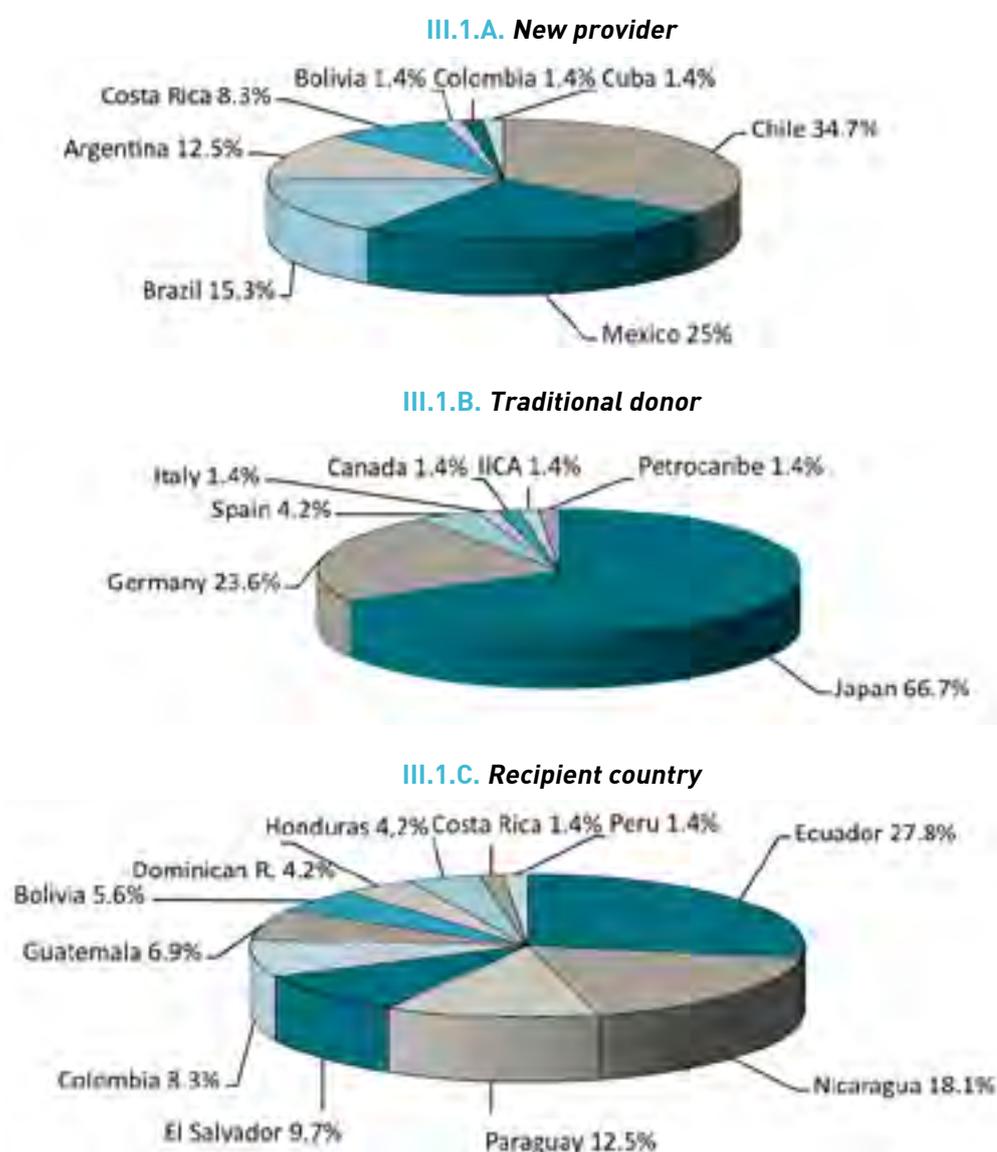
The tables refer to specific new providers, providing the following data for each one: the other two parties involved in the triangular cooperation initiative/project; a brief description of the initiative; the activity sector and scope of the initiative; the economic cost of the initiative/project (with a breakdown, whenever possible, of each partner's share); and, lastly, a reference to the beneficiaries of the cooperation initiative.

## Partners and participation in triangular cooperation

Graphs III.1 summarize the data on countries' relative participation in triangular cooperation in Ibero-America in 2008. As the graphs show, Chile and Mexico were the leading *new providers* to participate in a larger number of triangular cooperation initiatives, accounting for 35% and 25%, respectively, of total recorded projects. They were followed, in order of relative importance, by the bloc made up of Brazil, Argentina and Costa Rica, three countries jointly accounting for one third of the total cooperation provided under this modality. Bolivia, Colombia and Cuba carried out one-time operations, with each country accounting for 1.5% of the 72 triangular initiatives.

**Graph III.1. Participation in triangular cooperation by role (2008)**

En porcentaje



Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

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Among the *traditional donors*, Japan and Germany were the principal triangular cooperation partners in the region in 2008, respectively financing 67% and 24% of the initiatives. This level of involvement contrasts with that of other *traditional donors* who financed one-time triangular cooperation projects. Spain, for example, partnered in three initiatives<sup>2</sup> equivalent to 4% of the total; Italy and Canada participated in somewhat less than 1.4% of the total. What is more, there were only two instances where the partner providing most of the financing was not a country but an inter-governmental agency (the Inter-American Institute for Cooperation on Agricultural –IICA–), and one Energy Cooperation Agreement (Petrocaribe).

The fact that Japan and Germany stand out as *traditional donors*, and that Spain is gradually becoming more active is due to the fact that these countries are incorporating triangulation into their own cooperation strategies. It was already obvious from last year's report that the Japan International Cooperation Agency (JICA) has promoted this modality for years. The format adopted by Japan consists of entering into agreements with the *new providers*. Pursuant to these agreements, the two donors execute a cooperation project in a third country, offering courses to replicate in the *recipient country* a project that Japan had originally executed on a bilateral basis in the emerging provider country.

Likewise, the cooperation strategy adopted by the German Technical Cooperation Agency (GTZ) in 2008 followed the guidelines established by the Federal Ministry for Economic Cooperation and Development. Pursuant to these guidelines, Germany promoted triangular cooperation projects with so called *anchor countries*<sup>3</sup> (these include Chile, Brazil, Mexico and Costa Rica), and with *emerging countries*. Through this cooperation, Germany seeks to strengthen national cooperation structures in these countries, empowering them to replicate their own development experiences elsewhere (Ashoff, 2009).

Lastly, the new Master Plan for Spanish Cooperation 2009-2012 explicitly provides for supporting South-South and triangular cooperation. The Plan calls for triangular cooperation to become "another aid instrument to be promoted" while the Master Plan is in force. It goes on to state the "... support for partner capacities and ... their South-South cooperation capacity will be a priority for cooperation with those countries." To this end, in 2008, Spain signed agreements with Ibero-American Middle Income Countries with the capacity to "specifically promote triangular cooperation with less developed third countries" (AECID, 2009). The approach adopted in these agreements and the ensuing projects are presented in Table III.1.

With respect to *recipient* participation, interventions were spread over a large number of countries. However, Ecuador did benefit from practically 27% of the total operations carried out under this modality. The geographic distribution of triangular cooperation shows the following distribution: Central America – Nicaragua (18%), El Salvador (10%), Guatemala (7%), Honduras (4%) and Costa Rica (1.4%); Andean countries – Colombia (8%), Bolivia (almost 6%) and Peru (1.4%); Southern Cone – Paraguay (third in relative importance with more than 12% of total cooperation recorded); and Caribbean – Dominican Republic (4%).

### Box III.1. Spain and Triangular Cooperation with other Ibero-American partners (2008)

As host of the Madrid Conference in March 2007, Spain took another step forward on the road to continue supporting development cooperation with Middle Income Countries. Spain believes that in the current International Cooperation context all traditional beneficiaries (including those with relatively higher income) should continue to receive cooperation. One of the fundamental arguments put forward to defend this stance is the need to consolidate earlier efforts. Nonetheless, given the differences between developing countries, the underlying premise held that allocation criteria should be revisited, providing “*cooperation scaled to each beneficiary’s relative level of development*” (AECID, 2009b).

Applying this “doctrine”, the Master Plan for Spanish Cooperation 2009-2012 advocates assigning cooperation resources on the basis of a geographic and sectoral concentration. Accordingly, potential recipients are classified in one of the following three groups: A (Broad partnership); B (Targeted partnership); and C (Partnership to consolidate development achievements). In the framework of cooperation to be carried out with the latter group of countries, preference was attached to “*promoting South-South and Triangular Cooperation,*” essentially with the “*more developed Middle Income Countries*” (AECID, 2009a).

This vision of cooperation relates also to triangular projects in which Spain participated with other Ibero-American partners in 2008. The table below identifies these projects carried out in Bolivia, Paraguay, Central America and the Caribbean, with Brazil, Chile and Mexico as project executing agencies.

#### Triangular Cooperation between Spain and its Ibero-American partners (2008)

New provider	Recipient country	Initiative	Sector and scope	Spanish contribution (US\$)	Beneficiaries
Brazil	Bolivia	Consultancy in water supply and sanitation for mid-sized cities Development of Investment programs and Impact projects	Water supply and sanitation (Other)	17,612	450,000 people in 26 municipios
Mexico	Guatemala	Training to establish a denomination of origin system	Agriculture/ Trade (Economic)	N/A	Coffee grower organizations
Chile	Paraguay	Capacity-building - Interagency Coordination Bureau	Government and Civil Society (Other)	N/A	Ministry civil servants
Mexico	Central America and Caribbean	Strengthening public administration	Government and Civil Society (Other)	N/A	Recipient country population

**Source:** SEGIB, based on Spanish Agency for International Development Cooperation (AECID) data.

For the record, the projects executed by Mexico and Chile were not short-term, but actually projects carried out in the framework of far broader triangulation agreements. The AECID-Mexico Special Activities Plan (PAE; 2006-2008) already considered the possibility of executing triangular cooperation projects in areas such as Governance, Social Needs, and the Environment. This intent was formally stated in the minutes of the XIII Spain-Mexico Joint Sub-Commission (2007-2011). In addition, to facilitate implementation of the agreement, the two countries agreed to establish a Mixed Fund to guarantee payment of the costs incurred for such projects.

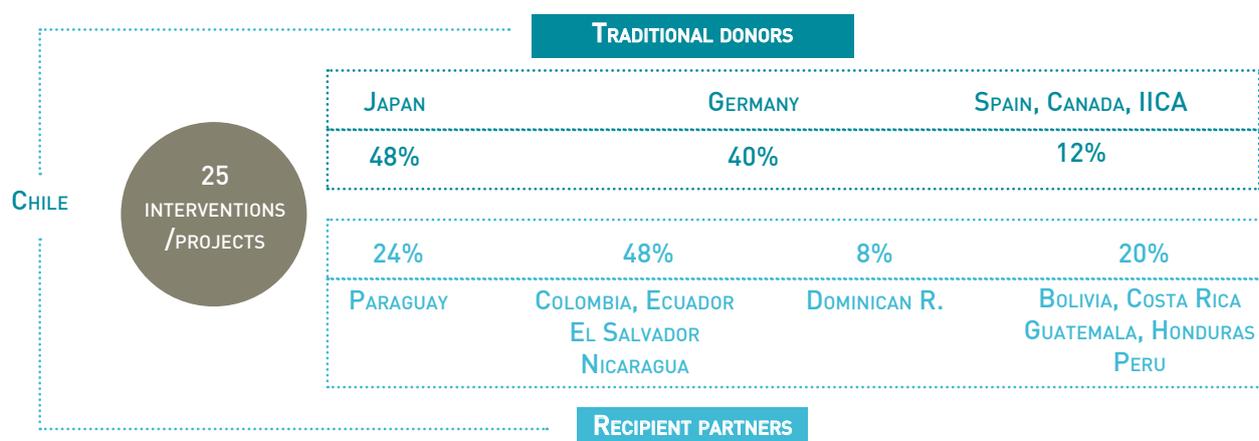
### Box III.1. Spain and Triangular Cooperation with other Ibero-American partners (2008) (continued)

Concerning triangular cooperation between Chile and Spain, the two countries have embarked on a process to establish a Triangular Cooperation Framework Program. In preparation, a *Catalogue of Chile's Cooperation Capacities* was drawn up, based on the country's experience in South-South cooperation. The study served as baseline for the Chile-Spain partnership to determine which triangular cooperation projects could be executed in third countries of the region.

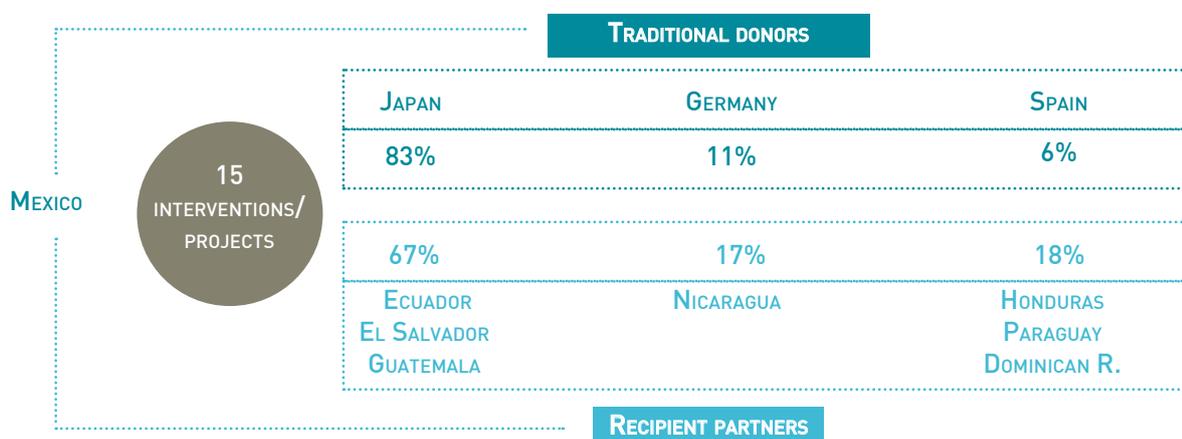
In addition to the above, Spain has also executed triangular cooperation initiatives in Haiti. These include three projects with Brazil, Chile and Mexico in environment and food security. Spain also participated with Costa Rica at a Cross-border Management Seminar, cofinanced by Spain and the United Nations Development Programme (UNDP) as *traditional donors*. Costa Rica was the *recipient partner* as it needed to learn more about managing its borders with Nicaragua and Panama. The new *provider* in this instance was Peru, able to share with Costa Rica its own experience managing the Cross-Border Binational Development Plan agreed with Ecuador.

Source: SEGIB, based on AECID data (2009a and 2009b).

Diagram III.1. Triangular relationship structure, principal *new providers* (2008)  
III.1.A. Chile

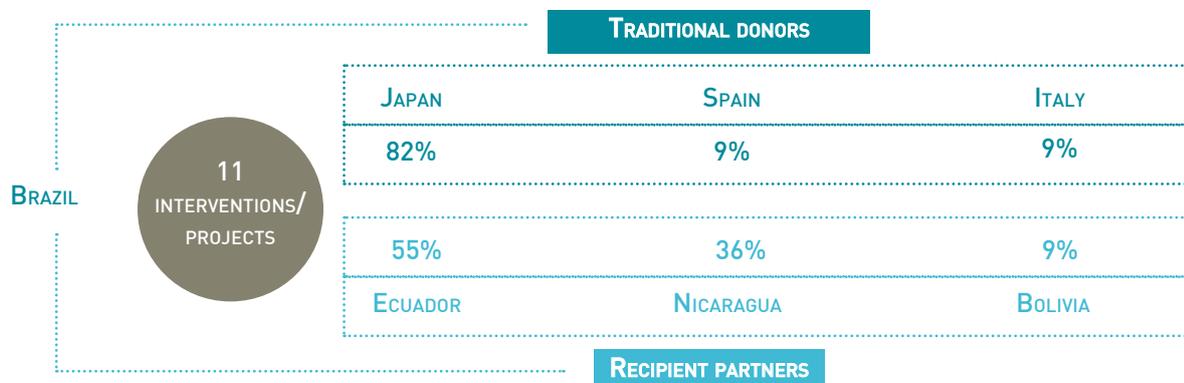


III.1.B. Mexico

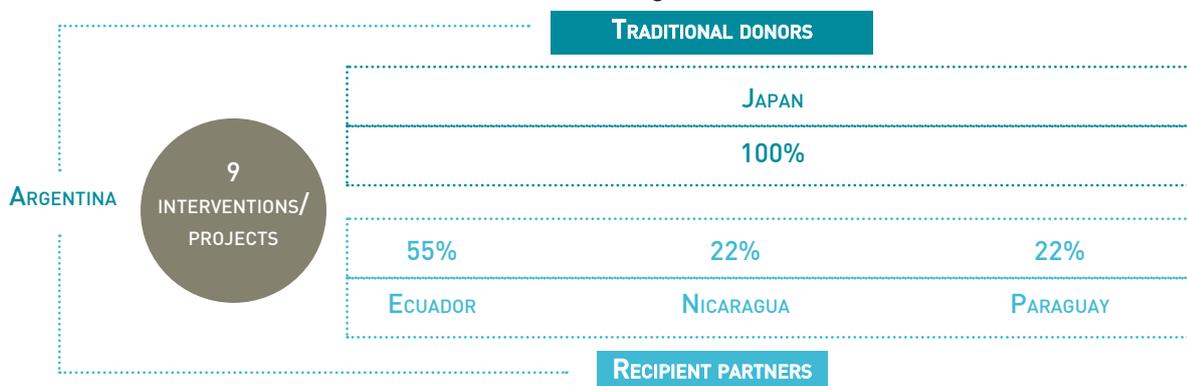


**Diagram III.1. Triangular relationship structure, principal *new providers* (2008)  
(continued)**

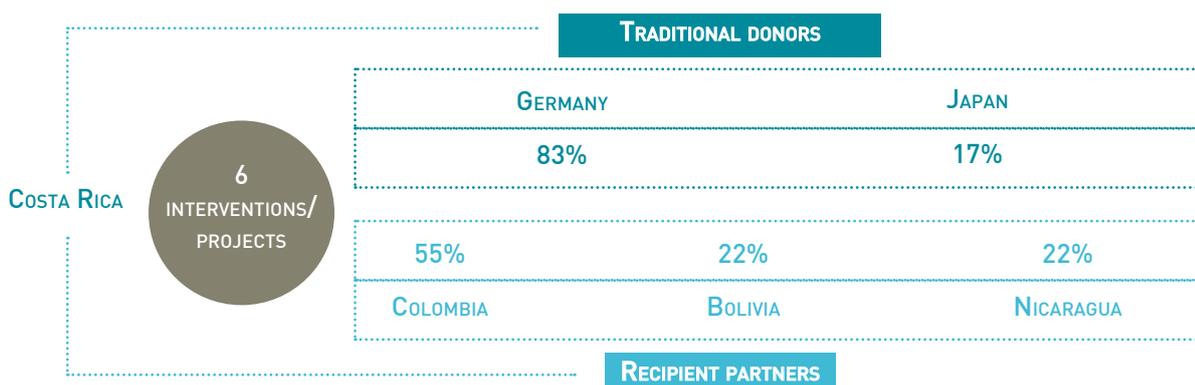
**III.1.C. Brazil**



**III.1.D. Argentina**



**III.1.E. Costa Rica**



Source: SEGIB, based on reporting from cooperation agencies and/or bureaus

In light of the aforementioned, it is interesting to observe the pattern of relationships established between the partners. For instance, Figures III.1 show that the relationship between the principal triangular cooperation executing partners and their respective co-financers was highly concentrated in a single country. Argentina presents the most emblematic case as it only entered into triangular cooperation initiatives with Japan. Interestingly, Mexico and Brazil follow a similar pattern with more than 80% of their triangular interventions and projects financed by the Japanese cooperation agency, whereas Costa Rica, given its existing cooperation

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agreements, was involved in triangulations where Germany was the source of 80% of the financing. Chile, on the other hand, adopted a different pattern, with Japan and Germany sharing the traditional donor, in a roughly 50-40% proportion. The remaining 10% fell on Spain (also involved in some interventions with Mexico and Brazil), Canada, and an inter-governmental agency (IICA- the Inter-American Institute for Cooperation on Agriculture).

Two patterns also stand out in the relationship between the principal *new providers* and their respective *recipients*. On the one hand, the triangulations involving Costa Rica, Argentina and Brazil (countries having executed 6 to 11 interventions in total) benefitted no more than three countries each. The *recipient partners* were located geographically in Central America (Nicaragua), the Andean region (Bolivia, Colombia and Ecuador); and South America (Paraguay). Chile and Mexico, for their part, promoted triangulations (some 15 to 25) with more countries, although these recipients did fit the same regional profile. So the following should be added to the list of *recipient partners* in Mexican and Chilean triangular cooperation: Costa Rica, El Salvador, Guatemala and Honduras; and Peru and the Dominican Republic.

#### *Activity sectors, capacity and requirement profiles*

As evidenced in Tables III.1 through III.4, this Report contains detailed data about the sectors in which triangular cooperation interventions were executed in Ibero-America in 2008. From an analysis of these sectors, we can infer two traits that characterize this cooperation modality:

- a) First of all, this type of cooperation serves a wide range of sectors. In effect, many of the interventions overlap several sectors. Two clear examples include the projects to promote ecotourism or for the construction of earthquake-resistant social housing. The first classifies as both productive sector (tourism) and environment; the second as social policies and disaster prevention.
- b) Secondly, the activities are of greater scientific and technological complexity. In fact, it is precisely because of this complexity that interventions that could have been provided under the bilateral Horizontal/South-South modality required financial support from a third actor, thus becoming triangular. One of the most emblematic cases was the training course “*Remote sensing using ASTER data*,” to learn how to process and interpret satellite images for a broad range of uses such as geology, non-renewable natural resources, technology and mining.

It therefore comes as no surprise to note which sectors most benefitted from triangular cooperation in 2008. One of the prioritized sectors was the environment, with very complex activities such as solid waste or watershed management. Another leading area in triangulation was institutional capacity building for *recipient country* Governments and States in areas such as application of territorial development and urban management methodologies. Agriculture, on the other hand, absorbed most projects of an economic nature. The profile was characterized by phytosanitary research and applications for both plant and animal health. Although with a significantly lower relative participation, the spectrum of economic activities also touched upon building a stronger industrial and productive fabric in the *recipient countries* (essentially Transport, Science and technology, Employment policies, and Enterprises).

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Lastly, some of the interventions and projects executed had a social purpose, focusing on Health and Reproductive Health, for instance. This group of projects ranged from research—such as immunobiological development or prevention and treatment of cervical cancer, to application of results—for example, surgical techniques like endoscopy. Other relevant areas of support were interventions to share experiences relating to social policies and earthquake-resistant housing policies, and the always necessary and complex task of providing sanitation and supplying water to the population.

One last area of triangular cooperation experiences in 2008 deserving special attention and not covered in the above tables is Humanitarian Aid. The terrible devastation wrought by the passage of three hurricanes in Cuba in less than three months mobilized Latin American solidarity, as we saw in the previous chapter. Two of the humanitarian assistance actions that poured into the country resorted to the triangular cooperation modality, one involving the World Food Program (WFP) and Ecuador, the other Spain and Brazil (Box III.2).

### **Box III.2. Humanitarian and Triangular Aid in the aftermath of the hurricanes in Cuba**

As indicated in Box II.7, in the span of just three months, from late August to early November 2008, three hurricanes (Gustav, Ike and Paloma) struck the Island of Cuba causing damage in excess of \$10 billion dollars. According to Cuban official estimates, the losses, equivalent to one fifth of GDP, included: 440,000 houses damaged; 90,000 homes destroyed; more than 200,000 temporarily homeless families; loss of electrical, hydraulic, communications and transportation infrastructure; and loss of export or priority domestic market harvests.

Faced with this critical situation, the international community responded immediately. In total, 89 countries offered to help Cuba, either in the form of emergency aid or assistance for reconstruction projects. Total resources mobilized for the two categories of aid amounted to 250 million dollars. Notably, two thirds of the total (i.e., about 166 million dollars) were provided through the solidarity of 17 Latin American countries: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Dominican R., Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Peru, Uruguay and Venezuela.

What was particularly striking in the outpouring of solidarity in the aftermath of this disaster was the novelty of sharing humanitarian aid expertise through the triangular cooperation modality. Specifically:

- In September 2008, Cuba received a donation in kind consisting of 9 tons of canned tuna for the inhabitants of Isla de la Juventud. The product was purchased with funds provided by the United Nations World Food Programme (WFP). Delivery to Cuba, however, was through the good offices of the Government of Ecuador that assumed responsibility for all logistical matters, including transport aboard an Ecuadorian Air Force aircraft. This action is a clear example of triangular cooperation between the WFP, Ecuador and Cuba (<http://emba.cubaminrex.cu>).

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### Box III.2. Humanitarian and Triangular Aid in the aftermath of the hurricanes in Cuba (continued)

- In late 2008, during the Ibero-American Summit in San Salvador, the Governments of Brazil and Spain agreed to cooperate for the delivery of food to the victims of hurricanes Gustav and Ike in Cuba, Haiti and Honduras. In the case of Cuba, the agreement provided for Brazil to contribute the food (19,400 tons of rice), with Spain assuming responsibility for transport to the island under CIF conditions (cost, insurance and freight paid), customs clearance, storage and distribution of the rice. The total value of the donation was calculated to be close to 12.5 million dollars (equivalent to some 9.6 million euros), and delivery took place six months later, in March 2009 (*El Economista*, a Mexican newspaper, 20 March 2009). Following the same formula, 25,000 tons of rice were delivered to Haiti and Honduras.

**Source:** Ministry of Foreign Trade and Foreign Investment, Cuba

A review of the capacity profile of *new partners* in the South who execute triangular cooperation shows some interesting trends. Costa Rica, a country having gained vast experience in ecotourism over the years, directs its triangulations towards either boosting the tourism sector or ensuring good environmental management. Argentina is another country with great potential for environmental actions, in addition to activities relating to agriculture and livestock (after all, Argentina is one of the leading producers and exporters of grains, soya and beef in the world).

Brazil relies on the triangular modality to share its agricultural expertise, especially in soya production for which it is a world benchmark. Brazil also executes disaster prevention projects, and interventions in the health sector (the country provides universal care, yet another global benchmark), sanitation and water purification.

The countries more frequently involved in the technical execution of triangular cooperation actions –Mexico and Chile– have a more diversified profile. Mexico's capacity profile encompasses several sectors, ranging from environment to agriculture, fishery, and even reproductive health. However, Mexico gives priority to actions that strengthen the industrial and productive sectors of recipient partners. Although Chile directs most of its efforts towards transferring expertise in social policies (in keeping with its bilateral horizontal cooperation actions), and institution building, it does include diverse areas such as health, agriculture and the environment.

*Recipient partner* requirement profiles usually cover a wide range of sectors, especially for countries involved in 7 or 8 triangular cooperation projects. Nonetheless, countries like El Salvador or Paraguay seek assistance mainly to strengthen their state and government institutions, whereas Guatemala and Bolivia emphasize environmental capacity-building, and Ecuador and Nicaragua favor social (health sector) and environmental deficiencies. The Andean country also requires agricultural capacity-building, as does its neighbor Colombia. The latter's profile also includes economic projects in the fishery and trade sectors, and the much needed capacity-building for social policies.

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### *Financing and beneficiaries of triangular cooperation*

As was the case for bilateral horizontal/South-South cooperation, the data on triangular cooperation is insufficiently complete and homogeneous to conduct a thorough review of the volume of financial resources mobilized to pay for project execution, or to identify and quantify the beneficiaries. Traditional donors are frequently one of the best sources for this information. However, the ECOSOC report (2008, p.15) confirms that the Development Assistance Committee (DAC), the agency best positioned to gather such data, neither measures nor intends to measure in the foreseeable future "... what proportion of ODA flows from donors in the North go to Agencies in the South to execute Triangular Cooperation." Consequently, the available information, however incomplete, is mostly obtained from declarations made by those very same agencies.

Tables II.1 through II.4 show the information available for Ibero-America. A review of this data relating to the economic cost of the 72 triangular cooperation interventions/projects involving Latin American partners in 2008 reveals that:

- a) Chile and Brazil keep the most complete data. These data indicate that the projects carried out by these two countries in their capacity as *new providers* amounted to at least US\$950,000 (a little over US\$575,000 for Brazil and about US\$365,000 for Chile). It is also known that 30% of the cost of projects executed by Chile was financed by Chile. The information from Brazil is not detailed enough to quantify its participation.
- b) The information about initiatives where Argentina, Costa Rica and Mexico are the *new provider* is too fragmentary to conduct a similar analysis. Although the cost for initiatives executed by Argentina and Costa Rica is not known, what is known is that these two countries mobilized at least US\$50,000 and US\$58,000, respectively. With respect to Mexico, all that is known refers to two triangulations with Japan and Ecuador (some US\$35,000).
- c) Another known fact is that Japan, in triangulations with Chile and Costa Rica as *new providers*, contributed at least US\$110,000 to triangular cooperation in Ibero-America. Germany was also involved in arrangements with these partners, and contributed close to US\$85,000. In the case of Canada, based only on data relating to triangulations with Chile, contributions amounted to at least US\$150,000. For Spain, the only available information refers to a contribution of US\$17,612 for one triangulation with Brazil and Bolivia.
- d) Data about local contributions by the *recipient countries* is even sparser. Some specific instances are known, such as contributions by Colombia (about US\$9,500); Nicaragua (about \$1,052 for a course carried out by Japan and Chile).

The last point refers to the wide range of criteria used to select the beneficiaries of triangular cooperation. Beneficiaries tend to be identified by the institution or organization (governmental or non-governmental) with which the candidates are affiliated, by associations (of individuals or professionals) targeted by the project, or even based on geographical considerations (region, circumscription, etc.) where the project was executed. The beneficiaries are also determined by either the type of instrument used (workshop, seminar, consultancy, etc.), or the activity sector targeted by the cooperation.

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For example:

- a) Courses for civil servants and government institutions in Nicaragua on environmental restoration for sustainable management of catchment basins implemented by Japan and Chile, and for treatment of wastewaters cofinanced by Japan and Italy with Brazil, targeted public officials at several Nicaraguan government institutions, including: the National Forestry Institute (INAFOR), the Nicaraguan Water Supply and Sewerage Institute (INAA), and the Managua City Hall. A project implemented by Germany and Mexico in the Dominican Republic for the same sector – solid waste management – targeted officials at the Secretariat of State for Economy, Planning and Development (SEEPyD).
- b) In the area of associations, training on the denomination of origin system offered by Spain and Mexico in Guatemala, targeted as its main beneficiaries the coffee grower associations in this Central American country. The project providing training in growing tilapia in floating cages, jointly organized by Japan and Mexico in Honduras, targeted the fishermen of Golfo de Fonseca, a protected area on the Pacific coast.
- c) Another group of triangular cooperation interventions/projects targeted beneficiaries belonging to population groups with particular characteristics. Such is the case of a project to provide early care to persons with disabilities, sponsored by Japan and Chile in Paraguay, targeting children with temporary or permanent needs. Or the population living in earthquake-prone regions in El Salvador, a group targeted by a Japan-Mexico project to build social housing in areas that could be hit by an earthquake.
- d) Finally, geographic criteria were used to identify with greater precision the beneficiaries of a Chilean-German project for the transfer of territorial development methodologies. This project targeted the relevant state agencies in the Paraguayan Rio Apa region, on the Brazilian border.

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## NOTES:

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<sup>1</sup> The term triangular cooperation is used throughout the text as an abbreviated form for South-South and Triangular Cooperation. However, the latter term is used at the beginning to emphasize the South-South nature of this modality of cooperation. In other words, references to triangular cooperation mean that, despite the fact most of the financial contribution is provided by a traditional donor, it is in fact a Horizontal South-South action between two developing countries

<sup>2</sup> This does not take account of a Mexican project covered in Box III.1 in this same chapter. This initiative was omitted due to the fact the *recipient partner* information was too generic (Central America and the Caribbean). Owing to use of these generic terms, the project could not be classified based on *recipient partner*.

<sup>3</sup> These are countries capable of significantly influencing the development of their respective region owing to their economic weight. They are also major players in the trade globalization arena (Assoff, 2009).



*CHAPTER IV*  
*REGIONAL HORIZONTAL/SOUTH-SOUTH COOPERATION*  
*CASE STUDY*

## Introduction

Last year, the Report described the cooperation modalities implemented by some of the leading Latin American regional coordination and integration systems. The modalities were reviewed in an attempt to assess whether their dynamics resulted in cooperation projects/programs that could be characterized as *Regional Horizontal/South-South Cooperation*.

This cooperation modality is understood to mean that countries design and execute cooperation programs, with administrative and technical support provided by the Secretariats of each system. It also presumes that part of the required financing is provided through member country contributions. Finally, these projects/programs were intended to conform to national development plans, also supported through regional strategies.

**Table IV.1. Regional Cooperation Systems**

Regional agency	Cooperation and operating system	Cooperation areas and programs	Source of financing
<b>Bolivarian Alternative for the Americas (ALBA)*</b>	In September 2007, a Technical Secretariat was created as a subordinate body to the Council of Ministers and the Council of Presidents. Projects are presently approved by the Summits of Heads of State.	Most projects relate to the energy and social sectors (education, health, and sports).	Internal, economic and technical contributions from member countries (especially Venezuela and Cuba).
<b>Andean Community (CAN)*</b>	Has an International Technical Cooperation Secretariat. The organs of the CAN submit proposals to the General Secretariat who then raises funds, develops the programs, and supports and monitors program execution through a Technical Cooperation Unit.	Programs are executed in several sectors, ranging from border development to police and justice system cooperation, or promoting democracy and human rights.	Mixed, combining international cooperation funds with varying contributions from member countries.
<b>Ibero-American Conference</b>	Revolves around the Ibero-American Cooperation Programs. Member countries submit proposals. Each Program has a Technical Secretariat, hosted by a Ministry in the sponsor country or by an Ibero-American agency.	Usually in one of the following three areas: Cultural, Economic and Social	Internal, contributed by the countries participating in the Programs (with one particularity: two of the countries, Spain and Portugal, are also international cooperation donors).
<b>Southern Common Market (MERCOSUR)*</b>	The system comprises two mechanisms: the Technical Cooperation Committee (CCT)* and the Structural Convergence Fund (FOCEM)*.	Emphasis is given to strengthening the economic and trade sectors, as well as the integration system itself.	Depends on whether the cooperation is executed through the CCT (external financing); or the FOCEM (internal financing with countries contributing according to their capacity).
<b>Central American Integration System (SICA)*</b>	System creation is in process. For the time being, the International Cooperation Bureau coordinates the institutions assigned to develop, manage and monitor regional programs.	Target projects in diverse sectors including Environment, Tourism, Culture, Economy and Social areas.	Mixed, combining international cooperation funds with variable contributions from member countries.

Source: SEGIB (2008)

\*The Spanish acronyms are used throughout the Report.

The following conclusions can be drawn from an analysis of the cooperation systems adopted by the Andean Community (CAN), the Central American Integration System (SICA), the Southern Common Market (MERCOSUR), the Bolivarian Alternative for the Americas (ALBA), and the Ibero-American Conference (summarized in Table IV.1). On the one hand, each regional group developed its own particular characteristics, suggesting cooperation systems are very heterogeneous. Moreover, horizontal initiatives were short-term, essentially not reflecting an

inter-system operating dynamic. Furthermore, each integration agency implemented its preferred financing model: external financing (the MERCOSUR Technical Cooperation Committee); self-financing (ALBA, Ibero-American Conference, and the MERCOSUR FOCEM); or a combination of both (CAN and SICA). Consequently, the principal challenge is to expressly enhance and strengthen horizontal cooperation between these systems.

**Table IV.2. The MERCOSUR cooperation system**

Principal traits	Technical Cooperation Committee (CCT)*	Structural Convergence Fund (FOCEM)*
<b>Functions</b>	Organ responsible for identifying, selecting, negotiating, approving, monitoring and evaluating horizontal technical cooperation initiatives. Reports to the Common Market Group.	Organ responsible for correcting asymmetries between member countries; promoting structural convergence; developing competitiveness; facilitating social cohesion (especially for the smaller economies); and strengthening the MERCOSUR institutional structure.
<b>Type of cooperation</b>	Only technical (training, workshops, knowledge transfer, studies and diagnostics), but in keeping with the objective of strengthening regional integration.	Not limited to technical cooperation; mostly investment projects.
<b>Origin of projects</b>	Initiatives may be submitted by the donor entity or the MERCOSUR soliciting organ. The CCT raises funds, sometimes in response to offers for extraterritorial funds. In any event, everything is negotiated and agreed by consensus.	Projects are presented by member States to the MERCOSUR Committee of Permanent Representatives, and approved by the MERCOSUR Common Market Council
<b>Executing Agency/ Coordinator</b>	One or more MERCOSUR organs execute the cooperation in the countries. One State Party is designated project coordinator.	The project is assigned to a specific area/institution in one or two member countries. The selected countries execute the cooperation. A technical unit at the Mercosur Secretariat and the Ad Hoc Group of Experts carry out project execution, monitoring and evaluation.
<b>Source of financing</b>	External. Usually through traditional donor contributions, either bilateral or multilateral. Mostly from Japan, the Inter-American Development Bank (IDB) and the European Union (EU).	Self-financing. Annual contributions (nonreimbursable) from States Party. Proportional to capacity, based on historical average GDP: Brazil 70%, Argentina 27%, Paraguay 1% and Uruguay 2%. Total annual amount: about US\$100 million. However, contributions are accepted from third countries, organizations or institutions to cover project execution.

**Source:** Ministry of Foreign Affairs, Foreign Trade and Worship, Argentina; Mercosur Resolutions (MERCOSUR/GMC/RES 26/92; MERCOSUR/GMC/RES 57/05).

\* Spanish acronyms.

One of the organizations that best illustrates this tendency is the Southern Common Market (MERCOSUR). Tables IV.1 and IV.2 show how MERCOSUR organizes cooperation through two different mechanisms: the Technical Cooperation Committee (CCT) and the Structural Convergence Fund (FOCEM). The differences between the two organs relate to the execution instruments (technical cooperation versus investment projects, respectively); the source of financing (external or self-financing, respectively); and the project executing agency (CCT: one or several MERCOSUR organs; FOCEM: areas/institutions in one or two member countries).

The 2008 *Regional Horizontal/South-South Cooperation* analysis is again based on case studies. However, the goal this time is not to analyze different forms of coordination, but rather to identify experiences that, in the framework of regional organizations, present traits inherent to this type of cooperation. For this exercise, the analysis focused on the origin of the experiences, and the development dynamics that caused the selected projects to be executed in a markedly horizontal manner.

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## Regional Horizontal/South-South Cooperation: select cases

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Several regional horizontal/South-South cooperation projects were identified for this section. As indicated earlier, although all these experiences fit this cooperation modality, their origin and development followed different paths. As a matter of fact, the projects could be classified in three major groups based on their origin and development:

- a) Projects carried out in connection with an original North-South cooperation project. Some countries required technical assistance before two original projects could be executed in the MERCOSUR region: one with the Japanese Cooperation Agency (JICA) to “*enhance container and packaging technology*” for proper marketing and export of specific items; the other with the European Union (EU) to “*improve national statistical data collection and processing*” (Box IV.1). During preparation of the original project, it became obvious that some *recipient partner* national agencies involved in the project (the technological research institutes of Bolivia and Paraguay, in the first case; the National Statistics Institute of Paraguay, in the second), needed to build capacities before they could implement the Japanese and European projects. Given the situation, MERCOSUR countries with more developed capacities provided technical assistance to the less developed countries before the original projects could be executed (Argentina aided Bolivia, Brazil likewise with Paraguay, for the first project; and Argentina and Brazil jointly aided Paraguay for the second).

### Box IV.1. Intra-regional technical assistance in the MERCOSUR framework

There are two MERCOSUR Intra-regional technical assistance projects that match this South American modality and resulted from bilateral cooperation with Japan and the European Union (EU). However, Japan and the EU had to hold off project implementation until some MERCOSUR member countries received technical assistance from other member countries. The two examples that illustrate this scenario were:

- 1) The Japan International Cooperation Agency (JICA) project “Study of Container and Packaging Technology for the Distribution of Merchandise in MERCOSUR.” The objective of the study was to assess the status of marketing channels for some leading MERCOSUR production and export items (specifically white line electric appliances, and dairy products), and make the necessary technical improvements to containers and packaging to ensure products reach their final destination in perfect condition. Once the diagnostic was completed, the four national institutions would be provided with the requisite tools to improve the containers and packaging.

However, project execution by Japan encountered an obstacle: some of the national institutions were under-prepared to absorb this project. Consequently, it was decided to execute some technical assistance projects within MERCOSUR, with the more highly developed national institutions (Argentina and Brazil) assisting the less developed (Uruguay and Paraguay). The technical assistance projects were executed in 2003 and 2007 with funding provided by Japan.

- 2) The Statistical Capacity Building Project of the European Union (EU), whose second phase is currently in execution. This project aims to improve data collection and processing systems for the National Statistics institutes of MERCOSUR member countries. As is customary for projects executed in the ambit of the MERCOSUR Technical Cooperation Committee (CCT), the project received a 2 million euro contribution, and project coordination was entrusted to a member State

### Box IV.1. Intra-regional technical assistance in the MERCOSUR framework (continued)

institution – the Statistics and Census Institute of Argentina (INDEC). However, in a process similar to the one described above for the Japanese container and packaging project, some intra-regional technical assistance was first required to correct asymmetries. In this case, the statistics institutes of Argentina and Brazil provided technical assistance to the Paraguayan institute, building institutional capacity within the latter that had been operating with insufficient technical and human resources.

**Source:** Ministry of Foreign Affairs of Argentina; Mercosur Resolutions (MERCOSUR/GMC/RES 26/92; MERCOSUR/GMC/RES 57/05).

- b) Projects that started out as *Bilateral Horizontal/South-South*, ended up being part of a *Regional* initiative. The projects that most clearly show this pattern were executed in the framework of the Ibero-American Conference and the Bolivarian Alternative for the Americas (ALBA).
- The Human Milk Banks Program is a good example in the case of the Ibero-American Conference (Box IV.2). This program was adopted at the XVII Summit of Heads of State and Government in Chile (2007), although it started out as a *Bilateral Horizontal/South-South Cooperation* project executed by Brazil with other Latin American countries. It gained momentum under the umbrella of the Ibero-American Conference, and program execution was scaled-up to the regional level, encompassing at least all ALBA subscriber countries (including Argentina, Brazil, Bolivia, Paraguay, Uruguay, Venezuela and Colombia). Financing was covered through contributions made by the participants themselves, with Brazil assuming the lion's share.

### Box IV.2. The Ibero-American Human Milk Banks Program

In recent years, Brazil has become a reference point in the fight against child mortality. In fact, Brazil has practically achieved Goal 4 of the Millennium Declaration, reducing the under-five child mortality rate by almost two thirds in 15 years (from 57 per mil in 1990 to 20 per mil in 2006).

The development of the Human Milk Banks Network (Red BLH-BR) was the determinant for this achievement (as mentioned in the second Report). It is the largest and most complex network in the world with almost 200 centers specializing in processing maternal milk (187 operational centers, plus ten in the implementation phase). These technologically advanced centers with highly skilled staff store and redistribute milk from mothers who donate excess milk or mothers of stillborn babies (generally from low-income families) to those unable to breastfeed.

The recognized effectiveness of this network explains why, in just a few years, it has evolved from a national project to become a key project in bilateral horizontal/South-South cooperation advanced by Brazil in other countries of the region. In 2006 alone, Brazil was the driver for implementing national Maternal Milk Bank networks in Argentina, Ecuador, Paraguay, Dominican Republic and Uruguay. To this effect, Brazilian cooperation disbursed US\$170,000 essentially to train center staff. In addition, the need for advanced technology transfers encouraged project buy-in by traditional donors such as UNICEF, thereby transforming these experiences into what was ultimately classified as triangular.

## Box IV.2. The Ibero-American Human Milk Banks Program (continued)

Subsequent to the bilateral and triangular experiences, the XVII Ibero-American Summit of Heads of State and Government in Chile, November 2007, caused these experiences to be scaled up to the rank of *Regional Horizontal/South-South Cooperation*. At this summit, Argentina, Brazil, Bolivia, Colombia, Paraguay, Spain, Uruguay, Venezuela decided to launch the *Ibero-American Human Milk Banks Program*. As explained in the decisional document, the objective was to “support implementation of at least one Human Milk Bank in each Ibero-American country as an opportunity to exchange knowledge and technology in maternal lactation, emphasizing child mortality reduction.”

The first Program outcomes were registered in 2008. These outcomes, identified in the evaluation report, (<http://www.segib.org/upload/BLH%202008%20INFORME.pdf>), include Milk Banks implemented in Brazil (11), Ecuador (4), Argentina (3), and one each in Honduras, Guatemala, Uruguay and even Spain. Implementation projects were developed for these and other countries, including Cuba, Costa Rica, Colombia, Bolivia and Paraguay. In total, 514 professionals were trained; 719,808 women received care; 66,987 women donated milk; and a total of 85,961 children received assistance. The Program’s two-year budget amounts to US\$250,000, fully funded with contributions from the participating countries.

- Within the Bolivarian Alternative for the Americas (ALBA), the cooperation system has taken shape in several stages, in keeping with the progressive accession by member countries. The cooperation system began promoting *Bilateral Horizontal/South-South Cooperation* projects between its two founding members, Cuba and Venezuela. As new countries joined (Bolivia and Nicaragua), cooperation shifted towards the triangular modality, owing to replication in third countries of projects originally executed successfully by the Cuban-Venezuelan cooperation. In most of these experiences, Venezuela provided the financing and Cuba the technical execution. With the incorporation of Dominica, Honduras, and more recently Ecuador, these “South-South-South triangulations” became known as *proyectos grannacionales*. Box IV.3 shows how the format of these projects matches what is known as *Regional Horizontal/South-South Cooperation*.

## Box IV.3. ALBA and the *grannacionales* projects

According to Banco de Comercio Exterior (Bancoex), Venezuela’s foreign trade bank (2007), the Bolivarian Alternative for the Americas (ALBA) is promoting a cooperation modality called “*proyectos grannacionales*” whose scope encompasses the entire territory of the States Party to the ALBA agreement. These projects are designed to “merge countries’ installed capacity, leveraging mutual advantages and harmonizing the medium and short term objectives in a single strategic map.”

This cooperation modality is applied to several sectors and countries. For example:

- *Proyecto Grannacional Alba-Educación* – a literacy project building on the former Cuban literacy program “Yo Sí Puedo” [Yes, I can]. Extending the project to other ALBA member countries and other Latin American and Caribbean countries (e.g., Haiti), Venezuela and Cuba replicated the triangulation they had successfully implemented with Bolivia, a country later declared by the United Nations as a “territory free of illiteracy.” The objective of the program is to extend education, turning it into the leading strength underpinning transformations in the ALBA development framework.

### Box IV.3. ALBA and the *grannacionales* projects (continued)

- *Proyecto Grannacional Alba-Energía* – an energy program stemming from triangular cooperation projects that replicated successful bilateral experiences. One example was the installation of power generators in Nicaragua. This project was executed in the triangular modality, with Venezuela providing the financing, and Cuba procuring the equipment and related technical training through the National Electrical Union (UNE).

However, *Proyecto Grannacional Alba-Energía* goes one step further. It is designed to achieve the ALBA Energy Treaty objectives of promoting the use of alternative sources of energy, and deploying consumption criteria to leverage savings and efficiency. Currently, the project combines an investment component (construction of two gas production plants and improved efficiency in electrical power usage by substituting inefficient wasteful equipment in Bolivia, or remodeling and commissioning a refinery in Cuba), with an education and training component to teach workers in the correct use of equipment and facilities.

For the time being, Venezuela is putting up most of the financing for projects such as these (with a cost of US\$7.6 and US\$347 million in 2008). However, the idea is to replace these funds by financing provided by Banco del ALBA. Banco del ALBA is a regional development bank hoping to become an instrument able to raise funds *from the region and for the region*. After six technical meetings, the Bank Charter Document was signed on 26 January 2008 at the VI ALBA-TCP Summit (TCP - People's Trade Agreement) with 1 billion dollars in subscribed capital. Each country will contribute in proportion to its financial capacity. As mentioned previously, once the Bank becomes operational, funds will be used to finance all the *Proyectos Grannacionales* conceived in the framework of the ALBA Summits. Financing will be provided on a reimbursable basis, at variable interest rates depending on the area of activity, but always below international market rates.

**Source:** Ministry of Foreign Trade and Foreign Investment, Cuba; Ministry of Education, Venezuela; Banco de Comercio Exterior (Bancoex) of Venezuela (2007); Rodríguez Asien (2007)

- c) Projects stemming from the regional frameworks themselves, executed with a strong horizontal component and financing provided by the participants. This type of experience can be best illustrated by two examples: the Biofuels Program in the framework of the Mesoamerican Project, and the Andean Border Health Plan (PAMAFRO) developed by the Andean Community of Nations (CAN) and the Andean Health Organization (OAS), an agency of the Andean Integration System.
- The Mesoamerican case, shown in Box IV.4, involved construction of biofuels processing and production plants in disadvantaged communities in El Salvador and Honduras. Colombia was responsible for project execution and financing, committing to execute similar projects in 2009 in Guatemala (pending from 2008), Mexico, Panama and the Dominican Republic. These projects not only had a positive impact on energy security, giving beneficiary communities access to sustainable energy sources, but a positive social impact as well, by providing these populations with an off-farm economic alternative.
  - The project involving the CAN and the OAS (Box IV.5) was executed through bilateral technical assistance between Andean countries with a common border: Colombia with Venezuela, Ecuador and Peru, on the one hand; Ecuador and Peru, on the other. Through these initiatives, the countries joined forces to address a public health problem: fighting malaria. Cooperation was based on the exchange of experiences to promote and build social and community organizations to fight the disease.

#### Box IV.4. The Mesoamerican Biofuels Program

The Mesoamerican Biofuels Program was born in San Salvador in May 2007, at the Third Meeting of the Executive Committee and the Interagency Technical Group of the Mesoamerica Project. The Program was launched to “*guarantee energy security for countries*” through the implementation of “*environmentally-friendly energy production plans*.” It pursued a double objective: promote alternative sources of energy while supporting the “*reactivation of local economies, improving the living conditions for inhabitants*.” The program aimed to produce biofuel commodities and build processing plants in underprivileged communities.

The first phase was executed in 2008 under Colombian leadership. In fact, the Colombian Government was to support construction of three biofuels plants in 2008: Honduras (Municipio of Tocoa, Colon Department), El Salvador (La Libertad Department) and Guatemala (Municipio of Jocotan, Chiquimula Department). These plants will have the capacity to produce 10,000 liters of biodiesel/day, and process any type of commodity (such as palm oil, castor oil and used vegetable oil). Furthermore, they will be equipped with the necessary software to manage the production process.

Colombia was to fully finance the cost of three million dollars to build these plants. However, only the Honduras and El Salvador plants were completed. Funding for installation (US\$2,294,200) was contributed by the Ministry of Agriculture of Colombia under an agreement with the Colombian Agricultural Research Corporation (CORPOICA), a public-private partnership in charge of project execution.

Construction of the plant in Guatemala was reprogrammed for 2009. The second phase of the project, due to be executed in 2009, provides for construction of three additional plants: Mexico, Panama and Dominican Republic. These actions will be further complemented with the establishment of the Mesoamerican Biofuels Research and Development Network, promoted by Mexico, to study and transfer biofuels technology in a manner consistent with the conservation and sustainable use of soil, water and plants at the production units.

**Source:** Cooperation Bureau, Colombia; Colombian Agricultural Research Corporation (CORPOICA) ([www.corpoica.org.co](http://www.corpoica.org.co)), and Mesoamerican Project (<http://portal2.sre.gob.mx/mesoamerica>).

#### Box IV.5. The Andean Border Health Plan (PAMAFRO)

In 2002, at the urging of the Health Ministers of Colombia, Ecuador, Peru and Venezuela, the Andean Community of Nations (CAN) and the Andean Health Organization (OAS) launched the project “Malaria Control in Border Areas of the Andean Region: A Community Approach,” renamed in 2005 the Andean Border Health Plan, or PAMAFRO by its Spanish acronym.

Like all initiatives sponsored by this regional grouping, the project targeted countries with common borders, to analyze problems and find common solutions for the Andean region. In the specific case of PAMAFRO, the plan sought to “*reduce malaria in the poorest regions along the four countries’ borders, prioritizing localities with higher disease incidence, a shortage of health services, and geographic accessibility problems*” ([www.orasconhu.org](http://www.orasconhu.org)).

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### Box IV.5. The Andean Border Health Plan (PAMAFRO) (continued)

To achieve this objective, the Plan comprised two phases (2005-2007 and 2008-2010) aimed at encouraging bilateral technical cooperation between border countries (Colombia with Venezuela, Ecuador and Peru, on the one hand; Ecuador and Peru, on the other). Cooperation would be based on promoting and strengthening social and community organizations against malaria; increasing people's access to diagnosis and treatment; investing in research to develop malaria control and prevention formulas; implementing information and surveillance systems; among others. The Global Fund to fight AIDS, Tuberculosis and Malaria would provide the financing (about US\$26 million for the five years).

Evaluation of the first phase showed a positive outcome. In fact, it is estimated that from 2002 to 2008, malaria cases along the Colombia-Venezuela border alone dropped from 92,657 to 42,000 cases.

**Source:** Ministry of Health and Social Protection of Venezuela; Andean Health Organization (<http://www.orasconhu.org>); Pan American Health Organization (PAHO).

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### Regional Horizontal/South-South Cooperation: advances and challenges

Thus far, regional horizontal/South-South cooperation case studies followed an approach where the *normative* (what the modality *ought to be*) is compared against the *positive* (what *is the reality* of such cooperation). In other words, the analysis was based on an *a priori* definition of the basic traits that ought to characterize this cooperation modality. Subsequently, the reality of regional cooperation was explored in an attempt to find those expected traits (first through the cooperation modalities implemented by the regional systems, later through specific experiences). The results of this exercise and the general conclusion indicate that *Regional Horizontal/South-South Cooperation* is not a modality systematically adopted by the regional consultation systems. Instead, it arises from initiatives that pointedly displayed a clear horizontal characteristic stemming from their very genesis and development.

Furthermore, even from this perspective, the selected experiences could not be matched exactly and fully with the "preconceived" notion held about *Regional Horizontal/South-South Cooperation*. For illustrative purposes, the selected MERCOSUR projects and the CAN-OAS project described above were financed with external funds: the former with funds from Japan and the European Union (EU); the latter with funds from the Global Fund to fight AIDS, Tuberculosis and Malaria (GFATM). Even the cooperation carried out by Colombia under the Mesoamerican umbrella deviates from the preconceived patterns as it was not executed by state institutions, but by a joint public-private agency (CORPOICA) reporting to the Ministry of Agriculture.

Consequently, comparing *normative* against *positive* demands we rethink the definition from the two perspectives: on the one hand, the conceptualization of *Regional Horizontal/South-South Cooperation* must be adjusted to reflect what this cooperation modality really *can be* and is; on the other hand, the regional consultation systems and their member countries may move towards cooperation modalities that are systematically more horizontal, better adjusted to what they themselves suggest *ought to be* regional Horizontal/South-South cooperation. In any event, in order to move in these two directions, an effort will be needed to generate more information and renew the debate about the conclusions drawn from such data.



*CHAPTER V*  
*GOOD PRACTICES IN HORIZONTAL*  
*AND TRIANGULAR COOPERATION*

### Definition and Identification of Good Practices in South-South Cooperation

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In the past few years, South-South cooperation has made strong inroads at international fora where the development cooperation debates are conducted. Without a doubt, this tendency has been most evident at the debates on cooperation effectiveness. South-South cooperation rapidly moved from being all but absent at the High-Level Forum on Harmonization in Rome in 2003, to become a priority item on the agenda for the Third High Level Forum on Aid Effectiveness in Accra in 2008.

In fact, the relationship between South-South Cooperation and Effectiveness was addressed by the Third Forum from a dual perspective. On the one hand, the debate focused on whether the Paris Declaration (in particular the *ownership* principle)<sup>1</sup> was applicable to South-South cooperation. On the other hand, the debate focused on identifying actions to serve as guidance to achieve greater effectiveness in the delivery of South-South cooperation: the so-called “*good practices*,” “*best practices*” or “*successful experiences*.” In fact, internal discussions at the Forum (many of which can be consulted in the public reports) seemed to favor the notion that in order to promote *more and better* South-South cooperation it was necessary both to identify Good Practices and to define the criteria underpinning such identification.

However, the debate was merely reflecting what some developing countries had already voiced at other fora. In fact, part of this very same discussion started at the Ibero-American Conference in 2007. Thus, and as may be inferred from Box V.1, just as Conference participants grappled with how to identify what was happening in the region in terms of South-South cooperation, a parallel discussion began as to the best way to promote and strengthen this cooperation modality. These efforts culminated at the San Salvador Summit in October 2008 with the adoption of the *Program to Strengthen Horizontal/South-South Cooperation in Ibero-America*. The program’s two principal axes for action were to establish a Bank of Good Practices in cooperation, and to build institutional capacities to advance the design of methodologies and required data systems to identify successful experiences.

The Capacity-Building Program was launched in 2009. The consensus forged under the Program will no doubt be reflected in future editions of this Report, especially under this chapter given the common objectives. In fact, this chapter was designed to begin identifying experiences deserving the qualifier of Good Practices. Even more importantly, taking advantage of that exercise, we intend to select and define the initial criteria to identify eligible experiences.

## Box V.1. The Ibero-American Program to strengthen Horizontal/South-South Cooperation

Over the years, the Ibero-American countries have realized the advantage of giving greater momentum to South-South cooperation. However, they also identified some weaknesses and some challenges for this cooperation modality, that need to be overcome to ensure its effectiveness. These weaknesses and challenges include issues such as “the absence of systems to calculate, monitor and coordinate” cooperation, and the “inexistence of a methodology to systematically record good practices and successful experiences” (PRCOOPSS-SEGIB-RC3 XVIII-E 23/01/2009-pg.3/16).

Accordingly, and as shown in the table below, the Ibero-American Conference Cooperation Officers began working on a Program to Strengthen Horizontal/South-South Cooperation aiming to improve the calculation methodologies and systems, and to identify successful experiences for use as a guide for a progressively more effective Horizontal/South-South cooperation. This work was carried out in fulfillment of the mandates from the Santiago de Chile Summit (2007) and culminated at the San Salvador Summit (2008) with the approval of the Program.

### Chronology of the Program to Strengthen Horizontal/South-South Cooperation in Ibero-America

Year	Event	Contribution
2007	Meetings of the Ibero-American Conference Cooperation Officers	Preparation of the “Cooperation Strategy in the framework of the Ibero-American Conference.” Paragraph 5 referred to the need to develop an Ibero-American South-South Cooperation Program including: activity information systems; staff training; financing for some specific actions; and exchange of opinions and good practices.
	XVII Ibero-American Summit in Santiago de Chile	The Summit Program of Action included approval of the “Strategy” prepared by the Cooperation Officers. Paragraph 38 of the Program urges the Ibero-American General Secretariat (SEGIB) “to support preparation of Ibero-American Cooperation Initiatives to promote South-South and triangular cooperation, based on the annual cooperation report drafted by the SEGIB, aiming to strengthen binational programs, collect and document good practices and successful cases.”
2008	Meetings of the Ibero-American Conference Cooperation Officers	Discussions were held throughout the year as to the possible language for the Program to Strengthen Horizontal/South-South Cooperation in Ibero-America. The final proposal was developed by Colombia, Spain and the Ibero-American General Secretariat itself.
	XVIII Ibero-American Summit, San Salvador	Paragraph 13 of the Program of Action of the Summit approved the Program to Strengthen Horizontal/South-South Cooperation in Ibero-America, initially supported by fourteen countries (Argentina, Bolivia, Chile, Colombia, Costa Rica, Cuba, Ecuador, El Salvador, Mexico, Nicaragua, Paraguay, Peru, Spain and Uruguay). The Ibero-American General Secretariat (SEGIB) was tasked with undertaking the actions necessary for program implementation in 2009. During 2009, two more countries endorsed the Program (Guatemala and the Dominican Republic).

Source: SEGIB.

The Program Policy Document established, as its prime objective, “to strengthen and revitalize Ibero-American Horizontal/South-South cooperation, contributing to the quality and impact of its actions and the extension of associated good practices.” Setting this objective also entailed attaining three other very specific objectives (PRCOOPSS-SEGIB-RC3 XVIII-E 23/01/2009-pg.2/16):

1. Identify and disseminate successful South-South cooperation projects and practices, and record them in a Bank of Good Practices.
2. Institutional capacity building for cooperation agencies in Ibero-American countries.
3. Support replicable and innovative South-South cooperation projects and actions, especially those stemming from the Bank of Good Practices.

### Box V.1. The Ibero-American Program to strengthen Horizontal/South-South Cooperation (continued)

The Program came into effect in January 2009, and will have a four-year minimum duration. This Report on South-South Cooperation in Ibero-America is now under the umbrella of the Program, providing for two-way feedback between the Report and the Program. The Report will unquestionably contribute to attainment of objectives 1 and 2 of the Program, and Program development will methodologically feed into the Report, building up a repertoire of Good Practices for use in future issues of this Chapter.

**Fuente:** Documento de Formulación del Programa para el Fortalecimiento de la Cooperación Horizontal Sur-Sur en Iberoamérica; Programas de Acción de la XVII (Santiago de Chile) y XVIII (San Salvador) Cumbre Iberoamericana

On a provisional basis, a Good Practice in horizontal/South-South cooperation (or triangular) ought to meet a number of requirements relating to its impact as well as its genesis and development. Specifically, a Good Practice should refer to a cooperation initiative or project that:

- a) was born through consensus among countries deemed partners, preferably a consensus forged in the framework of a Joint Commission or equivalent entity;
- b) left at least one of the partners with a new installed capacity at the conclusion of the project.

As an additional criterion, the assessment and later selection as Good Practice should preferably, although not exclusively, be determined by the *recipient partner*.

Even so, this first approximation is subject to many variations. As shown in the selected Good Practices presented in later sections, even the criteria used within the Ibero-American Conference to identify *successful experiences* are still too numerous and too broad.

### Box V.2. Criteria to identify a Good Practice: the option advanced by Argentina

According to the International Cooperation Bureau of the Ministry of Foreign Affairs, International Trade, and Faith of the Argentine Republic, in some specific cases, the qualifier of Good Practice in Horizontal/South-South Cooperation applies only if the following criteria are met:

- 1) Impact. A Good Practice should demonstrate a positive and tangible impact on the living conditions of persons, especially the poor and disadvantaged.
- 2) Partnering. Best Practices should be built on partnerships between two or more actors. Work should be carried out via networks, at either the national (between ministries) or international level (with countries and international organizations).
- 3) Sustainability. The Best Practices should achieve tangible and lasting changes in at least one of the following areas:

## Box V.2. Criteria to identify a Good Practice: the option advanced by Argentina (continued)

- a) Legislative and regulatory frameworks, subsidiary rules or standards; providing formal knowledge on targeted topics and problems.
  - b) Replicable social policies and/or strategies.
  - c) Institutional frameworks and processes for decision-making, assigning clear roles and responsibilities at different levels and to groups of actors such as central and local government organizations, or grassroots and community organizations.
  - d) Efficient, transparent and responsible management systems promoting the effectiveness of human, technical, financial and natural resources.
- 4) Community leadership and empowerment. A Good Practice should empower the participating people, neighborhoods or society, and should drive and inspire change, even at the level of public policies.
  - 5) Gender equality and social inclusion. The Best Practices will include initiatives open and responsive to social and cultural diversity in a society; reinforcing equality and social justice based on income, gender, age, mental and physical condition, recognition and value of different skills.
  - 6) Innovation between the local context and transfer. Review to what extent the cooperation used novel means to share or transfer knowledge; and to what extent third parties were able to learn or benefit from the initiative.

**Source:** International Cooperation Bureau of the Ministry of Foreign Relations, International Trade, and Worship of Argentina.

For illustrative purposes, the Foreign Ministry of Argentina (Box V.2) suggests Good Practices be selected from a menu of criteria revolving around possible impacts (direct results as well as collateral effects on areas such as gender equality, social inclusion, and empowerment of beneficiary communities); sustainability; innovative character (especially in terms of means used); and development, seen as the capacity to promote cooperation based on partnering between different actors.

### ***Good Practices in Bilateral Horizontal/South-South Cooperation***

Tables V.1 and V.2 present some projects identified by Ibero-American countries as examples of Good Practices in bilateral horizontal/South-South cooperation. These projects were selected because they all received positive evaluations with respect to how they were conceived and developed, and project outcomes.

As the tables show, the selected projects were executed in diverse sectors of activity, although primarily economic sectors and institution-building. Approximately half were selected by the *recipient partners*. The rest are split between projects selected by the *donor partners* and projects selected by one of the parties and ratified by the other.

Eight bilateral horizontal/South-South cooperation projects were selected. Those in Table V.1.A (a Mexican project to help design urban transport routes in Managua; and an Argentine project to develop a Sustainable Tourism Strategic Plan for the center-south region of El Salvador) were selected by the *recipient partner*

countries. The projects described in Table V.1.B and V.2 (an aquaculture project in Panama executed by Mexico, a local development project in Uruguay executed by Venezuela; and two Human Rights projects executed in Bolivia and Paraguay by Argentina) were selected by the *donor partners*. Lastly, those in Table V.1.C (food security and sericulture involving Cuba and Colombia) were selected by one of the parties and ratified by the other.

With respect to project conception and development, the countries favored cooperation initiatives carried out in the framework of a Joint Commission and/or Bilateral Cooperation Program. Furthermore, they indicated that practically all these projects were at the request of the *recipient partner*, not necessarily requested by a government agency although the project was ultimately raised to that level. In fact, requests from public agencies and institutions at different levels (i.e., the Ministry of Justice in Bolivia, the Municipality of the Canelones Department in Uruguay, or the City Hall of the Nicaraguan capital) were compared to requests from non-governmental organizations (i.e., the Association of Families of Detainees, Missing Persons and Martyrs for National Liberation –ASOFAMD– in Bolivia). Another interesting observation was that some projects began several years ago (for example, the Mexican interventions began in 2001) suggesting the cooperation is sound, a fact duly noted by the participating countries.

**Table V.1. Good Practices in bilateral horizontal/South-South cooperation, according to recipient partner**

**V.1.A. Good Practices with Nicaragua and El Salvador as recipient partners**

		<i>Project 1: “Design a Network of Public Urban Transport Routes for Managua”</i>	<i>Project 2: “Develop a Sustainable Tourism Strategic Plan for the El Balsamo Region”</i>
<b>Description</b>	<b>Partners</b>	<i>Donor partner: Mexico Recipient partner: Nicaragua</i>	<i>Donor partner: Argentina Recipient partner: El Salvador</i>
	<b>Description</b>	Courses, workshops and internships given by Mexican experts in the following subjects: <ul style="list-style-type: none"> <li>• Origin-destination surveys.</li> <li>• Operator description.</li> <li>• Analysis of demand data.</li> <li>• Criteria for remapping transport routes.</li> <li>• Supply and demand modelling.</li> <li>• Negotiating with operators.</li> </ul>	Develop a sustainable strategic plan for the El Balsamo region (Department of La Libertad). The plan seeks to identify the vision, mission and characteristic values of the region; the short, medium and long term objectives; strategic areas; goals and strategic programs of action for implementation of the plan
	<b>Activity area</b>	Transportation policy	Tourism
<b>Assessment</b>	<b>Genesis</b>	Stems from a public transportation study for Managua City Hall. Seeks to adapt supply and demand, making the necessary modifications to bus routes, bus stop location, frequency, schedule and fares. Also seeks to adapt supply in order to avoid duplications; and ensure the viability of route operation.	Part of the Bilateral Cooperation Program 2007-2008
	<b>Outcomes</b>	Positive. The proposed objectives were fully met (100%). Managua City Hall was so satisfied that it intends to implement a new phase of this project in the next biennium.	The objectives were met, at least concerning the training needed to advance the Plan.

**Table V.1. Good Practices in bilateral horizontal/South-South cooperation, according to recipient partner (continued)**

**V.1.B. Good Practices with Panama and Uruguay as recipient partners**

		<i>Project 1: “Production of shellfish seeds and sea harvests”</i>	<i>Project 2: “Pueblo Bolivar Endogenous Development Center (NUDE)”</i>
<b>Description</b>	<b>Partners</b>	<i>Donor partner: Mexico Recipient partner: Panama</i>	<i>Donor partner: Venezuela Recipient partner: Uruguay</i>
	<b>Description</b>	Upgrade the Panamanian Pacific Mariculture Station shellfish laboratory to treat waters for shellfish reproduction as a pre-requisite to develop sea harvests and repopulation activities.	Promote an Endogenous Development Center (NUDE) in Pueblo Bolivar, 100 km from Montevideo. This initiative will promote local development through community-based production projects with strong social impacts. Includes the construction of production, social and basic infrastructure.
	<b>Activity area</b>	Aquiculture; Fishery	Local development
<b>Assessment</b>	<b>Genesis</b>	Was part of the Technical and Scientific Cooperation between Mexico and Panama started in 2001. Based on this experience, from 2006 to 2008 Mexican cooperation focused efforts on generating successful harvest projects in specific niche markets. They also offered an alternative source of income for artisanal fishermen and sought to strengthen Panamanian self-sufficiency in the production of certain seeds and harvests.	The program began in 2005 as the result of a cooperation program between the Government of the Bolivarian Republic of Venezuela and the Venezuelan state oil company (PDVSA), with the Pueblo Bolivar community, the Municipality of the Department of Canelones in the Republic of Uruguay, and other Uruguayan government institutions.
	<b>Outcomes</b>	The project helped with the repopulation of the small shellfish <i>Agropecten ventricosus</i> along the Pacific coast of Panama, introduced potentially harvestable new species of shellfish, promoted the marketing of these species, supported fishermen and Panamanian cooperatives (especially in the Coclé province). The ecological impact was positive and sustainable because the previously over-exploited <i>Agropecten ventricosus</i> shellfish were repopulated in their natural habitat.	Created part of the social infrastructure (community center, health clinic, housing, schools) and part of the production infrastructure (apiary project; family farms; social tourism; etc.) The population were involved (especially youth) in the projects; many were trained; work commissions were created, and the community were organized by civil society.

**V.1.C. Good Practices with Cuba as recipient partner and Colombia as provider**

		<i>Project 1: “Agri-health or Project for Biofortified rice and bean crops”</i>	<i>Project 2: “Research and sustainable, artisanal silk production”</i>
<b>Description</b>	<b>Partners</b>	<i>Donor partner: Colombia Recipient partner: Cuba</i>	<i>Donor partner: Colombia Recipient partner: Cuba</i>
	<b>Description</b>	Seeks to improve nutritional food security through the development of crops called nutrivers (crops with higher content of nutrients and better agronomical characteristics, obtained via traditional phytoimprovement). Aims to improve general access to these products (specifically, rice and beans).	Promote sericulture in Cuba as an alternative for the farming sector. Sericulture has a great potential to improve income in rural areas. This activity does not require major investments, is easy to implement, and Cuba has good market prospects thanks to the importance of the tourism sector.
	<b>Activity area</b>	Food security; Agriculture	Sericulture; Agriculture and Industry
<b>Assessment</b>	<b>Genesis</b>	Cooperation between farming research centers in the two countries. The project is part of a larger regional project (Agrosalud, or Agri-Health, grouping institutions throughout Latin America and the Caribbean), as well as the Joint Commission for Cuba-Colombia Bilateral Cooperation.	In the mid 1990s, a mulberry crop was introduced in Cuba because of its high nutritional content, for incorporation in sustainable animal feed systems. The plant spreads easily at low cost with no irrigation. When a Colombian sericulture expert visited Cuba, the idea was born to introduce this activity as a development alternative for the Cuban farming sector. The final cooperation between several Cuban and Colombian institutions was facilitated through bilateral cooperation involving the two governments.
	<b>Outcomes</b>	The project helped improve the diet of the population consuming the product because of their high content in iron, zinc and other essential nutrients required in small quantities for the biological functions of the human body.	Promoted the first workshops and created jobs in rural areas of Cuba, especially the municipios of Perico, Colon, Jovellanos and Martí in the Matanzas Province. The project was later started in eastern Cuba, the area most devastated by hurricanes and droughts, and the least industrialized.

**Source:** Presidential Agency for Social Action and International Cooperation Bureau of the Ministry of Foreign Affairs of Colombia; Ministry for Foreign Investment and Economic Cooperation (MINVEC) of Cuba; External Cooperation Bureau of the Ministry of Foreign Affairs of El Salvador; Technical and Scientific Cooperation Department of the Ministry of Foreign Relations of Mexico; Ministry of Foreign Relations of Nicaragua; and Ministry of the People for Communication and Information of Venezuela.

The countries underscored the high correlation between project objectives and project outcomes. The outcomes frequently had a multidimensional scope (economic, social, ecological, etc.) (e.g., the Venezuela-Uruguay project for local development, or the aquaculture project executed through the Mexico-Panama cooperation). The countries also took a positive view of the fact that some *recipient partners* requested follow-on programs, either extending the original project over time (adding new phases as in the case of the above local development and aquaculture projects), or replicating them in other areas of the national territory (expanding to the east the sericulture project Colombia is executing in Cuba). Lastly, they attached great importance to sustainability. For example, Argentina explained that the sustainability of the projects executed in Paraguay and Bolivia would be assured by the creation of a Secretariat of State for Human Rights and raising new funds from traditional donors such as Denmark and Sweden, respectively. In respect to these same two cases, Argentina added as another valuation element the fact that these projects encouraged partnering between public and private institutions in the participating countries.

**Table V.2. Good Practices in bilateral horizontal/South-South cooperation, with Argentina as provider**

		Project 1: “Technical Assistance in Forensic Anthropology Support for the Truth and Justice Commission of Bolivia”	Project 2: “Technical Assistance in Forensic Anthropology Support for the Truth and Justice Commission of Paraguay”
Description	Recipient	Bolivia	Paraguay
	Description	Technical assistance to help solve human rights violations committed during the dictatorships in the 1960s to the 1980s, carried out at the Mausoleum of the Association of Families of Detainees, Missing Persons and Martyrs for National Liberation (ASOFAMD). Work included: archeological exhumation of 15 niches; forensic anthropological analysis of 14 bodies; laboratory sampling and genetic analysis; develop a hypothesis as to the identity of 16 cases in all.	Technical assistance to organize and investigate detentions – disappeared persons and/or extrajudicial executions – dating back to the Dictatorship (1954-1989). Included: training; excavation work, laboratory analysis of the mortal remains recovered in several provinces of the interior of the country; in situ examination of sites suspected of containing remains of victims of the dictatorship.
	Activity area	Forensic anthropology; Human Rights; Government and Civil Society	Forensic anthropology; Human Rights; Government and Civil Society
Assessment	Genesis	The request was made by the Association of Families of Detainees, Missing Persons and Martyrs for National Liberation (ASOFAMD) of Bolivia, then by the Ministry of Justice (specifically, the Inter-institutional Council for the Clarification of Enforced Disappearances – CIEDEF). Local technicians and professionals were also involved, such as doctors from the Forensic Investigations Institute (IDIF) and the National Archeological Agency (DINAR).	Request by Paraguay to the Argentine Fund (FO-AR) for Horizontal South-South cooperation
	Outcomes	<ul style="list-style-type: none"> <li>- Impact: Created awareness about the importance of remembering, and forensic anthropological resources for support.</li> <li>- Specific results: 16 bodies recovered; five bodies identified; remains returned to their families; reports submitted to Justice; Forensic Anthropology added to the post-graduate curriculum at the School of Human Health Sciences at the Gabriel Rene Moreno University.</li> <li>- Partnering: Participation by public institutions, associations of victims’ families, archeologists, physicians and forensic scientists.</li> <li>- Sustainability: Guaranteed through local capacity-building and training, and by raising funds from traditional donors (Denmark and Sweden).</li> </ul>	<ul style="list-style-type: none"> <li>- Impact: Positive; measurable through the effective adoption by the Paraguayan Government of mandatory international minimum standards, guaranteed by forensic intervention so as to be procedurally acceptable.</li> <li>- Specific results: Made it possible to: clarify the circumstances surrounding the disappearance and final resting place of a Paraguayan citizen who disappeared in Argentina in 1976; allowed the families of victims to play an important and special role, restoring their right to information; hold the first public hearing of the Truth and Justice Commission of Paraguay; and publish the Final Report of the Truth and Justice Commission.</li> <li>- Partnering: Participation by civil society, State officials, Human Rights organizations, associations of families.</li> <li>- Sustainability: It is hoped the Paraguayan Government will create an Office of Human Rights or similar body, which will undoubtedly guarantee project sustainability.</li> </ul>

Source: International Cooperation Bureau of the Ministry of Foreign Relations, International Trade, and Worship of Argentina.

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## *Good Practices in Triangular Cooperation*

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Table V.3 shows the two projects identified by countries as Good Practices in triangular cooperation. In both cases, the projects were declared by the *recipient partners*: Paraguay, in South America, and the Dominican Republic in the Caribbean. As the table shows, in both cases German cooperation provided most of the financing, and technical execution was carried out by two countries geographically close to the recipient countries: Chile in the Southern Cone, and Mexico from the eastern Caribbean Basin.

The Germany-Chile-Paraguay triangulation project targeted local development in the River Apa region in the northern Department of Concepcion. The Germany-Mexico-Dominican Republic project aimed at creating a Network of Environmental Promoters responsible for solid waste prevention and management in at least 23 Dominican municipios. Interestingly, both cases comprised a strong institution building component (public-private cooperation in the first, a network of people and organizations to manage municipal waste in the second).

With respect to the genesis of these projects, both Paraguay and the Dominican Republic confirmed that the triangulations came about at their request upon hearing about the positive outcomes of the same projects executed as bilateral North-South cooperation. The original projects were successful examples of German cooperation, adapted to the local reality and subsequently executed on a regional basis by the first recipients (Chile and Mexico, respectively). The fact that Paraguay and the Dominican Republic requested these projects, and both were executed pursuant to Triangular Cooperation Agreements, ensures the principle of horizontality that should be a component of any South-South and triangular cooperation.

Finally, the project outcomes received positive evaluations. As in the bilateral horizontal/South-South cooperation cases, the impacts were multidimensional. For instance, the local development project achieved simultaneous results in several sectors: economic (promotion of new agricultural products and establishment of a regional tourism office) and environmental (use of ecologically sustainable farming techniques). What is more, the manner in which the outcomes were addressed suggests the intent to provide continuity for both projects: reaching out to new sectors (local development project) or other municipios (Mexico - Dominican Republic solid waste management triangulation).

**Table V.3. Good Practices in triangular cooperation reported by recipient partner**

**V.3.A. Good Practice with Paraguay as recipient partner**

		Project 1: "Economic and Local Development in the Rio Apa Area in the Department of Concepcion"
Description	Partners	<i>New provider: Chile</i> <i>Traditional donor: Germany</i> <i>Recipient partner: Paraguay</i>
	Description	Promote public-private cooperation processes to develop the local economy based on the endogenous potential of the northern reaches of the Department of Concepcion (Eje del Río, San Lázaro, Colonia José Félix López, San Carlos) and provide training for entrepreneurs, organize service chains, and develop local products.
	Activity area	Governance and Civil Society
Assessment	Genesis	Paraguay knew about Chile's positive experience in the implementation of public and private sector cooperation for local and territorial economic development through the program "Decentralization and regional development – Active Region" executed by the German Cooperation Agency. This gave birth to the idea of transferring this knowledge to Paraguayan entities.
	Outcomes	<ul style="list-style-type: none"> <li>- Efficiency of the coordination work.</li> <li>- Sustainable management of plots.</li> <li>- Seed production (seed supply bank for corn varieties: chipa, locro, Karapé Pyta and Tupi Pytá).</li> <li>- Producers were motivated to support execution of the plan.</li> <li>- A regional tourism office was created.</li> </ul>

**V.3.B. Good practice with the Dominican Republic as recipient partner**

		Project 1: "GIRESOL Network to strengthen integral management of solid waste"
Description	Partners	<i>New provider: Mexico</i> <i>Traditional donor: Germany</i> <i>Recipient partner: Dominican Republic</i>
	Description	The project is intended to build the Dominican Environmental Promoter Network for the Prevention and Integral Management of Solid Waste (RED GIRESOL DOMINICANA) and train Dominican environmental promoters.
	Activity area	Environment
Assessment	Genesis	A GIRESOL Network event was held in Mexico, attended by a technician from the Secretariat of State for the Environment and Natural Resources (SEMARENA) at the invitation of the German Cooperation Agency in the Dominican Republic. Learning about the experience, the national guest proposed the project be replicated in his country. Negotiations were initiated between the German Cooperation Agency, Mexico, and the relevant Dominican institutions (SEMARENA, the National State Reform Council–CONARE–, and the Dominican Federation of Municipios–FEDOMU), culminating with the ratification of the Triangular Cooperation Agreement between the Dominican Republic, Mexico and Germany.
	Outcomes	<ul style="list-style-type: none"> <li>- Three meetings were organized to train the first generation of Environmental Promoters.</li> <li>- The Dominican GIRESOL Network was established.</li> <li>- A National Coordinating Committee (NCC) was created.</li> <li>- Strategic planning was conducted by the NCC.</li> <li>- 28 promoters were certified.</li> <li>- 90 environmental actions.</li> <li>- 1600 beneficiaries.</li> <li>- 23 City Councils received first generation training (including the National District).</li> </ul>

**Source:** Technical Planning Secretariat (STP), Paraguay; and Secretariat of State for Economy, Planning and Development (SEEPYD), Dominican Republic.

Notes

<sup>1</sup> This principle provides that, in the framework of cooperation, recipients should exercise effective authority over their development policies and strategies; and these are to be respected by donors.

*CHAPTER VI*  
*IBERO-AMERICA AND GLOBAL*  
*OFFICIAL DEVELOPMENT ASSISTANCE (ODA)*

## Introduction

This chapter analyzes the evolution of Official Development Assistance (ODA) delivered to Ibero-America since the beginning of this decade. The analysis is divided into three major blocs. The first looks at a synthesis of tendencies of global ODA delivered to the developing world as a whole, for the period 2000 to either 2007 or 2008 depending on the data obtained from the Development Assistance Committee (DAC), source of the information used in this analysis.

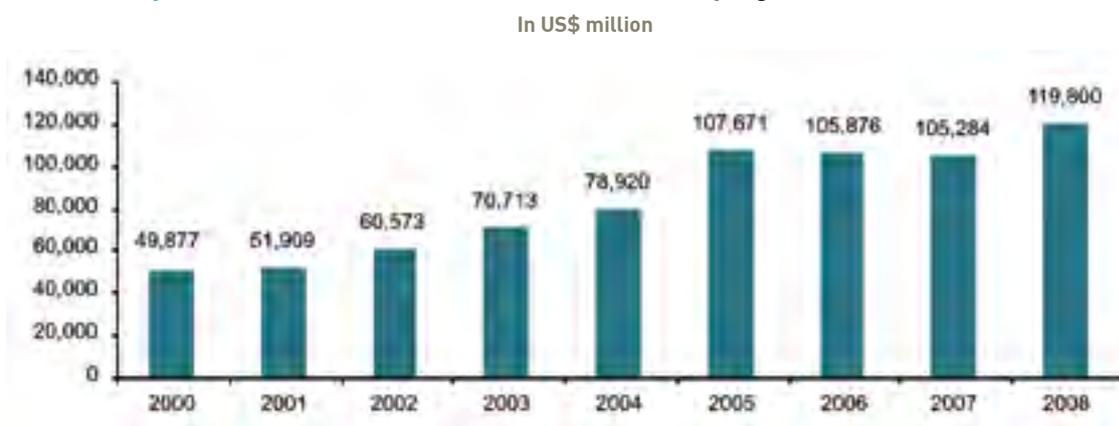
The second bloc breaks the above data down in terms of events affecting the 19 Ibero-American Conference member countries in Latin America classified by the DAC as likely assistance recipients. The intent was to study the tendency of flows to the region, as well as their destination (recipient countries) and origin (principal donors).

The third bloc analyzes ODA flows between the twenty-two Ibero-American Conference member countries, i.e., from Spain, Portugal and Andorra to the 19 Latin American countries. The bulk of the analysis focuses on events that occurred in 2007 and 2008 because, in contrast to earlier periods, information for this period is available through the cooperation agencies and/or bureaus of the three donor partner countries, thereby facilitating access to current data.

## International ODA flows

As Graph VI.1 shows, the volume of global Official Development Assistance increased 140% from 2000 to 2008, growing from close to US\$50 billion to almost US\$120 billion. However, this growth, averaging 12% per year, was not gradual. There were two growth peaks in the period analyzed, the first in the 2004-2005 biennium when global ODA broke the US\$100 billion barrier for the first time, the second in the 2007-2008 biennium when the stagnation and retrenchment dynamics of the 2006-2007 biennium were reversed and ODA grew 14%, i.e., two percentage points above average.

**Graph VI.1. Total net ODA delivered to developing countries (2000-2008)**



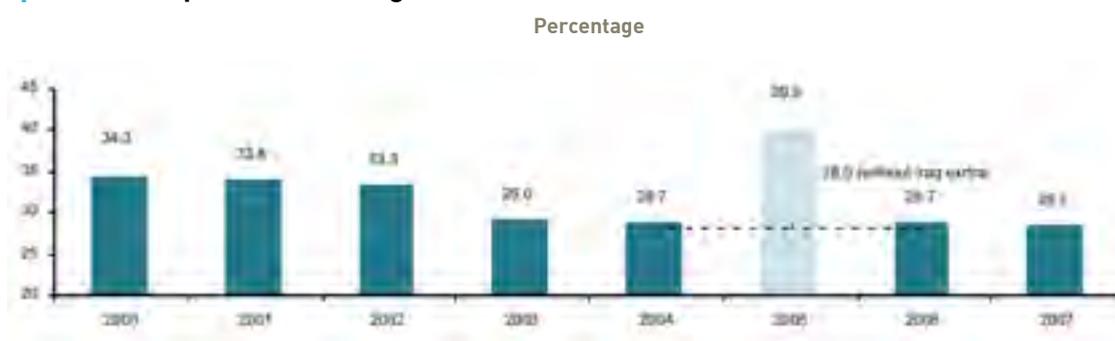
Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline) and <http://www.oecd.org/document/>

The global ODA trend was driven by the commitments assumed by the principal donors at several international summits including the Millennium Summit in 2000, the Conference on Financing for Development in Monterrey, Mexico – 2002, the G8 Summit, and the Millennium+5 Summit in July and September 2005, respectively (OECD 2009). In fact, as already discussed, at each successive summit donors pledged to attain certain goals: scale up ODA to 0.7% of national GDP (Monterrey Summit), and increase global aid by US\$50 billion by 2010 compared to ODA in 2004 (2005 summits).

Other more specific factors were equally relevant. For instance, the 2004-2005 increase was due in part to humanitarian aid flows (10% of the US\$107 billion in 2005) to help relieve the destruction wrought by the tsunami in countries in the Indian Ocean region and the earthquake in Pakistan; and aid delivered to Iraq (about US\$26 billion, equivalent to 25% of the global total), of which more than half was in the form of debt forgiveness. In fact, debt relief operations also explain why global ODA flows remained above the US\$100 billion barrier in 2006 (US\$45 billion went to the Highly Indebted Poor Countries [HIPC] Initiative alone). Maintenance of global ODA levels in 2007 and the increase in 2008 were due to fulfillment of the commitments assumed in 2005. Compliance with these pledges translated into a US\$34 billion increase in assistance compared to 2004, the substitution of debt forgiveness by other instruments (especially bilateral development programs and projects), and allocation to a larger number of partners, as suggested by aid fragmentation data (OECD, 2009) ([www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)).

All these forces also entailed changes to the global ODA distribution structure. Graphs VI.2 and VI.3 show how aid flows were reassigned, first shifting from countries with higher relative income to those with lower incomes, then, owing in part to the first shift, from Latin American countries to countries in Africa and Asia. Thus, from 2000 to 2007, Middle-Income Countries (MICs) were crowded-out as global ODA recipients accounting for practically 35% of total aid to just about 28.5%. Meanwhile, in the same period, out of total ODA allocated to Africa, Asia and America, American countries lost the same five percentage points of relative participation (dropping from 13 to 8%) gained by African countries (increasing from 43 to 48%).

**Graph VI.2. Proportion of total global ODA allocated to middle-income countries (2000-2007)**



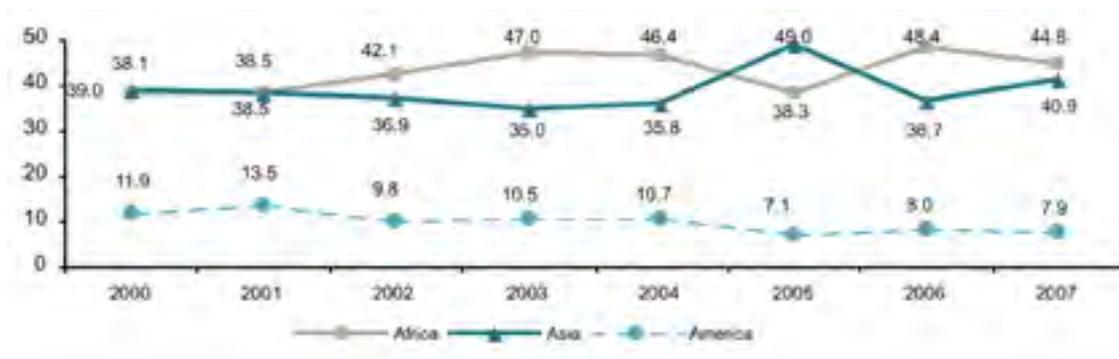
Estimate of middle-income country participation (Lower and Upper MIC, per OECD classification) in total net ODA delivered to developing countries.

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

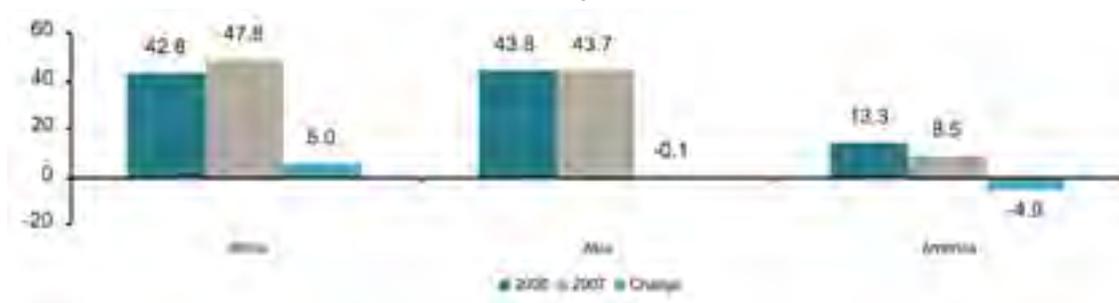
### Graph VI.3. Net global ODA shares by region (2000-2007)

In percentage and in percentage points

#### VI.3.A. Evolution 2000-2007



#### VI.3.B. Change 2000-2007



The calculation for this distribution is based on total ODA for regions Africa, Asia and America, not total net ODA for developing countries.

Source: SEGIB based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

## Development aid for Latin America

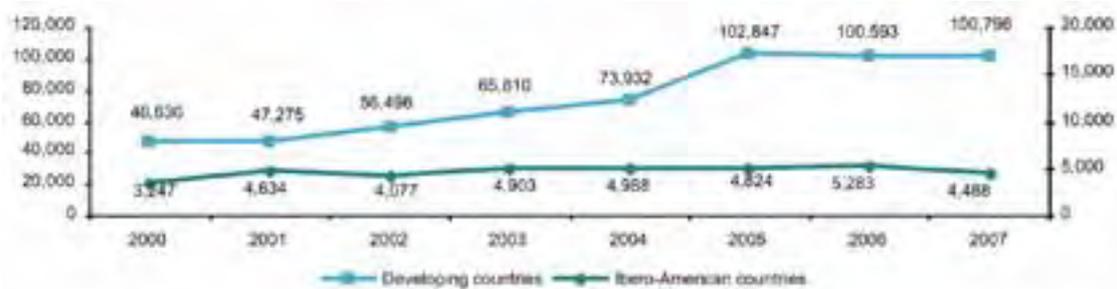
Official Development Assistance for Latin American countries followed an irregular trend in the period 2000-2007. Graph VI.4.A shows that ODA for the region at the beginning of the decade was close to US\$3.25 billion. In the following five years it moved slightly up and down without breaking the US\$5 billion barrier. In 2006, a new push raised the figure beyond US\$5.25 billion for the first time. The tendency reverted again in 2007 when aid to Latin America dropped substantially (15%), falling to less than US\$4.5 billion.

The irregularity in ODA for Latin American countries from 2000 to 2007 resulted in an annual growth rate of 6% - a sizeable rate although equivalent to about half of ODA delivered to developing countries as a whole (12%). Graphs VI.4 depict how the Ibero-American region was crowded-out as ODA recipient from a high of 6.5% in 2000 to less than 4.5% in 2007 owing to the differential in growth rates compared to other regions.

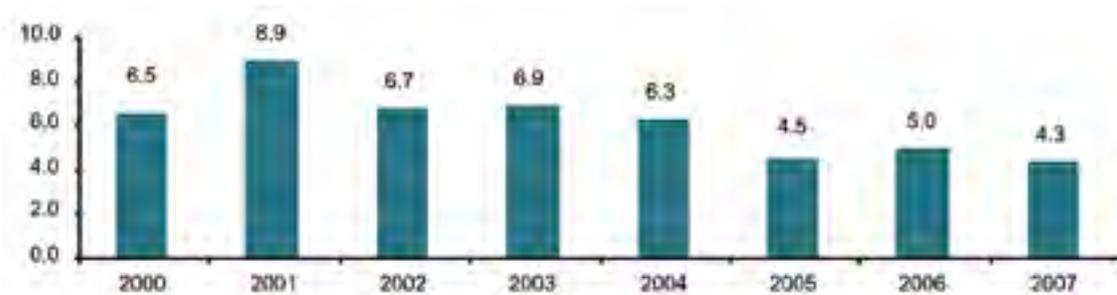
## Graph VI.4. Net ODA to Ibero-American countries and developing countries (2000-2007)

In US\$ million and percentage

### VI.4.A. Comparison of tendencies



### VI.4.B. Ibero-American proportion of total global ODA



Note: Graph VI.4.A shows total ODA for developing countries less ODA for Latin American countries. The aim was to rule out the impact of Latin American ODA tendencies on ODA tendencies for all developing countries

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

With respect to the assignment of this ODA, Nicaragua and Colombia were the principal recipients in the region in 2007, receiving aid volumes upward of US\$850 and US\$750 million, respectively, which, taken together, accounted for one third of total regional ODA. Another 30% was delivered to three countries – Bolivia, Honduras and Guatemala – with ODA ranging from US\$450 to US\$475 million. Three of these countries are in Central America; the other two are Andean countries – the two traditional ODA-recipient regions. The surprise was Brazil whose ODA practically tripled in 2006 to almost US\$300 million, jumping to sixth position in this classification. A significant portion of this increase was due to the renewal of its bilateral cooperation agreement with Germany, a country with which Brazil has maintained a cooperation partnership since 1962.

**Table VI.1. Net ODA for Ibero-American countries (2006-2007)**

In US\$ million and in percentage. Change in US\$ million and percentage points.

By income group in descending order, based on 2007 data

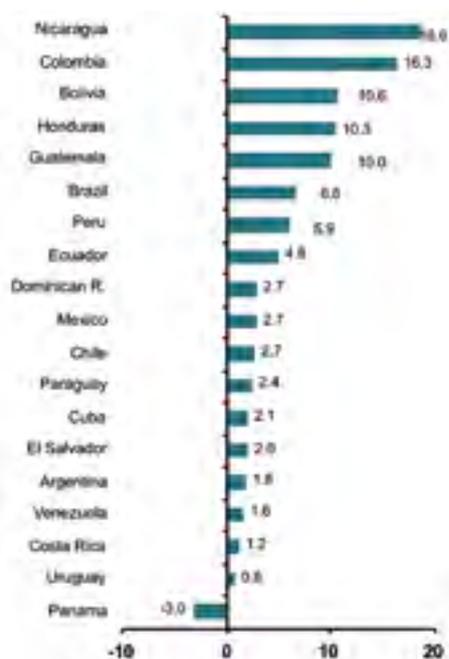
	Absolute values			Total share		
	2007	2006	Change	2007	2006	Change
Nicaragua	834	732	102	18.6	13.9	4.7
Colombia	731	987	-257	16.3	18.7	-2.4
Bolivia	476	844	-368	10.6	16.0	-5.4
Honduras	464	587	-123	10.3	11.1	-0.8
Guatemala	450	484	-34	10.0	9.2	0.9
Brazil	297	83	215	6.6	1.6	5.1
Peru	263	457	-194	5.9	8.6	-2.8
Ecuador	215	189	27	4.8	3.6	1.2
Dominican R.	123	53	70	2.7	1.0	1.7
Mexico	121	247	-125	2.7	4.7	-2.0
Chile	120	83	37	2.7	1.6	1.1
Paraguay	108	56	52	2.4	1.1	1.3
Cuba	92	78	14	2.1	1.5	0.6
El Salvador	88	157	-69	2.0	3.0	-1.0
Argentina	82	114	-32	1.8	2.2	-0.3
Venezuela	71	57	15	1.6	1.1	0.5
Costa Rica	53	24	29	1.2	0.4	0.7
Uruguay	34	21	13	0.8	0.4	0.4
Panama	-135	31	-166	-3.0	0.6	-3.6
<b>Total</b>	<b>4,488</b>	<b>5,283</b>	<b>-795</b>	<b>100</b>	<b>100</b>	<b>0</b>

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

**Graph VI.5. Share of total ODA to the region, by country (2006-2007)**

Percentage

**VI.5.A. Share in 2007**



**VI.5.B. Contribution to change in 2006-2007**



Source: SEGIB; based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

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In order of relative importance the next two countries belong to the Andean region: Peru and Ecuador. They received aid in excess of US\$200 million, accounting for another one tenth of ODA delivered to the region. Continuing down the scale we have the Dominican Republic and Paraguay on the one hand, Mexico and Chile on the other. Although the per capita income levels for these countries are very different, they received similar volumes of aid ranging from US\$100 to US\$125 million. Further down the scale, six countries received less than US\$100 million: Cuba, El Salvador, Costa Rica, Argentina, Venezuela and Uruguay. Panama belongs to a separate category as it was the only country with a negative volume equal to US\$135 million due to the reimbursement of ODA delivered under reimbursable terms.

The contributing causes to the US\$800 drop in regional ODA volumes from 2006 to 2007 were varied as to source and intensity. In effect, Table VI.1 and Graph VI.5.B show the countries with the most significant reduction in official development assistance were Bolivia, Colombia and Peru with respective drops of US\$368, US\$257 and US\$194 million. Regional ODA fell by an additional US\$550 million due to the reduction in assistance delivered to Panama, Mexico, Honduras, El Salvador, Guatemala and Argentina. These negative volumes were offset by the growth in development assistance delivered to Brazil (more than US\$200 million); Nicaragua, Dominican Republic and Paraguay (ranging from US\$50 to US\$100 million); and Chile, Costa Rica, Ecuador, Venezuela, Cuba and Uruguay (scaled up volumes, although less than US\$50 million each).

Concerning the source of funds, Spanish cooperation in Latin America has gradually grown in importance. As a matter of fact, Spain made an effort to significantly scale-up the assistance delivered to Latin America in 2006 and 2007. Accordingly, Spanish development assistance grew by more than 50% breaking the US\$1 billion barrier in 2007. Cooperation from the United States followed the opposite direction with assistance dropping by half from almost US\$1.6 billion in 2006 to less than US\$1.05 billion in 2007. These opposite trends resulted in Spain sharing the leadership with the United States as principal donors for the region with relative contributions equivalent to 23% of total ODA delivered to Latin America.

Japan continued on a path adopted in recent years, cutting ODA to the region by practically half, dropping from US\$400 million in 2006 to US\$200 in 2007. As a result of these dynamics, Japan has moved in just a few years from being the principal bilateral donor in the region to third position, with a relative participation of only 4.5%. However, it is only fair to point out that this trend was accompanied by a conceptual change in Japanese cooperation, substituting official development assistance with different tools such as triangular cooperation.

Lastly, European Union (EU) donors as a whole, excluding Spain, also significantly decreased the volume of funds delivered to the region: from about US\$600 million in 2006 and 2007 down to a little over US\$500 million last year. On the other hand, the European Commission continues to progressively scale up assistance to the region, becoming Latin America's prime multilateral donor accounting for practically 14% of regional ODA.

**Table VI.2. Net ODA to Ibero-American countries, by donor (2006-2007)**

In US\$ million and in percentage. Change in US\$ million and percentage points

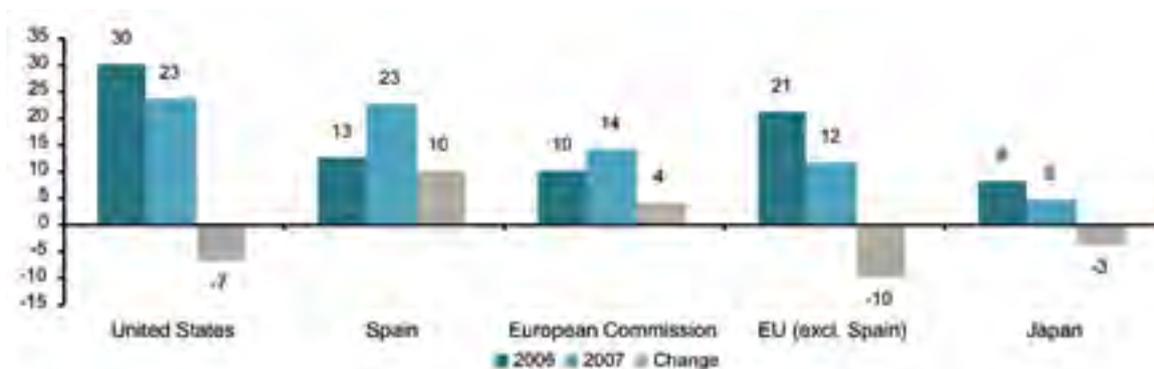
	Absolute values			Total share		
	2007	2006	Change	2007	2006	Change
<b>Bilateral</b>						
United States	1,046	1,582	-536	23.3	29.9	-6.6
Japan	203	414	-212	4.5	7.8	-3.3
Spain	1,017	658	359	22.7	12.5	10.2
EU countries, excl. Spain*	517	1,118	-601	11.5	21.2	-9.6
Other countries	565	300	264	12.6	5.7	6.9
<b>Total Bilateral</b>	<b>3,348</b>	<b>4,073</b>	<b>-725</b>	<b>74.6</b>	<b>77.1</b>	<b>-2.5</b>
<b>Multilateral</b>						
European Commission	624	531	93	13.9	10.1	3.9
Other Agencies	516	679	-163	11.5	12.8	-1.4
<b>Total Multilateral</b>	<b>1,140</b>	<b>1,210</b>	<b>-70</b>	<b>25.4</b>	<b>22.9</b>	<b>2.5</b>
<b>All donors</b>	<b>4,488</b>	<b>5,283</b>	<b>-795</b>	<b>100</b>	<b>100</b>	<b>0</b>

\*Refers exclusively to EU countries also members of the DAC. These are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxemburg, Netherlands, Portugal, Spain, Sweden and United Kingdom.

Source: SEGIB: based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

**Graph VI.6. Distribution of net ODA delivered to Ibero-American countries, by donor (2006-2007)**

Percentage In descending order, based on 2007 data



The European Union bilateral assistance refers to the combined ODA of all EU members also members of the DAC. Spain is excluded from this specific calculation.

Source: SEGIB based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline)

## ODA from Spain, Portugal and Andorra to their Ibero-American partners

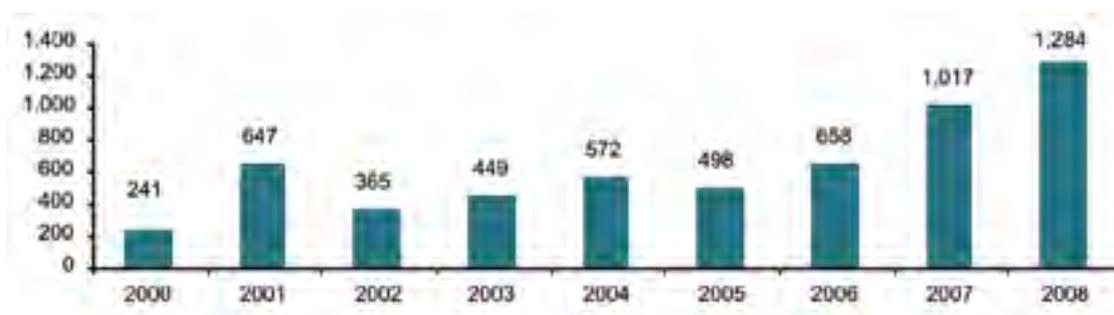
Spain, Portugal and Andorra have made an effort in the past few years to scale-up the volume of funds delivered to Latin America. Their efforts yielded positive results although of varied intensity and likelihood of being sustainable. Diverse factors drove the dynamics for these three countries such as a historical relationship between partners, budget capacity for the allocation of official development assistance, and the donor's relative size (geographic and economic).

Spain, as shown in Graph VI.7.A, reported a four-fold increase in ODA to Latin American from 2000 to 2007, growing from US\$250 million in 2000 to over US\$1 billion in 2007. The growth tendency continued with ODA increasing more than 25% from 2007 to 2008, reaching a record volume of close to US\$1.3 billion.

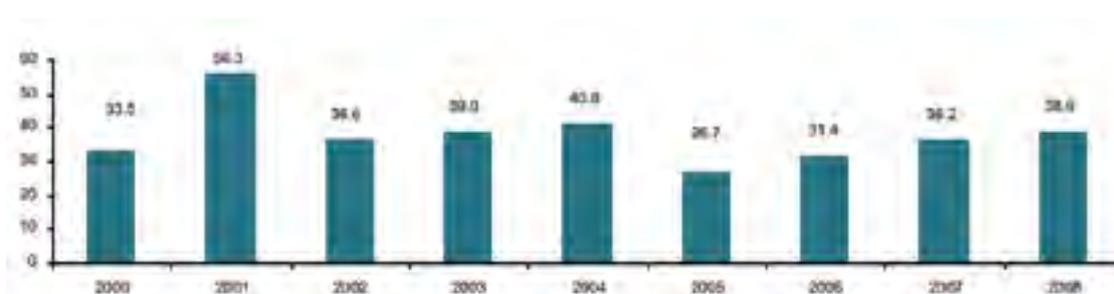
### Graph VI.7. Net bilateral ODA delivered by Spain to other Ibero-American countries (2000-2008)

In US\$ million and in percentage

#### VI.7.A. ODA to Ibero-America



#### VI.7.B. Ibero-American share of total net bilateral Spanish ODA



Note: 2008 data from AECID in Euros, converted to dollars at the European Central Bank average exchange rate for 2008 (1€ = 1,4706\$).

Source: SEGIB based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline) and data from the Spanish Agency for International Cooperation for Development (AECID).

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This volume of ODA was reached in 2008 in fulfillment of the policies established in the Master Plan for Spanish Cooperation 2005-2008. The Plan classified Latin American countries as “*priority countries*” (Honduras, Nicaragua, El Salvador, Guatemala, Dominican Republic, Paraguay, Bolivia, Peru, Ecuador), “*countries for special attention*” (Cuba and Colombia), or “*preferential countries*” (Costa Rica, Brazil, Mexico, Chile, Venezuela, Panama, Argentina and Uruguay) (pages 99-101). Pursuant to this treatment and for all countries combined, the Plan committed to ensure that “*at least 40% of ODA is earmarked for Latin America*” (pages 4 and 19). The objective was practically attained in the years this plan was in force, as official development assistance allocated by Spain from 2005 to 2008 to developing countries increased from just over US\$1.85 billion to close to US\$4.9 billion, and the proportion of ODA delivered to Latin America over total ODA grew from 27% to 38.6% (Graph VI.7.B).

In the next few years, in accordance with the Master Plan for Spanish Cooperation 2009-2012 approved by the Council of Ministers in February 2009, the volume of Spanish cooperation for Latin America is expected to continue rising, although no quantitative objectives were specified. The new Plan advocates for Spanish cooperation to preserve “*the commitment ... with Latin American countries*” considered to be “*traditional partners*” (page 195). This commitment is not only justified on grounds of historical and cultural ties, but also for geopolitical and trade reasons, as well as the growing importance of Latin American immigrants in Spanish society.

Looking to the destination of Spanish funds in the region, a review of Table VI.3 and Graph VI.8 shows that most ODA was delivered to Central American and Andean countries: Guatemala (US\$265 million equivalent to 20% of the total); Peru, Nicaragua and Honduras (US\$125 to US\$140 million, each accounting for 10-11% of Spanish assistance). The large volume with these three countries was linked to debt operations. Spain cancelled part of the Guatemalan debt, equivalent to about US\$185 million (70% of the total ODA delivered to this country); and implemented a conversion program with Nicaragua and Honduras, thus offering them a debt relief of US\$58 and US\$100 million, respectively (43% and 85% of the global amount received).

In order of magnitude, the next group of Spanish cooperation recipients comprised Bolivia, Ecuador, Colombia and El Salvador, each receiving some US\$100 million (about 7 to 8% of Spanish ODA). Assistance for the remainder of the countries (Cuba, Dominican Republic, Brazil, Argentina, Paraguay, Venezuela, Costa Rica, Uruguay, Chile and Panama) ranged between US\$50 million down to US\$8 million. The only country with a negative volume was Mexico on account of prior reimbursable assistance.

As a final point, Peru, Colombia, Bolivia and El Salvador accounted for most of the US\$260 million increase in Spanish ODA to the region from 2007 to 2008, contributing about US\$30 million to the change representing, in each case, more than 10% of the total increase. Honduras, the Dominican Republic, Nicaragua, Ecuador and Cuba contributed 5 to 10%, and Paraguay, Guatemala, Argentina, Brazil, Costa Rica, Mexico, Chile and Venezuela less than 5%. In this same period (2007 to 2008) only Spanish assistance to Uruguay and Panama dropped, although the volume of the decline was not significant as it barely amounted to 2% of the increase in assistance delivered to the region by Spain.

**Table VI.3. Net Spanish ODA to Ibero-American countries (2007-2008)**

In US\$ million and in percentage. Change in percentage points.

By income group in descending order based on 2008 data

	Absolute values		Total share		
	2008	2007	2008	2007	Change
Guatemala	264.9	252.8	20.6	24.9	-4.2
Peru	141.4	109.3	11.0	10.8	0.3
Nicaragua	136.7	115.1	10.6	11.3	-0.7
Honduras	125.7	110.8	9.8	10.9	-1.1
Bolivia	101.7	74.6	7.9	7.3	0.6
Ecuador	93.8	71.2	7.3	7.0	0.3
Colombia	93.8	64.3	7.3	6.3	1.0
El Salvador	88.0	61.0	6.9	6.0	0.9
Cuba	48.1	23.9	3.7	2.4	1.4
Dominican R.	43.6	27.3	3.4	2.7	0.7
Brazil	40.5	32.8	3.2	3.2	-0.1
Argentina	31.5	21.63	2.5	2.1	0.3
Paraguay	26.0	13.2	2.0	1.3	0.7
Venezuela	17.7	15.88	1.4	1.6	-0.2
Costa Rica	16.8	9.99	1.3	1.0	0.3
Uruguay	10.6	12.65	0.8	1.2	-0.4
Chile	8.9	6.70	0.7	0.7	0.0
Panama	8.1	10.60	0.6	1.0	-0.4
Mexico	-14.0	-17.15	-1.1	-1.7	0.6
<b>Total Ibero-America</b>	<b>1,283.9</b>	<b>1,017.1</b>	<b>100</b>	<b>100</b>	<b>0</b>

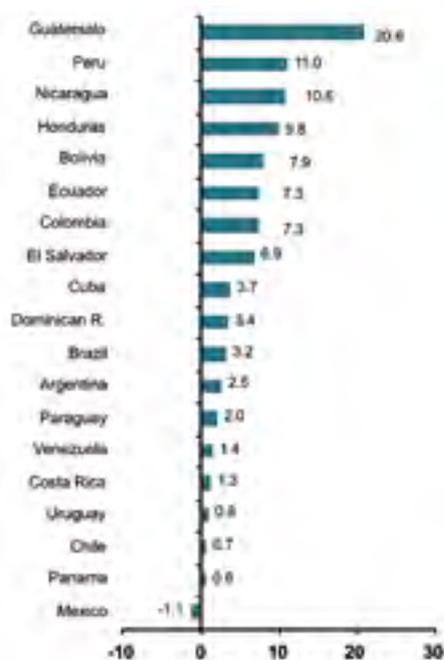
Note: 2008 data from AECID in euros, converted to dollars at the European Central Bank average exchange rate for 2008 (1€ = 1,4706\$).

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline) and AECID data.

**Graph VI.8. Country shares of Spanish ODA to the region (2007-2008)**

Percentage

**VI.8.A. Share in 2008**



**VI.8.B. Contribution to change in 2007-2008**

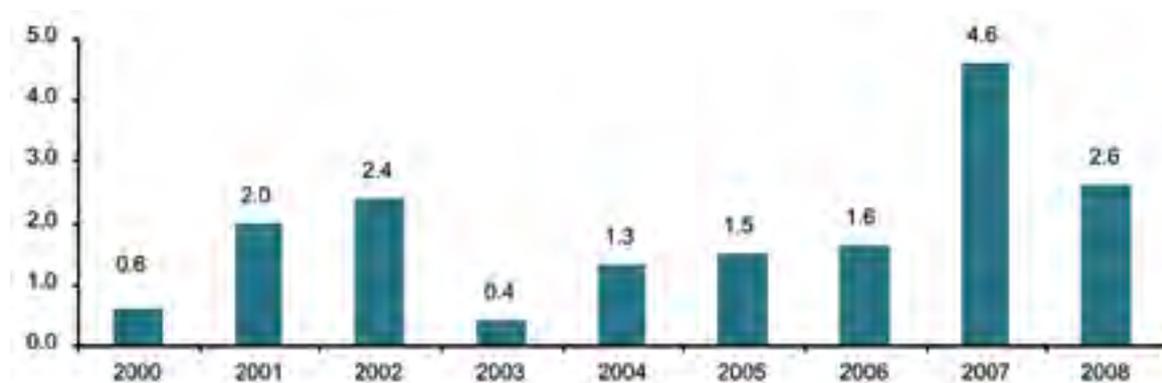


Source: SEGIB, based on AECID data

Graph VI.9 and Table VI.4 summarize the status of official development assistance allocated by Portugal to Latin America. For a better understanding we must first describe official development assistance delivered by Portugal to developing countries as a whole. In 2008, Portuguese bilateral ODA amounted to almost US\$633 million, with 75% of this aid executed through technical cooperation instruments prioritizing Portuguese-speaking countries in Africa (Angola, Cape Verde, Guinea-Bissau, Mozambique and São Tomé and Príncipe) and Asia (Eastern Timor).

**Graph VI.9. Net bilateral ODA delivered by Portugal to other Ibero-American countries (2000-2008)**

In US\$ million



Note: 2008 data provided by the Portuguese Institute for Development Support (IPAD) in euros, converted to dollars at the European Central Bank average exchange rate for 2008 (1€ = 1,4706\$).

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline) and IPAD data.

With this background, it is easier to understand some elements of Portuguese cooperation vis-à-vis their Ibero-American partners: the relatively low volume (around US\$2.6 million in 2008, equivalent to 0.4% of Portugal's total ODA), concentrated in Brazil (70% of assistance delivered by Portugal in Latin America in 2008), and the irregular pattern, highly dependent on technical cooperation project start and completion times (in fact, the reduction from US\$4.6 million in 2007 to US\$2.6 million in 2008 was due to completion in 2007 of a US\$2 million fellowship program for Brazilian post-graduate students). Even so, Portugal remained committed to scale up ODA volumes to the region (the program was ramped up overall from 2003 to 2008, despite the drop in 2008), and to diversify the geographic distribution (30% of funds in 2008 were delivered to 10 new recipients, including Argentina, Venezuela and Uruguay).

**Table VI.4. Net Portuguese ODA to Ibero-American countries (2007-2008)**

In US\$ and in percentage. Change in percentage points.

In descending order, based on data for 2008

	Valores absolutos		Participación sobre el total		
	2008	2007	2008	2007	Cambio
Brazil	1,841,977	3,800,000	70.6	82.8	-12.2
Argentina	119,999	140,000	4.6	3.0	1.6
Venezuela	119,780	0	4.6	0.0	4.6
Uruguay	110,398	150,000	4.2	3.3	1.0
Chile	100,324	100,324	3.8	2.2	1.7
Mexico	96,982	120,000	3.7	2.6	1.1
Honduras	58,883	20,000	2.3	0.4	1.8
Guatemala	58,233	0	2.2	0.0	2.2
Cuba	58,131	10,000	2.2	0.2	2.0
Colombia	41,764	100,000	1.6	2.2	-0.6
Peru	1,590	60,000	0.1	1.3	-1.2
Dominican R.	0	90,000	0.0	2.0	-2.0
<b>Total for Ibero-America</b>	<b>2,608,061</b>	<b>4,590,324</b>	<b>100</b>	<b>100</b>	<b>0</b>

Note: 2008 data from IPAD in euros, converted to dollars at the European Central Bank average exchange rate for 2008 (1€ = 1,4706\$).

Source: SEGIB, based on database at [www.oecd.org/dac/stats/idsonline](http://www.oecd.org/dac/stats/idsonline) and IPAD data

Andorra, the last of the three Ibero-American donor countries, allocated close to US\$2.5 million in 2008 for official development assistance for developing countries. Almost 15% of this amount (some US\$360,000) was delivered to Latin America. The breakdown in Table VI.5 shows that one fifth of the amount was delivered to the Dominican Republic; about 30% to Costa Rica and Colombia; 25% to Guatemala and Chile; almost 10% to Argentina; and the remaining 12% was distributed equally between Cuba and Honduras. It should be noted that the allocation to the latter two countries and that to Guatemala corresponded to Humanitarian Aid. In addition, the *Andorra Master Plan for Development Cooperation 2009/2010* indicates that ODA to the region should continue to increase next year. In fact, the Plan provides for Andorran cooperation to prioritize the International Organization of the Francophonie (OIF) member countries while also supporting Latin American countries, in particular those belonging to the Ibero-American Summit system.

**Table VI.5. Net Andorran ODA to Ibero-American countries (2008)**

In US\$ and in percentage

	Total ODA	Humanitarian aid	HA/total ODA	Country weight
Dominican R.	74,706	...		20.8
Costa Rica	64,293	...		17.9
Colombia	47,824	...		13.3
Guatemala	52,942	8,824	16.7	14.7
Chile	41,912	...		11.7
Argentina	32,857	...		9.1
Cuba	22,888	22,888	100	6.4
Honduras	22,059	22,059	100	6.1
<b>Total</b>	<b>359,483</b>	<b>53,771</b>	<b>15</b>	<b>100</b>

Original data in euros, converted to dollars at the European Central Bank average exchange rate for 2008.

Source: SEGIB based on data from the Ministry of Foreign Affairs and Institutional Relations, Principality of Andorra.

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## Notes:

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<sup>1</sup> The DAC List of ODA Recipients as of 2007 classified these 19 countries as follows; Nicaragua (Low Income Countries); Bolivia, Brazil, Colombia, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Paraguay and Peru (Lower Middle Income Countries); and Argentina, Chile, Costa Rica, Mexico, Panama, Uruguay and Venezuela (Upper Middle Income Countries). In 2008, the following changes were made to the list: Nicaragua was added to the group of Lower Middle income Countries; Cuba and Brazil were added to the Group of Upper Middle Income Countries.  
(<http://www.oecd.org/dataoecd/62/48/41655745.pdf> and <http://www.oecd.org/dataoecd/32/12/41751233.pdf>).

<sup>2</sup> Held in conjunction with the Sixtieth Session of the United Nations General Assembly.

<sup>3</sup> The 2004 amount reported at constant price and exchange rate.

<sup>4</sup> According to the OECD Report, more than 24 countries have 15 or more donors providing less than 10% of the total ODA they receive (OECD, 2009).

<sup>5</sup> 2007 figures for Spanish ODA to Latin America were obtained from the DAC in dollars, and 2008 figures from AECID in euros. The latter amounts were converted to dollars at the average exchange rate for 2008 published by the European Central Bank. The growth rate was then calculated based on the dollar figures, therefore susceptible to exchange rate variations between the two currencies in 2007 and 2008.

*CHAPTER VII*  
*SOUTH-SOUTH COOPERATION*  
*FOR TRADE FACILITATION*

*Author: Latin American and Caribbean Economic System (SELA)*

### **Introduction**

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As mentioned throughout this Report, South-South cooperation has increased significantly in Latin America and the Caribbean in recent years. This increase is due, in part, to the decline in the region's relative participation of official development assistance (ODA) flows. The trend is also a reflection of a shared interest to promote regional integration.

At the same time, trade facilitation – described as the elimination of all physical and technical non-tariff barriers to trade – has gained relevance on the international cooperation agenda. From this perspective, cooperation in trade facilitation guarantees the delivery of technical and financial assistance needed to overcome obstacles that preclude many countries from benefitting from participation in international trade.

In light of these trends, this chapter analyzes South-South cooperation for trade facilitation, especially in Latin America and the Caribbean. To this end, we will first define and describe trade facilitation, then identify recent North-South cooperation tendencies concerning amounts and recipients of official development assistance allocated to this purpose. Finally, we will conceptualize South-South cooperation capable of facilitating trade, closing with some remarks on the future of this cooperation in the region.

### **Trade facilitation: an approach**

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In addition to formal obstacles to trade such as tariff barriers, there is another class of obstacles associated with trade procedures. Lack of transparency and limited access to import and export policies, complicated customs procedures and excessive red tape to issue permits and licenses, are just some of the obstacles hindering trade. Trade "facilitation" refers to simplifying and streamlining these formalities.

The manner in which trade may be "facilitated" includes: decreasing point of entry paperwork (receiving country customs); creating a single window to process all types of permit; providing expeditious access to import and/or export policies and regulations, via Internet for example; and standardizing merchandise inspection at countries' points of entry or exit.

The well publicized failure to reach agreement on several trade issues on the negotiation table at the World Trade Organization (WTO) in the current round on trade liberalization – the Doha round – is further aggravated as to trade facilitation issues. In effect, trade facilitation remains on the Doha Work Programme, reflecting the words of paragraph 27 of the Ministerial Declaration "*... for further expediting the movement, release and clearance of goods, including goods in transit, and the need for enhanced technical assistance and capacity-building in this area.*"

Conclusion of this round is vital for the future of trade facilitation, because any agreements concluded will determine ODA and technical assistance priorities for developing countries, including Latin American and Caribbean countries.

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## Cooperation for Trade Facilitation: current trends

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Cooperation for trade facilitation has evolved in recent years seeking to enhance coordination among ODA donor countries and multilateral, regional and bilateral agencies that channel such funds while also providing technical assistance. Several multilateral initiatives have been carried out with different actors, functions, activities and disbursements. Constant monitoring and dissemination of such activities is useful for the study of current trends in trade facilitation cooperation as described below.

### *North-South cooperation for trade facilitation*

North-South cooperation for trade facilitation was traditionally executed in the context of multilateral or bilateral ODA. More recently, there has been an effort to combine initiatives and programs by enhancing coordination between donor countries, recipients, and international agencies.

One good example is the WTO Trade Facilitation Initiative adopted at the Fifth Ministerial in Hong Kong, December 2005, to help developing and less favored countries build capacities and infrastructure to benefit from trade and implement the WTO agreements. This aid will provide trade-related technical assistance and capacity-building; develop trade-related infrastructure; invest in productive capacity; and provide assistance to address deterioration in trade preferences and terms of trade.

North-South cooperation for trade facilitation is also closely tied to the WTO mandate to provide trade-related technical assistance and capacity-building (paragraphs 38-41 of the WTO Doha Development Agenda). Implementation of this mandate consists in reviewing the Joint Integrated Technical Assistance Program; creating the Integrated Framework for Trade-related Technical Assistance to Least-developed Countries; developing a WTO Technical Assistance Programme, creating the WTO Doha Development Agenda Global Trust Fund (see Box VII.1); create a Doha Development Agenda Trade-related Technical Assistance and Capacity-building Database; and monitor all of the above through monitoring and evaluation systems.

### **Box VII.1. The World Trade Organization Technical Assistance Plan**

The World Trade Organization (WTO) Technical Assistance Plan summarizes all WTO trade-related technical assistance and training activities and associated resources, in accordance with the decisions of the Hong Kong Ministerial on trade facilitation (WTO, 2005).

For example, the Plan provides for five-day regional trade facilitation seminars in all regions receiving assistance, including Latin America and the Caribbean. The Plan also provides on-line courses and information sessions for officials residing in the capital cities of member countries (WTO, 2007).

All such activities are financed through the Doha Development Agenda Global Trust Fund. The Global Trust Fund was created to combine external and special donor funds for WTO technical assistance and capacity-building in trade-related areas.

**Source:** WTO (2005 y 2007)

### *ODA trade facilitation: amounts, destination, and sectors*

Funds allocated to trade facilitation are relatively scarce despite renewed efforts to enhance trade assistance since the Hong Kong ministerial. According to the WTO and OECD Trade-related Technical Assistance Database, bilateral and multilateral donors committed US\$81.86 billion for trade assistance in the 2001-2006 period. Of this amount, only US\$5.217 billion (6.4%) were allocated to the category "Trade Policy and Regulations," and even less (US\$1.373 billion) were specifically assigned to trade facilitation; in other words, 1.7% of total trade assistance.

Despite the above, trade facilitation was the activity in the "Trade Policy and Regulations" category that received the largest allocation of funds in the period 2001-2006. From a broader perspective of trade facilitation incorporating other related activities such as "customs valuation" and "tariff reforms", total committed funds amounted to US\$1.495 billion, that is to say 28.7% of total funds for the category as detailed in Table VII.1.

**Table VII.1. Funds allocated to "Trade Policy and Regulations" and Trade Facilitation (2001-2006)**

In US\$ million

Activities	2001	2002	2003	2004	2005	2006	2001-2006
33121 - Trade facilitation procedures	100	134	267	308	170	393	1,373
33122 - Customs valuation	4	19	18	44	5	2	92
33123 - Tariff reforms	0	0	1	1	13	15	31
Subtotal 33121+ 33122 + 33123	104	153	286	353	188	411	1,495
<b>Total Trade Policy and Regulations category</b>	<b>643</b>	<b>661</b>	<b>917</b>	<b>813</b>	<b>916</b>	<b>1,267</b>	<b>5,217</b>

Source: WTO/OECD (2009), Trade-related Technical Assistance Database.

In regional terms and for the same period, Latin American and Caribbean countries received US\$5.722 billion in trade-related technical assistance and capacity-building, equivalent to 7% of the total US\$81.86 billion committed globally. This is noticeably less than contributions made to other regions like Africa, Asia and Europe, which received 28.5%, 46.9% and 8.1%, respectively, of total funds.

Among the Ibero-American countries that received capital resources in the five-year period 2001-2006 under the "Policy and Regulations" category, several allocated a substantial portion to their trade facilitation activities, often greater than the global participation (29% of the US\$5.217 billion), and way above the portion set aside in the region (8% of the total US\$673.152 billion assigned to the American continent under the item Trade Policy and Regulations). These countries are: Venezuela, Paraguay, Dominican Republic and Brazil, having respectively allocated 60%, 50%, 47% and 40% of their total trade facilitation funds as shown in Table VII.2.

**Table VII.2. Proportion of Trade Facilitation funds by country and activity (2001-2006)**

Values, in US\$; share, in percentage

Category	Total Trade Policy and Regulations	33121- Trade Facilitation	33122 - Customs valuation	33123 – Tariff reforms	Subtotal: 33121+ 33122+ 33123	Percent Funds for the category
Colombia	34,968	491	3	---	493	1%
Peru	31,695	578	13	972	1,563	5%
Mexico	31,382	2,110			2,110	7%
Nicaragua	30,275	1,583	95	251	1,930	6%
Dominican R,	27,827	12,843	7	125	12,975	47%
Bolivia	26,680	684	8	43	735	3%
Guatemala	20,921	1,106	95	445	1,646	8%
Honduras	19,847	333	55	222	610	3%
El Salvador	18,127	810	588	52	1,450	8%
Argentina	14,826	1,017			1,017	7%
Chile	11,962	720	19	13	752	6%
Ecuador	8,675	1,173	503	---	1,676	19%
Uruguay	8,308	32	32	783	847	10%
Brazil	8,036	3,202	---	---	3,202	40%
Paraguay	7,655	3,382	3	410	3,795	50%
Venezuela	3,155	2,072	11	---	2,082	66%
Costa Rica	2,449	1,013	90	121	1,223	50%
Panama	2,285	82	3	---	84	4%
Cuba	734	29	0	----	29	4%
North & Central America	358,546	31,632	1,508	2,620	35,760	10%
South America	244,891	13,758	812	2,255	16,825	7%
Regional America	69,714	1,950	114		2,064	3%
America	673,152	47,340	2,434	4,875	54,649	8%
<b>Total</b>	<b>5,217,293</b>	<b>1,372,658</b>	<b>91,917</b>	<b>30,737</b>	<b>1,495,312</b>	<b>29%</b>

Source: WTO/OECD (2009), Trade-related Technical Assistance Database.

## South-South Cooperation for Trade Facilitation in Latin America and the Caribbean

As indicated in earlier chapters of this Report, Latin America and the Caribbean have seen their fair share of successful experiences in diverse areas of cooperation such as agriculture and food security, education, tourism, and public administration and management. South-South cooperation for trade facilitation, however, is a newcomer so we must explain how it was conceived.

To envisage South-South cooperation for trade facilitation, we must first posit that South-South cooperation is carried out between developing countries. Second assumption, this modality consists in transferring capacity, knowledge and experience between these countries, by means of (although not exclusively) technical cooperation. Lastly, contrary to the North-South cooperation described in the previous section, South-South cooperation is characterized less for its financial contribution and more for contributions in human resources, technical knowledge, expertise, and technological management.

If we were to apply this vision to the present topic, Table VII.3 shows the possible modalities of South-South cooperation for trade facilitation.

**Table VII.3. Modalities of South-South Cooperation for trade facilitation**

Modality	Characteristics
<b>Capacity-building and training</b>	Consists in transmitting knowledge to commercial sector officials through seminars, courses and/or workshops. Usually of a very technical level as the objective is to build knowledge and skills for senior staff at customs and ports, ministries and trade promotion agencies, among others. It also includes support and training activities to build negotiating skills and knowledge about trade facilitation at regional and/or multilateral fora, as well as to enhance institutional knowledge and management of existing customs policy, rules of origin and tariffs.
<b>Consultancy and advisory services</b>	The objective is to share experiences and approaches in matters relating to customs reform, tariff reform (including simplification of tariff structures); and customs valuation methods, among others. A country that has already tackled one of these trade facilitation issues, acquiring expertise and the ability to advise, will lend its support to another country about to embark on the same path. The most relevant areas are support to implement a new customs policy; issue recommendations for smoothing tariff peaks and standardizing tariffs; help develop a tariff classification in accordance with international standards; and advise as to the application of goods valuation methods in customs.
<b>Dissemination of good practices</b>	Consists of activities to disseminate, publish and raise awareness about good practices, procedures, measures and management. These activities usually focus on strengthening and modernizing trade-related institutions to build capacity and enhance management in matters relating to trade facilitation. The activities and products under this modality include: dissemination of inspection standards and customs valuation; customs audit manuals; drafting recommendations to facilitate taxation; improving customs management targeting administrative integration and cooperation; and establishing measures and parameters to improve security and reduce contraband.
<b>Border development</b>	Under this type of cooperation, resources are allocated for physical improvement of border posts to facilitate trade between neighboring countries. Projects aim to improve customs installations and facilities, modernize administration and management of customs processes, and border controls and security between neighboring countries. This cooperation seeks to improve infrastructure, adapting it to meet transit trade needs and reduce contraband and drug trafficking.
<b>Information sharing</b>	Includes activities for the delivery and timely access to trade information as a cooperation modality to facilitate trade. The objective is to provide and exchange information on customs transit operations; designate officials and contact points to facilitate consultation and delivery of such information; share technical opinions about tariff classification, valuation and other policy and technical matters.

Source: SELA

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## Conclusion: challenges for the future

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There are high hopes as to how international cooperation will help trade facilitation, especially when taking into account the recent ODA trends discussed in this chapter. On the one hand, the well known lack of sustainable financing for trade facilitation was reinforced by a relative decrease in assistance funds for trade just as ODA grew by 27%. On the other hand, Latin America and the Caribbean receive a relatively small share of this assistance.

In light of these trends, South-South cooperation becomes even more relevant for trade facilitation in Latin America and the Caribbean. However, this cooperation should not be viewed as a financial contribution made from one country to another – the traditional scenario in North-South cooperation – but rather as cooperation in any of the following modalities: capacity-building and training activities; consultancy and advisory services; dissemination of good practices; border development; and information sharing. Chile and Mexico, two countries with a higher relative development, have been in the lead of South-South cooperation for trade facilitation in Latin America and the Caribbean.

Given the difficulties to quantify and measure South-South cooperation activities, any future effort to obtain information about specific activities and modalities and improve this form of cooperation will require a more exhaustive field study. An inventory of activities undertaken as South-South cooperation for trade facilitation in Latin America and the Caribbean needs to be drawn up. This will require conducting a survey of subregional integration organizations, including: the Central American Integration System (SICA), the Andean Community of Nations (CAN), the Southern Common Market (MERCOSUR), the Caribbean Community (CARICOM), the Bolivarian Alternative for the Americas (ALBA), the Latin American and Caribbean Economic System (SELA), and the Union of South American Nations (UNASUR). This exercise will also require inputs from the development banking sector including, among others, the Inter-American Development Bank (IDB) and the Andean Development Corporation (CAF). In other words, the collection of data regarding amounts committed, allocation of funds, and types of cooperation will be coordinated with the international cooperation bureaus and agencies of the countries in the region. Only thus will it be possible to assess the situation and needs for trade facilitation to better determine regional cooperation actions and convene meetings of trade authorities. This effort will advance the strengthening of South-South cooperation by sharing trade facilitation experiences in the future.



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ANNEX

**Table A.1. Development cooperation and sectors of activity**

Scope of cooperation	DAC Group	Sector	Description
Social	ISocial Infrastructure and Services	Education	Basic to university. Interventions in the areas of educational policy, research, teacher training, professional training, ...
		Health	General and basic. Health policy, medical services, medical research, basic nutrition, sanitary infrastructure, sanitary education, training for healthcare providers, basic healthcare, ...
		Population and reproductive health	Programs and policies on population, reproductive health care, family planning, STI prevention, specific training, ...
		Water supply and sanitation	Water resources policy, supply and purification, development of drainage basins, training, ...
		Other	Social services, housing policy, ...
Economic	Economic Infrastructure and Services	Energy	Generation and supply. Energy policy, energy production, gas distribution, thermal power plants, hydroelectric plants, solar energy, energy research, ...
		Transport and warehousing	Transport policy, road, railroad, river and air transport, warehousing, ...
		Communications	Communication, telecommunications, radio, television, and press policy, information and communication technologies, ...
		Science and technology	Scientific and technological development. Support for the transfer of knowledge to strengthen the scientific system, universal access to technology, ...
		Banking and finance	Financial policy, monetary institutions, financial services education, ...
		Employment	Employment policy, ...
	Productive sectors	Business	Services and institutions to support enterprises. SME development, privatization, capacity-building processes, ...
		Extractive	Prospection and extraction of mineral and energy resources. Planning and legislation for mining, geology, coal, oil, gas, minerals, ...
		Agriculture	Agrarian policy, arable land, agrarian reform, food sovereignty, animal husbandry, alternative crops, agricultural cooperatives, ...
		Forestry	Forestry policy, forestry development, forestry research, ...
		Fishery	Fishery policies, services, research, ...
		Construction	Building policy
		Industry	Industrial policy, industry by sectors, ...
Tourism	Tourism policy, ...		
Trade	Foreign trade policy and regulation. Regional trade agreements, multilateral trade negotiations, ...		
Other	Multisectoral	Government and civil society	Economic development planning, public sector management, institutional and/or civil society capacity-building, State modernization, governance, human rights (extension of first, second and third degree rights), combat impunity, demobilization, removal of antipersonnel landmines, post-conflict peace-building (UN), statistical training, ...
		Culture	Culture and leisure, libraries, museums, ...
		Environment	Environmental protection, environmental policies, biodiversity, animal health, environmental research, ...
		Gender	Programs and projects to link women with development, foster and support women's groups and organizations, ...
		Other	Rural and urban development, alternative non-farming development, community development, ...
	Humanitarian and Emergency Aid	Humanitarian aid	Emergency food aid, all types of disaster aid, aid to rebuild infrastructures or restore essential services to facilitate a return to normalcy.
		Disaster prevention	Logistical support to prevent earthquake or climate-related disasters (hurricanes, cyclones, tropical storms, ...).

Source: SEGIB, based on the OECD/DAC classification (November 2004).



**Matrix A.2. Preliminary review of the economic contribution made by each new provider in the execution of Bilateral Horizontal/South-South Cooperation initiatives (2008)**  
(Partial and/or incomplete data)

In US dollars

PROVIDERS		RECIPIENTS							
		LMIC							
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras
LMIC	Bolivia								
	Brazil	365,892		255,131	998,228	483,005	295,381	130,150	228,101
	Colombia	10,153			29,962	12,073	5,357	25,547	29,864
	Cuba	N/A*	N/A	5,933		N/A	N/A	N/A	N/A
	Ecuador								
	El Salvador								
	Guatemala								
	Honduras								
	Nicaragua								
	Paraguay								
	Peru			N/A					
	Dominican Rep.								
	UMIC	Argentina	191,097	16,839	7,786	34,164	55,535	70,271	4,375
Chile		175,489		9,836	33,989	51,174	71,586	24,851	10,068
Costa Rica				N/A					
Mexico		17,907	1,236	19,202	4,401	31,117	61,089	24,132	22,964
Panama				N/A					
Uruguay			N/A	N/A	N/A	N/A			N/A
Venezuela		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL		760,538	18,075	291,955	1,100,744	632,904	503,684	209,055	318,451



**Matrix A.3. Preliminary review of the economic contribution made by each recipient in the execution of Bilateral Horizontal/South-South Cooperation initiatives (2008)**  
(Partial and/or incomplete data)

In US dollars

PROVIDERS		RECIPIENTS							
		LMIC							
		Bolivia	Brazil	Colombia	Cuba	Ecuador	El Salvador	Guatemala	Honduras
LMIC	Bolivia								
	Brazil	53,700		35,861	139,967	53,216	58,550	49,200	76,376
	Colombia	N/A*			N/A	N/A	N/A	N/A	N/A
	Cuba	N/A	N/A	5,933		N/A	N/A	N/A	N/A
	Ecuador								
	El Salvador								
	Guatemala								
	Honduras								
	Nicaragua								
	Paraguay								
	Peru			5,654					
	Dominican Rep.								
	UMIC	Argentina	N/A	N/A	5,102	N/A	N/A	N/A	N/A
Chile		N/A		7,997	N/A	N/A	N/A	N/A	N/A
Costa Rica				14,617					
Mexico		N/A	N/A	13,334	N/A	N/A	N/A	N/A	N/A
Panama				1,778					
Uruguay			N/A	N/A	N/A	N/A			N/A
Venezuela		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL		53,700	N/A	90,276	90,276	53,216	58,550	49,200	76,376



