

EC Development Assistance Programme External Monitoring System

Service Contract - LOT 4 - América Latina - N° EVA/2007/ 147-208

## Sector Report

# EC Contribution towards Social Cohesion in Latin America

Analysis of the 2008 ROM results

July, 2009

EPTISA International, EPRD, Eurecna, Helsinki Consulting Group



# European Commission's Contribution towards Social Cohesion in Latin America

---

*This report, produced for the European Commission by the External Monitoring Service of EC Development Programmes in Latin America does not necessarily reflect the opinions of the European Commission and is the sole responsibility of its authors. Contributions have been made by Roberto Canessa, Fabrizio Mencarelli and Juan Manuel Santomé.*

Cover photo: Alessandro Cocchi

# EXECUTIVE SUMMARY

BACKGROUND.....	2
METHODOLOGY.....	2
CONTEXT .....	3
STUDY FRAMEWORK .....	3
CONCLUSIONS.....	5
PROJECTS MONITORED AND POLICIES SUPPORTED.....	12
PRIORITY ISSUES .....	14
MACRO-OBJECTIVES AND STRATEGIES .....	14
THEMATIC APPROACH .....	15
DIFFERENT APPROACHES TO SUPPORT SECTORAL POLICIES .....	17
TERRITORIAL DISTRIBUTION.....	18
REGIONAL COOPERATION VERSUS COOPERATION BY COUNTRY .....	18
COUNTRY APPROACH.....	19
LOCAL APPROACH.....	20
URBAN VERSUS RURAL .....	22
HUMAN AND SOCIAL FACTOR .....	23
BENEFICIARIES.....	23
ETHNO-CULTURAL FACTOR.....	23
MIGRATION FACTOR .....	24
ACTORS INVOLVED (WHO ARE THE PARTNERS OF EC COOPERATION IN LA) .....	25
OPERATIONAL FACTOR .....	27
INGREDIENTS TO ENSURE EFFICIENCY IN COOPERATION IMPLEMENTATION .....	27
PROGRAMMING MECHANISMS.....	28
INSUFFICIENT QUALITY OF DESIGNS .....	28
SIZE OF INTERVENTIONS .....	28
PROJECTS' MODALITIES AND IMPLEMENTATION PERIODS.....	30
FLOW OF FINANCIAL RESOURCES.....	31
CONTRIBUTIONS FROM THE COUNTERPARTS .....	32
WHAT HAPPENS ONCE THE PROJECTS ARE CLOSED? .....	32
RECOMMENDATIONS .....	32
PROPOSALS FOR FURTHER DEEPENING OF THE STUDY.....	36

# MAIN REPORT

METHODOLOGICAL PRESENTATION .....	38
INTRODUCTION .....	41
WHAT'S THE ROLE OF EUROPEAN COOPERATION IN LA? .....	41
WHERE ARE THE PROJECTS CARRIED OUT? .....	43
WHAT IS THE REFERENCE PERIOD OF THIS ANALYSIS? .....	45
IN THE MEANTIME, WHAT HAPPENS IN THE REGION? .....	46
BACKGROUND: SOCIAL COHESION IN THE EC COOPERATION IN LA .....	50
ANALYSIS BASED ON THE ROM RESULTS .....	54
HOW TO ASSESS, FROM THE ROM, WHETHER THE EC COOPERATION IN LATIN AMERICA IS CONTRIBUTING TO THE OBJECTIVE OF SOCIAL COHESION, AND TO WHAT EXTENT? .....	54
THE REFERENCE OBJECTIVE .....	54
THE ANALYSED SAMPLE .....	54
THE STRATEGIC FRAMEWORK GOVERNING THE ASSESSED COOPERATION .....	55
THE AVAILABLE DATA .....	55
THE REFERENCE INDICATORS .....	55
THE ASPECTS TAKEN INTO ACCOUNT FOR THE ANALYSIS .....	55
GEOGRAPHIC OVERVIEW OF THE RESULTS .....	58
REGIONAL COOPERATION VERSUS COOPERATION BY COUNTRIES .....	58
HOW IS IT INTENDED TO CONTRIBUTE TO SOCIAL COHESION THROUGH REGIONAL COOPERATION OR DIRECTLY WITH THE COUNTRIES .....	59
RESULTS BY COUNTRY AND SUB-REGION .....	61
FOCUSING THE OBSERVATION ON SPECIFIC TERRITORIES .....	65
THE AMAZON BASIN: A FOCUS AREA FOR EUROPEAN COOPERATION .....	66
TERRITORIAL COVERAGE OF THE PROJECTS MONITORED .....	67
RURAL VERSUS URBAN .....	70
SOCIOLOGICAL OVERVIEW OF THE RESULTS RESULTADOS .....	74
BENEFICIARIES OF THE EUROPEAN COOPERATION IN LA: HOW MANY ARE THEY? WHO ARE THEY? WHERE DO THEY LIVE? .....	74
THE ETHNO-CULTURAL FACTOR .....	78
DISPLACEMENT AND MIGRATIONS .....	79
ACTORS INVOLVED .....	82
WHO ARE THE PARTNERS OF THE EC COOPERATION IN LA? .....	82
THE ISSUE TO BE SOLVED .....	87
THE THEMATIC FACTOR .....	88
WHAT TYPE OF SUPPORT IS OFFERED BY THE EC COOPERATION? .....	88
WHICH SECTORS ARE RECEIVING THE MOST COOPERATION? .....	89
WHAT IS THE SUPPORT PROVIDED TO THE FORMULATION AND IMPLEMENTATION OF SECTORAL POLICIES .....	95
STRATEGIES AND MACRO -OBJECTIVES .....	101
INGREDIENTS TO ENSURE EFFICIENCY IN THE IMPLEMENTATION OF COOPERATION .....	104

THE OPERATIONAL FACTOR .....	104
THE PROGRAMMING MECANISMS .....	106
INSUFFICIENT QUALITY OF DESIGNS .....	106
SIZE OF THE INTERVENTIONS.....	108
FINANCING BY BENEFICIARY .....	111
PROJECTS' MODALITIES AND IMPLEMENTATION PERIODS .....	112
THE FLOW OF FINANCIAL RESOURCES .....	114
WHAT HAPPENS ONCE THE PROJECTS ARE CLOSED? .....	116





# EXECUTIVE SUMMARY

July 2009

## Background

Inspired by the policy issued by the European Council in 1997, the priority given to *social cohesion* in the European Union - Latin America relationship dates back to the years 2003-2004. The Guadalajara Summit and the Vienna Summit addressed the issue of "*social cohesion*" and the reduction of inequalities as one of their priorities, recognizing the need to increase public spending and social public investment, to improve tax policies as well as the redistribution of income. Moreover, the recent Summit (May 2008) attended by the Heads of State and Government of Latin America and the Caribbean and the European Union confirmed, in the first paragraph on the Lima Agenda, that the fight against poverty, inequality and exclusion in order to achieve or increase "*social cohesion*" is a key policy priority of the strategic partnership between the two regions. This remains a main element for dialogue and cooperation.

In order to put into practice these political commitments, the European Commission has been implementing –since 2005- the EUROsocial regional programme, promoting the exchange of good practices between public administrations of justice, education, employment, taxation and health. At the same time, "*social cohesion*" has been integrated as a key element in the programming of all the EC cooperation with LA since Guadalajara and is listed as a priority in many strategic documents of ongoing cooperation in Latin American countries and sub-regions in progress (RSP and CSP 2007-2013).

Considering the priority given to this issue, the analysis presented in the chapters below intends to use the ROM tool to measure the contribution of all cooperation initiatives monitored in 2008 in Latin America to the objective of "*social cohesion*", with the Lima Agenda and its statements as main reference.

## Methodology

The whole analysis presented in this study is based on a sample of 202 projects subjected to the ROM throughout 2008 in 14 LA countries. The projects reviewed include highly diversified issues, geographical

locations from the entire Latin American territory and several budget lines and forms of cooperation channelling.

The sample's representativeness in each country varies but it remains at an average of 45% of the entire portfolio of ongoing projects. It exceeds 70% for projects of the programmable lines and remains at around 25% for those of non-programmable lines.

However, some limitations should be highlighted since the sample does not take into account either of the EUROsocial or the SPSP (Sector Support Programmes) programmes -which cover important social sectors in some countries- as they were not covered by the ROM this year.

The average period of implementation of the projects included in the sample goes from 2004 to 2010, between two periods of strategic programming. The priority given to "Social Cohesion" as a strategic axis for cooperation was already into force when defining most of the projects examined in this sample, even though most of them are not included in the respective funding schemes (PIN 2007-2013).

As for the definition of indicators for the measurement and assessment of "*social cohesion*", in line with the work carried out by ECLAC, this study has been based on the three best components –according to this body: (1) measuring distance or "*gaps*", (2) assessing the sense of "*belonging*", and (3) dealing with "*institutions*" that mediate between them. Considering that these kinds of indicators are not directly measured in monitoring reports and within the framework of this study, there has been an attempt of classification of all projects based on their contribution to each of the three components of "*social cohesion*" mentioned above.

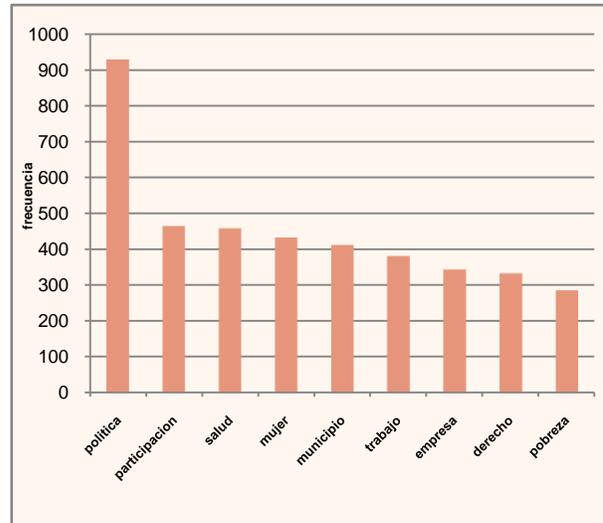
Thanks to the information from the monitoring reports, the analysis of all monitored projects allowed considering the following elements: (i) the influence of the various aspects on the relevance of the assessed cooperation (Geographical, Demographical, Political, Social, Cultural); (ii) the definition of priorities and strategies as a factor of design quality (kind of issues addressed, the policies that are to be supported, how to

support these policies, the objectives, the strategy); (iii) the ingredients to ensure efficiency in implementation (the partners' role, the kind of organisation chosen to implement the projects, the size); (iv) what are the main obstacles to the smooth implementation of the funding ; (v) what happens after the projects' closing.

## Context<sup>1</sup>

The context in which European cooperation in Latin America is being carried out shows an ever growing need to pay attention to global trends and to help improve national policies, but without stopping addressing serious social issues where these ones occur. Although over the years 2003-2007, per capita GDP growth in Latin America has been at its highest since the 70s at over 3% per year, growth has been weaker in 2008 as a result of the recent international financial crisis. The region continues to bear the stigma of being the most unequal one in the world since the disparity in its income distribution remains high. Weaker demand for the region's commodity exports, declining migrant remittances and limited access to credit are some of the factors that have an adverse effect on aggregate demand in the region's countries. The latter are facing the need to mitigate the impact of the recent international financial crisis and its worldwide recessionary effects and to minimise its repercussions in terms of jobs and poverty levels. One of the main challenges is how to use fiscal resources management as an economic reactivation and containment mechanism and as a means of halting the expected deterioration of the social situation.

The analysis presented in this study has taken into account, among others, the relationship between the context and the contribution of European cooperation to solve regional problems.



## Study Framework

In the 202 monitoring reports produced in 2008 and describing the “status” of European cooperation in Latin America, the words poverty, exclusion and equity are mentioned respectively 284, 34 and 56 times together with democracy (45 times), human rights (331) and governance (56). There is no doubt that this kind of cooperation is quite focused on the condition of the Latin American society, its problems and possible solutions. This is a long-standing sensitivity which dates back to 1978, when the EC made the first move to help reduce the impact of the violent conflicts which had already broken out or which were shaping up and have had a deep impact on the Latin American sub-continent over the following ten years. However, after the nineties - which were dedicated to healing the wounds of so many conflicts - "social cohesion" has been chosen as a symbol of the willingness of Latin American and European leaders to cooperate towards consolidating mature democracies, based on shared values of social solidarity and justice.

This analysis – which is superficial but indicative - shows a good correlation between the strategic approach to cooperation - as it gets rid of the sectoral allocation of the committed funding- and the reality described in the monitoring reports.

The local dimension of development stands out as compared with national policy issues, showing a marked

<sup>1</sup> CEPAL, “Panorama Social de América Latina” 2008

Classification by homogeneous type of sample of projects	N.	M€
A. <b>regional integration</b> projects (CA, CAN and MERCOSUR) supporting various aspects of policies harmonisation (see below) and funded by the EC, CFT and Food lines	10	70
B. projects of <b>national impact</b> aimed at supporting the formulation and implementation of sectoral policies (see list of sector below) funded by the EC, CFT, REH and Food lines	45	440
C. projects of the thematic lines which, despite the limited volume of funds, seek to have an <b>impact on national policies</b>	10	30
D. large projects of <b>local impact</b> (departments, groups of municipalities, cities) aimed at the socio-economic and political integration of <b>major population groups</b> (mainly financed by the CFT line)	15	240
E. small projects of <b>local impact</b> aimed at the socio-economic and political integration of <b>circumscribed population groups</b> (in some cases minorities) and at achieving a sustainable use of their environment (mainly financed by the NGO, ENV and REH lines)	120	135
<b>TOTAL</b>	200	915

preference for a mainly bottom-up intervention. This kind of approach involves at least 2/3 of the projects visited and the respective amount of funding. The sample of projects examined confirms the tendency towards focusing on individuals and their needs in their own environment.

Most of the cooperative effort observed through this year's monitoring is thus aimed at supporting processes of "social" development at a "local" level. It is estimated that the whole target population that has somehow benefited from this cooperation (total, direct and indirect beneficiaries) covers more than 100 million people, i.e. nearly 25% of the subcontinent's population, even though only less than one tenth of them (8 million people) have presumably drawn some concrete benefits from it.

Of the three sub-regions having a privileged status in the AL/EU bi-regional relationship, Central America and the Andean Community cover the greatest financial volume and number of projects, distributed almost evenly, with Mercosur countries having a lower priority because of the higher level of their economy. However,

Social Cohesion is a priority in the whole region, although with very marked local nuances.

The monitoring activity in 2008 covered projects with fundings of 390, 370 and 200 million Euros in the Andean, Central American and Mercosur regions respectively, all of which seek to have a direct or indirect impact on social cohesion as they aim at supporting social and economic policies targeted at improving equity, efficiency in the use of resources and participation in democratic governance.

Within these sub-regions, there are several focus areas of the monitored cooperation, with an emphasis on rural areas (53%) compared to urban ones (12%), while the remaining 35% are spread over the whole territory. As a matter of fact, this distribution has a lot to do with the way of addressing the issue of Social Cohesion, both in terms of provision of services and participation. The projects that are indiscriminately aimed at the whole territory are those seeking to support policy reforms at a national level. Some geographic basins are also priorities

as it is the case for the Amazon which covers more than 10% of all projects and financial volumes assessed within the 5 countries it is made up of (Brazil, Colombia, Ecuador, Peru and Bolivia) and where the environmental issue coexists with the ethnic minorities one.

Among the most significant “country programmes” of the sample, both in terms of number of projects and financial volume, there are those of Guatemala and Honduras in Central America and those of Peru, Colombia and Bolivia in the Andean countries. Also of note is the case of Brazil with a large number of NGO projects analysed. These six cases represent 65% of the total financial volume monitored in 2008 and constitute different and important models allowing to compare consistent and diversified cooperation programmes as regards their contribution to the objective of “*Social Cohesion*”. This is even more significant given the various backgrounds in each country (conflicts in Colombia, ethnic exclusion in Guatemala, strong persistent inequalities in Brazil despite significant efforts in social policies) which are a source of issues and a possible range of solutions.

Although the social and economic issue’s rural dimension monopolises much of the attention from the projects monitored in most countries - which matches up with the issue’s dimension in the subcontinent -, some of them also cover the urban dimension (Peru, Guatemala, Brazil, Uruguay) while for others (Argentina, Mexico), the programmes analysed do not have any specific territorial nature.

Obviously, many of the projects analysed are aimed at tackling the issue of economic and political exclusion generated for geographical reasons which is very often linked to factors related to ethnic groups and to unequal control over natural resources.

## Conclusions

*A significant cooperation programme seeking to adapt to the changing priorities of the sub-continent, but whose overall effects are not that much investigated.*

1. The Latin American sub-continent has been experiencing significant changes over the recent years associated with income growth, decreasing unemployment rates and active participation, although these developments might suffer a setback considering the current global crisis. Meanwhile, the majority of Latin American countries have undertaken extensive programmes of social assistance to the poorest, which implies a change in the approach of cooperation since it should not be raised as a substitute for State action anymore, but rather as a complement of it.
2. "Social cohesion" is the **central issue** of cooperation between Latin America and Europe contributing to the consolidation of recovered democracies, based on shared values of social solidarity and justice. The whole European cooperation includes a social spirit as a result of the DCLAA regulation of 92, which has been retaken by the new **Financing Instrument for Development Cooperation** in 2007. The Guadalajara initiative helped reconfirm, rationalise and extend the objective of Social Cohesion as a focal axis of the relationship between Europe and Latin America.
3. However, European cooperation, the financial contribution of which amounts to € 600 million annually for Latin America, does not have sufficient **mechanisms to measure** its overall, direct or indirect, contribution to the various objectives it aims to achieve. This report is an empirical attempt to support –based on some reference parameters– the assertion that this cooperation is a noteworthy contribution –however small it is– in qualitative terms.

*The world of cooperation initiatives analysed is made up of a set of heterogeneous contributions involving diverse stakeholders, addressing the issue of social exclusion from many perspectives.*

4. The main priority issues are the socio-economic marginalisation and the lack of public services, including projects which address the issues generated by conflicts and consequent displacement or damage to individuals. All the issues cooperation is faced with are generally related to the levels of equitable and inclusive social development, in line with the concerns confirmed by the recent Lima Agenda. There is a combination of attempts to provide answers to all issues afflicting the economically and socially excluded populations in LA, with a multi-sectoral approach. The socially sensitive sectors are dealt with through a myriad of diversified interventions that offer solutions to their various issues.
5. Also of note is the clear ambition to help governments formulate and implement better **sectoral policies** and more efficient and transparent mechanisms for the management of public funding. European cooperation has been transformed over the last few years, evolving from a mere substitute to the role of the State to a model aiming at accompanying the implementation of public policies. Most of the cooperative effort, observed through this year's monitoring, combines the function of increasing the "**quality**" of the effort made by **sectoral institutions** in implementing policies, with that of increasing the strength of the claim by the social actors to ensure effective policies and make sure that their benefits also reach the **most marginalised groups in society**. Undoubtedly, one valuable contribution of the projects monitored is to help implement at a local level the political reforms rather aimed at traditionally disadvantaged sectors. Some projects, although they cover public policies through the institutional channel, deal with very specific aspects, trying to fill legislative gaps or increase the allocation of resources for the implementation of current policies in favour of groups which are usually excluded. The monitoring activity highlights a better performance of the projects that contribute **indirectly** to the implementation of **public policies**, largely due to the dynamism of the civil society which takes part in them.
6. The monitored sample does not show yet any focus of cooperative efforts on a limited number of **socially relevant policies** -such as those prioritised by Eurosocial: Education, Health, Taxation, Justice and Employment. Despite the significance of contributions resulting from all the projects monitored, their ability to produce an impact on political reforms aimed at improving "social cohesion" at a macro level seems to be partial. It is still expected to see the potential effects of **sectoral support programmes through budgetary support**, which, however, is currently showing difficulties in setting itself as an alternative form of cooperation in this region. Direct contributions to political reforms in the countries have been sporadic and not determining. There is still incapacity to influence tax reforms, except when proposals have been presented as an exchange of experiences, but without any direct impact on the formulation of the policies. There is a confirmation of the difficulty of effective cooperation as regards **economic issues** due to the many variables involved, which are only partly influenced by the projects. On the other hand, European cooperation is –successfully- trying to help provide answers to social problems related to displacement as a result of conflicts in various circumstances, as in the case of displaced populations in Central America during the 90s, and recently in Colombia. Also noteworthy are the contributions in terms of equipment for **reconstruction** after disasters or in response to critical contingent situations. Also of high value for the purposes of "*social cohesion*" are the interventions aimed at supporting strategies to **fight drug trafficking** in several LA countries and especially the efforts towards social and economic emancipation of the people who, despite being victims of this criminal traffic, have often been criminalized and prosecuted themselves.

*The "sectoral approach" is still not very tangible through the analysis.*

*Despite the strategic changes that tend to focus European cooperation on the political rather than territorial dimension, most of the projects monitored were targeted at a specific territory*

7. 80% of the projects monitored target a **specific territorial unit** within the countries in which they are carried out, either departments (30%) or municipalities (50%). Only 20% of the projects assessed cover the whole beneficiary country - particularly those of the programmable lines. Most of the projects monitored seek to generate –on the basis of the attention given to specific territories- a good range of stimuli both in terms of local institutional strengthening and in terms of improving service provision so as to reduce the “*gaps*” with the major cities while promoting among outlying populations the sense of “*belonging*” to a society that includes them. The monitoring results not only indicate that territorially circumscribed projects are more efficient, but also that they have greater impact and sustainability compared with those of undifferentiated national coverage.
8. The geographical distribution is usually based on the poverty map and the environmental fragility map. European cooperation is usually focused where the two factors come together. Other concentration poles are the marginal suburbs of large cities. Within the priority areas – whether departments or municipalities -, the **rural environment** is the one which keeps benefiting the most from European cooperation, with more than 60% of monitored projects having an impact on the rural area. This seems to be in line with the poverty and exclusion rates which keep affecting mainly rural areas -45 M people- in LA. Out of the 8 million people who are reported to be direct beneficiaries of the analysed actions, about 3.8 million benefit from interventions in support of local/rural/sustainable development while another 2.6 million benefit from support in health, education and other social services. The percentage of cooperation specifically dedicated to the urban area is less important than cooperation in rural areas and only covers some countries. However, significant interventions have and keep targeting marginal urban populations in almost all Latin American Megalopolises. Among the focus areas, it has been found that the **Amazon region** receives special attention from European cooperation - namely 10% of the projects monitored- through specific lines -particularly the «tropical forests» one. Although the environmental objective might seem a priority, these initiatives combined

important social aspects with the preservation of natural resources.

*European cooperation has been recently focusing its intervention on the development of human capital and, above all, of the social capital, with some attention paid to natural capital.*

9. The overall intervention (M€) is mostly targeted at the development of social capital (57%). Human capital (22%) and natural capital (19%) also receive some attention, but almost nothing is left for physical capital (2%). The evolution towards this model is based on the conviction –which slowly came to fruition- that there is no point in improving the physical environment without having a structured society with harmonious and comprehensive coexistence rules based on educated individuals sharing values and knowledge. The strategy adopted to achieve the development of the above-mentioned capitals is essentially based on the strengthening of collective management mechanisms - whether at the level of public institutions (37%) or of civil society organisations (50%)- with a minor part dedicated to strengthening via the provision of equipment and infrastructure. Important contributions are made in the field of local and rural development projects, often associated with a sustainable management of natural resources, in response to the phenomena of geographical and ethnic marginalisation.
10. The analysis indicates that there is a significant support to the processes of **decentralization** and promoting **citizen participation**. Support to the processes of decentralization and municipal development is recurring in the strategies of a large number of projects reviewed. The approximate number of beneficiary municipalities is 1,400, i.e. nearly 10% of the total number of municipalities in AL (16,000). Also of note is the support to raise **participative awareness and practices** among the most excluded actors, through the transfer of European values. The better the quality of the assistance provided, the greatest the contribution.
11. The channelling of cooperation towards **target populations** takes various forms, depending on whether it is a direct or an indirect form of

assistance or according to the type of benefit offered. For half of them, the "communities" or "organisations" in which they live or are gathered receive the benefits and redistribute them to their members, but for many others, the "institutions" are the ones in charge of redistributing the benefits to the individuals. In all cases, the projects provide a positive contribution in terms of social cohesion, but their qualitative performance seems to be higher when the assistance towards the people or their communities is direct rather than channelled via an intermediary structure or institution. Through these projects, nearly 2 500 communities in different regions and countries have been reached directly, and even more surprisingly, about 65 000 social or economic organisations throughout the territory have been contacted. Organisational development is chosen by many projects as the most effective way of promoting social cohesion through the "belonging" approach. In the average conditions of the projects monitored, better results are achieved effectiveness through the **organisational strengthening** of civil society rather than of public institutions due to the issues related to bureaucratic inertia and sometimes political conflicts.

12. **Ethnic discrimination** is usually regarded as one of the main causes of inequality in several Latin American countries. Out of all the projects monitored, 21% in terms of number and 18% in terms of value are reported to have a beneficiary population belonging to a specific ethnic or linguistic/cultural group, including indigenous groups and African-Americans. A total of 1.75 million indigenous people and Afro-descendants are reported to benefit from these projects, which represents about 5% of all indigenous in LA. The good performance of projects aimed at supporting the inclusion of indigenous populations seems to result from a strong motivation from both the projects' beneficiaries and performers (specialised NGOs).

*Regional cooperation helps foster civil society participation in building integration*

13. It is important to highlight the EC **regional contribution** in LA to encourage the participation of civil society in the **debate on integration**,

which is particularly active in promoting the "belonging" component of "social cohesion". On the other hand, regional programmes dealing with economic issues (customs, macro-economic monitoring, quality, etc.), which are complementary to those seeking to promote greater competitiveness in the countries, have a potential impact on "social cohesion" through economic growth, with its relapses in terms of employment and public finances. All the issues covered by the ongoing Latin American (centralised) thematic programmes (social policy, information society, higher education, urban management, renewable energies) are of special interest due to their contribution to "social cohesion". The results of the monitoring indicate an overall positive performance of **regional cooperation**, apart from some difficulties in the implementation (efficiency) that turns out to be more difficult for obvious reasons such as multiplicity of actors and various political/institutional frameworks involved. **Border integration** between neighbouring countries, especially those which have experienced territorial conflicts, is one of the European cooperation priorities and the impact in terms of "social cohesion" is tangible, thanks to the cross-border municipal integration and its resulting synergies in the attention provided to citizens on both sides, in addition to the boost of local economic integration. These findings are reinforced by the overall positive scores assigned by the monitoring to border projects.

*The various types of partners contribute to aim at similar and synergistic objectives, meeting the same priorities set out in the strategic papers (even by means of different approaches)*

14. In 37% of the 202 projects monitored, the **EC partner** for the projects' implementation is a governmental entity of the beneficiary country or region. On the other hand, in 55% of the projects, the partner is a NGO, with a majority of European NGOs in 46% of cases as compared with local NGOs (9%). Only in 2% of cases, the organisations of the beneficiary population have achieved recognition as the primary partner while in 6% of them the EC has provided an international body in charge of the projects' implementation. A

phenomenon often encountered by the ROM regarding a better overall performance - average score - of cooperation through NGO's as compared to the one carried out via governmental bodies has been confirmed. It has been extensively analysed in the past, which partly puts this assessment into perspective since the samples of projects differ a lot in size and complexity and only part of them are therefore comparable. European NGOs are more successful in managing the projects compared to governmental bodies, but also compared to local NGOs, which should raise the question of the impact of complex EC procedures which European NGOs manage better than national actors. The projects get closer to the populations' issues where these are the most severe through the non-programmable lines managed by NGOs, but their contribution is low (or even absent) in terms of institutional building, which is the main task of cooperation with governmental bodies. It is also interesting to note the overall good performance in projects implemented in cooperation with international bodies.

15. Several cooperation initiatives seeking to exchange **best practices** -which has already been widely developed by EUROsociAL and more recent bilateral projects- seem to be of much value. These projects have contributed to the qualitative improvement of many reforms, without claiming to provide significant resources for the implementation of policies. The **transfer of European know-how** is sporadic but growing, and there is an increasing participation of (public and private) specialised technical bodies as cooperation actors. However, it is good to bear in mind that even if community experiences are very striking for AL, the countries do not want these to be presented as models for replication, putting forward a supposed "difference of context."

*The overall level of relevance is high since the priority issues are all extremely important, both as regards the Millennium Development Goals and the project purposes of EC cooperation in AL (Lima Agenda).*

16. The capacity of the monitored projects to achieve **macro-objectives** seems to be acceptable in most cases, with an apparent willingness to achieve

social-human objectives better than socio-economic ones. But only 18% of them are reported to have achieved or to be achieving the project purpose in a timely manner, even if 54% show a **positive move** towards achieving some of the results or, at least, the satisfactory level of participation on behalf of beneficiaries allows to expect a good level of final efficiency.

17. In this regard, the analysis confirms that the **impact is achieved gradually**, through the impact of several factors of which cooperation projects are one of the elements, and sometimes the initial stimulus. A process does not start or end with a project. Synergies with other dynamics are important. We must not repeat mistakes or waste continuity. The players are the processes' masters and protagonists.

*The method used to channel cooperation is still a determining factor given the difficulties and restrictions in the way of using the resources.*

18. Although the assessment resulting from the monitoring visits is moderately positive in all parameters, the analysis highlights the "**efficiency**" parameter as the most commonly deficient one. It is influenced by factors such as geographical and thematic aspects, the kind of beneficiary, the territorial coverage, the kind of strategy adopted and the size of the projects. An inefficiency rate affecting nearly 40% of ongoing projects constitutes a very significant loss in the potential impact that is intended to be achieved through cooperation. A legitimate question arises: how can these factors be corrected and why is there so little emphasis on the search of those corrective actions? The first step towards ensuring efficiency is the projects' programming and design phase.

19. Despite the fact that 91% of all projects reviewed show a good level of relevance as regards the definition of the issues they intend to tackle and the identification of beneficiaries, serious **qualitative deficiencies in the designs** are reported in 43% of the projects monitored. These deficiencies mainly result in a slow implementation process, a lack of focus and frequent institutional conflicts

arising during the implementation phase. This result is unacceptable in view of the thorough processes of identification and formulation to which projects are "supposedly" submitted and the subsequent quality controls. Despite the insistence of the EC services over the last 15 years on the proper use of the logical framework as a planning and management tool for external cooperation projects, its poor quality still registered in many projects seems to be one of the main reasons why the impact of cooperation is smaller than expected. Unfortunately, the EC did not sufficiently insist on the requirements of defining and measuring accurate and realistic indicators in the designs.

20. It is unclear whether there is any kind of link between the quality of the projects' action and their **financial volume**. European cooperation in Latin America is characterised by a small number of very large interventions -2 to 3 per country- and a large number of small ones. 60% of the monitored fundings are granted through large interventions of more than € 10 million, while the small ones of less than € 3 million only represent 10% of the total funds. However, when it comes to the number of projects, small interventions -i.e. <3M €- represent 65% and large ones only 15%.

*The lack of efficiency results in a slow implementation of the financial resources committed, slow progress in activities and a lack of quality, which all leads to an insufficient achievement of products*

21. The causes of these delays can be numerous and, according to the analysis that has been carried out, they may be related to inadequate management or to formal agreements which are extremely complex. After the signing of the financing agreement, it has taken more than a year before one fourth of the projects monitored started being implemented. Under such circumstances, the agreements risk becoming outdated before they even start. However, the measures adopted in the most recent agreements to speed up the launch and conceptualisation of the resources granted partly improved the situation but introduced new inflexibilities (N +3) which sometimes clashed with the projects' objectives.

22. In many cases, the projects' implementation period is unrealistic as regards the scope of the objective that is pursued. More than 75% of the projects monitored have an implementation period of less than 3 years, which is often a big contrast with the processes which need much longer maturing periods. However, over 50% of the funding is granted through projects with a 5-year or more duration, which seems to be reassuring in view of the issue mentioned above. Even so, the implementation period is often reduced to some 2 years for projects that had been planned for 5 years. Concerns regarding the relationship between the projects' duration and effectiveness are confirmed when comparing 5 year-projects with > 7 year-projects. The latter are usually those which benefited from extensions and their performance level is clearly higher.
23. The recent change in the financial management of projects is obvious considering the speed at which funds are paid out in the most recent projects in comparison with the ones before. The physical/financial progress aspect, which determines the relationship between the progress rate according to schedule and the disbursement rate of funds, is averaging out at about 90% indicating a very timely disbursement of the resources. However, the quick provision of resources to implementing agencies helps but does not guarantee efficiency in their activity because of the complex procedure for the ex-ante approval of most of the spending. The rate of final use of the resources granted does not exceed 89% of the total amount (ex-post monitoring). Another element which is not mentioned in the available statistics - but worth noting- is the volume of funds withdrawn for failing to comply with the N +3. Both penalise the efficiency of cooperation and deserve some further control. The disbursement rate does not reflect the actual implementation of funds. According to the available data, the rate of actual expenditure did not exceed 37% at the time of the monitoring, which reflects a backlog of the actual spending considering the average temporary progress of 63%.
24. The projects monitored achieved to manage another 40% of extra funds (378 M€) coming from the counterparts. 87% of these come from governmental bodies and the rest from non-governmental entities -including European NGOs.

The ability to ensure the respect of commitments by partners has increased significantly over the last few years through measures focused on greater control. As for contributions from NGOs, own funds are often provided more quickly than the Commission's ones and serve as a pre-funding. In some cases, also in bilateral cooperation, the management of external cooperation resources has proven difficult, to such an extent that a major part of the projects end up being implemented with funds from the national contribution - which is often the case in Brazil. Both facts reveal the partners' strong interest in the cooperation received (principles, ideas, prestige), beyond the mere provision of financial resources.

*The analysis of the monitoring results indicates that once the projects are closed and external aid is over, the impact and sustainability parameters are generally positively assessed.*

25. According to the monitors' analysis, if projects overcome the efficiency issues that are often identified during the implementation, they have a good chance of generating a positive impact in the future -78% of the cases observed- and their effects are likely to be sustainable (77%). The projects' smooth integration into the political background of the beneficiary countries (regions) is considered by monitors as the main factor in favour of good impact (32%) and in another 27% of cases it has been found that the projects are being used as models to propose public policies at a local or national level. The willingness and capacity of the institutions which took part in the projects' implementation is considered as the third positive factor (19%) contributing to increase the impact. On the contrary, the projects which do not show proper integration into the respective sectoral institutions or policies (22%) generate concern as their potential impact is jeopardised. The factors contributing to the future sustainability of the cooperation effects are the appropriation of results by the beneficiaries (24%), support from the political authorities in the respective sectors (25%) and the managing capacity of the organisations involved (22%). The lack or absence of these favourable factors, together with the difficulty of maintaining the continuity of the projects' results

from a financial point of view are listed in 23% of cases as barriers to sustainability. The positive assessment of the overall monitoring as regards the projects' potential impact and sustainability is reinforced by the ex-post monitoring of projects that are already completed. Indeed, contrary to what is commonly thought, the majority of projects assessed one year after their close are reported to have a positive impact and a level of sustainability which is acceptable.

## Projects monitored and policies supported

Since the late 90s, the EC has been supporting -through its financial and technical cooperation with LA- some of the beneficiary countries' sectoral policies, partly modifying the approach implemented so far which was almost exclusively focused on territorial development. The processes of democratic consolidation that were ongoing in all countries suggested the need to bet on the States' structures, thus avoiding feeding substitute models such as those that had been used so far. The sectors of health, education, justice and public safety have been the main focus while SMEs' internationalisation and competitiveness were being encouraged in each country. The first projects that were timidly designed sought to influence regulatory frameworks and institutional efficiency, promoting good practices but also taking on significant commitments in terms of equipment.

This approach met the purpose of improving the State's ability to deliver better quality services to citizens, especially to the excluded population through better trained human capital and more modern physical capital.

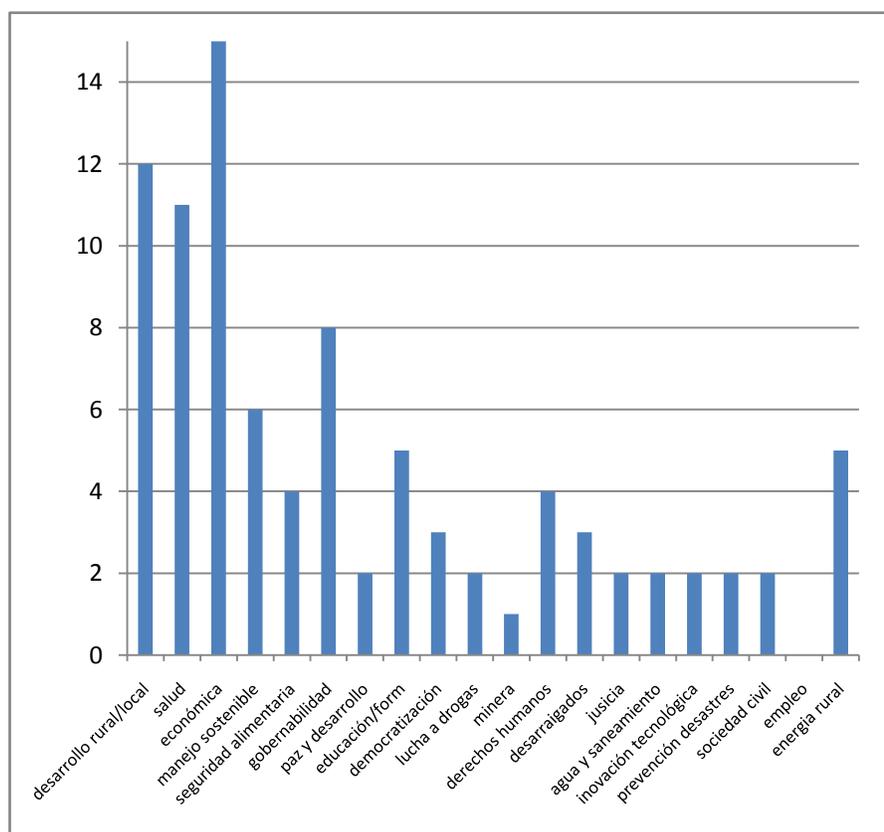
However, despite their significant extent, the resources dedicated to each intervention did not allow to cover all national territories, which is why the sectoral projects of that time ended up being a mixture of macro -strengthening of the regulatory and institutional framework- and micro -direct intervention in part of the national territory such as departments or provinces- contributions that were chosen for a pilot intervention in order to test the good practices proposed at the macro level. Projects funded in this way have generally resulted in positive results -many of them are

being monitored ex-post-, while keeping part of the tangible results along the intangibles ones.

However, more recently, the EC decided to proceed further towards pure sectoral support, making the most of the opportunities offered by the Paris Declaration. Since 2004, several SPSP – i.e. Sector Policy Support Programmes - have been identified and implemented in the areas of education as well as water and sanitation with a clear ambition to help governments formulate and implement better sectoral policies and more efficient and transparent mechanisms for the management of public funding.

The sample of projects included in this study is not fully representative of all the sectoral efforts that are being made by European cooperation in LA. Still, out of the 202 projects monitored in 2008, 45% -i.e.92 projects- aim at providing a direct contribution to a sectoral policy, in cooperation with the respective institutions in

GRAPHIC 54 - SECTORS IN WHICH THE MONITORED PROJECTS ARE REPORTED TO HAVE A DIRECT POLITICAL IMPACT (N. OF PROJECTS)



the beneficiary countries.

The sectors with the greatest participation in terms of number of ongoing projects are the "economic", "Decentralization and Local Development" and "Health" ones, with fewer projects focused on the "Education" sector. On the contrary, the sample does not include many projects aimed at supporting the countries through "fiscal reforms", the "legal" sector or the "employment" sector which, as known, are the other sensitive topics in the building up of "*social cohesion*".

Several examples mentioned in this report show how European cooperation has been transformed over the last few years, evolving from a mere substitute to the role of the State to a model aiming at accompanying the implementation of public policies. This model combines the function of increasing the « quality » of the effort made by sectoral institutions in the implementation of the policies with the one of increasing the strength of the request made by the social actors so that the policies are effective, and possibly ensure that their benefits also reach society's most excluded groups. Interesting examples of programmes of direct support to the Social Cohesion Policy have been implemented in various countries (e.g. "Uruguay Integra").

Another case worth mentioning is the one regarding the policy of assistance to the uprooted population in Colombia where, further to international pressure, the government has adopted very ambitious policies that it takes a long time to implement. In this case, European cooperation has been undertaken to boost their implementation, in line with the spirit of their wording and counteracting institutional inertia.

It is interesting to note how some projects, although they cover public policies through the institutional channel, deal with very specific aspects, trying to fill legislative gaps or increase the allocation of resources for the implementation of current policies in favour of groups which are usually excluded. The contribution of such projects towards "*social cohesion*", reducing the educational "*gap*" and fostering a sense of "*belonging*" in a society that recognises multiculturalism, is unquestionable.

This direction is also the one taken by several of the projects monitored in Brazil which are aimed at helping regulate the use of abundant but highly threatened

natural resources -sustainable use, certification, regulated trade-, through consultation between the institutional economic and social actors involved, working on the policies at the federal, state and municipal levels, depending on the case. The contribution towards "*social cohesion*" is obvious when considering the combined effects in terms of reducing conflicts, respect of legality and integration in the economic dynamic of the historically excluded groups – i.e. indigenous.

Finally, it is worth mentioning the large number of projects which promote internationalisation and increased competitiveness within SMEs. These projects are mainly active at the level of economic development sectoral policies, strengthening government agencies and labour associations, standards alignment, incentives and credits policy, etc. Besides the aim of increasing exchanges with Europe, these projects seek to generate new jobs in micro and medium enterprises, increasing the social repercussions of trade agreements.

Civil society turns out to have a decisive role in the projects monitored. In many cases, there are real political laboratories generating requests and proposals which are brought up to the highest levels of discussion and decision.

The projects are usually able to foster the participation of civil society ("*belonging*"), helping the most excluded ones or the victims of flagrant injustice claim their rights - and in many cases have them recognised - while contributing to reducing the causes and/or healing up the consequences of conflicts.

As already mentioned, these significant contributions mainly occur in the field of rural and local development projects, often combined with the sustainable handling of natural resources, in response to the phenomena of geographical and ethnic marginalisation. Several European and Latin American NGOs show great capacity to support these processes while still leaving the necessary protagonism to direct beneficiaries.

## Priority issues

The issues to be tackled through the projects monitored - which are deduced from the monitoring documents – are related to socio-economic marginalisation and the lack of public services in about 60% of cases, including 10% of the projects that address the issues generated by conflicts and consequent displacement or damage to individuals. All these issues have a direct impact on the low levels of “*social cohesion*” reported in the priority geographical areas or population groups. On the contrary, for 18% of the projects monitored, the main issue identified is the degradation of natural resources and for 10% the economic operators’ lack of competitiveness. However, it is worth underlining that even as regards the issues relating to the environment or to economic competitiveness, there is a strong link with the human and social factors, which is inherent in the populations who live in contact with natural resources or micro-entrepreneurs and their employees.

All the issues cooperation is faced with are generally related to the levels of equitable and inclusive social development, in line with the concerns confirmed by the recent Lima Agenda.

## Macro-objectives and Strategies

When grouping the projects by macro-objectives and by type of strategy adopted to achieve them, it can easily be observed that the European cooperation focuses its intervention (M€) on the development of human capital (22%) and, above all, of the social capital (57%), with some attention paid to the natural capital (19%) and very little -or almost nothing- on the strengthening of physical capital (2%). There have been clear changes in the several forms of cooperation with LA countries since the 80s and the 90s, when investments in equipment and infrastructure were prevailing in the projects’ budgets. This evolution is based on the conviction –which slowly came to fruition- that there is no point in improving the physical environment without having a structured society with harmonious and comprehensive coexistence rules based on educated individuals sharing values and knowledge.

The strategy adopted by the projects to achieve the development of the above mentioned resources is essentially based on the strengthening of collective management mechanisms, whether at the level of public institutions (37%) or civil society organisations (50 %), with a minority of strengthening through better provision of equipment and infrastructure -often limited to reconstruction after disasters- or through individual trainings.

The capacity of the monitored projects to achieve macro-objectives seems to be acceptable in most cases, with an apparent willingness to achieve social-human objectives better than socio-economic ones. The contribution of actions aimed at developing human and social capital is obvious and is confirmed by this analysis since more than 50% of the funds granted to the projects show a high rate of contribution.

The capacity to help building up a more comprehensive and mature society is good, especially in countries where cooperative efforts are more intense –namely Andean and Central American countries. The better the quality of care provided, the greater the contribution. In this regard, partnerships seeking to exchange a best practice -which has been widely developed by EUROsociAL and recent bilateral projects- seem to be of much value.

Analysing the monitoring parameters separately allows to confirm the low relevance of contributions in infrastructure. In this respect, the main criticism is about the inappropriateness of using non-reimbursable funds for physical investments as these can normally be financed by reimbursable sources<sup>2</sup>. On the contrary, since equity investments are not immediately profitable, they do not attract reimbursable funds and they have to be defined as a priority for this kind of cooperation.

The higher relevance of intervention through public institutions than through civil society organisations is understandable considering that an efficient State should also ensure the adequate role of private organisations.

---

<sup>2</sup> Some projects financing large infrastructure (eg the corridor S.ta Cruz-Puerto Suarez in Bolivia) are an exception due to their contribution to the quality of the transport policy.

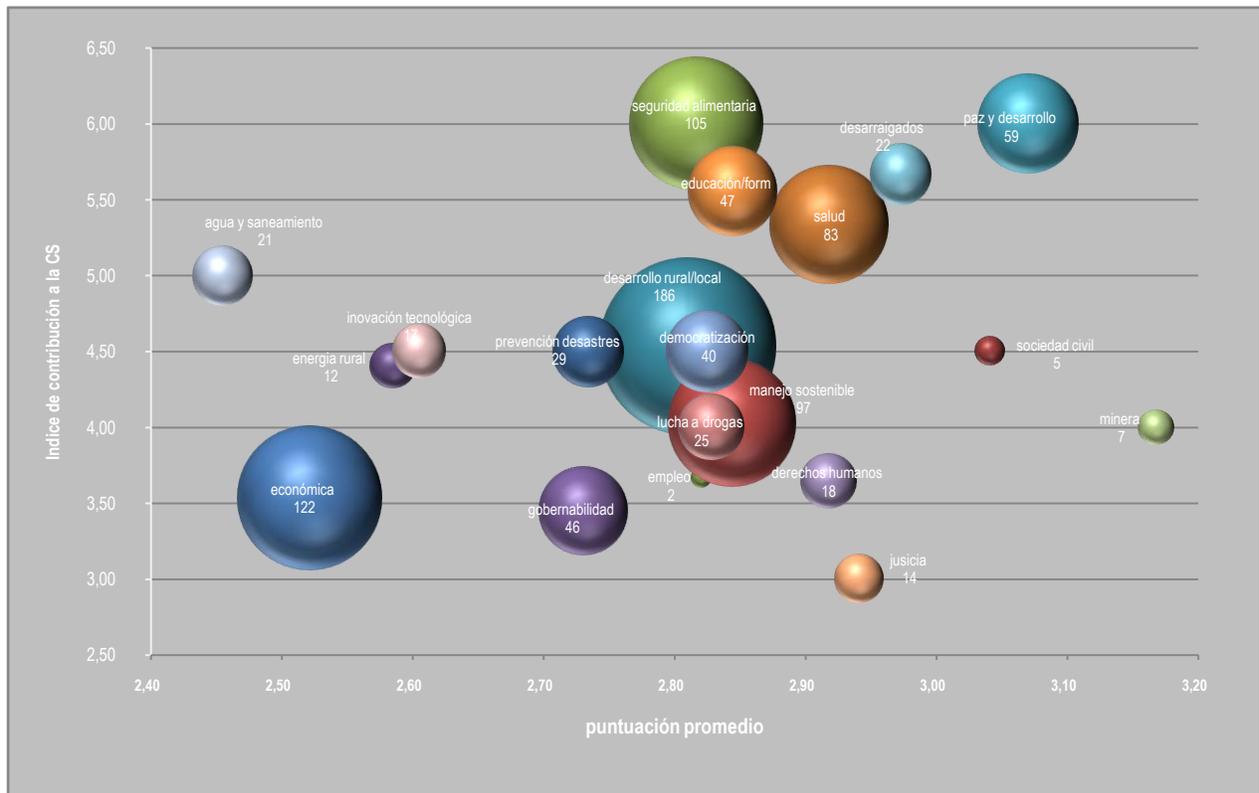
However, in the average conditions of the projects monitored, better results are achieved through the organisational strengthening of civil society rather than of public institutions due to the already mentioned issues related to bureaucratic inertia and sometimes political conflicts.

## Thematic approach

In response to the priority issues, the financial resources provided by European cooperation to the projects monitored are mainly aimed at two major categories of objectives: on the one hand (34%) to support the development of sectoral policies in various fields so as to increase the capacity of beneficiary countries to meet the challenges of equitable development and on the other hand (35%) to generate concrete development of institutions, facilities and capabilities in determined areas, mainly rural ones, contributing to local development. The latter category includes 50% of all projects monitored. In both cases, it is about a cooperation that seeks to help build capacity to overcome the imbalances. With 13% of the resources, the projects provide beneficiaries directly with services still in the form of a “substitution” to the public sector’s role so as to deal with serious and urgent situations of

lack. Other areas of intervention - smaller in terms of financial resources received- are, in addition to support towards regional integration processes (7.5%), the promotion of economic competitiveness through the development of microenterprises (7.5%) and the protection of human rights (1.5%). The above confirms that the European cooperation approach to the issue of “social cohesion” in LA is multifaceted since on the one hand it favours the channel of national political reforms promoting their regional harmonisation whenever possible, and on the other hand it stimulates the development of the most excluded populations’ capacity to claim their rights and participate in the political and economic life of the respective countries, without neglecting the participation of SMEs in generating employment and income within the framework of a more competitive economy.

AVERAGE SCORING OF THE MONITORING AND INDICATOR OF CONTRIBUTION TO SC BY THEMATIC GROUP AND FINANCIAL VOLUME RECEIVED (IN MILLION EUROS)



According to the DAC classification, monitored projects belong to 20 thematic areas among which the most represented is the "Governance and Civil Society" which relates to more than 20% of the projects assessed. However, the group belonging to the categories entitled "Protection of the Environment", "Rural Development", "Agriculture" and "Forests" as a whole covers 40% of the projects reviewed, while the projects related from the "Health" and "Education" categories only represent 8% of the projects monitored.

Also expressed in terms of financial amounts, it is reported that 43% are dedicated to the issues related to the rural sector and natural resources -including food safety- and to the environment. Interventions in the field of social policies -education, health, justice, water and sanitation, disaster prevention and assistance to the uprooted population- are granted 24% of the funding monitored and those related to economic policies get 15% of it. Moreover, 18% go to interventions in the field of governance, democracy and human rights.

Once again, there is a strong relevance of the projects monitored as regards the major issues that generate a deficit in "social cohesion" and the contributions involving different territorial institutional and thematic levels.

It is interesting to analyse the data regarding the number of beneficiaries of the various interventions. Out of the 8 million people who are reported to be direct beneficiaries of the analysed actions, about 3.8 million benefit from interventions in support of local/rural/sustainable development while another 2.6 million benefit from support in health, education and other social services.

This leads to the conclusion that the relevance is high and that the priority issues are all extremely important, both as regards the general development goals - Millennium goals- and the project purposes of EC cooperation in LA -Lima Agenda. There is, however, a trend towards covering a large number of different issues, favouring territorial characterisation more than thematic specialisation. The monitored sample does not show yet any focus of cooperative efforts on a limited

number of socially relevant policies -such as those prioritised by Eurosocial: Education, Health, Taxation, Justice and Employment. There is rather a combination of attempts to provide answers to all issues afflicting the economically and socially excluded populations in LA, with a multi-sectoral approach. The socially sensitive sectors are dealt with through a myriad of interventions that offer solutions to their various issues.

The "sectoral approach" is still not very tangible through the analysis. However, this finding should not be perceived as a criticism since European cooperation is particularly well adapted to provide the neediest populations with direct care and to meet their claims and requests thanks to its tradition and characteristics – i.e. the combination of governmental or non-governmental actors and resources resulting exclusively from donations in large amounts.

When comparing the monitoring results, there seems to be no trend allowing to conclude that any data or group of data clearly stands out from the rest –except the modest assessment of the economical projects which get relatively poor scores. This finding confirms the difficulty of effective cooperation as regards economic issues due to the many variables involved, which are only partly influenced by the projects.

As an example of very successful case, it is worth mentioning the quality of the projects from the "attention to the uprooted" and "peace and development" lines -both mainly implemented in Colombia-, a result largely due to the quality of the actors involved and the dramatic aspect of the issues addressed to which the projects propose appropriate solutions. Also of note is the impact of cooperation on issues related to health and education -about 2.9-, which should suggest insisting on those areas which, as is well known, are severely deficient and whose progress could represent a significant contribution in terms of social cohesion. Finally, special attention should also be paid to support to sectoral policy in issues such as fighting drug production and trafficking in Bolivia

Also of high value for the purposes of "*social cohesion*" are the interventions aimed at supporting strategies to fight drug trafficking in several LA countries and especially the efforts towards social and economic emancipation of the people who, despite being victims of this criminal traffic, have often been criminalized and prosecuted themselves. A good example is Bolivia where the EU has been implementing since more than a decade now a cooperation programme which is said to be exemplary and which inspired community policy in this field worldwide.

## Different approaches to support sectoral policies

Despite the significance of contributions resulting from all the projects monitored, their ability to produce an impact on political reforms aimed at improving "*social cohesion*" at a macro level seems to be partial. It is still expected to see the potential effects of sectoral support programmes through budgetary support, which, however, is currently showing difficulties in setting itself as an alternative form of cooperation in this region.

There is no doubt that efforts are being successful in exchanging best practices regarding public policies constantly promoted by EUROsociAL. With Brazil and Argentina, this modality has been transferred to interesting bilateral – and Mercosur regional - projects which, without aspiring to bring significant resources for the implementation of policies, contributed to the qualitative improvement of many reforms.

Undoubtedly, one valuable contribution of the projects monitored is to help implement at a local level the political reforms rather aimed at traditionally disadvantaged sectors.

There are two major categories of projects monitored as regards their ability to impact on public policies: a) projects of direct cooperation with governments to support the formulation or implementation of sectoral policies; b) projects with an indirect impact in support of the civil society's action to promote political proposals and support of their implementation.

Even if the relevance of both forms of action is confirmed, the monitoring activity highlights a better performance of the projects that contribute indirectly to the implementation of public policies, largely due to the dynamism of the civil society which takes part in them. On the other hand, projects seeking to strengthen the sectors through public institutions suffer from the slow feedback which is typical from these actors.

## Territorial distribution

### Regional cooperation versus cooperation by country

Latin America is characterised by the vastness of its territory, the extreme variability and wealth of its natural environment, its highly uneven distribution of population and its historical/cultural homogeneity. From a political point of view, dynamics of cooperation – which are more and more active - between Latin American governments, are sometimes at odds with nationalist fears that feed on old territorial disputes, ideological distance from some governments and ordinary commercial skills and energy.

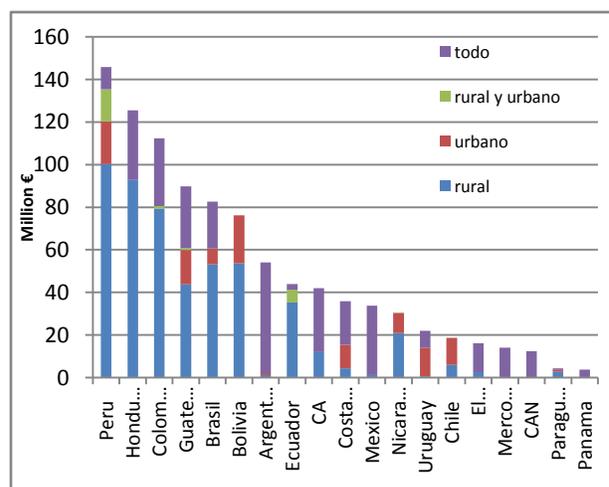
Through the process of Rio, the European Union has made commitments to cooperation both within each of the 17 countries of the region and the regional integration groups that the EU has been supporting since their first steps.

“*Social cohesion*” is a priority in both forms of cooperation, as shown through the commitments made by the European Union for the period 2007-2013 for a total amount of 2.670 M€ distributed in a ratio of 73% and 27% respectively in country cooperation and regional cooperation.

In the previous period, to which the majority of projects analysed in this study are related, similar contributions were made both to countries and regions. Therefore, when it comes to ongoing cooperation, there is a ratio of nearly 85% of initiatives undertaken in countries and 15% at the regional level, both in number of projects and as regards the financial volume. This represents - in terms of beneficiaries- about 7 million people in different countries and 1 million through regional cooperation.

Both cooperation streams - i.e. regional and national - are complementary. Many regional programmes seek cooperation from several countries in solving common issues, mainly related to social cohesion, in their various components. To this effect, they promote the adoption of common policies and the creation of institutions to be in charge of them. The objectives of the regional programmes range from a mere exchange of experience to the creation of integrated and harmonised tools to manage policies and citizenship services or reduce the asymmetries between countries of a same bloc. Several issues are addressed by the EC cooperation, both at the regional level and bilaterally with several countries, such as it is the case of "food security" or "disaster prevention" and more recently "security" issues.

GEOGRAPHICAL PRIORITY OF THE MONITORED FUNDS



Also of note is the EC regional contribution in LA to encourage the participation of civil society in the debate on integration, which is particularly active in promoting

the "belonging" component of social cohesion. On the other hand, regional programmes dealing with economic issues (customs, statistics, quality, etc.) are complemented by those seeking to promote greater competitiveness in the countries among economic actors, and have a potential impact on social cohesion through economic growth, with relapses in terms of employment and public finances.

On the other hand, Latin American thematic - centralised- programmes are of special interest for issues where there is potential for exchange and transfer of know-how from Europe. All issues covered by the ongoing programmes are significant due to their contribution to social cohesion, not only through EUROsocial (the leader in this field), @lis, URBAL and Eurosolar which have a direct social impact, but also through ALinvest, ALFA and ALBAN indirectly through the economic impact and the quality of the knowledge. In addition, since the current strategic planning period 2007-2013, Social Cohesion has been chosen as a subject for specific regional programmes that directly seek to harmonise the respective policies at a sub-regional level.

The overall results of all monitored projects indicate a general positive performance of regional cooperation, apart from some difficulties in the implementation (efficiency) that turns out to be more difficult for obvious reasons such as multiplicity of actors and various political/institutional frameworks involved. The concern about the sustainability of some regional projects is also understandable, considering the immaturity of many of the regional processes to date and of the institutions which these projects are intended to support

Finally, as regards the most important aspect in this study, it appears that the community cooperation's main achievement is to contribute to "*social cohesion*" through its projects in the countries rather than through regional projects and programmes, this difference probably being due to the less direct way in which the latter ones contribute to reducing "gaps" and feelings of "*belonging*", with a contribution rather in terms of

political and institutional harmonisation. However, this assessment would deserve further analysis.

The interest in the territorial integration of beneficiary regions and countries is also confirmed when analysing the coverage of monitored projects. These ones include regional and national projects, but also those among the regional ones with a border between neighbouring countries, and those among the national ones which cover the entire territory of the country or which, on the contrary, operate in part of themselves (local).

Border integration between neighbouring countries, especially those which have experienced territorial conflicts, is an issue that European cooperation decided to support in various circumstances (in 5 projects of the sample).

In many countries, the suburbs have been abandoned or left to military control. Agreements for joint management of shared resources are scarce or limited to large infrastructure projects –e.g. the hydraulic plant of Itaipú. On the other hand, similar social groups have been divided due to artificial national boundaries. Border development projects have contributed to the breaking of political, institutional and cultural behaviour patterns that used to maintain the separation and isolation of these regions, despite the grandiloquent integrationist declarations of governments. The impact in terms of social cohesion is obvious, thanks to the cross-border municipal integration and its resulting synergies in the attention provided to citizens on both sides, in addition to the boost of local economic integration. This explains the overall positive scores assigned by the monitoring to border projects.

## Country approach

As an early introduction of the monitoring results, it is observed that some countries show similar behaviours. These include: (1) the four Andean countries, where the monitoring reveals a significant cooperation programme with moderately good results, (2) the three big Central American beneficiary countries (GUA, HON, NIC), with significant programmes and slightly lower but still

positive results, (3) the small CA countries and Mercosur (including Chile), with minor programmes but with a good performance, (4) the big countries of the region (ARG, MEX), where European cooperation is very marginal and is facing problems in terms of implementation, except for Brazil where, due to the NGOs' conspicuous activity, the cooperation programme is significant and relatively successful. Among the sub-regional groups, there is an outstanding performance of cooperation with the Andean Community as compared to much less successful cooperation with CA and Mercosur.

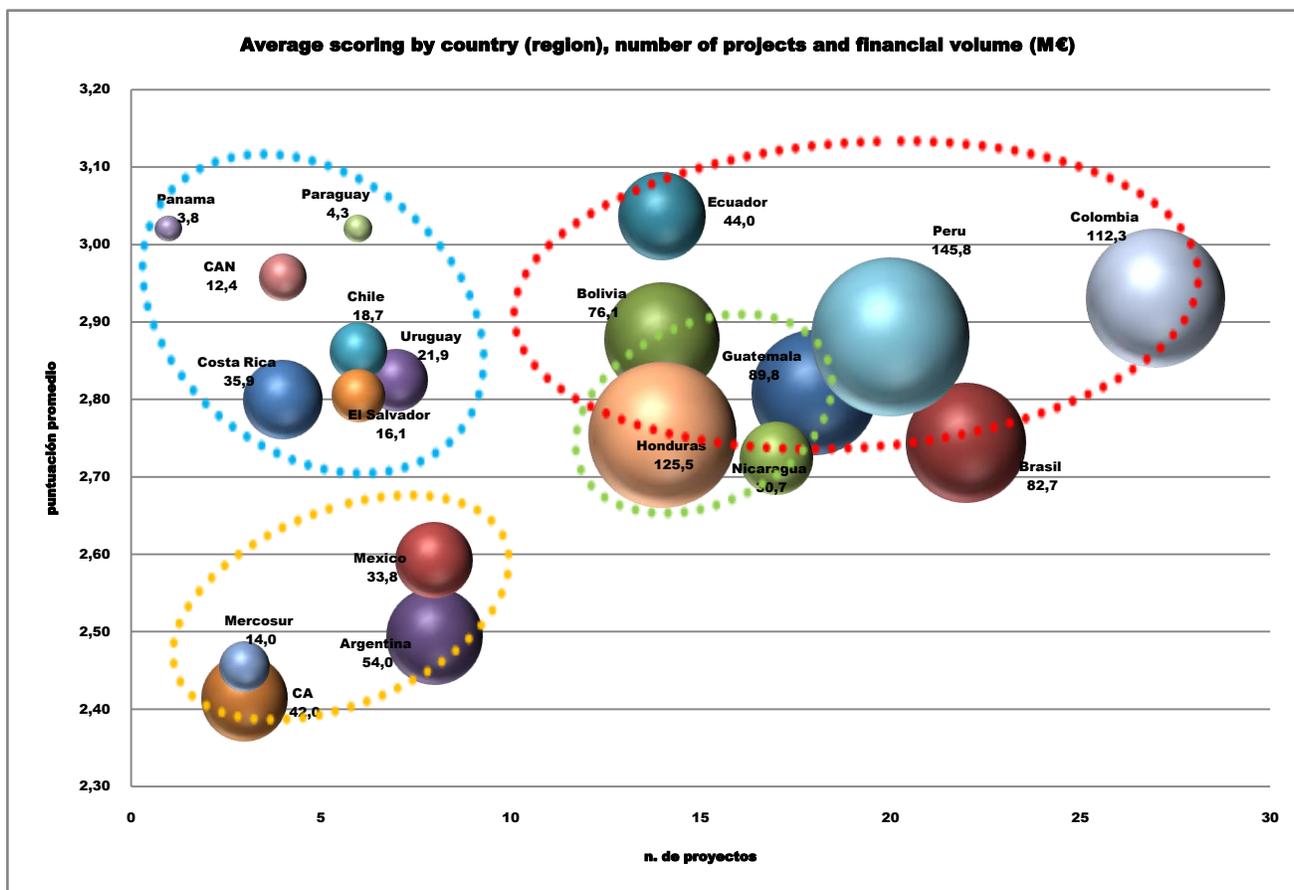
It is particularly significant to have a look at the 6 first countries (PER, HON, COL, GUA, BRA and BOL) which, as mentioned before, have benefited from a large cooperation programme and where the three components are represented in a similar way: (1) a significant contribution in terms of "belonging" through projects that stimulate social capital (2) a contribution in terms of reducing "gaps" (in services, in incomes) and (3) a small contribution to the strengthening of the institutions that ensure social cohesion. On the contrary, regional cooperation (CA, Mercosur, CAN)

obviously seems to contribute mainly in terms of institutional strengthening.

## Local approach

Country cooperation programmes have a thematic and a territorial connotation. For each strategy, there is an emphasis on priority areas and priority regions or population groups.

Generally speaking, the projects cover areas of different sizes, ranging from entire countries to very small communities. Despite some strategic changes over the recent years which tend to focus European cooperation on the political rather than the territorial field, 80% of the projects monitored target a specific territory within the countries in which they are carried out, either departments (30%) or municipalities (50%). Only 20% of the projects assessed cover the whole beneficiary country - particularly those of the programmable lines. The territorial coverage is related to the way of



approaching the issues, either strictly through political and institutional reforms or through attention paid to specific populations or their local authorities.

The geographical distribution is usually based on the poverty map and the environmental fragility map. European cooperation is usually focused where the two factors come together -at least the cooperation that is carried out through projects with clearly defined territories. Other concentration poles are the marginal suburbs of large cities.

This approach of the territory where the projects are being carried out confirms the relevance of cooperation as regards the issues of poverty, inequality and exclusion, at a territorial level.

It is found that most of the projects monitored have a local impact -mainly departmental or municipal-, seeking to generate -from the attention given to specific territories- a good range of stimuli both in terms of local institutional strengthening and in terms of improving service provision so as to reduce the gaps with the major cities while promoting among outlying populations the sense of “*belonging*” to a society that includes them.

Projects with a national coverage supporting political are aimed at a very large target population -overall estimate of more than 40 million people, i.e. about 10% of the whole Latin American population - but in a very indirect way, whereas the direct beneficiaries of this kind of political reforms - 1 million people according to the sample of the graphic - are civil servants from the institutions involved. On the contrary, the projects which are relevant from a territorial point of view are specially focused on the inhabitants - 7 million direct beneficiaries - in the departments and particularly in the priority municipalities. Support to the processes of decentralization and municipal development is recurrent in the strategies of a large number of monitored projects.

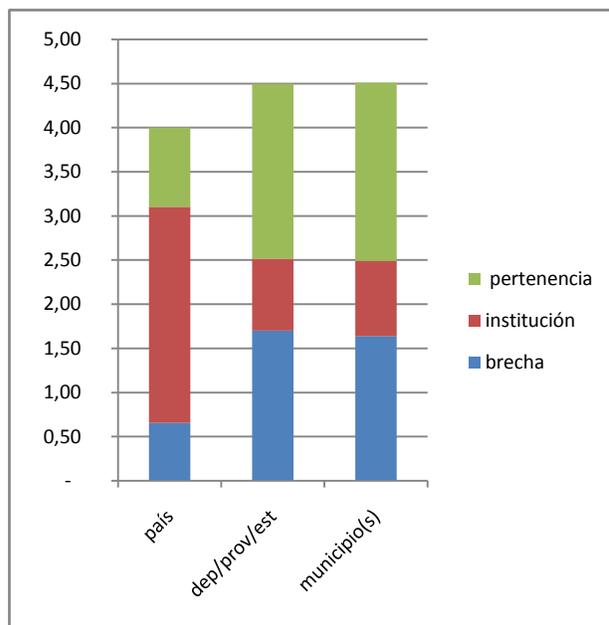
It is interesting to highlight the data regarding the number of municipalities that benefit from the projects monitored, i.e. about 1400 or nearly 10% of the 16000 municipalities in all LA. The average funding for cooperation granted through municipalities exceeds 270 000 € per unit; however, this figure does not only represents the direct value of goods and services

transferred to the beneficiary municipalities, but also the cost of the cooperation granted, including expenses for its channelling. It is interesting to note that in projects of municipal support, cooperation transfers sometimes exceed the administrations' own revenues.

In this respect, the monitoring results are striking as they indicate that territorially circumscribed projects are more efficient but also that they have greater impact and sustainability, which seems to contrast with the recurrent criticism formulated for such projects which are considered as substitutes to the role of the state and are therefore seen as unsustainable. This is due to several factors including the experience of NGOs in local cooperation and the projects' difficulty to be efficient when it comes to having an impact on sectoral reforms, where political resistance and institutional complexities are sometimes decisive obstacles.

As regards the assessment of the contribution to “*social cohesion*”, it appears that cooperation with a well-defined territorial connotation has a greater impact in terms of contribution to reducing the “*gaps*” - in many cases, the projects help improve some services or the ability to

CONTRIBUTION TO SOCIAL COHESION BY TYPE OF COVERAGE



generate income for a limited population group -, and where the work is done at a local level, the sense of “*belonging*”, which is one of the important components of “*social cohesion*” in Latin America. On the other hand,

it is clear that centralised projects have a bigger impact on the strengthening of the “institutions” implementing reforms aimed at achieving greater “social cohesion”.

The situation presented above also confirms the European cooperation’s vocation - especially across the non-programmable lines managed by NGOs - to get closer to the populations’ issues where these are the most severe, which is fostered by the performers’ strong geographical roots .

Distrust in the governments’ ability to handle minorities remains, even though this situation has changed substantially in most Latin American countries that have undertaken comprehensive programmes of social care towards the poorest. This change also involves a change in the approach towards cooperation which should not be raised as a substitute for State action anymore, but rather as a complement of it. An appropriate role for NGOs would be –in this case- to foster the flow and quality of public subsidies in favour of more isolated populations.

## Urban versus rural

Within the priority areas – whether departments or municipalities -, the rural environment is the one which keeps benefiting the most from European cooperation, with more than 60% of monitored projects having an impact on the rural area. This seems to be in line with the poverty and exclusion rates which keep affecting mainly rural areas in LA. Nearly 52 million people in extreme poverty live in urban areas and almost 45 million people in rural areas. However, considering that about 75% of the total population lives in urban areas, it appears that the impact of extreme poverty in rural areas is significantly higher (37%) as compared to urban areas (13%). However, there are big differences between countries as regards the distribution of extreme poverty among both areas of residence. In Costa Rica, Guatemala, Honduras, Panama, Paraguay and Peru, extreme poverty clearly prevails in rural areas, where 65% or more of the needy people are living. In Bolivia, El Salvador, Mexico and Nicaragua the number of rural extreme poor also prevails over the urban ones, although at lower levels (between 56% and 64% of the extreme poor). In the case of Brazil, the number of poor people living in urban areas amounts to 63.3% of the total figure.

Considering that the set of projects from the monitored sample implemented in rural environments benefits - indicatively- to nearly 3 million people directly, the importance of this cooperation flow must be highlighted as regards the relevance of the « rural marginality and poverty » issue, which affects at least 45 million people in an extreme way.

The percentage of cooperation specifically dedicated to the urban area is less important than cooperation in rural areas and only covers some countries. However, significant interventions have and keep targeting marginal urban populations - all Latin American megalopolises including Rio de Janeiro, Lima, Guayaquil, Bogota, Sao Paulo and Santiago just to name a few have benefited from several of such projects in addition to the actions of many NGOs aimed at limited population groups. Also of note are the transcontinental cooperation projects, especially fostered by the Urb-AL and @lis programmes, which have served to stimulate extensive collaboration between local institutions (municipalities) of large and medium-sized European and Latin American cities.

The analysis of the monitoring results does not reveal any substantial differences between the implementation of cooperation in both types of environments. Also, although urban projects have a bigger impact on “social cohesion” through the strengthening of institutions - municipalities, departments-, rural projects have a direct impact on reducing the gaps as well as on increasing the sense of “belonging” and they contribute to reducing the socioeconomic and cultural marginalisation that persists in this type of environment.

Eventually, among the focus areas, it has been found that the Amazon region receives special attention from European cooperation -namely 10% of the projects monitored- through specific lines -particularly the «tropical forests» one. Although the environmental objective might seem a priority, these initiatives combined important social aspects with the preservation of natural resources. The main objective is to achieve schemes for a sustainable management of these regions, which would grant the people who traditionally live there the right to keep using the territories without creating a conflict with other actors or as regards conservationist regulations. The purpose of including

these populations into the respective States' democratic life mechanisms is obvious, as well as respecting their rights and providing them with the services they need. Many of the projects analysed cover populations living in the highest parts of the Amazon basin, next to the Andes of Colombia, Ecuador, Peru and Bolivia. Others cover the Brazilian part of the basin, where the issues addressed include support to major federal projects for the management and preservation of the Amazon, which the EC co-finances together with other international actors (WB, KfW, etc). Some of these projects have been assessed by the monitoring as very successful, but for others there is a lack of political support.

## Human and social factor

### Beneficiaries

Projects are also classified according to the kind of structures favouring the connection with the beneficiaries. For half of them, the "communities" or "organisations" in which they live or are gathered receive the benefits and redistribute them to their members, but for many others, the "institutions" are the ones in charge of redistributing the benefits to the individuals. Finally, individual people are identified as direct beneficiaries in 25% of the projects monitored. In terms of funding volume, however, the projects that are channelled through the institutions are the ones absorbing most of the resources.

In terms of final beneficiaries, the projects monitored have identified "people" as the ultimate beneficiaries of their actions (50% of all beneficiaries), then "families" (27%) or institutions (23%). Only for 15% and 2% of the beneficiaries respectively, it is specified that people are "young" or "women", but there is an obvious positive performance of the projects that are specifically aimed at clearly defined population groups.

This information indicates that the channelling of cooperation towards target populations takes various forms, depending on whether it is a direct or an indirect form of assistance or according to the type of benefit offered. Although one might expect projects operating through stable intermediary structures to be stronger,

the analysis reflects an equal level of success in all the above mentioned forms.

In all cases, the projects provide a positive contribution in terms of "*social cohesion*", but their qualitative performance seems to be higher when the assistance towards the people or their communities is direct rather than channelled via an intermediary structure or "*institution*".

In turn, the weight of the components of cooperation towards SC varies depending on the kind of intermediary structure, since feelings of "*belonging*" are usually fostered by projects that reach the beneficiaries through their own structures rather than through institutions.

It is interesting to note that, by means of these projects, nearly 2 500 communities in different regions and countries have been reached directly, and even more surprisingly, about 65 000 social or economic organisations throughout the territory have been contacted –for proposals and services. Organisational development is chosen by many projects as the most effective way of promoting social cohesion through the "*belonging*" approach.

The value of the assistance provided to each kind of beneficiary body varies according to its size – i.e. population represented or covered-, ranging from 870 000€/entity for national institutions -through the support provided to each of them, an average of 6 000 people has been reached- to less than 2000 €/entity for organisations of beneficiaries, each representing an average of 20 of them.

The case of Guatemala for instance provides an overview of a very well designed strategy carried out in this country through European cooperation, which generated a connection between these different actors through a series of programmes that strengthen at the same time civil society in order to make it participate actively in the process of democratic consolidation and local authorities within the general framework of the decentralization policy.

### Ethno-cultural factor

Ethnic discrimination is usually regarded as one of the main causes of inequality in several Latin American countries. However, as highlighted in the ECLAC Social Panorama of Latin America 2006, "in the last few years, indigenous peoples' emergence as active social and political actors and, second, the consolidation of the international standard of rights and its public policy implications. There is still a strong complexity and heterogeneity of indigenous population dynamics and to the persistent inequity and inequality that indigenous people face within the framework of the structural discrimination and specific cultural traits evident in Latin American countries. This poses an enormous challenge for twenty-first-century democracies in terms of State reform and policies aimed at narrowing enforceability gaps as regards indigenous peoples' individual and collective rights."

The aid granted through European cooperation in order to tackle the inequality suffered by indigenous people goes hand in hand with the interest for rural marginality as a majority of indigenous people lives in rural areas. Out of all the projects monitored in 2008, 21% in terms of number and 18% in terms of value are reported to have a beneficiary population belonging to a specific ethnic or linguistic/cultural group, including indigenous groups and African-Americans. A total of 1.75 million indigenous people and Afro-descendants are reported to benefit from these projects, which represents about 5% of all indigenous in LA.

Logically enough, the highest concentration of projects aimed at indigenous beneficiaries covers the Andean countries and Guatemala, whereas African-American populations are mainly beneficiaries of projects in Brazil and Ecuador. In Colombia there are some projects that target indigenous groups and Afro-Colombians at the same time.

As for the quality of projects aimed at supporting the inclusion of indigenous populations, it is observed that the ethnic factor is usually linked to a good project performance -higher scores in almost all parameters as compared to the rest- probably due to a strong motivation from both the projects' beneficiaries and performers (specialised NGOs).

## Migration factor

America has historically been a continent of immigrants since the time when, at the end of the nineteenth century, forty million people crossed the Atlantic and a quarter of them settled in South America. Although these epic movements have not been equalled later, migrations within the American continent and increasingly to Europe over the recent years are an important demographic feature involving at least 10 million people; An example of this was the Mexican and Central American migration waves to the U.S. or from Andean countries to Argentina as well as local phenomena with a big impact such as Nicaraguans moving to Costa Rica or Colombians to Venezuela.

It is a well-known fact that the economic impact of migrations in Latin America is very high, considering that remittances from migrants towards the region in 2001 amounted to nearly twice as much as the foreign direct investment (FDI) and 6 times as much as the international aid (ODA), reaching values in Central American countries of between 10% and 20% of the GDP. Currently there is an uncertainty as regards the deceleration of this phenomenon's growth rate as a result of global recession and especially of the crisis in the U.S. and its potential long-term impact, since the impact is already being sensitive in the short term. This could cause a worsening of unemployment and malnutrition, since remittances represent one of the main variables that have had an impact on the improvement of social indicators in the last few years in CA, even more than social policies in some countries.

International movements seeking economic solutions have been associated –in special political times in some countries- with strong movements of internal displacement, particularly in Central America during the 80's and in Colombia until nowadays, striking people fleeing armed conflicts. Some have been forced to cross an international border or to leave their homes while remaining in their own countries.

European cooperation tried to help provide answers to social issues related to these phenomena in different circumstances and by means of several tools. Among them, it is worth highlighting the programmes -thanks to the granting of specific budget lines - targeted at displaced populations in Central America during the 90s

- i.e. 1.8 million people- and recently in Colombia<sup>3</sup>. In this regard, this year's monitoring activity has largely documented the performance of a very significant sample of ongoing projects in Colombia which make efforts both in terms of cooperation with the Government and through NGOs.

### Actors involved (who are the partners of EC cooperation in LA)

In 37% of the 202 projects monitored, the EC partner for the projects' implementation<sup>4</sup> is a governmental entity of the beneficiary country or region. On the other hand, in 55% of the projects, the partner is a NGO, with a majority of European NGOs in 46% of cases as compared with local NGOs (9%). Only in 2% of cases, the organisations of the beneficiary population have achieved recognition as the primary partner while in 6% of them the EC has provided an international body in charge of the projects' implementation. It is worth recalling that the role of "partner" as described in this analysis means the "beneficiary" in the legal vocabulary of agreements and contracts through which the EC implements its cooperation initiatives or the "counterpart" according to the classical terminology of development projects.

This classification compares, in many aspects, two ways of contributing to the achievement of the partnership's objectives, the first of which favours the official institutional environment and policy and the other the participation of civil society and its ability to have an impact on public policies. In the case of co-financing with European NGOs, there is one additional component of contribution from the European civil society. The difference also lies in various legal tools that establish the parties' rights and obligations, as well as differences in the financial volume of initiatives. As is known, the NGOs implement projects financed within

the specific budget lines reserved to them. In this case, as regards the analysed sample, those lines are "Co-funding via NGOs", "Tropical Forest" and "Human Rights", to which the "Rehabilitation" line – reserved for the uprooted people - is added in the case of Colombia.

In many cases, the two types of partners contribute to achieve similar goals, meeting - even with different approaches - the same priorities set out in the strategic documents. Thus, both cooperation via NGOs and bilateral cooperation meet the same equitable and inclusive social development goals, which should help build greater social cohesion in Latin America. However, even if the amount of monitored projects is roughly divided into governmental ones -including international organisations- and non-governmental ones, from a financial point of view, "official" cooperation receives the major part of resources (87%), and therefore the EC major "bet" in terms of potential impact.

Public beneficiaries of the projects mainly include the institutions responsible for the priority sectors in the different countries and regions. 51% of the 29 regional projects monitored are implemented in cooperation with the respective institutions belonging to the American SICA/CAIS, CAN or Mercosur systems. With this kind of projects, European cooperation aims at having a direct impact on the quality of formulation and implementation of sectoral public policies

However, this partnership with public bodies does not prevent the projects from involving other players from the private sector and from civil society, which is very common in projects that, in addition to helping by means of the development of policies, provide support to implement the latter at least in some areas that have been selected as pilot ones. Civil society organisations also participate in policy formulation, bringing their own contribution. It is not frequent to observe the involvement of political parties as actors in the projects, which is understandable given the need for cooperation to be neutral with respect to the different political orientations. Having said that, in cases where some projects manage to involve parties or candidates to upcoming elections in order to raise awareness and inform them on issues addressed by the programmes, the effect is usually very positive.

---

<sup>3</sup> According to the UNHCR, Colombia is currently the country with the highest number of internally displaced people (3 million) in the world, ahead of Iraq, Uganda, Sudan and Congo.

<sup>4</sup> It is worth recalling that the role of "partner" as described in this analysis means the "beneficiary" in the legal vocabulary of agreements and contracts through which the EC implements its cooperation initiatives or the "counterpart" according to the classical terminology of development projects.

The analysis of the projects monitored indicates that there are many cases where public institutions create a partnership with other public bodies (in 58% of cases) reflecting a multi-sectoral approach towards projects, but also with civil society organisations (14%) or beneficiaries' organisations (19%), which shows a tendency of the public sector to promote the role of civil society in the implementation of its policies.

European NGOs go in turn into partnership - for the implementation of the projects - with local NGOs in more than 2/3 of cases, but also with public bodies (13%) or with beneficiaries' associations (16%). Therefore, the latter participate in the implementation of projects in nearly 20% of cases, which reflects a will to link up the final beneficiaries in the projects design and implementation phases in order to foster their appropriation.

Also worth mentioning are the international bodies participating in 10% of the projects, either as grant contracts holders (6%) or as partners (4%). Finally, it appears that university participation is very limited in the monitored sample, despite the fact that there are other lines of European cooperation in LA which value the role of universities (ALFA, @lis, ALBAN, etc.) very much.

The analysis highlights the relative importance -in terms of financial volume- of the official cooperation carried out by public bodies. It also confirms a phenomenon often encountered by the ROM regarding a better overall performance - average score - of cooperation through NGO's as compared to the one carried out via governmental bodies. The phenomenon has been extensively analysed in the past, which partly puts this assessment into perspective since the samples of projects differ a lot in size and complexity and only part of them are therefore comparable. Obviously enough, it is easier to get results when knowing all the variables of a project, working with a target population and a circumscribed issue, such as for interventions usually carried out by NGOs. But if it is intended to produce an impact on entire aspects of a public policy, it is essential to act through the institutional bodies in charge of their implementation.

On the other hand, it is also true that there are still political/bureaucratic obstacles hampering the implementation of institutional projects and generating a less positive assessment at the time of the monitoring. The data of this analysis shows that European NGOs are more successful in managing the projects compared to governmental bodies, but also compared to local NGOs, which should raise the question of the impact of complex EC procedures which European NGOs manage better than national actors.

Another observation is the growing use of the "open call" process to promote the participation of civil society in the projects' implementation. This mechanism is proving to be very effective since it allowed to launch interesting systems of collaboration between the State and civil society or between the State and Local Administrations, providing them access to important resources and opportunities to encourage their active contribution to the formulation and implementation of public policies. A good example of this are the Peace Laboratories (Colombia) and their approach which is particularly appropriate as it provides the final beneficiaries with a strong role and training in project management -including key legal and administrative aspects.

As regards the role of the various actors in determining the contribution of the projects in which they participate -either as performers or as partners- to the objective of "social cohesion", NGOs manage to contribute locally to reducing exclusions of circumscribed population groups, helping them meet their basic needs and improve their economic level. Their action is also crucial to increase their inclusion into the mechanisms of political and citizen participation. Their contribution in terms of institutional building is low – even if there is one-, which is the main task of cooperation with governmental bodies. Also of note is the overall good performance observed in the projects carried out in partnership with international bodies.

It is also interesting to note that a large number of projects -about 30%-, and especially those implemented by NGOs, are a continuation of the previous ones, which sometimes hides too long assistance to a same

process. On the contrary, governmental projects mainly result from proposals from these governmental bodies based on the priorities commonly agreed with the EC in the CSP.

## Operational factor

### Ingredients to ensure efficiency in cooperation implementation

In the previous sections, it has been explained how the whole cooperation analysed in this study provides a very positive answer to the objective of reducing the shortage of “*social cohesion*” in several locations of LA and that the assessment resulting from the monitoring visits is moderately positive in all parameters. However, the analysis highlights the “efficiency” parameter as the most commonly deficient one. This is like knowing what to do without knowing how to do it right.

The final part of this study includes an analysis of the main factors causing the efficiency gap. When comparing the efficiency parameter with other aspects of the projects monitored -geographic, thematic, operational - it appears that:

- the projects’ efficiency varies according to the country, which is due to several factors including the importance of cooperation in the relationship between the EC and the country. When there is more cooperation, efficiency seems to be increased as a result of the regular monitoring carried out by the Commission and the counterparts. The level of bureaucratic difficulties in the institutions of the beneficiary country is also important –e.g. in Brazil-, as well as the characteristics of the projects included in the sample.
- The projects’ objective can have an impact on their efficiency; these objectives range from the economic ones -whose projects are facing problems as regards the implementation- to the social-human ones -which have the best indicators of efficiency. This is due, amongst other reasons, to the type of actors involved since those in the social field are more used to manage international cooperation than those of the economic field.
- the above can also be confirmed by comparing the projects’ efficiency and the issue that is dealt with.

Besides the projects of support towards SMEs –which are facing many difficulties as already said -, the analysis also covers those of regional integration. This latter category of projects is suffering from the complexity of carrying out actions involving several actors in different countries, on top of the diversity of political obligations and procedures in each of them.

- the type of beneficiary may also have an impact on the cooperation’s efficiency. The actors which are experts in cooperation (NGOs) stand out from the others as regards efficiency since governmental bodies perform very poorly due to the bureaucratic issues already widely covered above. Additionally, it is a pity to note that -when they are directly in charge of it- organisations of the beneficiary CS experience difficulties in managing their own projects.
- Another factor which seems to have an impact on efficiency is the territorial coverage, with projects implemented within a local context (department, municipality) being more efficient than those carried out in a national context. The reason for this is obvious and it is corroborated by the tradition -until recently- of European cooperation being carried out from a territorial rather than a sectoral perspective.
- moreover, the above mentioned factor is associated with a higher level of efficiency in projects implemented in rural areas than in those in urban areas, as well as better identification and treatment of issues limited to well-identified population groups
- a certain level of variability in the projects’ efficiency is also observed according to the type of strategy adopted. Efficiency seems to be higher in projects aimed at strengthening beneficiary organisations as a tool for achieving their development goals rather than in those resorting to institutional strengthening, which is obviously a more complex and tortuous path –but essential to ensure the public sector’s capacity to meet the needs of the population.
- Finally, the efficiency parameter also seems to be influenced by the size of the projects. Projects with a better efficiency score are those with budgets of less than € 3 million, which is associated with another factor already mentioned, i.e. the type of implementing body – namely NGOs. It is interesting to note that very large projects (> 20M €) also turn out to be reasonably efficient as they are usually combined to the effort of seeking an appropriate management scheme.

After analysing the factors above mentioned which seem to have an impact on the projects' efficiency, a legitimate question arises: how can these factors be corrected and why is there so little emphasis on the search of those corrective actions since an inefficiency rate affecting nearly 40% of ongoing projects constitutes a very significant loss in the potential impact that is intended to be achieved through cooperation. The first step towards ensuring efficiency is the projects' programming and design phase.

### Programming mechanisms

The periodic strategic programming starts with the formulation of the Country -or Regional- Strategy Papers -CSP or RSP-, which define the priorities of cooperation for the reference period. Although the objectives and relevance of the future cooperation are based on this stage, the projects' future efficiency is only partially influenced by the CSP – or RSP. Moreover, strategic papers only regulate programmable cooperation and thus, a significant number of projects which are analysed later during the implementation phase are not based on these papers. Anyway, if the CSP –or RSP- determine part of the future projects' relevance, they have little to do with their efficiency which, on the hand, is clearly influenced by the design of each project.

### Insufficient quality of designs

Despite the fact that 91% of all projects reviewed show a good level of relevance as regards the definition of the issues they intend to tackle and the identification of beneficiaries, serious qualitative deficiencies in the designs are reported in 43% of the projects monitored. These deficiencies mainly result in a slow implementation process, a lack of focus and frequent institutional conflicts, which appear in the implementation.

Out of the 202 projects monitored, only 62% have a positive score in the "Relevance and quality of design" parameter. This result is unacceptable in view of the thorough processes of identification and formulation to which projects are "supposedly" submitted and the subsequent quality controls. As expected, this negative

assessment results almost exclusively from the « quality of design » parameter, in which the factor related to the « poor LF quality » prevails. Other design deficiencies relate more specifically to an inappropriate "organisational framework" or to insufficient "participation of beneficiaries" in the design process.

Despite the insistence of the EC services over the last 15 years on the proper use of the logical framework as a planning and management tool for external cooperation projects, the poor quality still registered in many projects seems to be one of the main reasons why the impact of cooperation is smaller than expected. The relationship between quality of LF and effectiveness is obvious since most of the projects for which a qualitative deficiency was identified in the LF also had poor results ("c" or "d") in the effectiveness parameter.

In this regard it should be reiterated once again that the requirement of a high quality logical framework is not a bureaucratic requirement of the funding's identification or contracting phase. It has been confirmed that defining a good logical link between objectives, results and activities is essential in every undertaking involving several actors at different stages to ensure that the performance of all, at any time, follows the same approach which can be changed later by common agreement.

Moreover, even with a proper formulation of the logic's various aspects, the changes (OVIs) to be produced thanks to the project are usually not defined -from a quantitative, qualitative and temporal point of view-, which makes it impossible to measure whether these changes are occurring or not. It is frustrating for monitors to keep repeating in their reports the same criticism as regards the poor definition of indicators, which reflects a deficit in the project implementing bodies' commitment to correct these shortcomings. Unfortunately, the EC did not sufficiently insist on the requirements of defining and measuring accurate and realistic indicators in the designs.

### Size of interventions

60% of the monitored fundings are granted through large interventions of more than € 10 million, while the small ones of less than € 3 million only represent 10% of the total funds. However, when it comes to the number of projects, small interventions –i.e. <3M €- represent

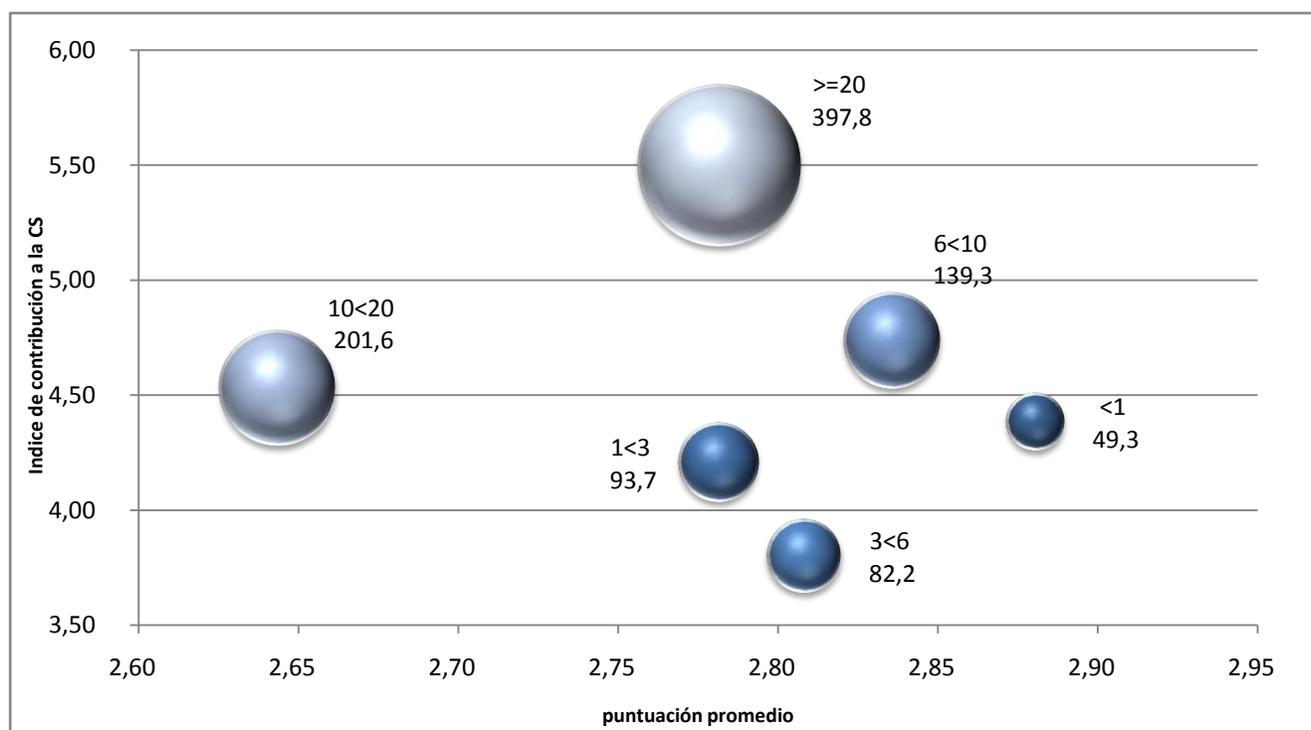
65% and large ones only 15%. This data provides a good picture of European cooperation in Latin America, which is characterised by a small number of very large interventions -2 to 3 per country- and a large number of small ones.

The distinction according to the size also reflects a classification by budget line -programmable lines versus non-programmable ones- and by type of implementing body -government versus civil society. Both forms of cooperation are very typical of community cooperation. The programmable lines (CFT, EC, REH, FOOD) were –before the reform of 2006- the tools allowing to provide both European expertise and a number of financial resources of importance for the implementation -at least at a pilot level- of the good

It is unclear whether there is any kind of link between the quality of the projects’ action and their financial volume. The overall analysis by project size leads to the following highlights drawn from the sample:

- There is a limited -but significant in terms of financial volume- number of **"very large"** (> 20M%) projects which are rather successful and provide an important contribution towards *"social cohesion"*. These include some very successful projects such as the Peace Laboratories in Colombia, the PASAII in Bolivia and others less successful such as Aprolab (Peru) or PREVDA for disaster prevention at a CA level, just to name a few. For those which still take a long time in showing effectiveness, it is due to the difficulty of implementing very large budgets without

MONITORING RESULTS BY CATEGORY OF FINANCIAL VOLUME OF THE PROJECTS (M€), TOTAL FINANCIAL VOLUME (M€), AVERAGE SCORING OF THE MONITORING AND INDICATOR OF CONTRIBUTION TO SC



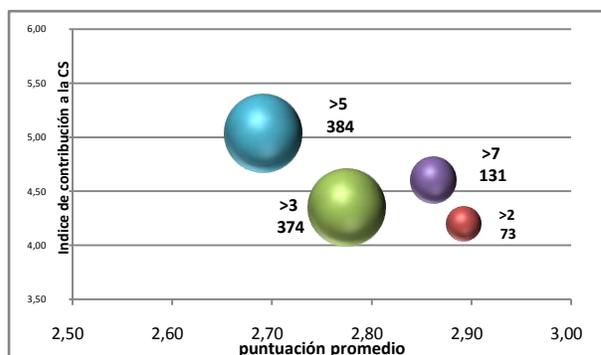
practices that are to be promoted, acting directly in cooperation with the beneficiary country’s sectoral institutions. On the contrary, the non-programmable lines ensure the participation of civil society in identifying and implementing solutions to social issues at a local level complementing, in most cases, the efforts undertaken by the public sector.

having achieved a proper operational plan, which has however proved to be a determining factor for success in the cases of Peace Laboratories and PASAII. Since they are working towards the implementation of important sectoral or territorial policies, these projects are considered as very positive in view of their potential contribution in terms of *"social cohesion"* in its three dimensions -

institutional strengthening, reduction of territorial “gaps” and improvement of the sense of belonging in society.

- Another significant part of the analysed funds belongs to a category of “**large**” (>10<20 M€) projects, a bit less successful and less significant in terms of SC than the previous group. Also in this group, there are projects such as AMARES -health sector in Peru- or PROLOCAL -local development in Ecuador-, which were both very successfully completed, and projects such as the Strengthening of Primary Health Care in Argentina or PIAPYME in Mexico which are not achieving the expected effectiveness. Both of the latter cases seem to have been influenced by the country factor as countries have little interest in having international cooperation which they see as kind of “invasive” although this is not so determining in terms of relative volume.
- “**Medium/large**” projects from the (<6> 10M€) programmable lines, usually show a good level of success which is mainly due to their relevant thematic focus and proper institutional location as observed in the case of the “Integral Health Project in the Province of Esmeraldas (PSIE)” in Ecuador or the “Improvement of the Colombian Territory Mapping Systems”-both closed- or PREDCAN for the prevention of disaster in the CAN countries.
- The “**medium**” category, between 3 and 6 million €, include projects ranging from small bilateral projects -with behaviours similar to the previous category- to the largest projects of the thematic lines. The latter, which are normally allocated to agencies with a good reputation, show good levels of success.
- Out of the “**small**” projects, 50% show a good performance and only 10% are classified as having problems. The “quality of design” factor is crucial in these projects and mostly linked to the quality of the NGOs involved.
- Finally, among the “**very small**” (<1M€) projects -representing the major part of the sample (37%)- 55% have been positively assessed by the monitoring and only 15% have received negative scores, the rest being acceptable. The factors which are favouring the success seem to be related to the priority population groups -indigenous groups in many cases- or to the capacity of going beyond welfarism, performing advocacy work on specific topics. With these factors, their capacity to generate feelings of “*belonging*” contributing to “*social cohesion*” is considered as moderately good.

SCORING AND INDICATOR OF SC BY PROJECT DURATION (5 YEARS) AND FINANCIAL VOLUME (M€)



Furthermore, the analysis highlights the fact that the contribution by beneficiary ranges from less than 50 € for small projects to an average of 150-200 € for medium and large projects. This confirms the very nature of most of the projects visited which are not intended to provide direct tangible benefits - i.e. works, loans, subsidies - but rather to generate an increase in individual and collective skills. This can be obtained at a relatively low cost and it can help create the conditions to ensure that private and public resources from other sources are effective in generating the expected economic and social growth. A more comprehensive analysis of this factor would be needed to determine whether the difference of cost per person could be attributed to a variance in the benefits generated only, or also to a variance in the cost of channelling those benefits.

### Projects’ modalities and implementation periods

The lack of efficiency is expressed by slow implementation of the financial resources committed, slow progress in activities and poor quality of the latter, which all leads to an insufficient achievement of products. Nearly 40% of all the projects reviewed suffer from efficiency problems, which are mainly expressed by delays in the implementation of activities with respect to the foreseen schedule. The causes of these delays can be numerous and, according to the analysis that has been carried out, they may be related to inadequate management -one third of the cases where

inefficiency was observed- or to formal agreements - contracts, agreements, procedures- which are extremely complex and sometimes even erroneous -10% of cases observed.

After the signing of the financing agreement, it has taken more than a year before one fourth of the projects monitored started being implemented. Under such circumstances, the agreements risk becoming outdated before they even start. However, the measures adopted in the most recent agreements to speed up the launch and conceptualisation of the resources granted partly improved the situation but introduced new inflexibilities (N +3) which sometimes clashed with the projects' objectives.

In many cases, the Projects' implementation period is unrealistic as regards the scope of the objective that is pursued. More than 75% of the projects monitored have an implementation period of less than 3 years, which is often a big contrast with the processes which need much longer maturing periods. The time factor is, for sure, one of the serious obstacles to the projects' effectiveness.

However, over 50% of the funding is granted through projects with a 5 year -or more- duration, which seems to be reassuring in view of the issue mentioned above. Even so, many projects are closed due to schedule restrictions, because of the lengthy time required to launch them. The implementation period is often reduced to some 2 years for projects that had been planned for 5 years. And on top of this, these kinds of projects support sectoral policies and are most significant in terms of "social cohesion".

Concerns regarding the relationship between the projects' duration and effectiveness are confirmed when comparing 5 year-projects with > 7 year-projects. The latter are usually those which received extensions and their performance level is clearly superior.

## Flow of financial resources

The monitoring activity is usually carried out during the key phases of the projects' implementation -in 75% of cases observed-, with only 10% and 15% respectively of the sample's projects monitored at an early stage -i.e.

>0<30%- of their implementation period or after their closing.

The initiatives' maturation period can have an impact on the monitoring assessment. Concretely, it is observed that both the projects monitored at an early stage and the ex-post ones have had better scores than those that were ongoing, which could be due to several factors. One is that in the initial stage, there is still a vote of confidence regarding the potential implementation of projects while in the central stage -i.e. between 30% and 60% of the implementation period- inefficiency issues clearly arise before being corrected in the later stages, until the achievement of a relatively satisfactory assessment at the end of the implementation process. Another possible explanation is that more recent projects are better designed and therefore better prepared to be successful.

The recent change in the financial management of projects is obvious considering the speed at which funds are paid out in the most recent projects in comparison with the ones before. In order to address the issue of chronic deficiencies in resources which projects were faced with previously due to complex mechanisms for expenditure planning and approval, the Commission is currently adopting a pre-financing mechanism that proves to be quite functional. However, the quick provision of resources to implementing agencies helps but does not guarantee efficiency in their activity because of the complex procedure for the ex-ante approval of most of the spending.

The pace of commitment and disbursement of funds does not substantially vary according to the projects' purpose, except for the higher level of contracting in projects having a territorial approach compared to those acting at a macro level, which is probably due to the greater specificity of the goods and services involved. The physical/financial progress aspect (Table 13) -which determines the relationship between the progress rate according to schedule and the disbursement rate of funds- is averaging out at about 90% indicating a very timely disbursement of the resources.

Another factor of note is the degree of end use of the resources granted by the Commission which does not exceed 89% as shown in ex-post monitorings. Another element which is not mentioned in the available statistics -but worth noting- is the volume of funds withdrawn for

failing to comply with the N +3. Both penalise the efficiency of cooperation and deserve some further control.

However, as already said, the disbursement rate does not reflect the actual implementation of funds. Cash spending data is only available for 65% of the total resources monitored. This information indicates that the rate of actual expenditure does not exceed 37% at the time of the monitoring, which reflects a backlog of the actual spending considering the average temporary progress of 63%. In this case, projects with «macro» coverage turn out to be more efficient in the spending rate than those with a «local» coverage, although this data may have been distorted by the sample's partiality.

### Contributions from the counterparts

The EC funding monitored in 2008 (964 M€) achieved to manage another 40% of funds (378 M€) coming from the counterparts. 87% out of these come from governmental bodies and the rest from non-governmental ones -including European NGOs-. The ability to ensure the respect of commitments by partners has increased significantly over the last few years through measures focused on greater control. As for contributions from NGOs, own funds are often provided more quickly than the Commission's ones, serving as pre-funding. In some cases, also in bilateral cooperation, the management of external cooperation resources has proven difficult, to such an extent that a major part of the projects end up being implemented with funds from the national contribution - which is often the case in Brazil. Both facts reveal the partners' strong interest in the cooperation received (principles, ideas, prestige), beyond the mere provision of financial resources.

### What happens once the projects are closed?

Once the projects are closed and external aid is over, it is expected that the effects of the monitoring keep contributing towards the target impact and that they are

sustainable over time. According to the monitoring results, the impact and sustainability parameters are usually more favourable than the overall assessment. This means that according to the monitors' analysis, if projects overcome the efficiency issues that are often identified during the implementation, they have a good chance of generating a positive impact in the future - 78% of the cases observed- and their effects are likely to be sustainable (77%).

The projects' smooth integration into the political background of the beneficiary countries (regions) is considered by monitors as the main factor in favour of good impact (32%) and in another 27% of cases it has been found that the projects are being used as models to propose public policies at a local or national level. The willingness and capacity of the institutions which took part in the projects' implementation is considered as the third positive factor (19%) contributing to increase the impact. On the contrary, the projects which do not show proper integration into the respective sectoral institutions or policies (22%) generate concern as their potential impact is jeopardised.

Also, the factors contributing to the future sustainability of the cooperation effects are the appropriation of results by the beneficiaries (24%), support from the political authorities in the respective sectors (25%) and the managing capacity of the organisations involved (22%). The lack or absence of these favourable factors, together with the difficulty of maintaining the continuity of the projects' results from a financial point of view are listed in 23% of cases as barriers to sustainability.

The positive assessment of the overall monitoring as regards the projects' potential impact and sustainability is reinforced by the ex-post monitoring of projects that are already completed. Indeed, contrary to what is commonly thought, the majority of projects assessed one year after their close are reported to have a positive impact (3.02) and a level of sustainability which is acceptable (2.74).

### Recommendations

*European cooperation in Latin America has always a growing need to pay attention to global trends and to help improve national*

*policies, and keep addressing the acute social issues where they arise.*

- Seek greater contribution to "social cohesion" at a macro level through a mix of more targeted and synergistic initiatives, and measure their impact.
- Better consider the "strategic mix" to cooperate with every country and region, increasing the value of the various modalities:
  - sector budget support, when there are clearly defined policies and the financial resources are the limiting factor
  - sectoral project, when the financial resources are not a limiting factor, but there is room for potential quality improvements through good practices
  - Non-programmable lines, when the basic actors' (local institutions and NGOs) experience and capacity of proposal are to be stimulated
- Keep developing the strategies by country according to the issues they are facing and the responsiveness of the respective governmental authorities.
- Improve the "sectoral approach" already included in the CSP, taking into account a limited number of socially relevant policies (such as those prioritising EUROsocial: Education, Health, Taxation, Justice, Employment).
- Support the provision of the social assistance to the poorest programmes undertaken by several countries, ensuring that European cooperation is not a mere substitute for State action, but rather a complement to it.
- Seek updated solutions to the issue of "poverty and marginalisation" since it is in constant evolution (market, subsidies, migrations).
- Keep supporting the initiatives in which the European cooperation has developed particularly successful approaches, as in the projects called "attention to the uprooted" and "peace and development" in Colombia, "Alternative

Development" in Bolivia and "border integration" in Central America, decentralization and municipal development.

- Keep "social cohesion" as a priority both for regional and cooperation by country, making sure that the two are complementary. Continue and possibly extend the specific regional programmes which directly aim at harmonising the respective policies of "social cohesion" at sub-regional level.
- Improve the instruments for cooperation in the economic field in order to make them more effective.

*Increase the focus of cooperation actions by gender and age groups according to the new trends observed in each territory and without repeating old patterns of cooperation*

- Adapt cooperation to the new social trends (migration, new technologies, e-commerce, etc), looking for solutions to the new forms of exclusion.
- Ensure that social policies reach all the needy groups, helping encourage modern mechanisms for citizen participation.
- Provide the young people with a key role in any kind of initiative; propose modern solutions to the gender approach and include appropriate responses to the elderly, considering their growing weight in the social landscape also in America.

*Specify -in the country cooperation programmes- the thematic and territorial specificities highlighting the priority axis and the priority population groups or regions, while also taking into account national priorities and the limits imposed by the resources available*

- Support the implementation of public policies on "social cohesion" locally, associated with the support to decentralization processes.
- Improve the mechanisms of contribution towards the local implementation of the political reforms aimed at increasing the assistance provided to traditionally disadvantaged sectors.

- Review the focus areas between rural and urban taking into account the new dynamics in each country.
- Keep prioritising the geographical distribution of projects according to the poverty and environmental fragility maps, seeking harmonised answers to both issues.
- Collaborate on modern intervention strategies in marginal peripheries of the great cities, making the most of the large experience accumulated to date
- Keep providing attention to the Amazon region, combining the social aspects with the preservation of natural resources.

*Insist on supporting the public sector and the civil society to fill legislative gaps or enhance the provision of resources for the implementation of existing policies, in favour of the excluded groups.*

- Since it is not directly profitable, investment in social capital does not attract reimbursable funds and should be a priority for this kind of non-reimbursable aid, paying particular attention to the demands and expectations of the neediest populations.
- Insist on the organisational strengthening of civil society and public institutions, particularly those issuing and implementing reforms aimed at greater "social cohesion".
- Keep supporting coordinated action between the civil society and the public sector. Ensure that cooperation via NGOs and cooperation through the bilateral path meet the same objectives of equitable and inclusive social development.
- Keep the several networks for the channelling of cooperation towards the target populations through distinct channels, depending on whether it is a form of direct or indirect assistance or according to the kind of benefit provided.
- As far as possible, ensure that the two types of partners aim at similar and synergistic objectives, meeting the same priorities set out in the strategic papers (even by means of different approaches).
- Promote the role of NGOs in facilitating the flow and quality of public subsidies to the most isolated populations, supporting NGOs which propose

projects that are close to the issues the people are faced with in places where they are the most serious, taking advantage of the strong geographical roots they have.

- Keep giving the priority to "communities" and "organisations" as recipients of the benefits so that they can ret-distribute them to their members, promoting organisational development as an effective vector to foster "social cohesion" through the feeling of "belonging".
- Make sure that the "institutions", which absorb most of the projects' resources, timely redistribute the benefits to the target population
- Promote the role of civil society in the development of policy laboratories in which claims and proposals are generated and then brought to the highest levels of discussion and decision making, encouraging the participation of the very beneficiary bodies in the implementation of projects and thus promoting their appropriation.
- Keep studying, through European cooperation, the inequity suffered by indigenous groups and other ethnic minorities in both rural and urban areas. Keep prioritising the issue of multiculturalism.
- Ensure that the design of projects in favour of indigenous people include a timely contribution from the social and institutional actors involved, using development models in line with the current dynamics.
- Widening the involvement of international agencies in the design and implementation of projects, making the most of the synergies between reimbursable funds and non-reimbursable ones, in areas where there is strategic overlap and where adequate protagonism of the community initiative is respected.
- Promote the participation of Latin American and European universities in the design and implementation of projects.
- Make sure that European NGOs transfer to the local NGOs the knowledge required for the management of cooperation projects with European funds.

*Ensure the effectiveness of different kinds of action, both those in favour of official policies and institutions and those promoting the participation of the civil*

## *society and its capacity to influence public policies*

- Improve the model of cooperation launched with the 2007-2013 cooperation period, specifying the modalities and contents of the help provided for to accompany the formulation and implementation of public policies that contribute to social cohesion.
- Emphasize the role of helping to raise the “quality” of the effort made by sectoral institutions in implementing the policies, while supporting the social actors’ request for effective policies that reach the most marginalised groups in society.
- Seek by all means the good quality of the attention provided by asking timely synergies to all those involved (bilateral, NGOs, centralised).
- Multiply the exchange of best practices using specialised actors (which has been widely developed by EUROsociAL and more recent bilateral projects) between European and Latin American public institutions. Encourage exchanges between Latin American countries (south-south).
- Reconsider the way of cooperating with big countries, specifying the cooperation frameworks aimed at exchanging best practices which, without aspiring to bring significant resources for the implementation of policies, would help contribute to the qualitative improvement of the reforms.
- Ensure that thematic programmes in (central) Latin America and where there is potential for exchange and transfer of know-how from Europe, are creating synergies with the other lines of cooperation with a view to making a significant contribution to "social cohesion".
- Select the various forms of cooperation in response to different situations using the tools in an optimal way:
  - take advantage of the call mechanism among the local actors which is providing very good results
  - insist on improving all aspects of performance
  - keep promoting the principles of transparency and equal opportunities through flexible mechanisms of control

- Ensure complementarity and relevance of the Sector Budget Support Programmes, taking into account the countries’ receptivity conditions.
- Look after the efficiency in the implementation of regional cooperation paying particular attention to the difficulties resulting from the multiplicity of actors and different political/institutional frameworks involved.
- Analyse and find solutions to political/bureaucratic obstacles which hinder the implementation of institutional projects and determine the least positive assessment when they are monitored.

*Seek measures to address the serious qualitative shortcoming in the designs (which affects 43% of the projects) in order to reduce the lagging implementation, the lack of focus and the institutional conflicts that arise frequently in the implementation.*

- Check the efficiency of the identification and formulation processes to which the projects are submitted and the subsequent quality controls.
- Review the proper use of the logical framework as a planning and management tool for external cooperation projects.
- EC services to insist on the requirements of defining and measuring accurate and realistic indicators in the projects.
- Define the financial size of the projects further to an objective analysis of issues, objectives and resulting necessary means and not according to pre-established categories.
- Adapt the planned funding to the expected impact, the number of beneficiaries and the cost of the actions needed.
- Adjust the rate of implementation of the financial resources committed with a view to correct the slow progress of activities as well as their poor quality.
- Review the inadequate management models and the extremely complex formal agreements which cause the low efficiency

- Check whether the measures taken in more recent conventions in order to speed up the launch and the contracting of the resources provided have succeeded in correcting the slow pace of implementation pace of implementation and whether they have introduced new rigidities that may affect the achievement of the projects' objectives.
- Check if the projects' implementation period is realistic given the scope of the objectives pursued.
- Assess the risks and benefits of the extensions of the projects' implementation deadline, establishing clear and uniform rules in this regard.
- Check the arrangements for the procurement of goods and contracts and their compatibility with the objectives and results pursued by the projects.
- Check the type of programming, approval and disbursement of funds in the new form of Budget Programme that redefines the precise programming of the year in line with the need for flexible implementation.
- Verify the efficiency of the funding implementation given the complex procedures of ex-ante approval for most of the spending, based on the actual pace of implementation of funds.
- Check the level of end use of the resources committed in order to limit the excess of unused funds, which could distort the essence of the projects.
- Check the volume of funds withdrawn for failing to comply with the N+3 and the causes of this phenomenon.
- Review the cases where EC resources mobilisation is complicated to such an extent that projects end up being implemented with the funds of national contribution (often the case in Brazil) and identify corrective actions.
- Check the influence of the projects' programming and design on future efficiency.
- Keep deepening the analysis of the factors having an impact on the efficiency.
- Increase awareness about the concern that an inefficiency rate that affects almost 40% of ongoing projects represents a very significant loss in the potential effects pursued by cooperation. Insist on finding solutions to address these factors
- Intensify and systematise the ex-post monitoring of projects already completed as a source of important lessons learned in view of improving ongoing and future cooperation.

## Proposals for further deepening of the study

This study was carried out on the basis of a very significant sample in terms of number of projects but with qualitatively deficient data. It is proposed to repeat the same exercise in 2009 with a timely previous collection of data of appropriate quality. Proposals in this regard are as follows:

- Collect statistically significant and reliable information during the 2009 monitoring year on several aspects (objectives, policies in which projects are framed, actors involved and type/number of beneficiaries)
- For that purpose, a number of elements need to be added on an extra sheet of the BCS where the monitor can quickly choose between multiple pre-coded options.
- Establish a mechanism for automatic capture and preparation of the encoded data for the purposes of the study.
- Repeat the same exercise of interpretation and presentation of analysis results at the end of 2009.
- Check the aspects of the future efficiency that can be already be corrected at CSP (RSP) level

*Set out indicators and mechanisms to measure macro-objectives, making a distinction between socio-human objectives and socio-economic ones.*



# MAIN REPORT

## Methodological presentation

The purpose of this report is to use, whenever possible, the wealth of data resulting from the ROM in order to draw information on the contribution of European cooperation to the objective of achieving "Social Cohesion" in Latin America<sup>5</sup>. The information has been based on the 202 reports produced during 2008 on the monitoring visits of 202 ongoing (or completed) projects in 15 countries of the subcontinent. Some mere data analysis, comments and opinions drawn from the Monitoring Reports<sup>6</sup> are used to check the concrete status of "Social Cohesion" in the EC cooperation policy in Latin America and in the implementation of each of the cooperation strategies by country and sub-region, or by the whole region.

This study aims at drawing useful information from the ROM results that could lead to a more general assessment; it is not intended to be a comprehensive thematic evaluation since the limited sample taken into consideration does not include the whole background of the relevant programmes and projects, but rather aims at contributing to the reflection on the subject through a quick, up-to-date and low cost tool.

Since the 3rd EU-LA/C Summit held in Guadalajara in May 2004, Social cohesion has become a major field of cooperation for the EU-LA/C partnership. Since that time, the social cohesion issue has become a priority not only in the specific thematic programmes promoted by

---

<sup>5</sup> The use of ROM for aggregate analysis (geographic or thematic) is performed at the request of the Commission within the framework of the EC Development Assistance Programme External Monitoring System in Latin America. Based on the experience gained in the period 2002-2007, the Commission decided to systematise, as of 2008, the production of geographical and thematic synthesis of ROM yearly. In 2008, the European Commission asked for an analysis of the contribution to social cohesion based on the information generated by the External Monitoring System in Latin America.

<sup>6</sup> For this purpose, the monitoring reports and project synopses covering the 202 projects monitored in 2008 have been used.

the said summit (adoption and subsequent implementation of the EUROsocial programme) but also in most of the strategic approaches of European Cooperation in LA countries (CSPs 2007-2013). Many programmes and projects have been designed since then with particular emphasis on the fight against poverty, inequality and social exclusion and are currently under implementation. The ROM activity in 2008 covered many of them, both those carried out on a bilateral basis with the relevant countries' governments and those carried out with the help of civil society actors (NGOs and others).



As regards the assessment data resulting from the ROM, it is worth noting that this analysis is rather indicative and is not intended to be of any scientific value as there is no sufficient statistical rigor in analysing the different parameters. If the methodology used for this analysis turns out to be useful, it could be systematised and greater scientific rigor could be implemented in the coming years. However, this analysis already confirms that the simultaneous monitoring of a large number of cooperation initiatives, with a homogeneous approach, provides an enormous potential that is usually only very partially exploited.

The first step of the study has been to define the conceptual reference, allowing to delimit the concept of "social cohesion" applied to the EC cooperation in Latin America, in order to identify to what extent the projects monitored in this analysis are relevant and therefore significant to it. In order to define the reference conceptual framework, it has been focused in the various documents which set the EU policy in the field

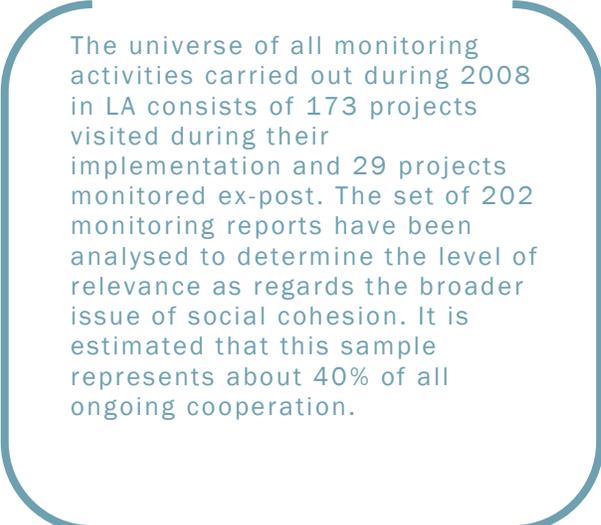
of social cohesion and the respective strategy of cooperation with Latin America. For simplicity purposes, the study is mainly based on the principles set out in the Lima Declaration (May 2008), which is the latest (EU/LA) joint statement on the issue.

This analysis has been the basis for the identification of the basic principles upon which the EC cooperation in LA is founded as regards the Social Cohesion issue, focusing on "Eradication of poverty, inequality and exclusion." The analysis allowed to compare all projects monitored in 2008 with the objectives of the Lima Agenda in order to check to what extent they meet these aims.

It is obvious that the level and mode of contribution to Social Cohesion differ in each group of projects, which by the way requires different approaches. For projects aimed at contributing to the promotion of national sectoral policies, the following features have been checked: (i) the average relevance of the chosen cooperation tools, (ii) the efficiency and quality of the assistance provided and (iii) the effectiveness in terms of better policy instruments actually promoted as well as their potential impact with a view to achieving a more equitable and cohesive society. On the other hand, for projects which contribute to finding solutions to the causes and effects of poverty, inequality and exclusion at a local level, it has been checked to what extent they meet the principles of the Lima Agenda, if they are efficient in pursuing the proposed solutions and what average or accumulated impact they are helping to produce, by geographic area and priority population group.

The cross interpretation of several data derived from the MR, PS and BCS can be helpful to extrapolate trends and behaviours that could be useful to plan and design future interventions, comparing the monitoring results as regards performance in the various parameters with the way of organising and managing projects, the type the beneficiary population and its size, the institutional context, the political framework, the articulation of the results outlined in the LF, the type of activities and the inputs. Another observation is the overall progress - both in physical and financial terms - of the whole

cooperation examined to assess potential macro corrective actions.



The universe of all monitoring activities carried out during 2008 in LA consists of 173 projects visited during their implementation and 29 projects monitored ex-post. The set of 202 monitoring reports have been analysed to determine the level of relevance as regards the broader issue of social cohesion. It is estimated that this sample represents about 40% of all ongoing cooperation.



## Introduction

### What's the role of European cooperation in LA?

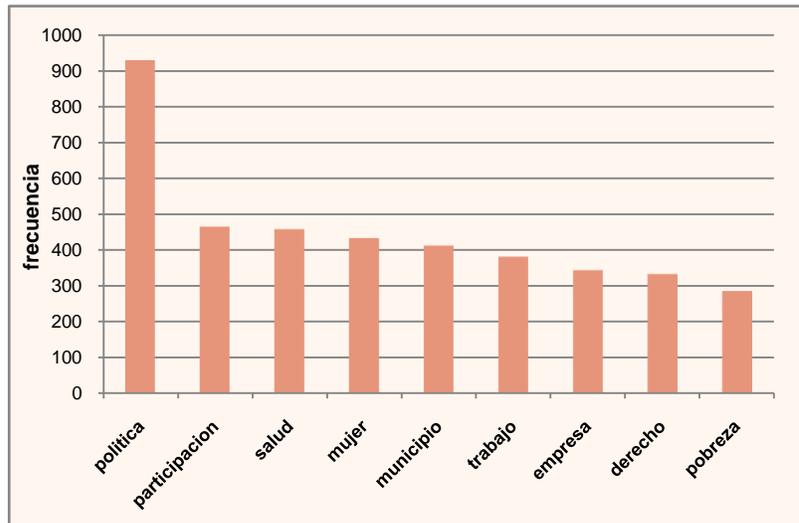
In the 202 monitoring reports produced in 2008 and describing the "status" of European cooperation in Latin America, the words poverty, exclusion and equity are mentioned respectively 284, 34 and 56 times together with democracy (45 times), human rights (331) and governance (56). There is no doubt that this kind of cooperation is quite focused on the condition of the Latin American society, its problems and possible solutions. This is a long-standing sensitivity which dates back to 1978, when the EC made the first move to help reduce the impact of the violent conflicts which had already broken out or which were shaping up and have had a deep impact on the Latin American sub-continent over the following ten years. However, after the nineties - which were dedicated to healing the wounds of so many conflicts - "social cohesion" has been chosen as a symbol of the willingness

Although a lot of attention is given to the "human capital", the real target of European cooperation in LA is the "social capital"

of Latin American and European leaders to cooperate



Graphic 1 - Some of the key words mostly used in the reports of the monitoring in LA in 2008



towards consolidating mature democracies, based on shared values of social solidarity and justice.

Monitoring reports are an interesting source of information to find out whether, in substance, cooperation projects are addressing the issues which, according to the strategic documents and agreements, are intended to be solved. An empirical analysis based on the keywords that are mostly used in monitoring reports (Graphic 1) shows that the projects deal with several players and aspects of the beneficiary countries' political, social and economic development.

Highlights include:

1. Individuals and their families, usually defined as **human capital** (42%), for which cooperation is particularly concerned about their *living conditions*, to make sure they have access to *basic services (health, education)* (12%) and to the satisfaction of other *basic needs* (6%), but also about their opportunities to *generate incomes* (10%) through work or participation in *competitive micro-companies* to ensure, among other things, their *food security*.
2. However, cooperation is mainly aimed at strengthening the **social capital** of beneficiary societies (50%), which notoriously suffer from serious inequalities and exclusions. This is how the monitoring reports often comprise - with an extraordinary frequency - words referring to the concepts of *community participation and local development* (33%). The way towards building a more equitable society through a more efficient

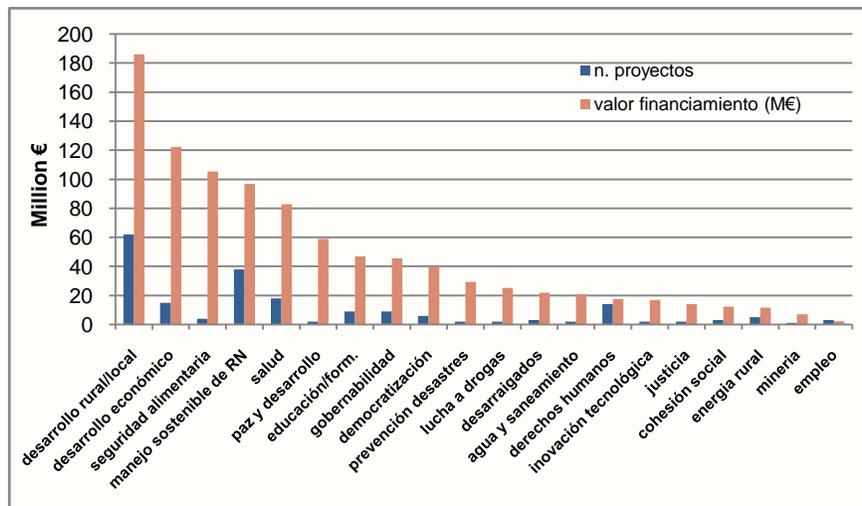
central State is - even with a significant frequency (17%)- less recurring than the one aimed at strengthening social foundations and their local representation.

- Finally, the effort of cooperation, aimed at strengthening the *economy's competitiveness* as a whole so that it contributes to *economic growth* with an impact on social cohesion by improving public finances and employment, is mentioned less frequently (8%).

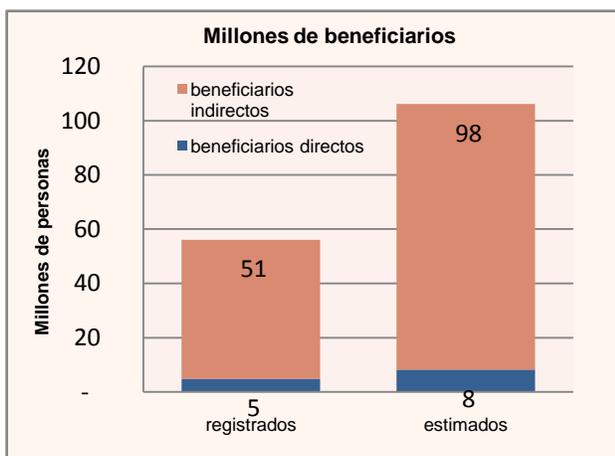
This analysis – which is superficial but indicative - shows a good correlation between the

strategic approach of cooperation (Graphic 2) - as it gets rid of the sectoral allocation of the committed funding- and the reality described in the monitoring reports. The local dimension of development stands out as compared with national policy issues, showing a marked preference for a mainly bottom-up intervention. This kind of approach involves at least 2/3 of the projects visited and the respective amount of funding. The sample of projects examined confirms the tendency

GRAPHIC 1 - PROJECTS MONITORED IN LA DURING THE YEAR 2008, BY TYPE OF POLICY SUPPORTED



GRAPHIC 3 – BENEFICIARIES OF EC PROJECTS IN LA MONITORED IN 2008 (SEE FN 4)



towards focusing on individuals and their needs in their own environment.

Most of the cooperative effort observed through this year's monitoring is thus aimed at supporting processes of social development at a local level. It is estimated that the whole target population that has somehow benefited from this cooperation<sup>7</sup> (total, direct and indirect beneficiaries) covers more than 100 million people<sup>8</sup>, i.e. nearly 25% of the subcontinent's population, even though only less than one tenth of them (8 million people) have presumably drawn some concrete benefits from it.

<sup>7</sup> The analysis provided in this report is strictly limited to the sample of 202 projects monitored in 2002, corresponding to an EC financial volume of 964 million euros. Considering that the average ODA financial commitment to America during the 2004-2006 triennium (Europeaid Annual Reports) amounted to around 600 M€ per year and that the projects have an average duration of 4 years, the sample's representativeness can be estimated at 40% (in financial terms).

<sup>8</sup> Not all the monitoring reports provide precise information on the beneficiaries of the project. Of the 202 projects, accurate data is provided for respectively 60% and 30% of the projects, depending on if it cover direct or indirect beneficiary population. This information has been generalised to 100% of the projects and thus is of an indicative nature.

## Where are the projects carried out?

Out of the three subregions having a privileged status in the AL/EU biregional relationship, Central America and the Andean Community cover the greatest financial volume and number of projects, distributed almost evenly, with Mercosur countries having a lower priority because of the higher level of their economy. However, Social Cohesion is a priority all over the region, although with very marked local nuances. The monitoring activity in 2008 covered projects with a funding of 390, 370 and 200 million euros respectively in the Andean Community, Central America and Mercosur, all of which seeks to have a direct or indirect impact on social cohesion as they aim at supporting social and economic policies targeted at improving equity, efficiency in the use of resources and participation in democratic governance.

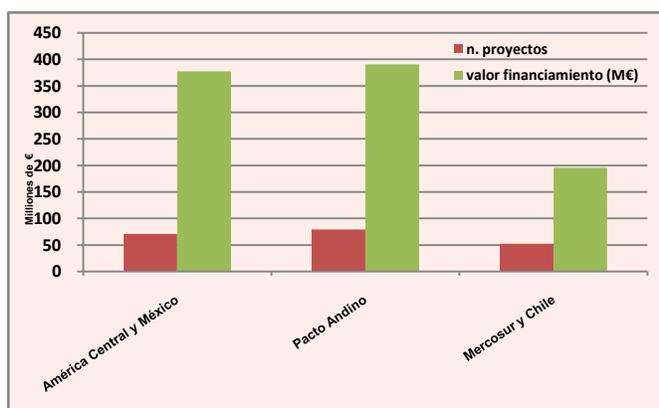
Within these sub-regions, there are several focus areas of the monitored cooperation, with an emphasis on rural areas (53%) compared to urban ones (12%), while the remaining 35% are spread

**Rural areas still receive most of the European attention in response to the marginalisation it is facing and in order to counteract the unstoppable pace of urbanisation**

over the whole territory. As a matter of fact, this distribution has a lot to do with the way of addressing the issue of Social Cohesion, both in terms of provision of services and participation. The projects that are indiscriminately aimed at the whole territory are those seeking to support policy reforms at a national level. Some geographic basins are also priorities as it is the case for the Amazon which covers more than 10% of all projects and financial volumes assessed within the 5 countries it is made up of (Brazil, Colombia, Ecuador, Peru and Bolivia) and where the environmental issues coexists with the ethnic minorities one.

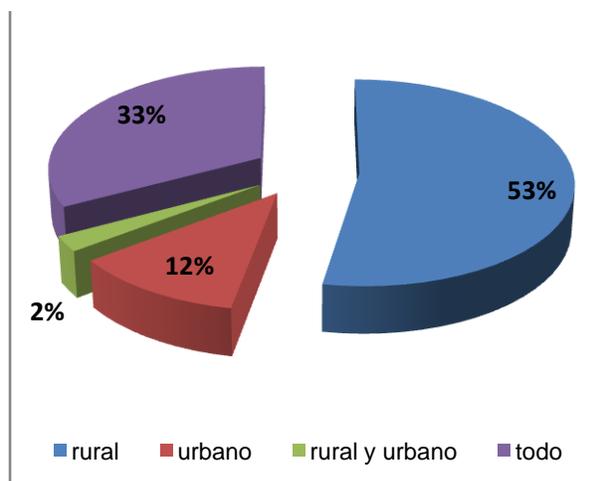
Among the most significant programmes of the sample, both in terms of number of projects and financial volume, there are those of Guatemala and Honduras in Central America and those of Peru, Colombia and Bolivia in the Andean countries. Also of note is the case of Brazil with a large number of NGO projects analysed. These six cases represent 65% of the total financial volume monitored in 2008 (Graphic 7) and constitute different and important models allowing to compare consistent and diversified cooperation programmes as

GRAPHIC 4 – DISTRIBUTION OF COOPERATION BY SUB-REGION



regards their contribution to the objective of Social Cohesion. This is even more significant given the various backgrounds in each country (conflicts in Colombia, ethnic exclusion in Guatemala, strong persistent inequalities in Brazil despite significant efforts in social policies) which are a source of issues and a possible

GRAPHIC 5 – DISTRIBUTION OF COOPERATION COMMITMENTS (M€) BY TERRITORY



range of solutions.

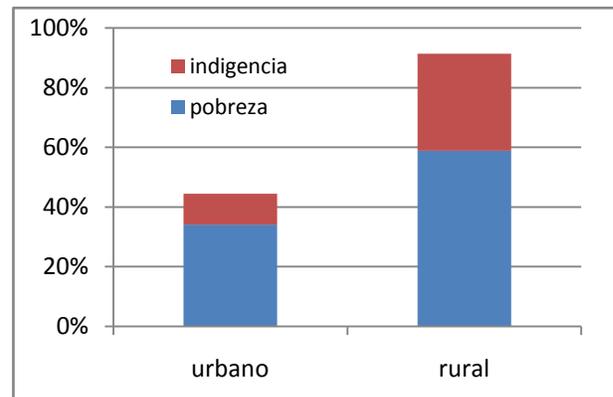
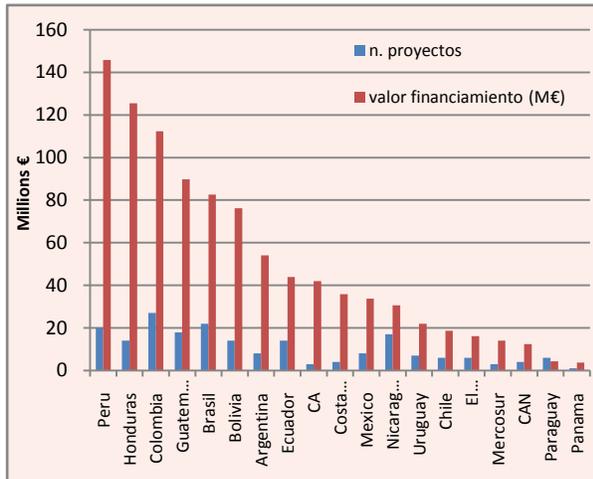
Although the social and economic issue's rural dimension monopolises much of the attention from the projects monitored in most countries (Graphic 8) - which matches up with the issue's dimension in the subcontinent (Graphic 7)-, some of them also cover the urban dimension (Peru, Guatemala, Brazil, Uruguay) while for others (Argentina, Mexico), the programmes analysed do not have any specific territorial nature.

Obviously, many of the projects analysed are aimed at tackling the issue of economic and political exclusion generated for geographical reasons which is very often linked to factors related to ethnic groups and to unequal control over natural resources.

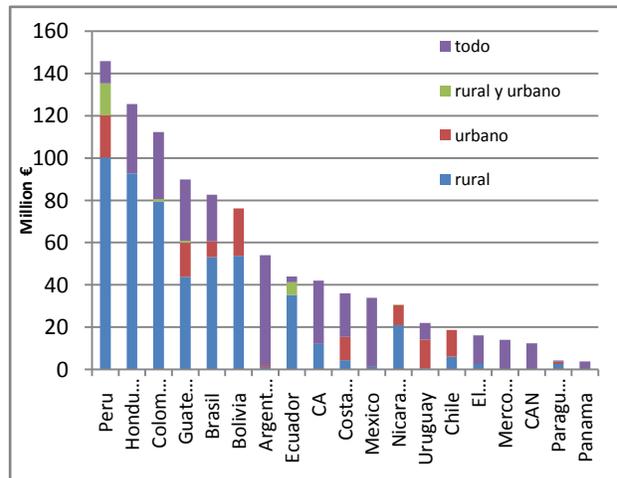


GRAPHIC 6 –POVERTY AND INDIGENCE IN LA (CEPAL 2005)

GRAPHIC 7 – PROJECTS AND FUNDS MONITORED BY COUNTRY



GRAPHIC 8 –GEOGRAPHICAL PRIORITY OF THE MONITORED FUNDS

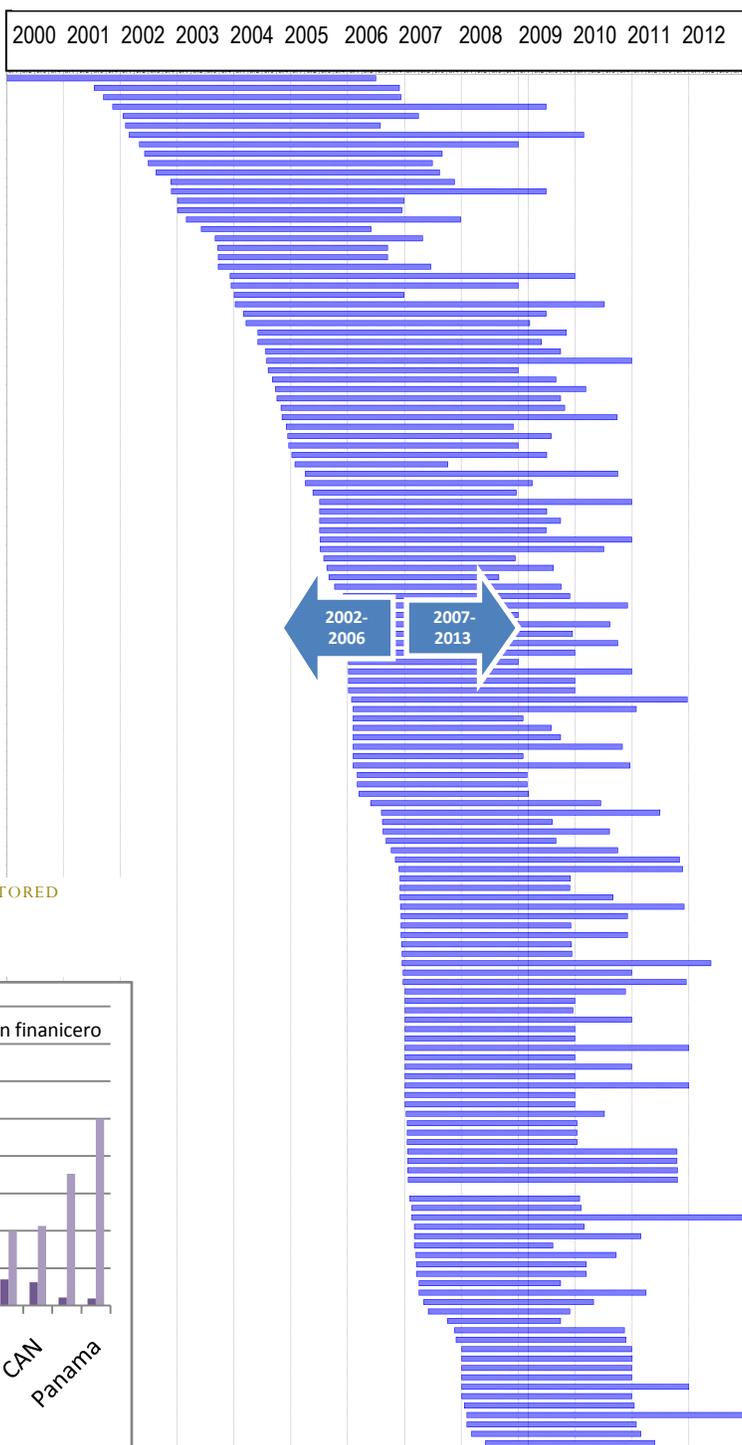


## What is the reference period of this analysis?

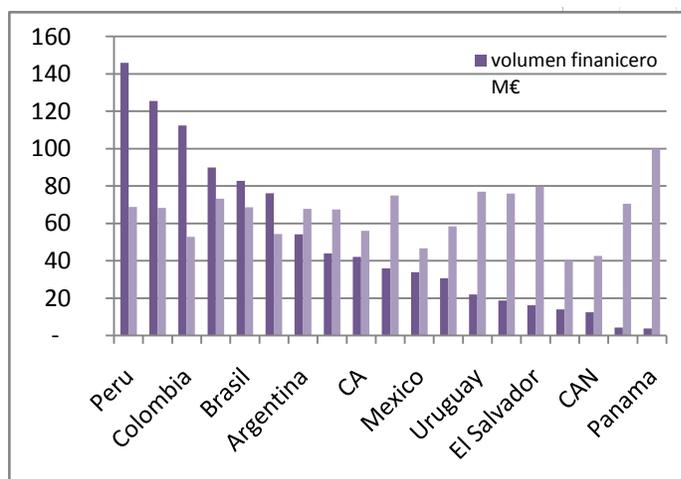
The projects monitored in 2008 are mainly<sup>9</sup> part of the 2002-2006 Cooperation programming period (Graphic 4) and, those of the non programmable lines are part of the calls made between 2004 and 2006. At the time of its programming, "Social Cohesion" did not constitute yet a "binding mandate" as it was the case in the "2007-2013" period further to the Guadalajara Summit, but its basic features (poverty eradication, fight against inequality and exclusion) were already part of the priorities of community cooperation. As for the NGOs that submitted projects in calls after this Summit, they were already internalising new comprehensive concepts of Social Cohesion .

The impact of this sample of projects - except those which have already been completed – has just started to emerge as most of them have reached 60% of their duration period (Graphic 5).

GRAPHIC 9 – OVERVIEW OF THE AGENDA OF MONITORED PROJECTS



GRAPHIC 10 – AVERAGE PHYSICAL PROGRESS OF THE MONITORED PROJECTS BY COUNTRY



<sup>9</sup> In the case of the 29 projects monitored "ex-post", it refers to even older programming periods.

## In the meantime, what happens in the region?

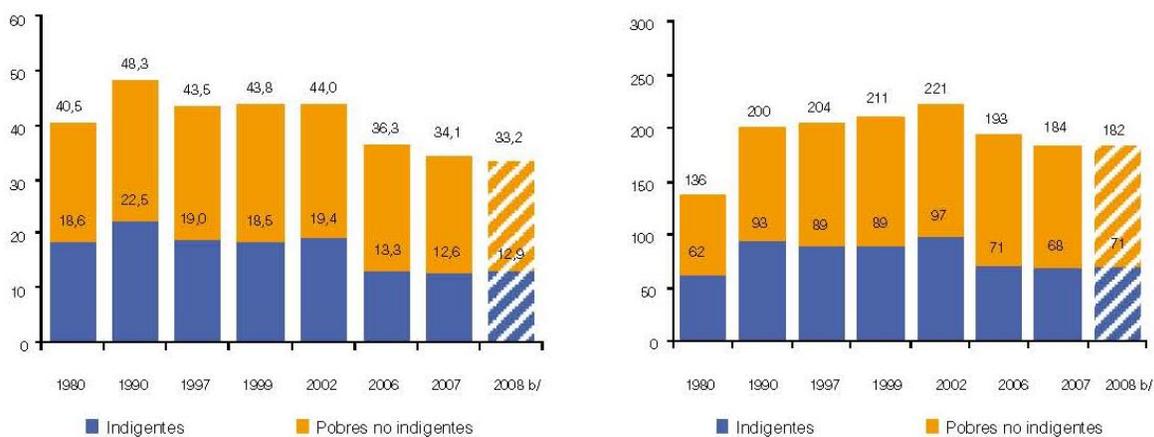
In its "Social Panorama of Latin America 2008", ECLAC indicates that until 2007, Latin America was well set to achieve the first target of the Millennium Development Goals since in 2008, the downward trend observed since 2002 has continued, with the number of poor persons falling by 37 million and the number of indigent persons down by 29 million. The most recent estimates available for the countries of Latin America<sup>10</sup> indicate that, in 2007, 34.1% of the region's population was living in poverty and 12.6% in extreme poverty or indigence. The total number of poor people stood at 184 million, of whom 68 million were indigent. Rising food prices in 2007 (and part of 2008), however, are estimated to have prevented some 4 million people from escaping from poverty and indigence, thus wiping out some of the gains made in terms of growth and income distribution.

Although over the years 2003-2007, per capita GDP growth in Latin America has been at its highest since the 1970s at over 3% per year, growth has been weaker in 2008 as a result of the recent international financial crisis.



After a favorable period (2002-2007), it is foreseen that in 2009 the economic slowdown that started in 2008 will keep slowing down the poverty reduction dynamic

**AMÉRICA LATINA: EVOLUCIÓN DE LA POBREZA Y DE LA INDIGENCIA, 1980-2008 a/**  
(En porcentajes y millones de personas)



**Fuente:** Comisión Económica para América Latina y el Caribe (CEPAL), sobre la base de tabulaciones especiales de las encuestas de hogares de los respectivos países.

a/ Estimación correspondiente a 18 países de la región más Haití. Las cifras colocadas sobre las secciones superiores de las barras representan el porcentaje y número total de personas pobres (indigentes más pobres no indigentes).

b/ Proyecciones.

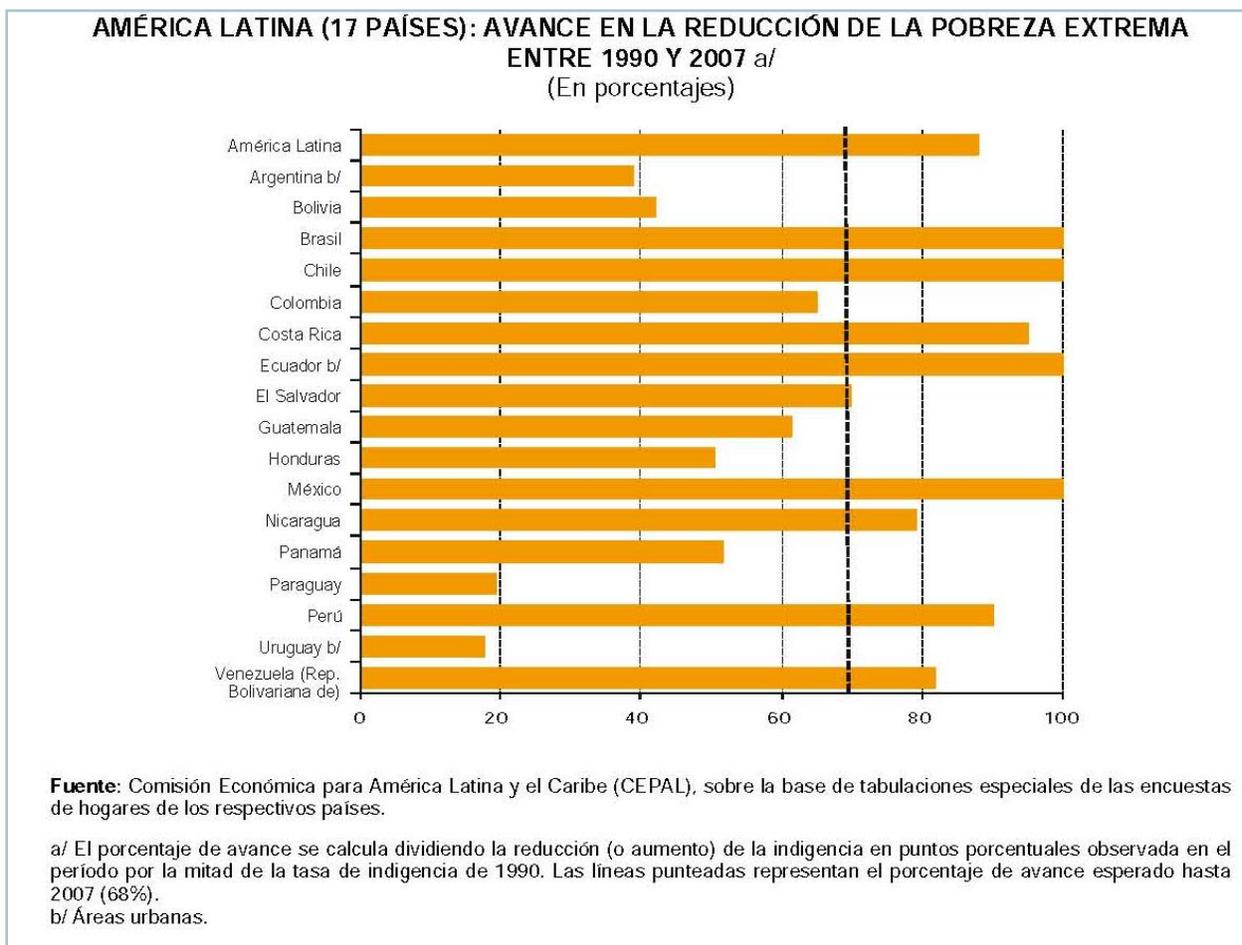
Weaker demand for the region's commodity exports, declining migrant remittances and limited access to credit are some of the factors that have an adverse effect on aggregate demand in the region's countries. International financial market constraints and particularly the tight liquidity situation will be further obstacles to the countries in their attempt to maintain the pace of growth achieved in the past five years. Therefore, the most recent estimates indicate that in 2009, this economic slowdown will have an impact on poverty trends and may thus prolong the less favourable turn that poverty levels took in 2008.

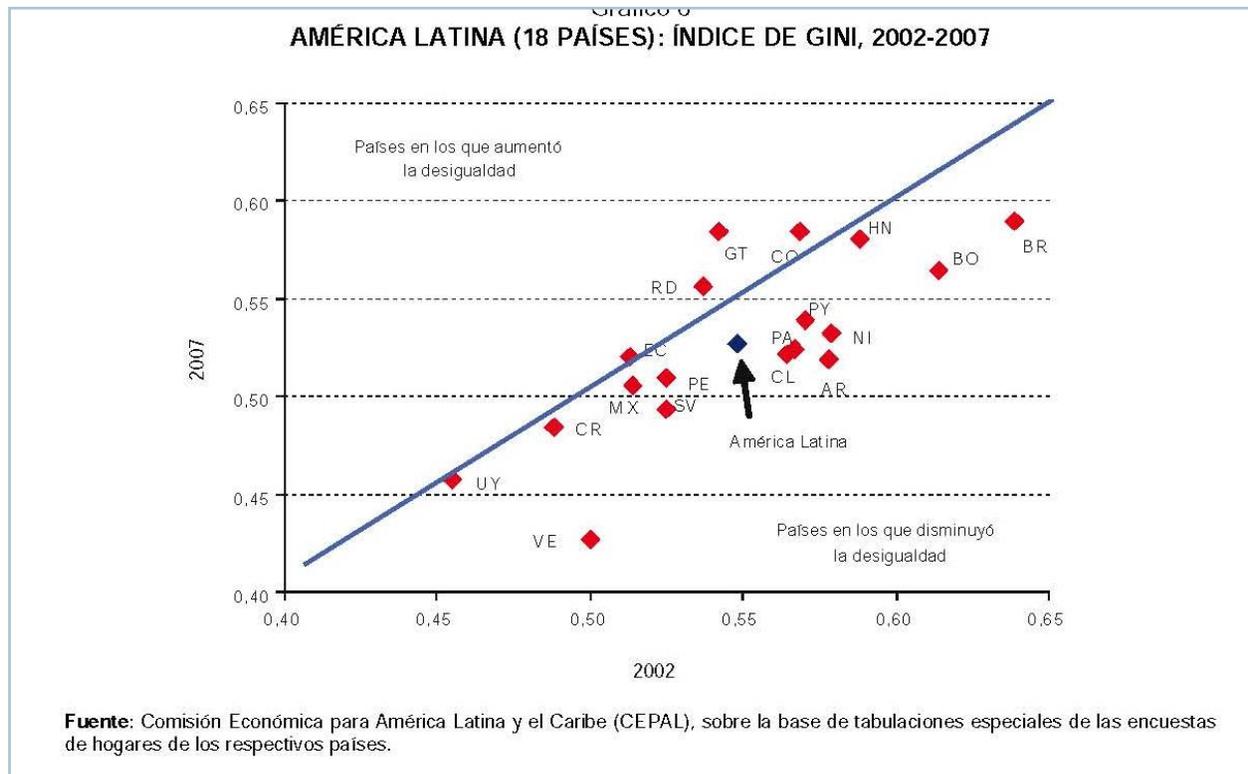
Moreover, the outlook in terms of how this deterioration in household income will be distributed is not encouraging: own-account workers and wage earners lacking job security will be the hardest hit, since their jobs are usually most sensitive to movements in the business cycle. The overall situation will differ from one group of countries to the next. Those that are most dependent on remittances or those which have a less diversified export structure and which rely on the

The region is still considered as the most unequal one in the world since the disparity in distribution remains high

commodity markets that have borne the brunt of the global crisis are likely to be among the most seriously affected.

Although most of the progress made in 2002-2007 generated an increase in the average incomes of the poorest households, the region continues to bear the stigma of being the most unequal one in the world since the disparity in its income distribution remains high. The average per capita income of households in the tenth decile is approximately 17 times greater than that of the poorest 40% of households.





The lack of job security, low wages and the lack of access to social security coverage remain and may worsen the situation (in 2006) where informal workers

**Social expenditure has been increasing in proportion to the extension of the public services coverage to more economically depressed or remote geographical areas**

in urban areas of Latin America accounted for 44.9% of all workers. Within this background, it is of note that for most Latin Americans, social inclusion is reported to be associated with having a profession and an income of one's own, owning property, and having obtained a higher education, speaking a foreign language and being computer literate.

The countries of the region are currently faced with the need to mitigate the impact of the recent international financial crisis and its worldwide recessionary effects and to minimise its repercussions in terms of jobs and poverty levels. One of the main challenges is how to use fiscal resources management as an economic reactivation and containment mechanism and as a means of halting

the expected deterioration in the social situation. Although social expenditure has been increasing in proportion to the extension of the coverage of public services to more economically depressed or remote geographical areas, most countries' social protection schemes provide limited coverage. However, various kinds of social welfare programmes have also been recognised for attending the needs of traditionally excluded population groups (kind of family voucher)

**The impact of the financial crisis raises fears of a stagnation in the growth of public spending**

with a redistributive impact of social spending among lower-income segments which benefit mainly from public education and social welfare programmes and, to a lesser extent, from access to public health care. But as a consequence of the financial crisis and economic slowdown, it is likely that, in the short term, social spending in the region may not increase (as a percentage of GDP) and the social areas that are historically more

sensitive to changes in the business cycle, such as health and, to a lesser extent, education, will probably be negatively affected.

Finally, the issue of youth and domestic violence in Latin America is highlighted in the social panorama. Such violence feeds on various forms of social and symbolic exclusion among youth, including a lack of equal opportunities, a lack of access to employment, alienation, discrepancies between symbolic consumption and material consumption, territorial segregation and the absence of public facilities for social and political participation. Moreover, there are also problems related to violence in gangs as well as to the involvement of young people in organised crime networks and armed conflicts.

This is the background in which European cooperation in Latin America is being carried out, with an ever growing need to pay attention to global trends and to help improve national policies, but without stopping addressing serious social issues where these ones occur.



The youth and domestic violence issue is highlighted in the social panorama

## Background: Social Cohesion in the EC cooperation in LA

### Inspiration drawn from the European policy of social cohesion

In 1997, the Council of Europe identified Social Cohesion as one of the foremost needs of the wider Europe and an essential complement to the promotion of human rights and dignity, which are defined as the capacity of a society to ensure the welfare of all its members, minimising disparities and avoiding polarisation. Four key objectives have been set out for 2010: (i) ensuring that all people have access to employment and benefit from the resources, rights, goods and services, (ii) preventing risks of exclusion, (iii) helping the most vulnerable ones, and (iv) mobilising all relevant stakeholders on issues related to poverty and social exclusion.

### Priority confirmed in all the recent UE-LA summits

Inspired by this policy, the priority given to social cohesion in the European Union - Latin America relationship dates back to the years 2003-2004, when the issue was included in a meeting with the Rio Group at first, and then in the Declaration of Guadalajara. The Guadalajara Summit (2004) and the Vienna Summit (2006) tackled the issue of social cohesion and the reduction of inequalities as one of its priorities.

Social cohesion and reduction of inequalities were identified as priorities at the 2004 Guadalajara Summit and the 2006 Vienna Summit. The declarations adopted at the summits underscore recognition of the State's responsibility, the need to increase public spending and social public investment, to improve tax policies and redistribution of income, to incorporate these dimensions in national strategies and reduce the degree of external dependence. The Vienna Summit reaffirmed social cohesion as a shared objective and a

The priority given to Social Cohesion in the EU cooperation in LA results from the respective European policy in that field

key priority for the strategic partnership with the EU. The social cohesion objective encompasses the reduction of poverty, social inequalities and exclusion. All the governments have reiterated their pledge to promote responsible public policies to foster the creation of decent and productive work and to tackle inequalities and social exclusion.

Moreover, the Summit between the Heads of State and Government of Latin America and the Caribbean and the European Union that was held recently –in May 2008- confirmed in the first paragraph of the Lima Agenda that the fight against poverty, inequality and exclusion in order to achieve or increase social cohesion is a key policy priority of the strategic partnership between the two regions. This remains a key element for dialogue and cooperation at a national, sub-regional and regional level. Decision makers have reiterated the primary responsibility of their governments, cooperating with all relevant actors -among which civil society- to implement policies towards this objective.

After Guadalajara and Vienna, the Lima Summit confirmed that the fight against poverty, inequality and exclusion in order to achieve or improve social cohesion is a key political priority of the strategic partnership between the two regions



Also according to the Lima Agenda, the achievement of social cohesion is considered as a strategic basis in order to achieve the Millennium Development Goals. It is reiterated that to meet these targets, there is a need for innovative financial mechanisms allowing defining and implementing more effective social policies. It is necessary to create decent and productive jobs by optimising tax collection, improving social public expenditure and its redistributive impact. It is also necessary to strengthen the confidence of citizens in democratic institutions and social development policies.

### Shared with all the international actors

Many international agencies also consider Social cohesion as a key issue of the current Agenda of Latin America's development. ECLAC, in its Social Panorama of Latin America 2008 issue, points out that: "the persistence of absolute poverty and high levels of inequality as well as the emergence of new forms of vulnerability and exclusion highlight the need to develop a more comprehensive public policy, complementing efforts focused on the improvement of revenue with initiatives aimed at promoting the participation of individuals and families in social activities necessary for them to reach acceptable living conditions as far as social inclusion is concerned. At the same time, Governments must take into account the feelings of the most excluded ones as regards their sense of belonging to society, since these groups would be more vulnerable to feelings of disorientation and uncertainty related to globalisation processes, which would come on top of any possible negative psychosocial impact of opportunity structures traditionally characterised by strong asymmetries. On the other hand, the widening gap between expectations and effective achievements among the poorest people could threaten the policies of inclusion and cohesion

**The sense of belonging to society of the most excluded ones is the additional aspect pointed out in recent ECLAC studies**

because of its possible effects of frustration and destabilisation of democracy. »

### Confirmed by the new regulation on EC cooperation in LA

Cooperation between the European Communities and Latin America is governed, - since 2007 - through the Financing Instrument for Development Cooperation (DCI). According to the DCI, the first line of action in bi-regional relationships is « promoting social cohesion as a shared goal and priority policy of Community-Latin America relations thereby fighting against poverty, inequality and exclusion. Particular attention shall be paid to social welfare and tax policies, productive investment for more and better jobs, policies to combat discrimination and production, consumption and trafficking of drugs, and improvements in basic social services, in particular health and education. »

### EUROsocial: the main regional programme specifically developed in response to the commitment of Guadalajara

In response to the Guadalajara Summit, the European Commission drew up the Regional Programme for Social Cohesion in Latin America – EUROsocial -, which started its activities in late 2005 and was set to put an end to its work in March 2010. The total budget for this programme amounts to 37 million euros, of which the European Commission has provided 30 million euro; but a second phase with 50 million euro and four extra years is now being drafted. EUROsocial aims at supporting social cohesion in Latin America through the sharing of experiences between public administrations responsible for the administration of Justice, Education, Employment, Taxation and Health. Its aim is to strengthen the institutional capabilities of public policy management in these sectors to transform

them into genuine social cohesion vectors. Its implementation has been entrusted to several European, Latin American and multinational institutions grouped in consortia for four of the five main sectors (Education,

**EUROsocial promotes the Exchange of experiences between public administrations of justice, education, employment, taxation and health**

Taxation, Justice and Health); the management of the Employment sector has been entrusted to the International Training Centre of the International Labour Organization. The strategic guidelines of this initiative have been established by a Joint Committee formed by the European Commission, the Inter-American Development Bank (IADB), the United Nations Development Programme (UNDP), and the Economic Commission for Latin America & the Caribbean (CEPAL).

### Social Cohesion is the priority axis of the 2007-2013 programming period for EC cooperation in most LA countries

Besides EUROsocial, Social Cohesion has been a must in the programming of the whole EC cooperation with LA since Guadalajara and is listed as a priority in a large number (Table 1) of strategic documents of ongoing cooperation with Latin American countries and subregions (CSP and RSP 2007-2013).

**TABLE 1 – PRIORITY GIVEN TO SC IN THE CSP/RSP OF LA 2007-2013**

<i>COUNTRY</i>	<i>SOCIAL COHESION IS A PRIORITY OF THE CSP</i>	<i>SOME SOCIAL POLICIES ARE PRIORITIES OF THE CSP</i>	<i>THE CSP CONSIDERS SECTORAL SUPPORT</i>
<i>MÉXICO</i>	X		
<i>GUATEMALA</i>	X		X
<i>HONDURAS</i>	X		X
<i>EL SALVADOR</i>	X		X
<i>NICARAGUA</i>		X	X
<i>COSTA RICA</i>	X		X
<i>PANAMÁ</i>	X		X
<i>COLOMBIA</i>		X	X
<i>VENEZUELA</i>		X	
<i>ECUADOR</i>	X		X
<i>BRASIL</i>		X	
<i>PERÚ</i>	X		X
<i>BOLIVIA</i>			X
<i>PARAGUAY</i>		X	X
<i>URUGUAY</i>	X		
<i>ARGENTINA</i>		X	
<i>CHILE</i>	X		
<i>REGIONES</i>			
<i>A. CENTRAL</i>		X	
<i>P. ANDINO</i>	X		
<i>MERCOSUR</i>		X	

Since then, many specific programmes have been identified with a view to implementing the commitments made through the CSP/RSP. As mentioned above, the projects resulting from this strategic planning are not yet part of the sample analysed by the ROM in 2008. It is very likely that some of them start being monitored in 2009 and it will therefore be interesting to update this study later on.

### Measuring and assessing social cohesion

When looking at the European indicators of social inclusion (Laeken indicators), many Latin American observers believe that their region also needs to have an indicator system and databases to assess the evolution of social cohesion, as it has been achieved in Europe.

The Laeken indicators measure social cohesion vis-à-vis objective gaps in income, employment, education and health. While this approach is also necessary in Latin America, ECLAC<sup>11</sup> suggests it “should be supplemented with other indicators that focus on the subjective dimension of social cohesion, since cohesion also includes perceptions and attitudes regarding the way in which inclusion and exclusion mechanisms operate.”

Social cohesion, as conceptualized by ECLAC, can be gauged using three types of measurements (Table 2): indicators that quantify the gaps that exist, indicators that measure belonging and indicators dealing with the institutions that mediate between those two factors.

The following factors should be included among the gap indicators: income, employment, education, health, housing, justice, pensions and the digital divide. As for the sense of belonging, it includes the following factors: multiculturalism, trust in others, trust in institutions, participation, expectations for the future, values and shared standards.

The proposed indicators have been taken as a reference in this study in an attempt to assess how each of the projects reviewed by the ROM in 2008 contributes to the three parameters mentioned above (gap, institution and belonging). However, taking into account that these parameters are, for the time being, considered in the ROM questionnaire (BCS), additional indicative scores have been assigned as regards information resulting from the monitoring reports. Therefore, this assessment has not been carried out with the usual objectivity of the ROM. For the future, it is recommended that the ROM consider some kind of objective indicator to measure the level of contribution to Social Cohesion of monitored projects, including specific questions in the BCS.



TABLE 2 – SYSTEM OF SOCIAL COHESION INDICATORS

DISTANCE (GAP)	INSTITUTIONS	BELONGING
• INCOME DISPARITY	• DEMOCRATIC FUNCTIONING	• MULTICULTURALISM
• POVERTY AND INDIGENCE	• STATE INSTITUTIONS	• CONFIDENCE
• EMPLOYMENT	• MARKET INSTITUTIONS	• PARTICIPATION
• EDUCATION	• FAMILY	• MOBILITY EXPECTATIONS
• HEALTH		• SOCIAL SOLIDARITY
• HOUSING		
• PENSIONS		
• DIGITAL GAP		

<sup>11</sup> ECLAC- *La medición y evaluación de la cohesión social: una aproximación inicial*

## Analysis based on the ROM results

How to assess, from the ROM, whether the EC cooperation in Latin America is contributing to the objective of social cohesion, and to what extent?

Based on the assumptions made before, the analysis presented in the chapters below is aimed at measuring the contribution of all the cooperation initiatives assessed by the ROM in 2008 in Latin America towards the objective of Social Cohesion. As it has already been pointed out earlier in this report, the assumptions and limitations of this analysis are:

- The reference objective for the measuring of the contribution level
- The relative size and characteristics of the sample taken into consideration
- The political and strategic framework in which the projects have been developed and funded
- The kind of information resulting from the ROM
- The indicators to measure the effects of cooperation

As a result, it is important to underline that this analysis is not exhaustive, but rather indicative due to the size and variety of the sample.

### The reference objective

When it comes to defining which objectives are intended to be achieved through cooperation between the EC and LA in terms of Social Cohesion, the Lima Agenda and its main statements (see table) are taken as the main reference.

#### The Lima Agenda aims to achieve:

- **Equitable and inclusive levels of social development** through the formulation and implementation of more effective social policies.
- Sustained growth rates which will foster, inter alia, the creation of **decent, dignified and productive work**, thereby optimising tax collection so as to improve social public expenditure and its redistributive impact.
- Full sense of **belonging and participation** of our peoples at all levels in the fight against poverty, inequality and exclusion, strengthening the confidence of citizens in the effectiveness of democratic institutions and in social development policies.

### The analysed sample

The whole analysis presented in this study is based on a sample of 202 projects subjected to the ROM<sup>12</sup> throughout 2008 in 14 LA countries. It is estimated that this sample represents 40% of the financial volume of all ongoing or recently completed (1 year) cooperation activities. The projects reviewed include highly diversified issues, geographical locations from the entire Latin American territory and several budget lines and

<sup>12</sup> The ROM (Result Oriented Monitoring) is a systematic monitoring exercise for the whole European cooperation at a global level. It is based on quick visits (usually one monitor during 1 week), carried out every year throughout the life of the projects (and in some cases after their closing, as an ex-post exercise). It aims at measuring -according to the design forecasts- if the project is still relevant, if it is being implemented effectively, if it can effectively reach its objective and if its impact will be sustainable over time.

forms of cooperation channelling. The main limitations, which reduce their significance as regards the social cohesion objective, are not taken into account since they were not covered by the ROM this year<sup>13</sup>, and neither by the EUROsocial Programme nor many of the SPSP (Sector Support Programmes) which cover important social sectors in some countries.

## The strategic framework governing the assessed cooperation

As mentioned before, the average period of implementation of the projects included in the sample ranges from 2004 to 2010, between two periods of strategic programming. The priority given to "Social Cohesion" as a strategic axis for cooperation was already into force when defining most of the projects examined in this sample, even though most of them are not included in the respective financing schemes (PIN 2007-2013).

## The available data

The documents produced by the monitors during the monitoring visits contain much information, sometimes rather quantitative or coded on the one hand, and qualitative on the other hand. The analysis presented in this study aims at making the most out of all this information. To this effect, monitoring reports and project synopses have been used to create a statistical database that has allowed cross-comparison of various aspects raised in the monitoring activity.

## The reference indicators

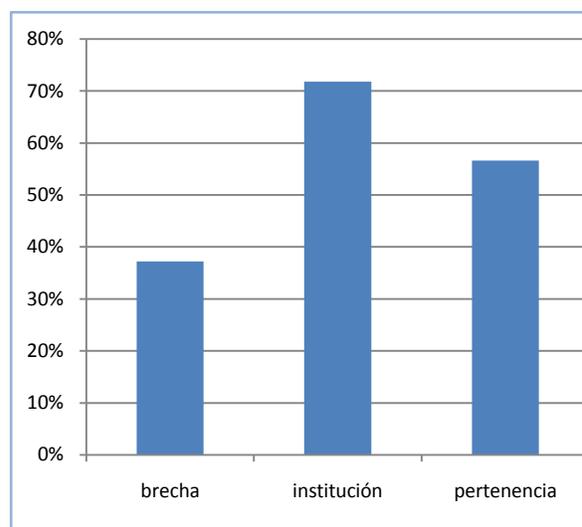
In line with the work carried out by ECLAC in order to define indicators for the measurement and assessment of social cohesion, this study has been based on the three above mentioned components: (1) measuring distance

or gaps, (2) assessing the sense of belongingness, and (3) dealing with institutions that mediate between them.

Considering that these kinds of indicators are not directly measured in monitoring reports and within the framework of this study, there has been an attempt of classification of all projects based on their contribution to each of the three components of social cohesion, assigning a score of 1 to 3, depending on whether the contribution is deemed to be marginal, significant or high. A first analysis has shown that an average 50% (Graphic 11) of the projects generate some kind of

GRAPHIC 11 – OVERALL INDICATOR OF CONTRIBUTION OF THE MONITORED COOPERATION TO THE THREE ASPECTS OF SC

positive contribution. This type of analysis is to be detailed in the following sections of this report.



## The aspects taken into account for the analysis

Thanks to the information from the monitoring reports, the analysis of all monitored projects allowed considering the following elements, with a view to defining which factors determine the higher or lower level of contribution towards the overall objective of social cohesion:

<sup>13</sup> because the results of the analysis (SPSP case) were not available when the study was being drafted

## 1. Impact of the various aspects on the relevance of the assessed cooperation

- *Geographical*  
Regions, countries, territories, geographic areas of concentration, kind of environment
- *Demographical*  
How many and what kind of beneficiaries, attention paid to group displacements
- *Political*  
What kind of political level, what kind of institutions
- *Social*  
What kind of actors, what kind of groups, what kind of organisations
- *Cultural*  
The ethnico cultural factor



## 2. Defining priorities and strategies as a factor of quality of design

- *Kind of issues addressed*  
Which issues seem to monopolise the attention of EC and LA cooperation
- *Policies that are to be supported*  
Consistency between the diagnosis and the priorities chosen
- *How to support these policies*  
Quality in the approach to possible solutions
- *Objectives*  
Are the objectives clearly defined and consistent as regards the issues to be tackled and solved
- *Strategy*  
What is the recipe to achieve the objectives



## 3. Ingredients to ensure effective implementation

- *The partners' role*  
What's the impact of the choice of partners and type of organisation to implement cooperation projects on those projects?

ensure the appropriation and then the sustainability of the resulting impact.

5.

- **The implementing method**  
What advantages and disadvantages do the various implementing methods for cooperation initiatives include?
- **The size**  
What is the impact of the funding volume on the projects' efficiency?
- **Financial/administrative management**  
What are the main obstacles to the smooth management of financial resources



#### 4. What happens once the projects are closed

In addition to analysing the impact and sustainability perspectives of all the projects being monitored, the study focuses in particular on the assessment of the actual data about the observable impact and sustainability in the projects already completed which have been monitored ex-post.

- **Impact**  
The impact analysis is of utmost importance in a study on the contribution of cooperation to Social Cohesion. Even if they are focused on partial project purposes, many projects seek to contribute to one or another component of Social Cohesion. It is therefore essential to be able to measure this contribution, even if the respective indicators are not always properly measured.
- **Sustainability**  
The spreading over a large number of small and medium size initiatives in highly diversified issues generates concern as regards the effort's sustainability since various aspects of the design (actors, organisation, ...) are essential to



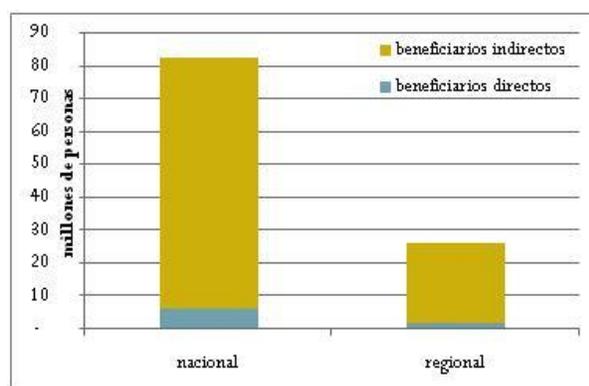
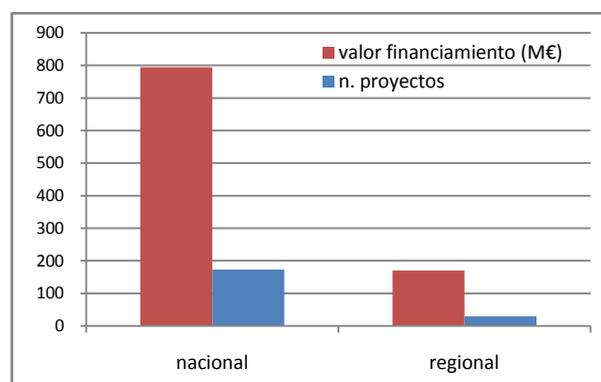
## Geographic overview of the results

### Regional cooperation versus cooperation by countries

Latin America is characterised by the vastness of its territory, the extreme variability and wealth of its natural environment, its highly uneven distribution of population and its historical/cultural homogeneity. From a political point of view, dynamics of cooperation – which are more and more active - between Latin American governments, are sometimes at odds with nationalist fears that feed on old territorial disputes, ideological distance from some governments and ordinary commercial skills and energy. Through the process of Rio, the European Union has made commitments to cooperation both within each of the 17 countries of the region and the regional integration groups that the EU has been supporting since their first steps.

GRAPHIC 12 – PROJECTS MONITORED BY AREA

GRAPHIC 13 –ESTIMATED BENEFICIARIES BY AREA



### TWO ESSENTIAL PRIORITIES OF COOPERATION FOR 2007-2013

- promote social cohesion as a shared objective and priority policy of the Community and Latin America to fight poverty, inequality and exclusion
- encourage greater regional integration

### INDICATIVE FUNDS OF THE 2007-2013 COOPERATION BY AREA

	millions €
• LA countries	1938
• Central America	75
• Andean community	50
• MERCOSUR	50
• Regional Latin America	556
• Total	2670

Social cohesion is a priority in both forms of cooperation, as shown through the commitments made by the European Union for the period 2007-2013 (see tables) indicating a ratio from 73% to 27% between country cooperation and regional cooperation.

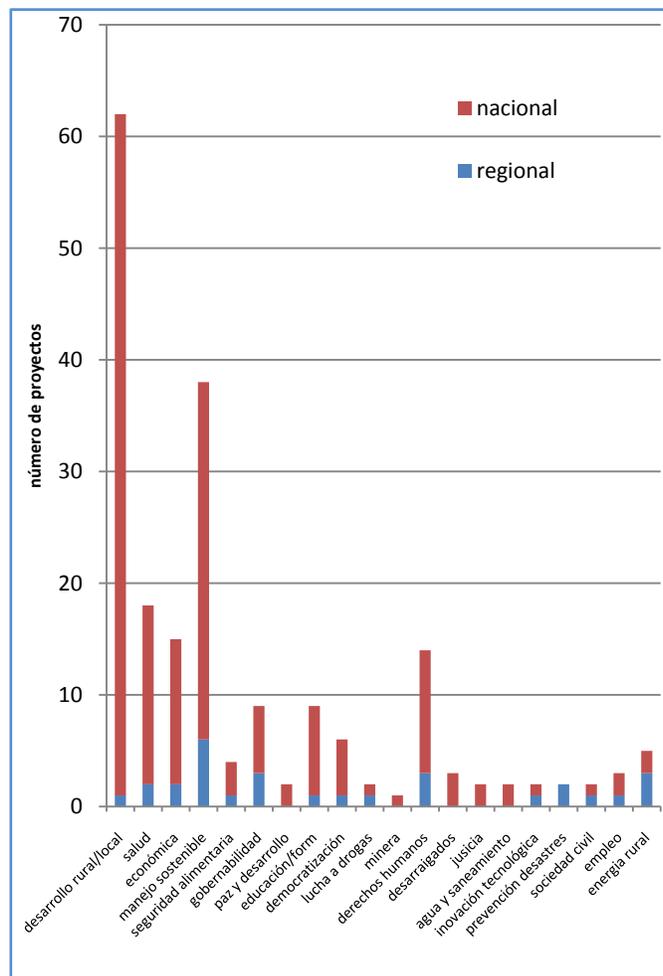
In the previous period, to which the majority of projects analysed in this study are related, similar contributions were made both to countries and regions. Therefore, when it comes to ongoing cooperation, there is (Graphic 12) a ratio of nearly 85% of initiatives undertaken in countries and 15% at the regional level, both in number of projects and as regards the financial volume. This amounts - in terms of beneficiaries - (Graphic 13) to about 7 million beneficiary people in different countries and 1 million through regional cooperation. However, this approach is far more complex and is further discussed later in the report.

## How is it intended to contribute to social cohesion through regional cooperation or directly with the countries

Both cooperation streams - i.e. regional and national - are complementary. Many regional programmes seek cooperation from several countries in solving common issues, mainly related to social cohesion, in their various components. To this effect, they promote the adoption of common policies and the creation of institutions to be in charge of them. The objectives of the regional programmes range from a mere exchange of experience to the creation of integrated and harmonised tools to manage policies and services to citizens. Several issues are addressed by the EC cooperation, both at the regional level and bilaterally with several countries, such



GRAPHIC 14 – PROJECTS MONITORED BY THEME AT REGIONAL AND NATIONAL LEVEL



as it is the case of "food security" or "disaster prevention" and more recently "security" issues.

Of note is the EC regional contribution in LA to encourage the participation of civil society in the debate on integration, which is particularly active in promoting the "belonging" component of social cohesion. On the other hand, regional programmes dealing with economic issues (customs, statistics, quality, etc.) are complemented by those seeking to promote greater competitiveness in the countries, and have a potential impact on social cohesion through economic growth, with relapses in terms of employment and public finances. Latin American thematic programmes are of special interest for issues where there is potential for exchange and transfer of know-how in Europe. All issues covered by the ongoing programmes are significant due to their contribution to social cohesion, not only through EUROsociAL (the leader in this field), @lis, URBAL and Eurosolar which have a direct social impact, but also through ALinvest, ALFA and ALBAN, indirectly through the economic and knowledge impact. In addition, since the current strategic planning period 2007-2013, Social Cohesion has been chosen as a subject for specific regional programmes that directly seek to harmonise the respective policies at a sub-regional level<sup>14</sup>.

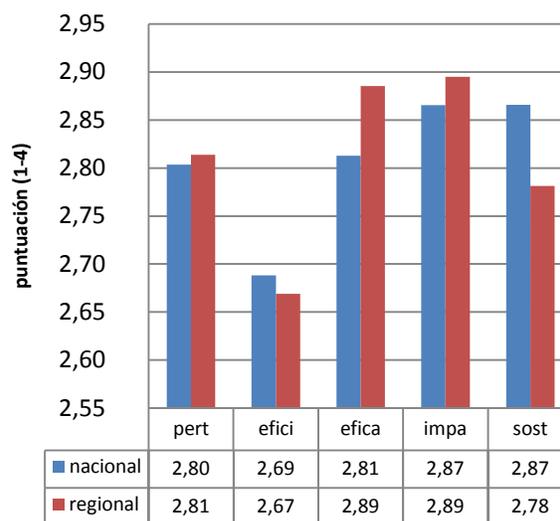
<sup>14</sup>For instance PREDECAN is very successful in the CAN

When classifying the sample of projects monitored by sector of intervention (Graphic 14), it turns out that for 15 out of the 20 sectors considered, both regional and national projects have been found, which confirms the consistency and complementarity between both kinds of approaches.

The overall results of all monitored projects indicate a general positive performance of regional cooperation, apart from some difficulties in the implementation (efficiency) that turns out to be more difficult for obvious reasons such as multiplicity of actors and various political/institutional frameworks involved. The lower degree of sustainability for regional projects is also understandable, considering the immaturity of many of the regional processes to date and of the institutions which these projects are intended to support (see example below).

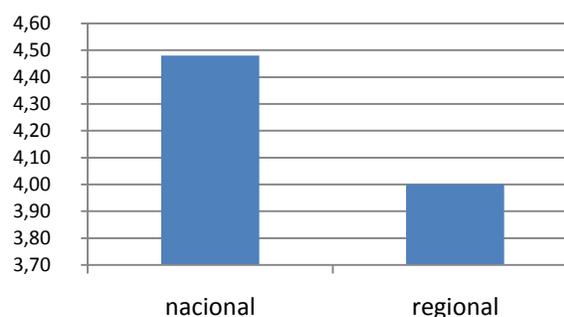
Finally, as regards the most important aspect in this study, it appears that the community cooperation's main achievement is to contribute to social cohesion through its projects in the countries rather than through regional projects and programmes, this difference probably being due to the less direct way in which the latter ones contribute to reducing "gaps" and feelings of "belonging", with a contribution rather in terms of political and institutional harmonisation. However, this assessment deserves further analysis.

**Average scores by parameter and geographical coverage**



**It seems that community cooperation manages to contribute more to social cohesion through its projects in the countries than through the health regional projects and programmes.**

**Indicator of contribution to social cohesion by geographical coverage**



EXAMPLE – EFFORTS TOWARDS THE HARMONISATION OF PUBLIC FINANCES IN ORDER WITH A VIEW TO FINANCE COMMON SOCIAL POLICIES IN CA

*Impact and sustainability still uncertain for the Programme of Support to the design and implementation of common policies in Central America (ADAPCCA Programme - Apoyo al Diseño y Aplicación de Políticas Comunes Centroamericanas)*

*The ADAPCCA Programme complements other EC interventions within the framework of its regional cooperation strategy for the periods 2002-2006 and 2007-2013 and keeps supporting the various actions undertaken by Central American governments in order to establish a Central American Customs Union (CCU) since the 60s. However, the project turns out to be very ambitious and it does not have any real target that could be achieved during implementation period. Progress is likely to be made in formulating priority and complementary common policies, but without ensuring their achievement and the implementation of the CCU within the foreseen calendar, besides the fact that several decisive factors are not included in the project's scope. The Central American economic integration process is progressing at a lower rate than originally expected. Although mentioned in political speeches, no firm political will of Central American governments to establish a CCU is currently observed. The position is mainly not to delegate national functions to a supranational institution, even though there is willingness to move forward with the harmonisation of national policies. There are no elements suggesting that governments are going to bear the financial cost of maintaining the services provided by the project (meetings, trainings, surveys etc.) once the European support comes to an end.*



## Results by country and sub-region

The sample of programmes and projects analysed in this study cover 16 countries and 3 sub-regions<sup>15</sup>. The sample's representativeness in each country varies but it remains at an average of 40-50% of the entire portfolio of ongoing projects. It exceeds 70-80% for projects of the programmable lines and remains at around 20-30% for those of non-programmable lines. Graphic 17 shows the financial importance of the analysed cooperation portfolio in each country and sub-region, compared with the average progress of the projects, assessed in % according to the schedule. As mentioned before, there are six outstanding countries (Peru, Honduras, Colombia, Guatemala, Brazil and Bolivia) where the analysed sample is significant and reflects the magnitude of the ongoing cooperation portfolio. For other countries receiving significant contributions (i.e. Nicaragua), the monitoring exercise this year has been less representative<sup>16</sup>.

**Most of the monitored cooperation has registered an average progress of 60% of its action plan. In many cases, it is too early to assess the achievement of results**

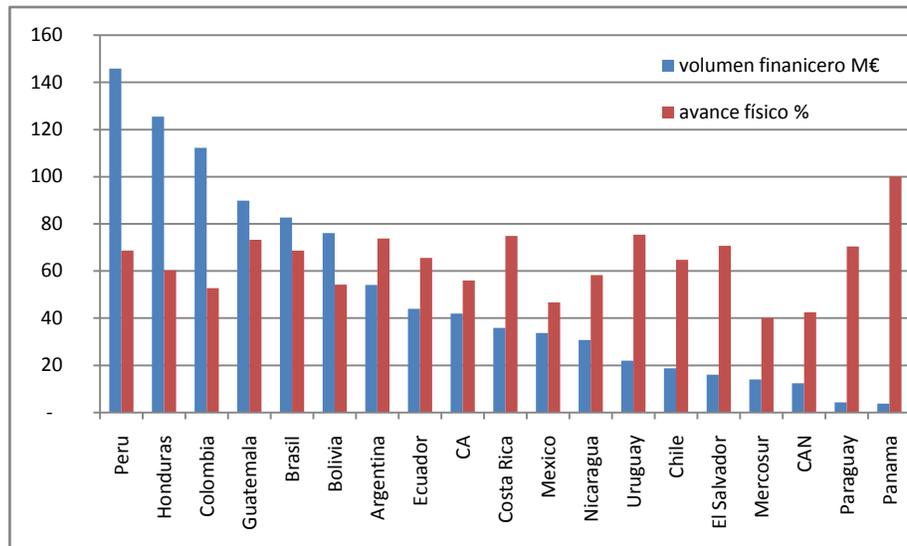
<sup>15</sup> In 2008, no projects were monitored in Venezuela and the Latin American thematic programmes were not monitored either, except Eurosolar

<sup>16</sup> Various factors influence this result: the closure of several projects, the imminent assessments (which make the monitoring activity unnecessary), the transition towards the form of budgetary support.

As an early introduction of the monitoring results, it is observed (Graphic 18) that some countries show similar behaviours. These include: (1) the four Andean countries, where the monitoring reveals a significant cooperation programme with moderately good results, (2) the three big Central American beneficiary countries (GUA, HON, NIC), with significant programmes and slightly lower but still positive results, (3) the small CA

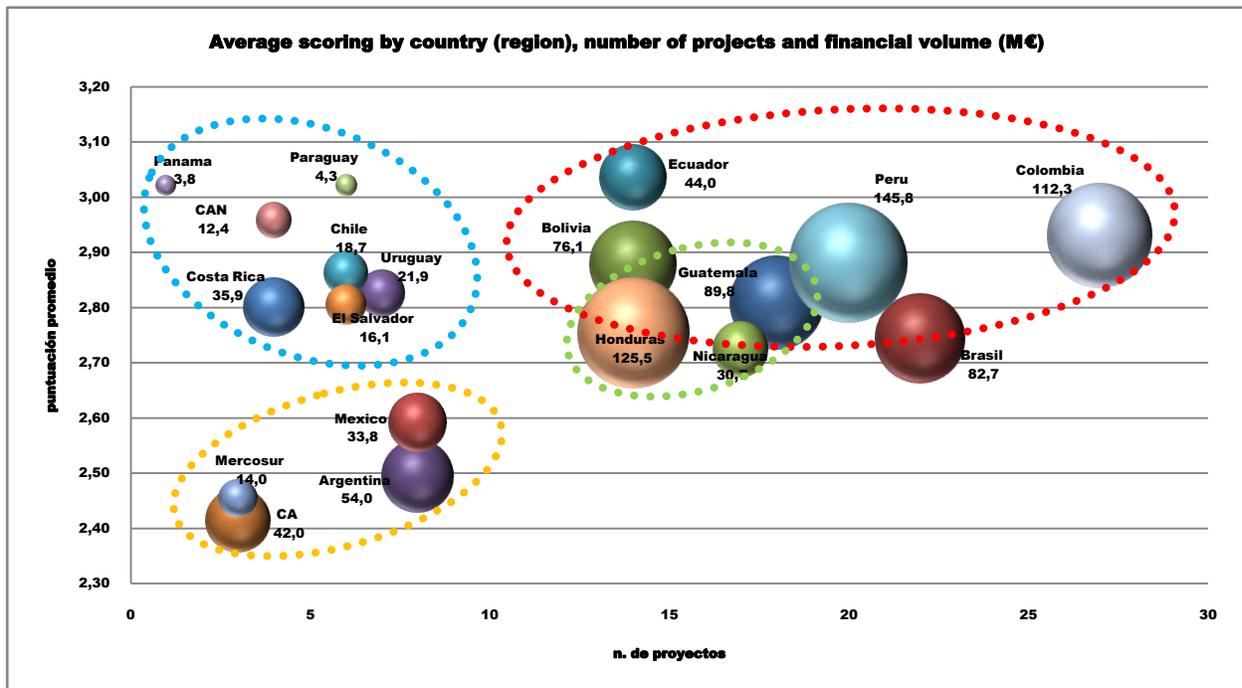
countries and Mercosur (including Chile), with minor programmes but with a good performance, (4) the big countries of the region (ARG, MEX), where European cooperation is very marginal and is facing problems in terms of implementation, except for Brazil where, due to the NGOs' conspicuous activity, the cooperation programme is significant and relatively successful.

GRAPHIC 17 –FUNDS MONITORED AND PROJECTS' PROGRESS BY COUNTRY AND SUB-REGION



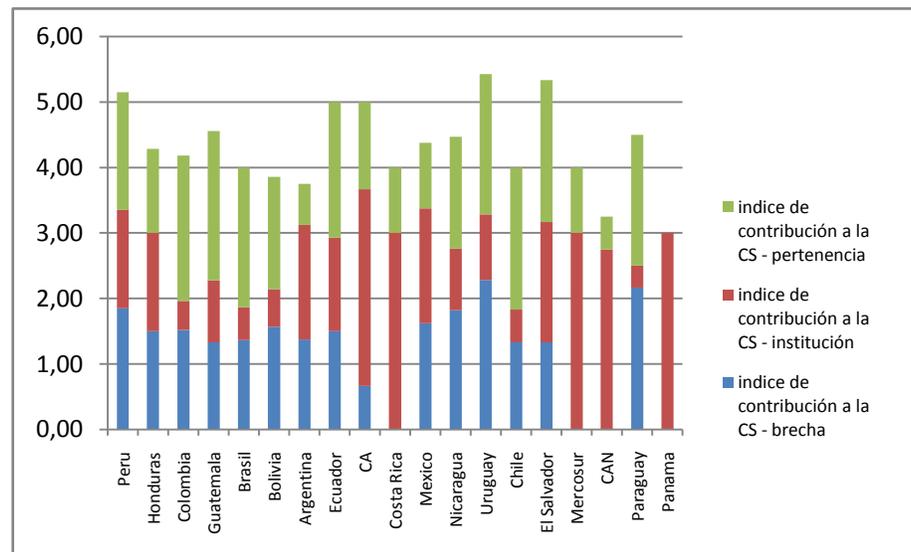
A significant cooperation programme with promising results in the four Andean countries and the three big Central American receivers

GRÁFICO 18



Among the sub-regional groups, there is an outstanding performance of cooperation with the Andean Community as compared to much less successful cooperation with CA and Mercosur. Moving to the parameter of contribution to social cohesion by country and sub-region, Graphic 19 - which has been drawn up according to the social cohesion index - indicates that in most countries European cooperation is contributing to the three components of social cohesion - obviously with variable impacts depending on the beneficiary population as it will be discussed later on.

GRAPHIC 19 - INDICATOR OF CONTRIBUTION OF THE MONITORED COOPERATION TO SOCIAL COHESION BY COUNTRY



It is particularly significant to have a look at the 6 first countries referred to in the graphic (PER, HON, COL, GUA, BRA and BOL) which, as mentioned before, have benefited from a large cooperation programme and where the three components are represented in a similar way: (1) a significant contribution in terms of "belonging" through projects that stimulate social capital (2) a contribution in terms of reducing "gaps" (in services, in incomes) and (3) a small contribution to the strengthening of the institutions that ensure social cohesion. On the contrary, regional cooperation (CA, Mercosur, CAN) obviously seems to contribute mainly in terms of institutional strengthening.

### Intervention at all territorial levels: regional, borders, national and local

The interest in territorial integration of beneficiary regions and countries is also confirmed when analysing the coverage of monitored projects. These ones include (Graphic 20) regional and national projects, but also those among the regional ones with a border between neighbouring countries, and those among the national ones which cover the entire territory of the country or

which, on the contrary, operate in part of themselves (local).

It is found that most of the projects monitored have a local impact (mainly departmental or municipal, as explained below), seeking to generate, from the attention given to specific territories, a good range of stimuli both in terms of local institutional strengthening and in terms of improving service provision so as to reduce the gaps with the major cities while promoting among outlying populations the sense of belonging to a society that includes them.

Border integration between neighbouring countries, especially those which have experienced territorial conflicts, is an issue that European cooperation decided to support in various circumstances (in 5 projects of the sample).

In many countries, the suburbs have been abandoned or left to military control. Agreements for joint management of shared resources are scarce or limited to large infrastructure projects. On the other hand, similar social groups have been divided due to artificial national boundaries .

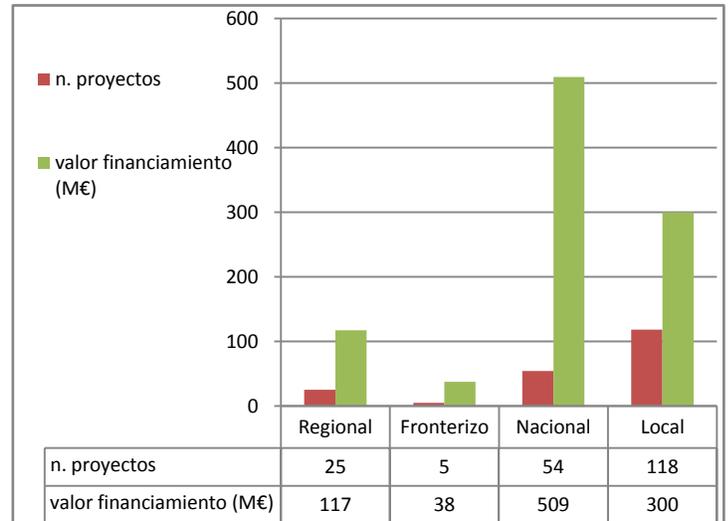
Border development projects (the most important one among those of the sample is the « Bi-national Project between Honduras and El Salvador » - see table) have contributed to the breaking of political, institutional and cultural behaviour patterns that used to maintain the separation and isolation of these regions, despite the grandiloquent integrationist declarations of governments. The impact in terms of social cohesion is obvious, thanks to the cross-border municipal integration and its resulting synergies in the attention provided to citizens on both sides, in addition to the boost of local economic integration. This explains the overall positive scores assigned by the monitoring to border projects (Graphic 21).

**EXAMPLES – FAVOURING CROSS-BORDER SOCIAL COHESION**

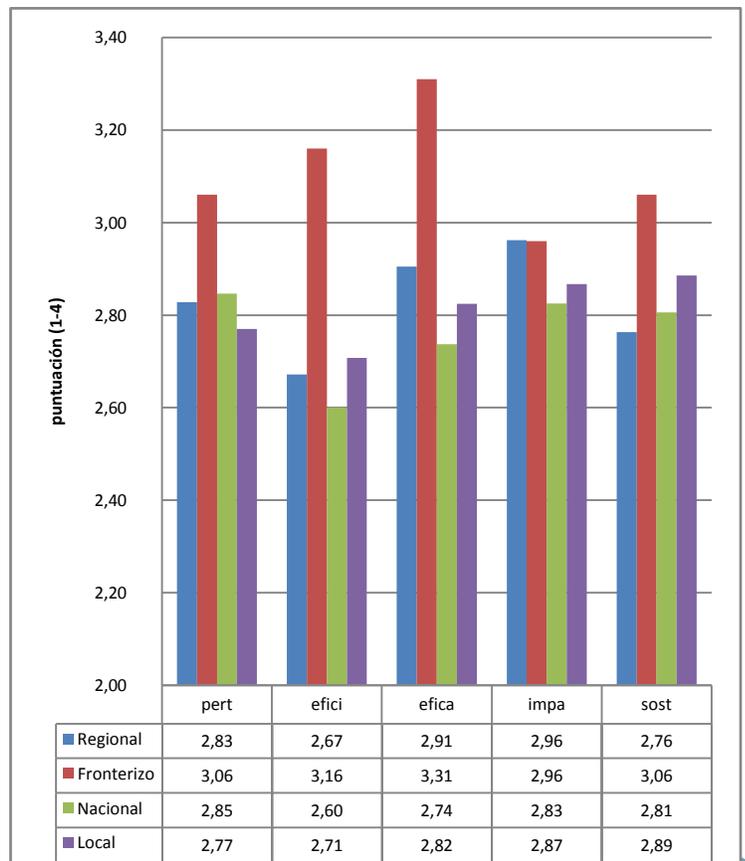
***BINATIONAL DEVELOPMENT PROGRAMME IN LAND BORDER AREAS OF EL SALVADOR AND HONDURAS (BNP)***

*The BNP aims at developing capabilities to eliminate the border's unwanted impact and enhance integration. The intermunicipal development strategic plans have been drafted by common agreement and constitute a reference for all local and extra local stakeholders. The BNP was able to reverse the resistance rooted in the clientelistic tradition, so as to allow new partnerships and help building up a climate of trust, stability (for the UTI technical staff) and inter-institutional cooperation. Road and connectivity works co-financed by the BNP help open up the area and somehow prepare it to be linked to the ongoing mega-projects (dry channel, North side road in the SAL) and for free trade in CA. On the other hand, production and environmental projects remain pilot ones: there is no massification of the techniques introduced yet; initiatives towards the treatment of waste water and solid waste are positive but still have a limited impact.*

**GRAPHIC 20 - PROJECTS AND FUNDS MONITORED BY TERRITORIAL COVERAGE LEVEL**



**GRAPHIC 21 - PROJECTS AND FUNDS MONITORED BY TERRITORIAL COVERAGE LEVEL**

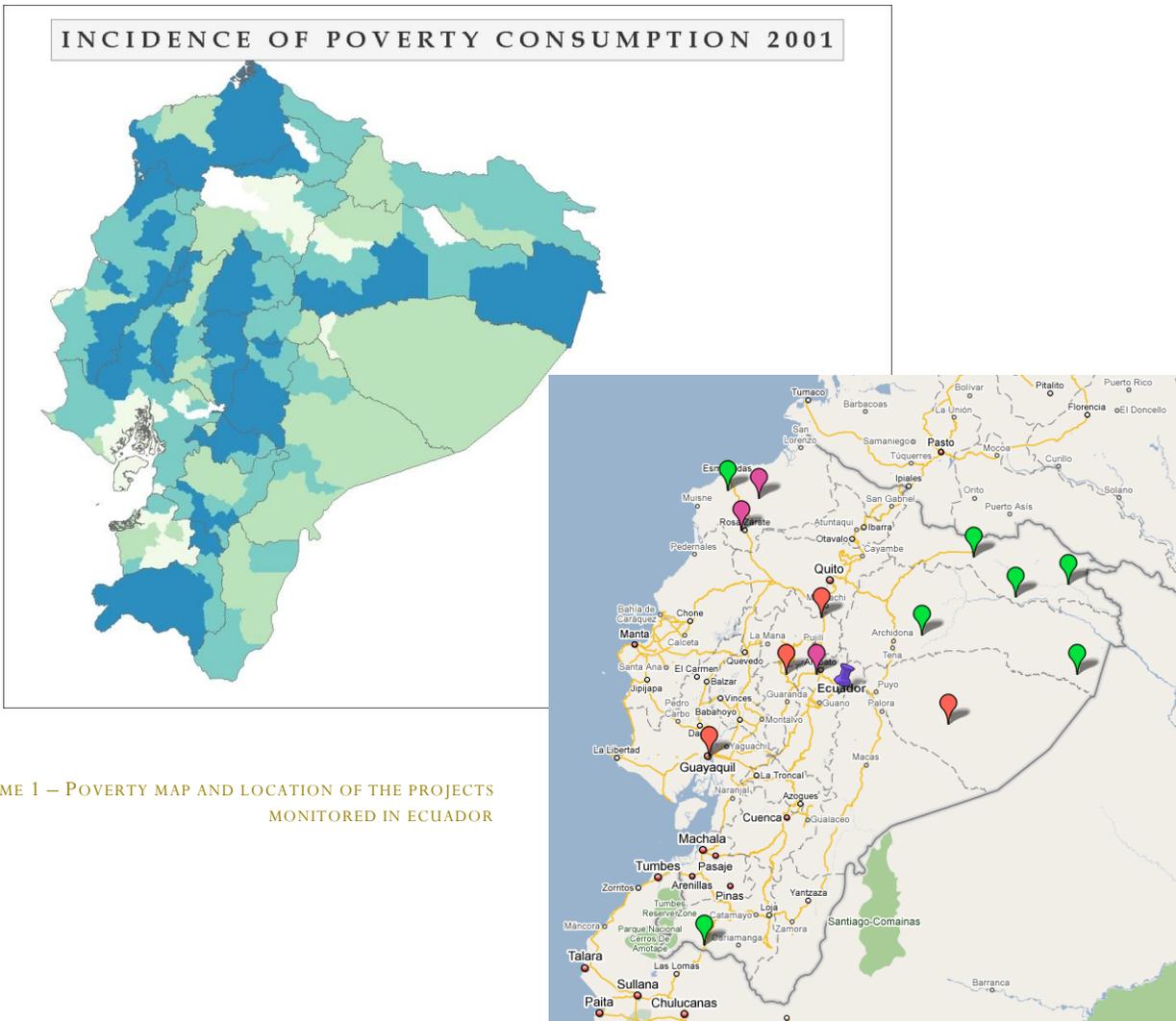


## Focusing the observation on specific territories

Country cooperation programmes have a thematic and a territorial connotation. For each strategy, there is an emphasis on priority areas and priority regions or population groups within the country. The geographical distribution is usually based on the poverty map and the environmental fragility map. European cooperation is usually focused where the two factors come together - at least the cooperation that is carried out through projects with clearly defined territories. Other concentration poles are the marginal suburbs of large cities.

The case of Ecuador - see Graphic 2 - is a good example, with projects located in the province of Esmeraldas – which is well known for being one of the poorest in Ecuador, where the Afro-Ecuadorian population lives - in the northern Amazon provinces of Orellana and Sucumbíos where oil exploitation threatens natural resources as well as the indigenous populations who take care of them, and in areas threatened by desertification at the frontier with Peru, in the province of Loja. Other programmes cover the most remote Andean communities in the Sierra or very poor areas around Guayaquil.

This approach of the territory where the projects are being carried out confirms the relevance of cooperation as regards the issues of poverty, inequality and exclusion, at a territorial level.



FRAME 1 – POVERTY MAP AND LOCATION OF THE PROJECTS MONITORED IN ECUADOR

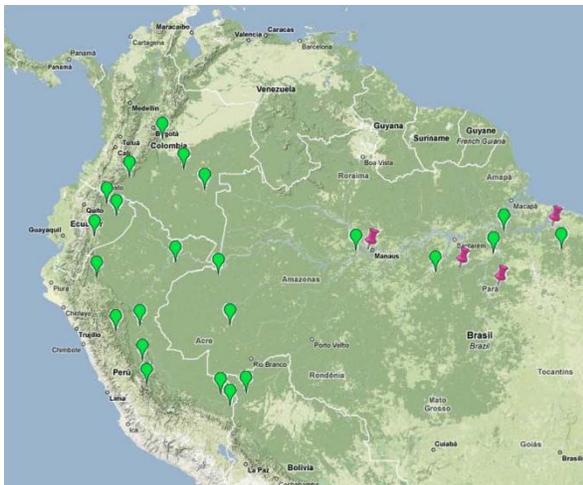
## The Amazon basin: a focus area for European cooperation

The Amazon region receives special attention from European cooperation -namely 10% of the projects monitored- through specific lines -particularly the «tropical forests» one. Although the environmental objective might seem a priority, these initiatives combined important social aspects with the preservation of natural resources. The main objective is to achieve schemes for a sustainable management of these regions, which would grant the people who traditionally live there the right to keep using the territories without creating a conflict with other actors or as regards conservationist regulations.

The purpose of including these populations into the respective States' democratic life mechanisms is obvious, as well as respecting their rights and providing them with the services they need. Many of the projects analysed (Graphic 3) cover populations living in the highest parts of the Amazon basin, next to the Andes of Colombia, Ecuador, Peru and Bolivia. Others cover the Brazilian part of the basin, where the issues addressed include support to major federal projects for the management and preservation of the Amazon, which the EC co-finances together with other international actors (WB, KfW, etc).

Some of these projects have been assessed by the monitoring as very successful, but for others – see table below – there is a lack of political support.

FRAME 2 – THE AMAZON BASIN: FOCUS AREA OF INTERVENTIONS TACKLING THE ETHNO-CULTURAL MARGINALISATION OF INDIGENOUS GROUPS AND AIMING AT ACHIEVING SUSTAINABLE USE OF NATURAL RESOURCES



### *Looking for the way to promote the rights, cultural identity and participation of Amazonian indigenous people*

*In the case of the Aguaruna village/people, the project results from the CARE initiative and the CONAP and aims at developing and implementing international standards as regards PPII rights in Peru. The monitoring found that although this approach is relevant compared to the correlation ethnicity-poverty, it is not relevant for a local implementation within such a short period of time, without strong government support. The project is focusing on i) administration of justice, ii) environmental governance, iii) land rights; however, it is unlikely that, within the Project duration, Awajun population and civil servants will be implementing ILO Convention n°169. So far, the message on indigenous rights has been disseminated among the communities through the training of facilitators and leaders and some interest has been raised amongst public bodies (PJ, RENIEC, UGEL, MD, MP, GR, ...). The prospects of national impact are not good. The ILO Convention n° 169 explicitly blames governments for their implementation, but the current government reduced the range of INDEPA, launched a package of regulations fostering private investment, which reduces the inalienability of indigenous lands and tends to "re-centrilase" public administration; a crack down on the indigenous movement is also reported. In this context, CONAP and other farmers and indigenous associations are on the defensive and look for partners at a national or international level. CARE is one of them and this project supports their resistance. Despite CONAP's participation in the National Congress intercultural table, partisan fragmentation in Peru makes unrealistic a new law for indigenous native communities of the Amazon. The regional and provincial policy scenarios are more favourable to the Project as this is where their impact can be greater: political participation of indigenous people, bicultural educational programmes, adapted productive projects, recognition of legal pluralism, etc.*

## Territorial coverage of the projects monitored

The projects cover areas of different sizes, ranging from entire countries to very small communities. Despite some strategic changes over the recent years which tend to focus European cooperation on the political rather than the territorial field, 80% of the projects monitored target (Graphic 22) a specific territory within the countries in which they are carried out, either departments<sup>17</sup> (30%) or municipalities (50%). Only 20% of the projects assessed cover the whole beneficiary country - particularly those of the programmable lines. As it will be shown later on, the territorial coverage is related to the way of approaching the issues, either strictly through political and institutional reforms or through attention paid to specific populations or their local authorities.

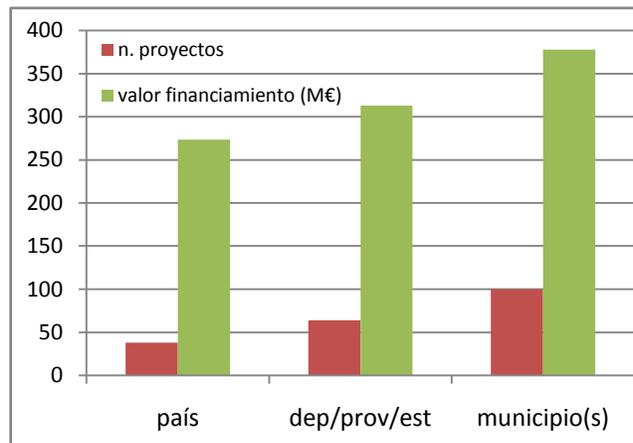
Projects with a national coverage supporting political are aimed at a very large target population (Graphic 23) – overall estimate of more than 40 million people, i.e. about 10% of the whole Latin American population - but in a very indirect way, whereas the direct beneficiaries of this kind of political reforms - 1 million people according to the sample of the graphic - are civil servants from the institutions involved. On the contrary, the projects which are relevant from a territorial point of view are specially focused on the inhabitants - 7 million direct beneficiaries - in the departments and particularly in the priority municipalities. Support to the processes of decentralization and municipal development is recurrent in the strategies of a large number of monitored projects (see below).

As for centralised cooperation – i.e. at the level of the beneficiary countries' central institutions -, the projects seeking to reach out directly the different territories show, according to the monitoring results (Graphic 24), a better performance in all parameters. This is due to several factors including the greatest experience of the EC in this kind of classic cooperation, and the projects' difficulty to be efficient when it comes to having an

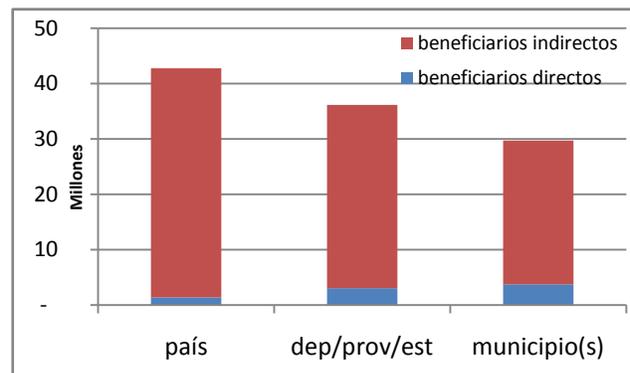
<sup>17</sup> Departments, provinces or states according to each country's specific designation.

impact on sectoral reforms, where political resistance and institutional complexities are sometimes decisive obstacles. In this respect, the monitoring results are striking as they indicate that territorially circumscribed projects are more efficient but also that they have

GRAPHIC 22 - TERRITORIAL COVERAGE OF MONITORED PROJECTS



GRAPHIC 23 - ESTIMATED BENEFICIARIES OF MONITORED PROJECTS, BY COVERAGE TYPE

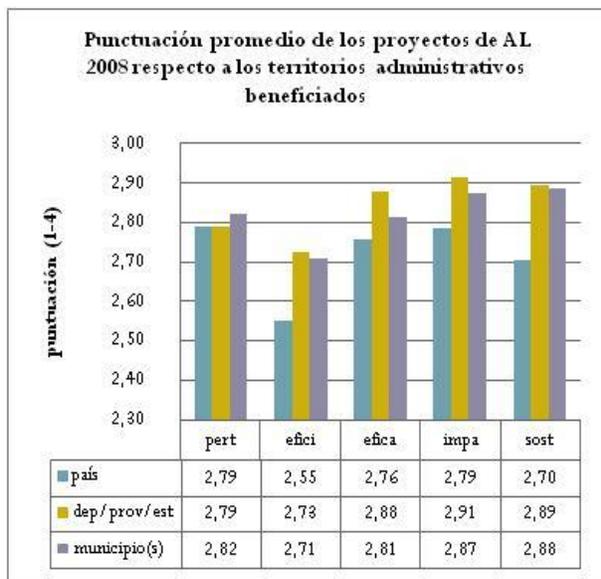


greater impact and sustainability, which seems to contrast with the recurrent criticism formulated for such projects which are considered as substitutes to the role of the state and are therefore seen as unsustainable.

As regards the assessment of the contribution to social cohesion (Graphic 25), it appears that cooperation with a well-defined territorial connotation has a greater impact in terms of contribution to reducing the gaps - in

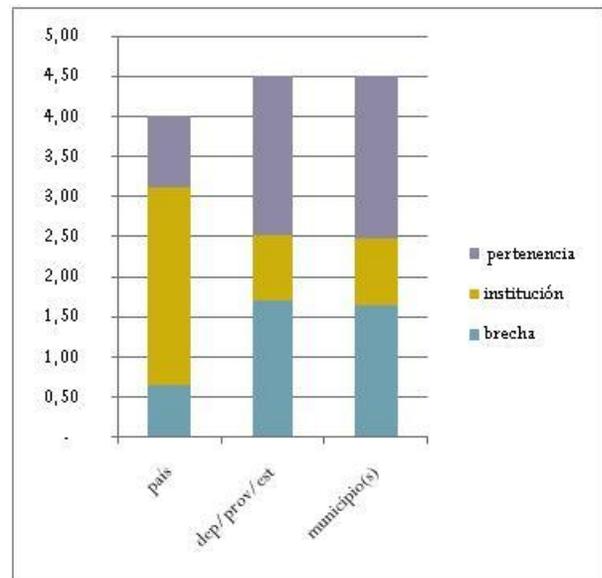
many cases, the projects help improve some services or the ability to generate income for a limited population group, and where the work is done at a local level, the sense of belonging, which is one of the important components of social cohesion in Latin America-. On the other hand, it is clear that centralised projects have a bigger impact on the strengthening of the institutions implementing reforms aimed at achieving greater social cohesion.

GRAPHIC 24 - ESTIMATED BENEFICIARIES OF PROJECTS MONITORED, BY COVERAGE TYPE



Distrust in the governments' ability to handle minorities remains, even though this situation has changed substantially in most Latin American countries that have undertaken comprehensive programmes of social care towards the poorest. This change also involves a change in the approach towards cooperation which should not be raised as a substitute for State action anymore, but rather as a complement of it. An appropriate role - which is being confirmed- would be to foster the flow and quality of public subsidies in favour of more isolated populations.

GRAPHIC 25 - CONTRIBUTION TO SOCIAL COHESION BY COVERAGE TYPE



The situation presented above also confirms the European cooperation's vocation - especially across the non-programmable lines managed by NGOs - to get closer to the populations' issues where these are the most severe, which is fostered by the performers' strong geographical roots<sup>18</sup>.

**The capacity of NGOs to approach the problems of populations in places where they are most severe is fostered by the strong geographical roots of many of them**

<sup>18</sup> Many NGOs that take part in the calls of the non-programmable lines have a long-time presence in the territories and for the same population group, having carried out several successive projects, sometimes with different financial sources (bilateral cooperation of a member state, ECHO The same EC)..

From table 3, it is interesting to highlight the data regarding the number of municipalities that benefit from the projects monitored, i.e. about 1400 or nearly 10% of the 16000 municipalities in all LA<sup>19</sup>. The average funding for cooperation granted through municipalities exceeds 270 000 € per unit ; however, this figure does not only represents the direct value of goods and services transferred to the beneficiary municipalities, but also the cost of the cooperation granted, including expenses for its channelling.

TABLE 3 - ESTIMATED BENEFICIARIES BY TYPE OF TERRITORIAL ENTITY

coverage	n. projects	beneficiary admin units	funding by unit (€)	beneficiaries (millions)	beneficiaries (millions)
country	38		-	-	-
dep/prov/st	64	290	1.078.738	3.05	33.08
Municipality(ies)(1)	100	1384	272.920	3.76	25.93
total	202			8.17	100.41

The sample of projects analysed in this study indicates that cooperation focused on decentralization processes in LA is quite significant. One of the best examples due to the comprehensive aspect of the effort is the Democratic Municipalities Programme in Guatemala, which is further explained in the table below<sup>20</sup>.

EXAMPLES – STRENGTHENING THE DEMOCRATIC REPRESENTATIVITY AND EFFECTIVENESS OF LOCAL ENTITIES : A VERY COMPLEX TASK

*Democratic municipalities - Guatemala*

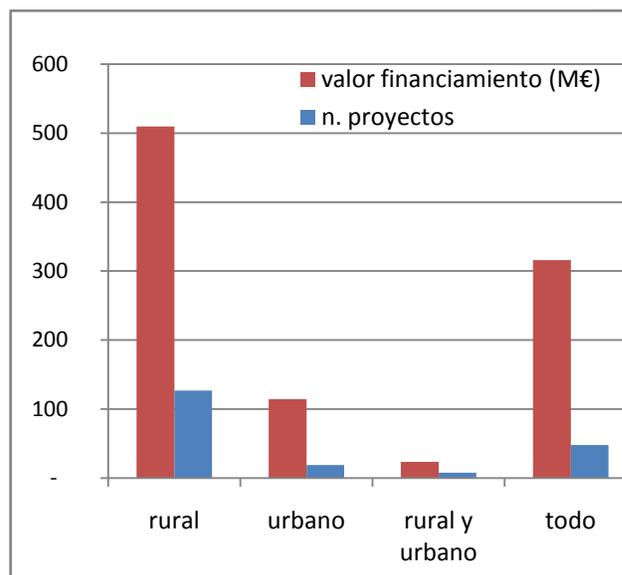
The decentralization process in Guatemala started in 1986 with the Political Constitution of the Republic, which lays down the principle of a decentralised territorial administration of the State. At the time of the signing of the Peace Agreements in 1996, the process was relaunched and in 2002, three laws were enacted: the Municipal Code (Código Municipal), the Law on Development Councils (Ley de los Consejos de Desarrollo ) and the Decentralization Law (Ley de Descentralización). Finally, in 2004, the Government adopted the policy of decentralization of the executive branch. Several programmes with an external funding (GTZ, AECI, IDB, UNDP, US-AID, etc.) support the process. The Project has contributed to the democratisation processes by strengthening and modernising decentralised territorial administration. Out of the priority 189 municipalities and 14 partnerships (6 M inhabitants) in 6 departments, the number of beneficiary population turned out to be partially lower (i.e. 100 municipalities and 10 partnerships) due to the short period of time given to cover it. As regards municipalities, tangible effects have been obtained -with the introduction of new tools for planning and management- but those are weaker than the effort made since the implementation was carried out at a period of strong mobility in human capital (renewal of municipal governments). The achievement of the PP (strengthening capacities at central and local decentralization) is complicated due to the segmentation of activities (spread over several contracts) that aim at achieving results in a fragmented way. As regards the participation of civil society in local democratic processes, achievements are also partial since no forceful activities are planned (planned but not implemented in a complementary way with the TINAMIT parallel project). Public policies seem to be facing the same situation as no significant effects have been achieved so far due to the interlocutors' instability and to the changing directions of governments during the period of political transition. Several services may not be sustainable as a result of the speed at which they were introduced within municipalities and partnerships, without allowing proper appropriation. For the time being, partnerships have no mechanisms for self-financing. Capacity strengthening is important and potentially sustainable provided that the beneficiary institutions make a follow-up of the integrated planning and management tools, which may be reflected, among others, in higher incomes from own funds and transfers of domestic capital to municipalities. The attention paid to gender equity and interculturality is also of note as well as the environmental management at a municipal and partnership level (i.e. treatment of solid waste). Interesting contribution of appropriate technologies, in the areas of GIS (free software) and SIAF (financial management).

## Rural versus urban

Within the priority areas – whether departments or municipalities -, the rural environment is the one which keeps benefiting the most from European cooperation, with more than 60% of monitored projects having an impact on the rural area (Graphic 26). This seems to be in line with the poverty and exclusion rates which keep affecting mainly rural areas in LA. Nearly 52 million people in extreme poverty live in urban areas and almost 45 million people in rural areas. However, considering that about 75% of the total population lives in urban areas, it appears that the impact of extreme poverty in rural areas is significantly higher (37%) as compared to urban areas (13%) (Graphic 27).

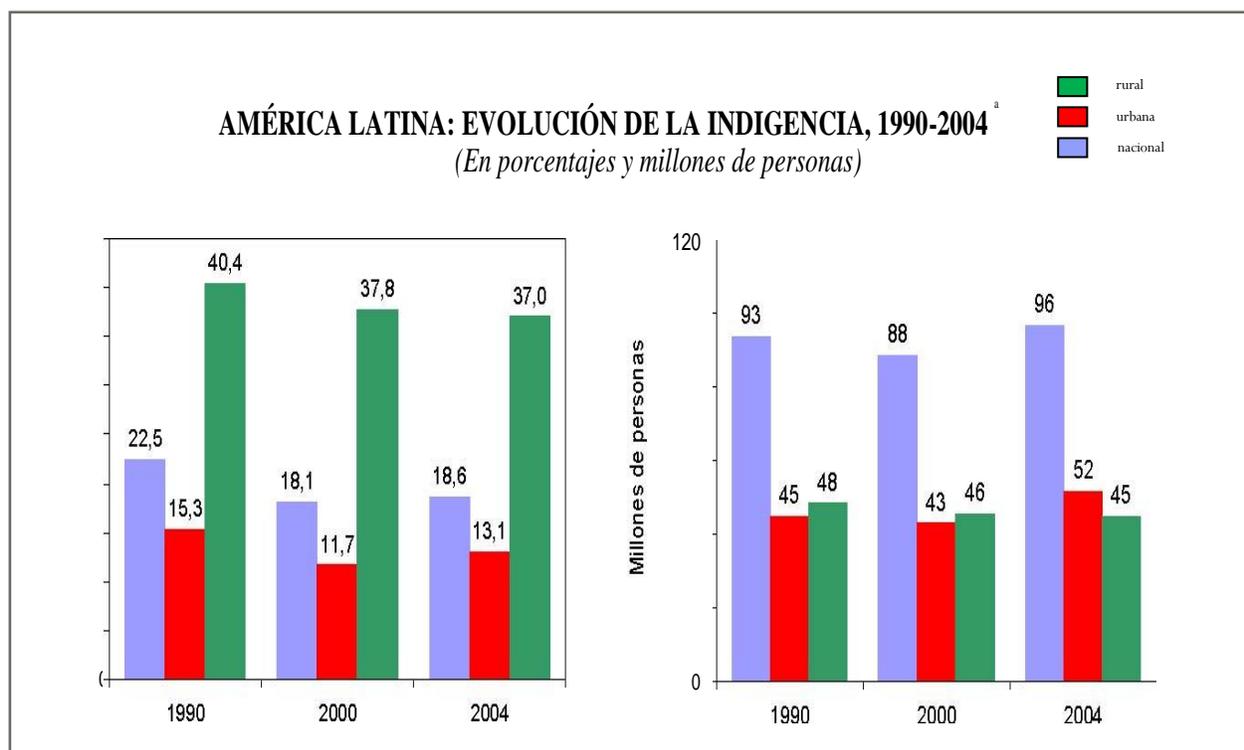
However, there are big differences between countries as regards the distribution of extreme poverty among both areas of residence. In Costa Rica, Guatemala, Honduras, Panama, Paraguay and Peru, extreme poverty clearly prevails in rural areas, where 65% or more of the needy people are living. In Bolivia, El Salvador, Mexico and Nicaragua the number of rural extreme poor also prevails over the urban ones, although at lower levels (between 56% and 64% of the extreme poor). Nevertheless, and mainly due to increased urbanisation

GRAPHIC 26 - PROJECTS MONITORED BY AREA OF IMPACT



(currently over 75%), the number of urban poor people exceeds that of rural poor people since 2002. According to estimates until the year 2004, 52 out of a total of 96 million people in extreme poverty in Latin America live in urban areas. In the case of Brazil, the number of poor people living in urban areas amounts to 63.3% of the total figure.

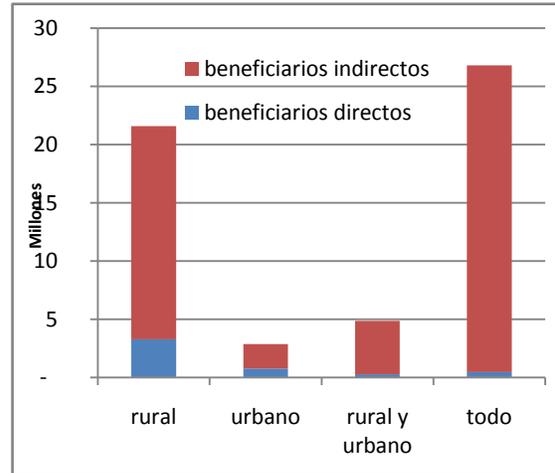
Graphic 27 - Source: CEPAL, "América Latina: proyecciones de población urbana y rural, 1970-2025"



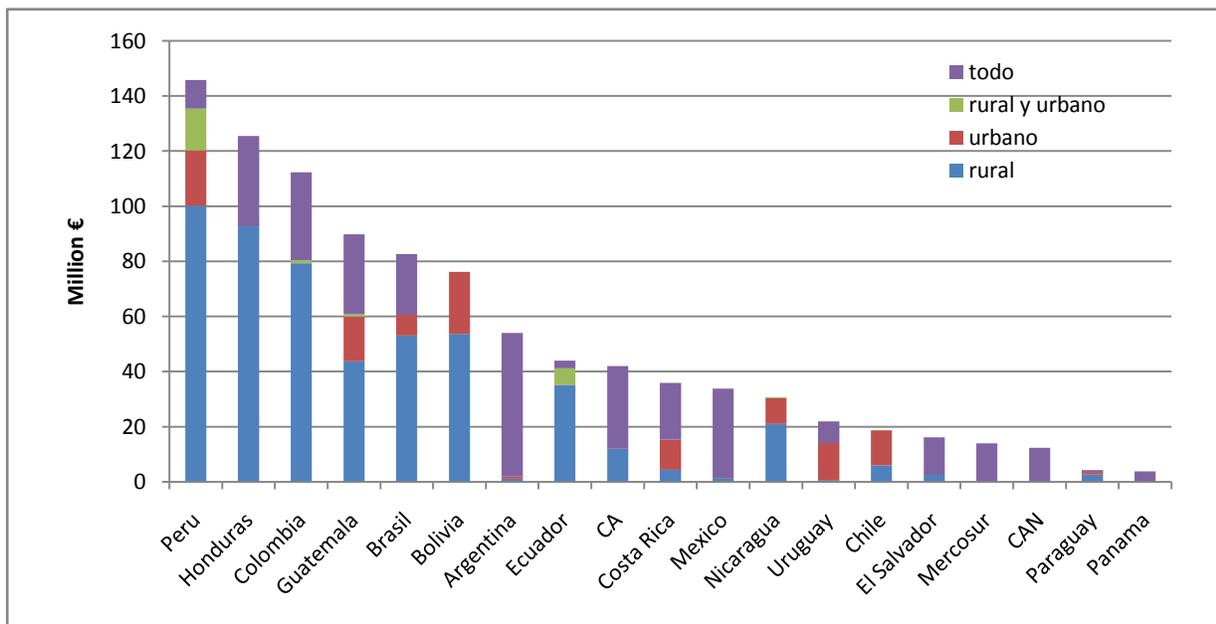
Considering that the set of projects from the monitored sample implemented in rural environments benefits (indicatively) to nearly 3 million people directly and possibly more than 20 million people indirectly (Graphic 28), there is an emphasis on the importance of this cooperation flow as regards the relevance of the « rural marginality and poverty » issue, which affects at least 45 million people in an extreme way.

As seen in the sample, the projects' rural nature is still prevailing in the countries -Andean and CA countries- that are major beneficiaries of the European cooperation. The share of cooperation specifically provided to the urban environment is sporadic and only covers some countries. Also, the share of "political" cooperation at a centralised level is minor, except in countries like Argentina, Mexico and in regional blocks.

GRAPHIC 28 - BENEFICIARIES BY AREA OF IMPACT



GRAPHIC 29 - CONCENTRATION OF MONITORED FUNDS BY TYPE OF ENVIRONMENT AND COUNTRY



**RURAL PROGRAMMES - HELPING REDUCE SOCIAL AND ECONOMIC EXCLUSION, STRENGTHEN LOCAL INSTITUTIONS AND IMPROVE DEMOCRATIC PARTICIPATION**

Rural programmes usually provide several kinds of services. Some may tend to improve assets and others to improve organisations, institutions and public goods. The total increase in revenue results from own incomes and transfers, through:

1. Improving the rural population's assets: (i) natural capital (land, irrigation, trees), (ii) physical capital (tools, animals, tractors, construction), (iii) human capital (education, experience, knowledge of technologies) (iv) financial capital (cash, credit lines), (v) social capital (set of relationships between individuals, families and groups, which may serve to obtain information, insurance, trade and commerce, sponsorships, reciprocity).
2. Improving the economic background for the valorisation of assets through public institutions and goods, strengthening municipal governments and basic organisations, including the infrastructure (roads, irrigation, electricity, etc.), financial services, the organisations providing access to public goods, markets, local authorities and various forms of economic organisations.
3. Increasing the attention paid to basic needs through social and public goods and institutions that provide social services including education, nutrition and health, housing, potable water systems and legal services. These programmes are complementary by helping households generate incomes and welfare.

*(Rural poverty in Latin America – ECLAC, Rimisp, Fao)*

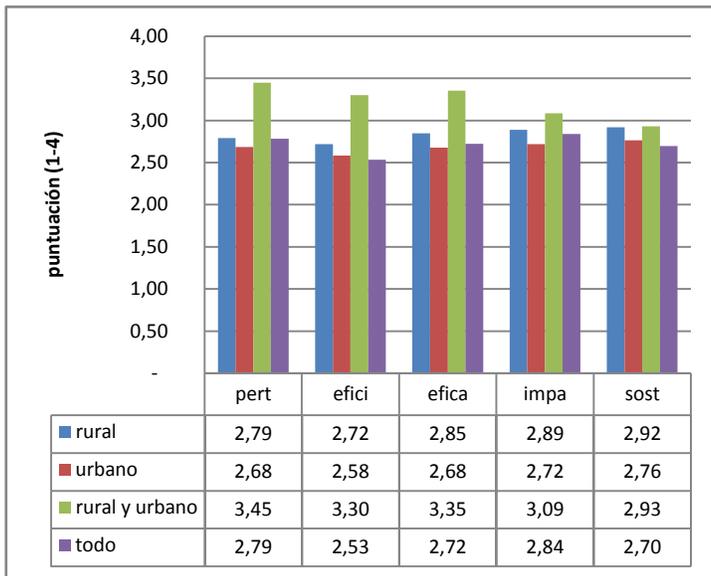
At the same time, European cooperation in Latin America has been and keeps carrying out significant assistance actions towards marginal urban populations - all Latin American megalopolises including Rio de Janeiro, Lima, Guayaquil, Bogota and Sao Paulo have benefited from several of such projects - see table next page - in addition to the actions of many NGOs aimed at limited population groups. Also of note are the transcontinental cooperation projects, especially fostered by the Urb-AL and @lis programmes, which have served to stimulate extensive collaboration between local institutions (municipalities) of large and medium-sized European and Latin American cities.

The analysis of the monitoring results does not reveal any substantial differences between the performance of cooperation in both types of environments (Graphic 30). Except for the small group (not very representative) of projects covering both rural and urban issues, the performance of rural cooperation seems, however, slightly higher than the rest in all parameters.

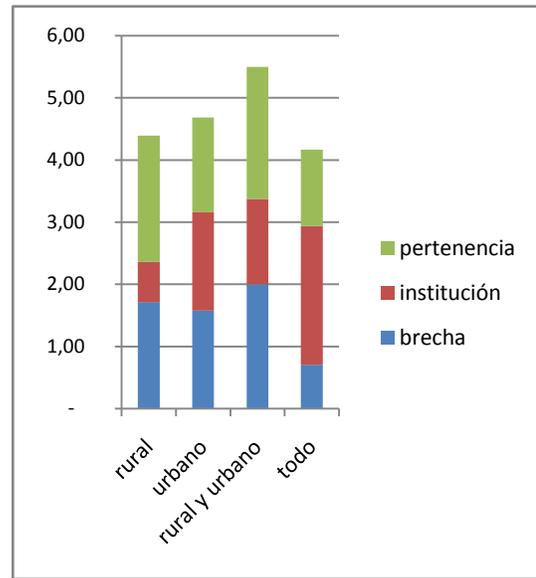
Also, although urban projects have a bigger impact on social cohesion through the strengthening of institutions (municipalities, departments), rural projects have a direct impact on reducing the gaps as well as on increasing the sense of belonging and they contribute to reducing the socioeconomic and cultural marginalisation that persists in this type of environment.



GRAPHIC 30- SCORING OF THE MONITORED PROJECTS BY AREA OF IMPACT



GRAPHIC 31- INDICATOR OF CONTRIBUTION TO SOCIAL COHESION BY SECTOR/ AREA OF IMPACT



EXAMPLES – HELPING REDUCE THE “GAP” BY STRENGTHENING “INSTITUTIONS” AND CREATING A SENSE OF “BELONGING” FOR THE PEOPLE EXCLUDED FROM MEGAPOLISES”

“Nos do Centro”, inclusão social urbana em el Centro de Sao Paulo

O projeto dirige-se, fundamentalmente, às pessoas e famílias com baixa e até nenhuma renda e que residem ou se localizam em áreas degradadas do centro da cidade de São Paulo. Neste segmento encontramos pessoas em situação de vulnerabilidade e elevado risco social, tais como os moradores de rua. Portanto, o enfoque de trabalho do projeto está voltado para a inclusão de tais pessoas ou grupos na sociedade e, sempre que possível, na vida produtiva. O projeto está em sintonia com a ênfase dada pela Comissão Europeia (CE) no Brasil à inclusão social e também com a política da Prefeitura de São Paulo (PSP) neste âmbito. Responde adequadamente à problemática da marginalização social existente nos bairros centrais de São Paulo e complementa outras ações da Prefeitura, tanto no âmbito social como no da recuperação urbanística. O projeto está impulsionando a materialização de uma política de inclusão social no centro da cidade de São Paulo e está priorizando aspectos de qualidade. A própria pertinência dos serviços oferecidos, a falta de outras opções para os beneficiários e a situação estratégica dos diferentes centros possibilita o alto aproveitamento dos serviços existentes até esta data. No entanto, a recente abertura da maioria dos centros e o fato de que sete estejam ainda por serem criados tem como resultante inevitável que o acesso aos benefícios, em termos quantitativos, seja muito menor do que o originalmente previsto e que a consecução do objetivo específico possa estar em risco ao final do projeto. A melhoria dos encaminhamentos entre os diferentes centros e atividades e a incorporação de uma maior ênfase na comunicação são benefícios do projeto que, se tiverem continuidade, serão muito importantes para a sua eficácia. Finalmente, a insuficiente integração entre as diferentes secretarias relacionadas com a inclusão constitui uma fragilidade e ao mesmo tempo uma oportunidade para a eficácia da intervenção. O fato de a intervenção corresponder a uma política pública estabelecida faz com que a sustentabilidade financeira tenha garantias suficientes. Institucionalmente, o objetivo de uma maior integração entre Secretarias, embora lento, é uma contribuição positiva na direção da sustentabilidade. A ênfase colocada na promoção paulatina da participação dos cidadãos é importante como meio e fim para a inclusão social e a melhoria do nível de vida.



## Sociological overview of the results resultados

### Beneficiaries of the European cooperation in LA: how many are they? who are they? where do they live?

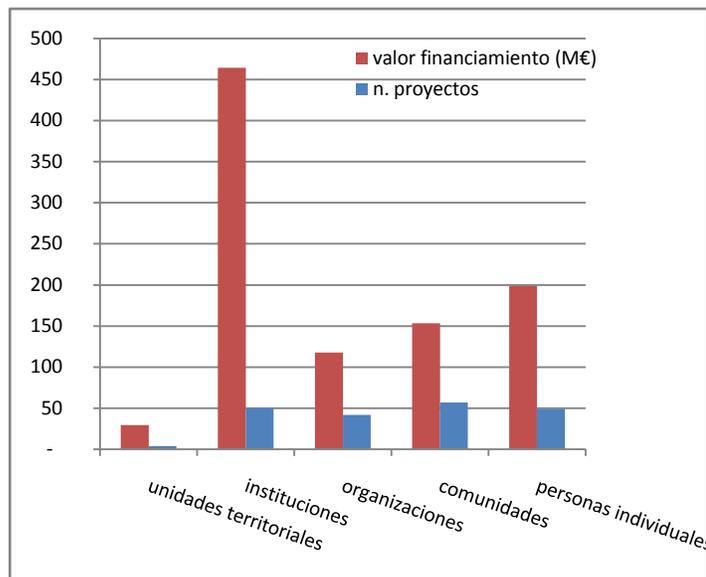
Projects are classified according to the kind of structures favouring the connection with the beneficiaries (Graphic 32). For half of them, the "communities" or "organisations" in which they live or are gathered receive the benefits and redistribute them to their members, but for many others, the "institutions" are the ones in charge of redistributing the benefits to the individuals. Finally, individual people are identified as direct beneficiaries in 25% of the projects monitored. In terms of funding volume, however, the projects that are channelled through the institutions are the ones absorbing most of the resources.

In terms of final beneficiaries, the projects monitored have identified "people" as the ultimate beneficiaries of their actions (50% of all beneficiaries), then "families" (27%) or institutions (23%). Only for 15% and 2% of the beneficiaries respectively, it is specified that people are "young" or "women" (Graphic 33).

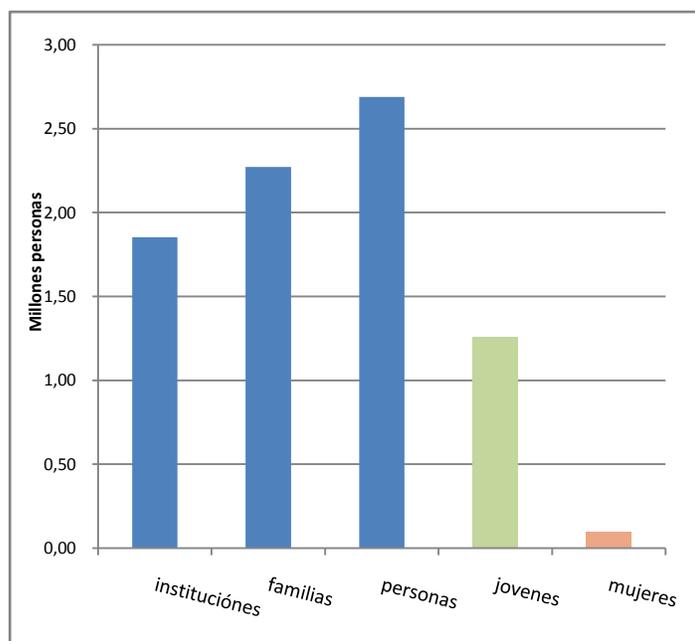
This information indicates that the channelling of cooperation towards target populations takes various forms, depending on whether it is a direct or an indirect form of assistance or according to the type of benefit offered. Although one might expect projects operating through stable intermediary structures to be stronger,

Graphic 34 reflects an equal level of success in all the above mentioned forms.

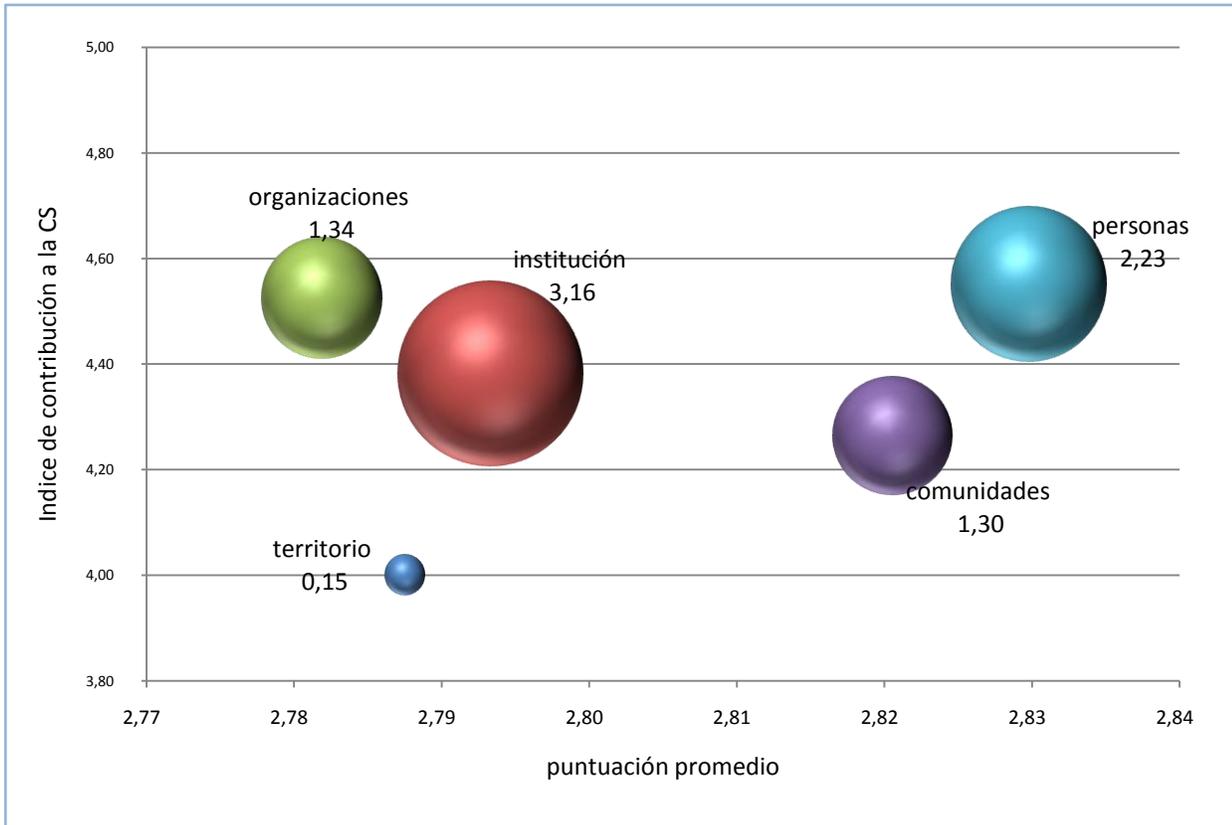
GRAPHIC 32- NUMBER OF PROJECTS AND FINANCIAL VOLUME BY BENEFICIARY STRUCTURE



GRAPHIC 33- DIRECT BENEFICIARIES OF PROJECTS MONITORED BY BENEFICIARY TIPOLOGY



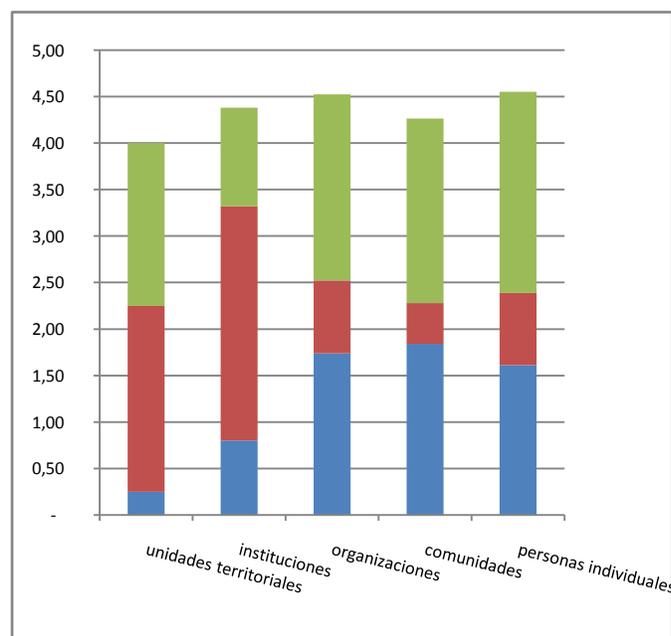
GRAPHIC 34- PROJECT RESULTS BY TYPE OF BENEFICIARY STRUCTURE AND NUMBER OF BENEFICIARIES (IN MILLIONS)



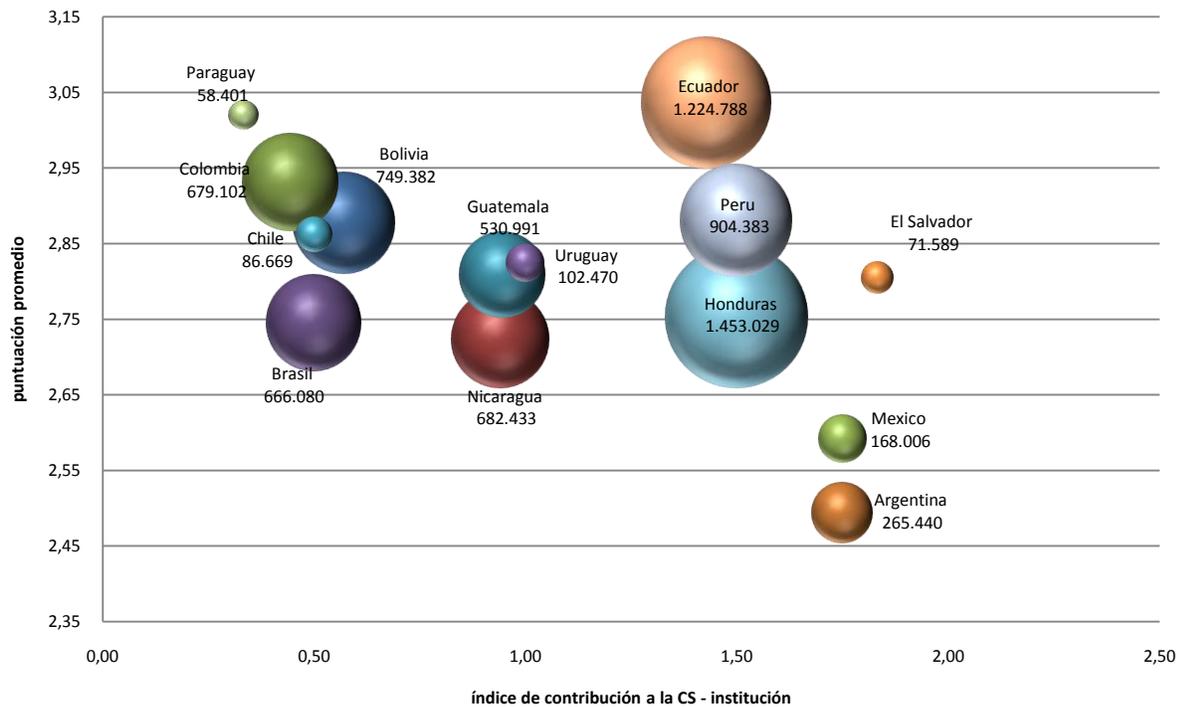
Graphic 34 shows a high incidence of beneficiaries who receive assistance from the projects through institutions, but also directly (to the people), and a lower number of beneficiaries who are taken care of via their communities or organisations. In all cases, the projects provide a positive contribution in terms of social cohesion, but their qualitative performance seems to be higher when the assistance towards the people or their communities is direct rather than channelled via an intermediary structure or institution.

In turn, the weight of the components of cooperation towards SC varies depending on the kind of intermediary structure (Graphic 35), since feelings of belonging are usually fostered by projects that reach the beneficiaries through their own structures rather than through institutions, although the latter are effective in institution-building.

GRAPHIC 35- CONTRIBUTION TO SOCIAL COHESION BY BENEFICIARY TYPOLOGY



GRAPHIC 36- PROJECT RESULTS BY TYPE OF BENEFICIARY STRUCTURE AND NUMBER OF BENEFICIARIES (IN MILLIONS)



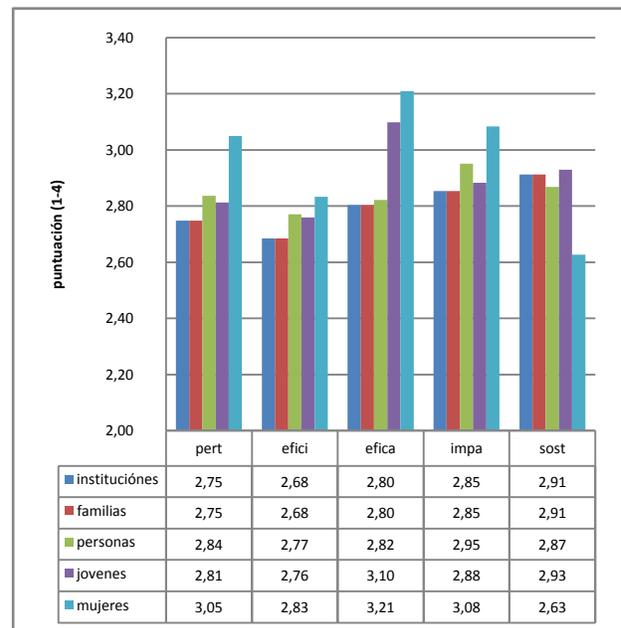
Out of the estimated 8 million beneficiaries for all 202 monitored projects, 3.6 (44%) live in the four Andean countries and 2.7 (33%) in the three main Central American countries benefiting from European cooperation (GUA, HON, NIC), the rest being distributed between Brazil (8%) and the various countries that benefit from smaller programmes. This pattern corresponds to the poverty impact parameters in several countries, which confirms the priority attention paid to it by the analysed cooperation. Of note is the higher quality of the projects implemented in the Andean countries (average score of more than 2.90) but in terms of impact on Social Cohesion (institutional component), the most positive data seem to be the one of Ecuador, Peru and Honduras, which comprises 45% of all beneficiaries.

Finally - as can be seen in Graphic 37 - there is an obvious positive performance of the projects that are specifically aimed at clearly-defined population groups - i.e. young people and women.

It is interesting to note that, by means of these projects, nearly 2 500 communities in different regions and

countries have been reached directly, and even more surprisingly, about 65 000 social or economic organisations throughout the territory have been

GRAPHIC 37- SCORING OF THE MONITORED PROJECTS BY BENEFICIARY TYPOLOGY



contacted. Organisational development is chosen by many projects as the most effective way of promoting social cohesion through the "belonging" approach.

Table 4 shows how the value of the assistance provided to each kind of beneficiary body varies according to its size – i.e. population represented or covered-, ranging from 870 000€/entity for national institutions -through the support provided to each of them, an average of 6 000 people has been reached- to less than 2000 €/entity for organisations of beneficiaries, each representing an average of 20 of them.

The case of Guatemala reported in the table below provides an overview of the very well designed strategy carried out in this country through European

TABLE 4- PROJECTS' BENEFICIARY ENTITIES

Beneficiary entity	Projects number	Beneficiary units	Financ. by entity (€)	Beneficiaries by entity
territorial units	4	121	244.606	1.223
institutions	50	534	869.752	5.912
organisations	42	64.202	1.833	21
communities	57	2.486	61.770	524
Individual persons	49			
total	202			

cooperation, which generated a connection between these different actors, through a series of programmes that strengthen at the same time civil society in order to make it participate actively in the process of democratic consolidation and local authorities within the general framework of the decentralization policy.

#### EXAMPLES – ENCOURAGING THE PARTICIPATION OF CIVIL SOCIETY IN DEMOCRATIC MANAGEMENT

##### *TINAMIT – Project for the strengthening of civil society in Guatemala*

Since December 1996 and the signing of the Peace Agreements (PA) between the guerrilla and the Government of Guatemala, the EC cooperation is mainly focused on the implementation of these agreements. The Memorandum of Understanding signed between the EC and Guatemala in March 2001 expresses the authorities' will to promote the strengthening of Civil Society. The project is part of the EC overall strategy in favour of the fight against poverty in the poorest rural departments of the country and of the decentralization policies adopted by the Guatemalan State. So far, the project has led the target population to overcome historical resistance to coordinate with state institutions, building capacity, skills and attitudes towards active and proactive participation in public management. A significant number of indigenous leaders and organisations as well as women's organisations have been integrated into the process of training, which is in line with the plan. The quality of information, training and TA is appropriate, mainly as regards the learning of the legal framework and the recognition of rights and duties of the CS, regarding indigenous people and women, which generates satisfaction and appreciation from the beneficiaries. The beneficiary population has managed to strengthen its organisational capacity so as to participate in the building of democratic governance processes at a local level. All this is contributing to the convergence of efforts and to make approaches compatible in order to enhance the equitable participation of CS in defining, implementing and monitoring public policies. To conclude, the Project provides a valuable contribution in terms of consolidating democracy and the governmental reform, within the framework of the decentralization laws, taking into account that, there is still a lack of trust from the CS towards the State, the public institutions and the political parties, as well as a latent racism that manifests itself by the marginalisation of indigenous people in political and economic decision-making bodies and the State's paternalistic and centralist behaviour.

Logically enough, the highest concentration of projects

## The ethno-cultural factor

Ethnic discrimination is usually regarded as one of the main causes of inequality in several Latin American countries. However, as highlighted in the ECLAC Social Panorama of Latin America 2006, "in the last few years, indigenous peoples' emergence as active social and political actors and, second, the consolidation of the international standard of rights and its public policy implications. There is still a strong complexity and heterogeneity of indigenous population dynamics and to the persistent inequity and inequality that indigenous people face within the framework of the structural discrimination and specific cultural traits evident in Latin American countries. This poses an enormous challenge for twenty-first-century democracies in terms of State reform and policies aimed at narrowing enforceability gaps as regards indigenous peoples' individual and collective rights."

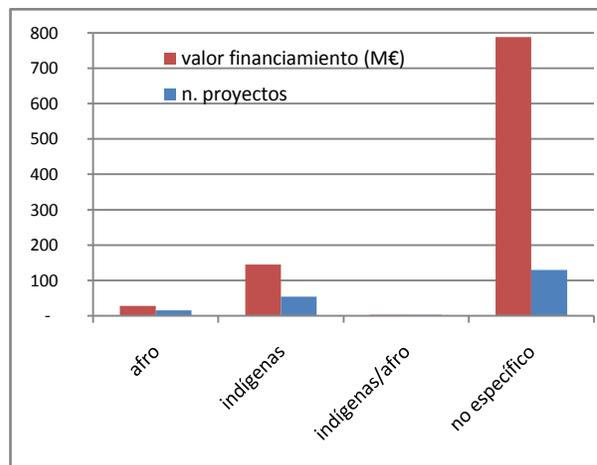
The aid granted through European cooperation in order to tackle the inequality suffered by indigenous people goes hand in hand with the interest for rural marginality as a majority of indigenous people lives in rural areas. Out of all the projects monitored in 2008, 21% in terms of number and 18% in terms of value are reported to have a beneficiary population belonging to a specific ethnic or linguistic/cultural group, including indigenous groups and African-Americans. A total of 1.75 million indigenous people and Afro-descendants are reported to benefit from these projects, which represents about 5% of all indigenous in LA.<sup>21</sup>

<sup>21</sup> It is estimated that the indigenous population in Latin America exceeds 30 million people. Peru, Mexico, Bolivia and Guatemala are the countries with the highest number of indigenous population, namely from 4.6 to 8.5 million people. Then, there are the countries with an indigenous population ranging between 500,000 and one million people (i.e. Colombia, Ecuador, Brazil, Chile and the Bolivarian Republic of Venezuela) and finally, those in which this number does not exceed 500,000 (Nicaragua, Honduras, Argentina, El Salvador, Panama, Paraguay, Costa Rica and Uruguay). In terms of proportions, this population group represents 62%, 41% and 32% respectively in Bolivia, Guatemala and Peru. In the other countries of the region, the indigenous population does not exceed 10% (ECLAC).

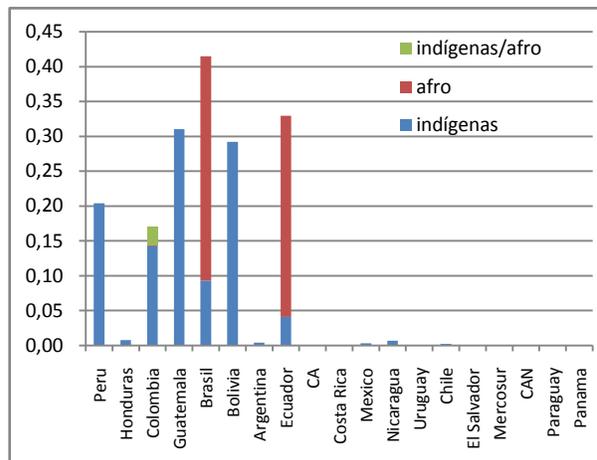


aimed at indigenous beneficiaries covers the Andean

GRAPHIC 38- MONITORED PROJECTS AND FINANCIAL VOLUME BY ETHNIC GROUP



GRAPHIC 39- NUMBER OF DIRECT BENEFICIARIES (MILLIONS OF PEOPLE) BELONGING TO ETHNIC GROUP. BY COUNTRY

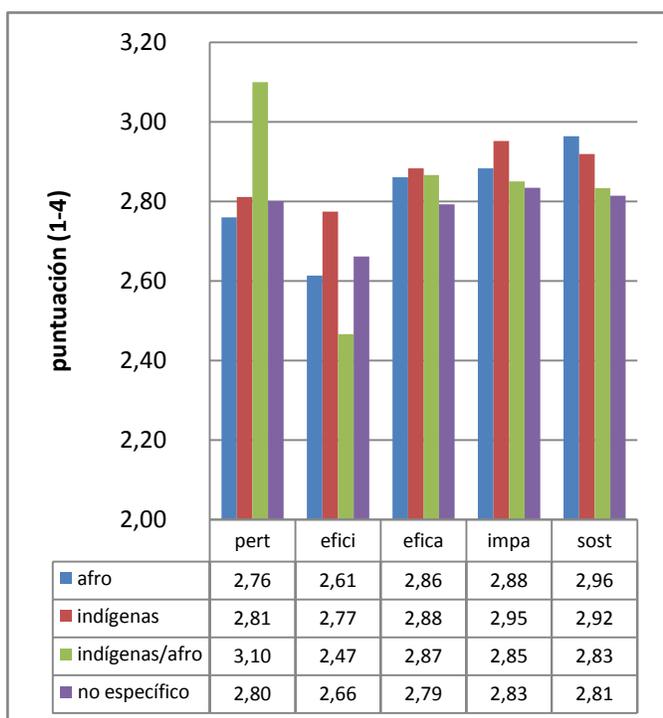


countries and Guatemala, whereas African-American populations are mainly beneficiaries of projects in Brazil and Ecuador. In Colombia there are some projects that target indigenous groups and Afro-Colombians at the same time.

As for the quality of projects aimed at supporting the inclusion of indigenous populations, it is observed (Graphic 40) that the ethnic factor is usually linked to a good project performance (higher scores in almost all parameters as compared to the rest) probably due to a strong motivation from both the projects' beneficiaries and performers (specialised NGOs).

Projects supporting ethnic groups register a performance level which is above average

GRAPHIC 40- SCORING OF THE MONITORED PROJECTS BY ETHNIC ORIGIN OF BENEFICIARIES



## Displacement and migrations

### EXAMPLES – SUPPORTING THE PROMOTION OF “BELONGING”

#### Concrete answers to request for the respect of multiculturalism

The "Kawsay" Project in Peru which promotes "Quality and Equity in Bilingual Intercultural Education in Puno" is highly relevant in response to the properly identified issue: low quality of education in the area, with weak capacity of teachers to teach the IBE, lack of suitable material under the IBE approach, linguistic and ethnic discrimination of the Quechua-speaking population, insufficient coordination of the educational sector as regards the IBE and weak articulation of the educational background with the community and civil society. The objective of developing – within the framework of the State Policy on Education of the National Agreement (2002), the General Law on Education (2005) and the Law on Decentralization (2002) - a mesocurricular proposal of decentralized and participatory IBE in order to improve the educational level in Puno fulfils the need for greater social inclusion of the quechua-speaking population which is traditionally discriminated in all areas starting with the educational sector. In this sense, it reinforces the relevance intervention while generating social cohesion as an objective of the new framework of the EC CSP 2007-2013. The potential impact is positive. The central thesis associated with the emergence of the Kawsay Project - i.e. that it is possible to improve the quality of education provided there is an improvement in teaching and management skills and community leaders, parents and children take part in their own learning where the educational action is a bridge between the community and the school - proves to be valid and is being validated.

America has historically been a continent of immigrants since the time when, at the end of the nineteenth century, forty million people crossed the Atlantic and a quarter of them settled in South America. Although these epic movements have not been equalled later, migrations within the American continent and increasingly to Europe over the recent years are an important demographic feature involving at least 10 million people; An example of this was the Mexican and Central American migration waves to the U.S. or from Andean countries to Argentina as well as local phenomena with a big impact such as Nicaraguans moving to Costa Rica or Colombians to Venezuela.

It is a well-known fact that the economic impact of migrations in Latin America is very high, considering that remittances from migrants towards the region in 2001 amounted to nearly twice as much as the foreign direct investment (FDI) and 6 times as much as the international aid (ODA), reaching values in Central American countries of between 10% and 20% of the GDP. Currently there is an uncertainty as regards the deceleration of this phenomenon's growth rate as a result of global recession and especially of the crisis in the U.S. and its potential long-term impact, since the impact is already being sensitive in the short term (see table below)<sup>22</sup>. This could cause a worsening of unemployment and malnutrition, since remittances represent one of the main variables that have had an impact on the improvement of social indicators in the last few years in CA, even more than social policies in some countries.

The Lima Agenda reiterates the commitment of addressing the migration issue according to a shared responsibility criterion

International movements seeking economic solutions have been associated –in special political times in some countries- with strong movements of internal displacement, particularly in Central America during

<sup>22</sup> Source: *Incertidumbre sobre las remesas: ¿Impacto moderado o severo? Febrero 2009 -Pablo Rodas Martini - BCIE*

the 80's and in Colombia until nowadays, striking people fleeing armed conflicts. Some have been forced to cross an international border or to leave their homes while remaining in their own countries.

European cooperation tried to help provide answers to social issues related to these phenomena in different circumstances and by means of several tools. Among them, it is worth highlighting the programmes -thanks to the granting of specific budget lines- targeted at displaced populations in Central America during the 90s - i.e. 1.8 million people- and recently in Colombia. In this regard, this year's monitoring activity has largely documented the performance of a very significant sample of ongoing projects in Colombia which make efforts both in terms of cooperation with the Government and through NGOs. According to the UNHCR, Colombia is currently the country with the highest number of internally displaced people (3 million) in the world, ahead of Iraq, Uganda, Sudan and Congo.

After Central America in the 90s, Colombia is now the focus of EC assistance to displaced populations



***The set of actions targeted at uprooted people (Rehabilitation Line) shows a good connection between the attention paid at the micro level and the capacity to impact national politics***

*Twelve initiatives funded under the Rehabilitation line in Colombia aim at providing solutions to the serious displacement issue caused by conflict. These are heterogeneous initiatives in terms of size and mode of implementation, which however have an interesting complementarity that could be of importance later on. Three projects with national coverage (22 M € in total) are implemented by state agencies (Welfare) or by UN agencies (UNHCR) and they ensure a connection between the micro level and the impact on national policies. The remaining nine projects are being implemented by European NGOs in partnership with national NGOs and local governments. They all refer to the concept of "integral care" or at least seek to articulate simultaneously several thematic components (housing, legal advocacy, psychosocial care, food security, employment and economic development). Their ability to focus on limited local groups is good, even if several NGOs have greater impact capacity. The commitment to integration meets the various needs of this vulnerable population in a situation of displacement or return, but also the need to tackle the insecurity that characterises the beneficiary communities which are usually located in the poverty belts around large and small towns. The cross-curricular thematic has been assessed as moderately relevant over the whole ROM activity in 2008, although it has shown moderate efficiency so far. Social Action integrates the officially registered displaced people (SISBEN) into the implementation of the public policy according to bureaucratic criteria and with serious limitations, while the UNHCR and NGOs target their actions at the whole displaced population in its broadest sense. The integrated approach in implementing the Social Action programmes mainly turns out to be “assistencialist”. However, in the Uprooted Projects 1 and 2, there is an attempt to implement the model, adding quality to the Institution’s action. As regards the cooperation of NGOs and UNHCR, there is greater effort to maintain the integral approach, which produces some bases for impact in the field of social cohesion; this one however requires a longer period of support for the creation of processes and the rebuilding of the social fabric in order to put an end to the situation of "displacement".*

*The aim of European aid is not to replace or merely supplement public resources, but to increase the existing national tools’ efficiency and effectiveness.*

*The monitoring has pointed out the incapacity of the subsidy programmes granted by the government to the displaced ones to provide targeted solutions to several groups, in the various issues and in particular access to decent housing and a stable source of income, allowing to reintegrate these people -within reasonable time and in their own rights- into the country’s social and economic life. It seems also that territorial bodies are not prepared to take up the powers they were granted by law in terms of attention paid to the displaced and that organisations of displaced are not adopting a constructive role by favouring a claiming attitude as regards the right to subsidies rather than seeking solutions towards long-term sustainable development. The part of resources provided by the EC through the bilateral FA is quite minor as compared with the national resources available for respective policies and therefore, to be effective, it is essential for European contribution to be of high-quality. The monitored bilateral projects (Uprooted 1 and 2) aim at making the public sector’s action and the implementation of state subsidies more efficient by improving cooperation between central government agencies, municipal governments and beneficiary groups organisations. However, the respective projects have failed to implement corresponding strategies, at least until the time of the monitoring.*

## Actors involved

### Who are the partners of the EC cooperation in LA?

In 37% of the 202 projects monitored, the EC partner for the projects' implementation is a governmental entity of the beneficiary country or region. On the other hand, in 55% of the projects, the partner is a NGO, with a majority of European NGOs in 46% of cases as compared with local NGOs (9%). Only in 2% of cases, the organisations of the beneficiary population have achieved recognition as the primary partner while in 6% of them the EC has provided an international body in charge of the projects' implementation. It is worth recalling that the role of "partner" as described in this analysis means the "beneficiary" in the legal vocabulary of agreements and contracts through which the EC implements its cooperation initiatives or the "counterpart" according to the classical terminology of development projects.

This classification compares, in many aspects, two ways of contributing to the achievement of the partnership's objectives, the first of which favours the official institutional environment and policy and the other the participation of civil society and its ability to have an impact on public policies. In the case of co-financing with European NGOs, there is one additional component of contribution from the European civil society. The difference also lies in various legal tools that establish the parties' rights and obligations, as well as differences in the financial volume of initiatives. As is known, the NGOs implement projects financed within the specific budget lines reserved to them. In this case, as regards the analysed sample, those lines are "Co-funding via NGOs", "Tropical Forest" and "Human Rights", to which the "Rehabilitation" line – reserved for the uprooted people - is added in the case of Colombia.

As will be seen later on, in many cases, the two types of partners contribute to achieving similar goals, meeting - even with different approaches - the same priorities set out in the strategic documents. Thus, both cooperation via NGOs and bilateral cooperation meet the same equitable and inclusive social development goals, which should help build greater social cohesion in Latin

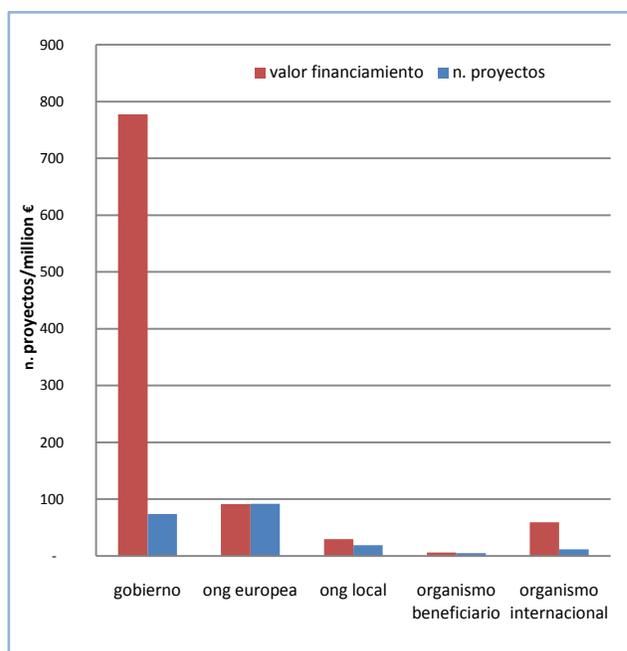
America. However, even if the amount of monitored projects is roughly divided into governmental ones (including international organisations) and non-governmental ones, from a financial point of view (Graphic 41), "official" cooperation receives the major part of resources (87%), and therefore the EC major "bet" in terms of potential impact.

Public beneficiaries of the projects mainly include the institutions responsible for the priority sectors in the different countries and regions. 51% of the 29 regional projects monitored are implemented in

cooperation with the respective institutions belonging to the American SICA, CAN or Mercosur systems. With this kind of projects, European cooperation aims at having a direct impact on the quality of formulation and implementation of sectoral public policies (see below). However, this partnership with public bodies does not prevent the projects from involving other players from the private sector and from civil society (Table 5),



GRAPHIC 41- NUMBER OF PROJECTS AND FINANCING VOLUME BY TYPE OF PARTNER



which is very common in projects that, in addition to helping by means of the development of policies, provide support to implement the latter at least in some areas that have been selected as pilot ones. Civil society organisations also participate in policy formulation, bringing their own contribution.

The analysis of the projects monitored indicates that there are many cases where public institutions create a partnership with other public bodies (in 58% of cases) reflecting a multisectoral approach towards projects, but also with civil society organisations (14%) or beneficiaries' organisations (19%).

European NGOs go in turn into partnership - for the implementation of the projects - with local NGOs in more than 2/3 of cases, but also with public bodies (13%) or with beneficiaries' associations (16%). Therefore, the latter participate in the implementation of projects in nearly 20% of cases.

Also worth mentioning are the international bodies participating in 10% of the projects, either as grant contracts holders (6%) or as partners (4%). Finally, it appears that university participation is very limited in the monitored sample, despite the fact that there are

other lines<sup>23</sup> of European cooperation in LA which value the role of universities (ALFA, @lis, ALBAN, etc.) very much.

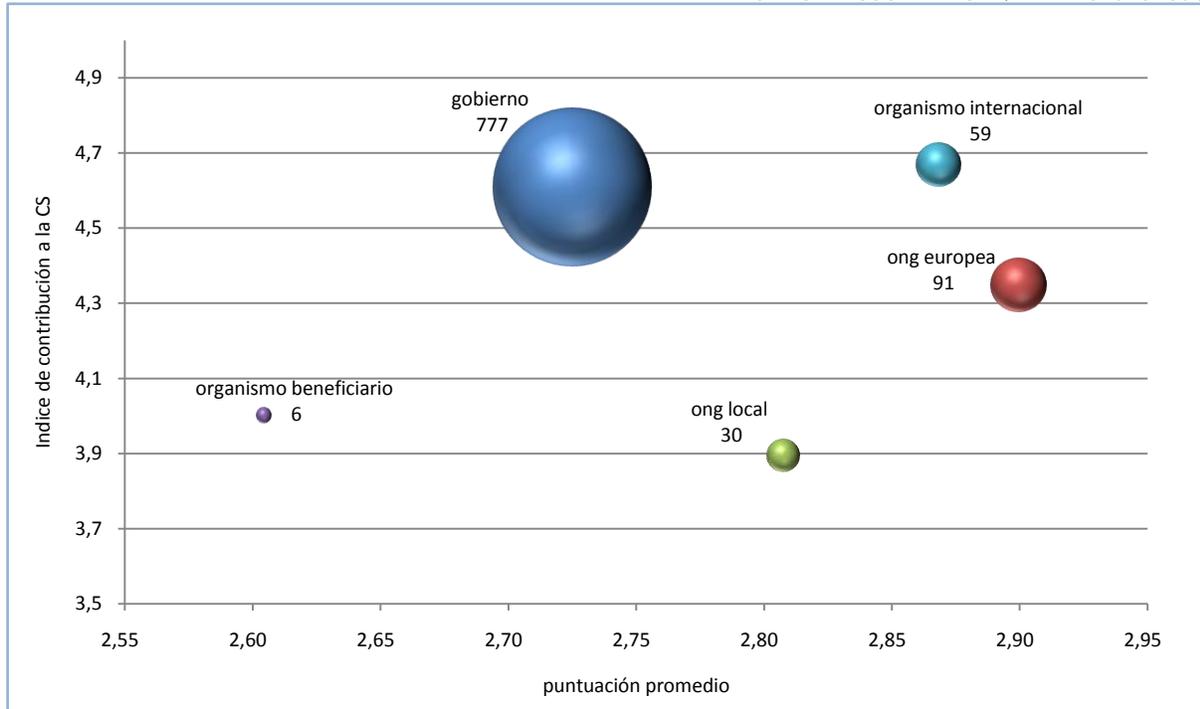
Graphic 42 highlights the relative importance -in terms of financial volume- of the official cooperation carried out by public bodies. It also confirms a phenomenon often encountered by the ROM regarding a better overall performance - average score - of cooperation through NGO's as compared to the one carried out via governmental bodies. The phenomenon has been extensively analysed in the past, which partly puts this assessment into perspective since the samples of projects differ a lot in size and complexity and only part of them are therefore comparable. Obviously enough, it is easier to get results when knowing all the variables of a project, working with a target population and a circumscribed issue, such as for interventions usually carried out by NGOs. But if it is intended to produce an impact on entire aspects of a public policy, it is essential to act through the institutional bodies in charge of their implementation.

TABLE 5 - ASSOCIATIONS OF ORGANISATIONS IN THE IMPLEMENTATION OF THE MONITORED PROJECTS

counterparts	n. of projects	partners					
		Local NGO	Public body	Universities	Beneficiary body	International body	total
government	37%	14%	58%	0%	19%	8%	100%
European NGO	46%	69%	13%	3%	16%	0%	100%
Local NGO	9%	27%	27%	0%	27%	18%	100%
Beneficiary body	2%	100%	0%	0%	0%	0%	100%
International body	6%	11%	67%	22%	0%	0%	100%
total	100%	48%	29%	3%	17%	4%	100%

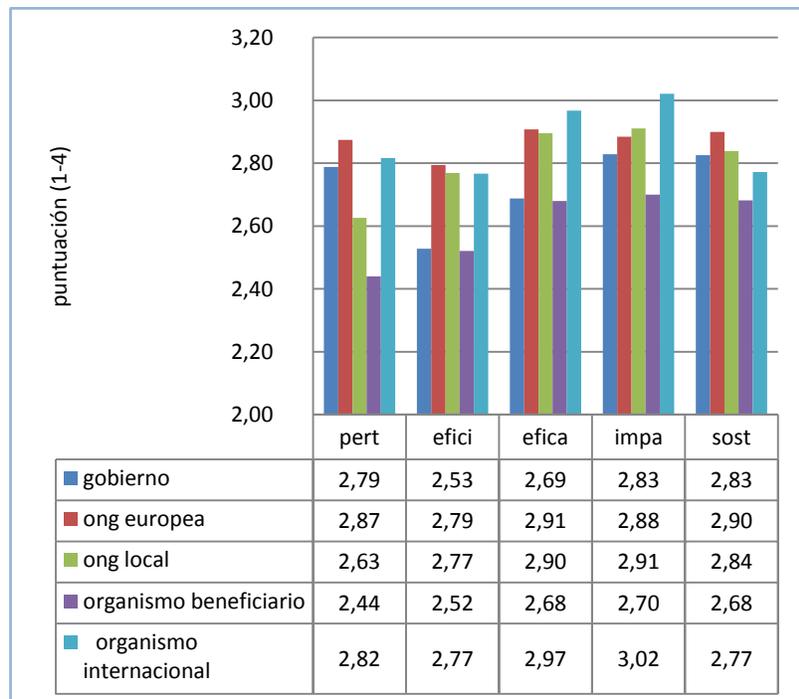
<sup>23</sup> Not taken directly into account in this analysis

GRAPHIC 42- PROJECT QUALITY AND CONTRIBUTION TO SC BY TYPE OF PARTNER AND FINANCIAL VOLUME OF THE MONITORED COOPERATION (IN MILLIONS EUROS )



On the other hand, it is also true that there are still political/bureaucratic obstacles hampering the implementation of institutional projects and generating a less positive assessment at the time of the monitoring. Graphic 43 shows that European NGOs are more successful in managing the projects compared to governmental bodies, but also compared to local NGOs, which should raise the question of the impact of complex EC procedures which European NGOs manage better than national actors.

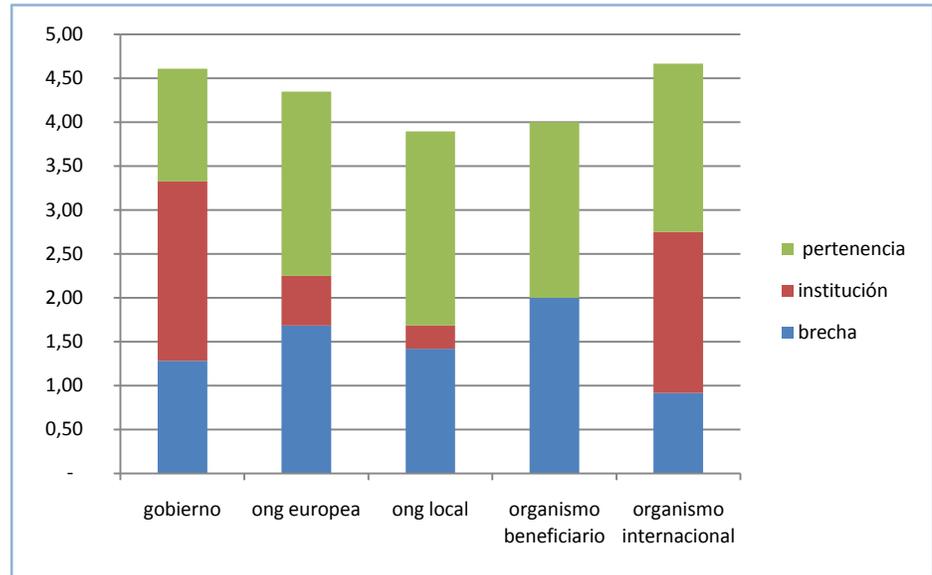
GRAPHIC 43- AVERAGE SCORING OF THE MONITORED PROJECTS BY TYPE OF IMPLEMENTING BODY



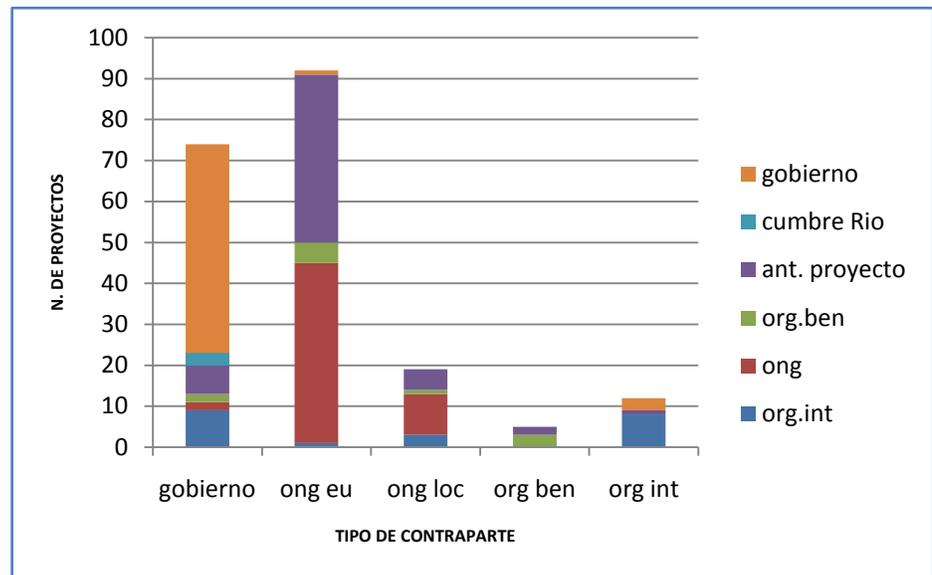
Whatever the role of the various actors in determining the contribution of the projects in which they participate - either as performers or as partners-, the objective of social cohesion is represented in the enclosed analysis -based on the respective index-. As already noted before, NGOs manage to contribute locally to reducing exclusions of circumscribed population groups, helping them meet their basic needs and improve their economic level. Their action is also crucial to increase their inclusion into the mechanisms of political and citizen participation. Their contribution in terms of institutional building is low – even if there is one-, which is the main task of cooperation with governmental bodies. Also of note is the overall good performance observed in the projects carried out in partnership with international bodies.

It is also interesting to note that a large number of projects -about 30%-, especially those implemented by NGOs, are a continuation of the previous ones. On the contrary, governmental projects mainly result from proposals from these governmental bodies based on the priorities commonly agreed with the EC in the CSP.

GRAPHIC 44- AVERAGE SCORING OF THE MONITORED PROJECTS BY TYPE OF IMPLEMENTING BODY



GRAPHIC 45- PROJECTS BY TYPE OF COUNTERPART AND ORIGIN



30% of the projects monitored are the continuation of previous ones

## EXAMPLES – HELPING REDUCE THE “GAP”

### *New challenges for cooperation while facing increased attention from governments to social equity*

*A significant example in this regard among the monitored cases is the Programme of support to the Government of Colombia for the socio-economic reintegration of displaced populations and community-strengthening aimed at processes of reintegration and reconciliation. The programme has been assessed as relevant and timely, given the urgency of providing a solution to the issue of uprooted people in Colombia which affects more than 2.7 million people who suffer from the extreme fragility of its social fabric and a dramatic economic deficit. Despite the existence of specific policies, institutions devoted their implementation and apparently significant national resources, the State does not seem capable of providing assistance to all this multitude of people; in fact, it manages to meet the needs of less than 40% of the population registered with some form of assistance. The "Uprooted 2" aims to contribute to improving the Colombian Government's quality of action to assist, through its various political and institutional tools, the groups who suffered from the consequences of violence that has spread in the country over the recent decades. The aim of European aid is not to replace or merely supplement the resource provided by the States, but to increase these tools' efficiency and effectiveness, taking into account that, so far, uprooted people are taken care of in a quantitatively and qualitatively insufficient way. By improving cooperation between central government bodies, municipal governments and organisations of displaced people, it is intended to make the implementation of various existing allowances (housing, employment generation, etc.) more effective. The resources provided by the EC through this FC represent a minor part as compared with the available national resources and therefore, the effectiveness of Community contribution must be expressed in a qualitative rather than quantitative way.*



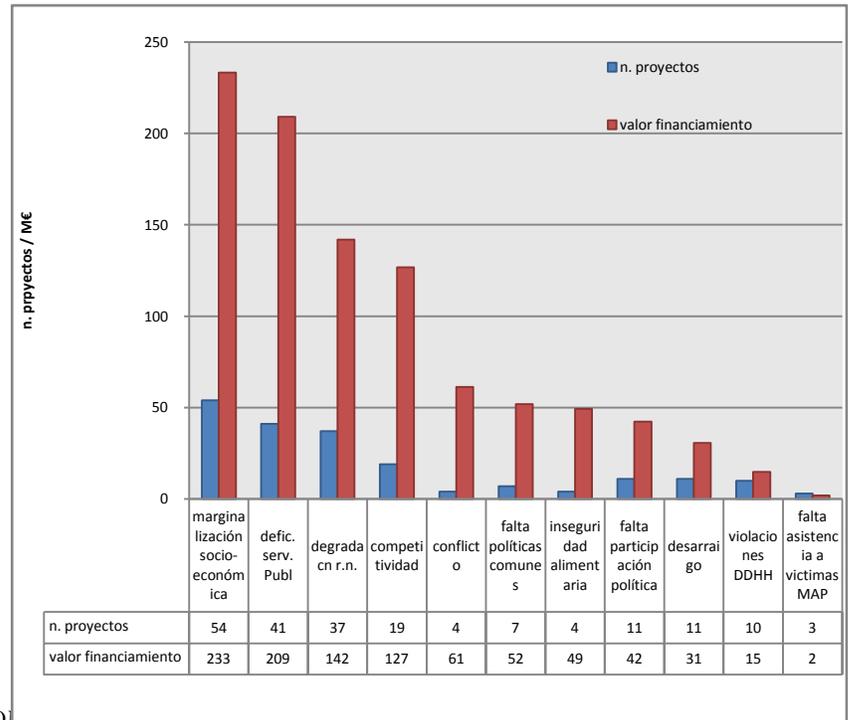
## The issue to be solved

The issues to be tackled through the projects monitored (Graphic 46) - which are deduced from the monitoring documents<sup>24</sup> - are related to socio-economic marginalisation and the lack of public services in about 60% of cases, including 10% of the projects that address the issues generated by conflicts and consequent displacement or damage to individuals. All these issues have a direct impact on the low levels of social cohesion reported in the situations prioritised in these projects - either geographical areas or population groups- and the solutions offered by the projects aim at contributing to improve social and economic inclusion. On the contrary, for 18% of the projects monitored, the main issue identified is the degradation of natural resources and for 10% the economic operators' lack of competitiveness.



GRAPHIC 46- MAIN ISSUES WHICH MONITORED PROJECTS ASPIRE TO SOLVE

However, it is worth underlining that even as regards the issues relating to the environment or to economic competitiveness, there is a strong link with the human and social factors, which is inherent in the populations who live in contact with natural resources or micro-entrepreneurs and their employees. In conclusion, all the issues cooperation is faced with are generally related to the levels of equitable and inclusive social development, in line with the concerns confirmed by the recent Lima Agenda.



<sup>24</sup> The Project Synopsis, which is one of the RO... describes the intervention logic of the monitored project, including a description of the issue the project aims to solve.

## The thematic factor

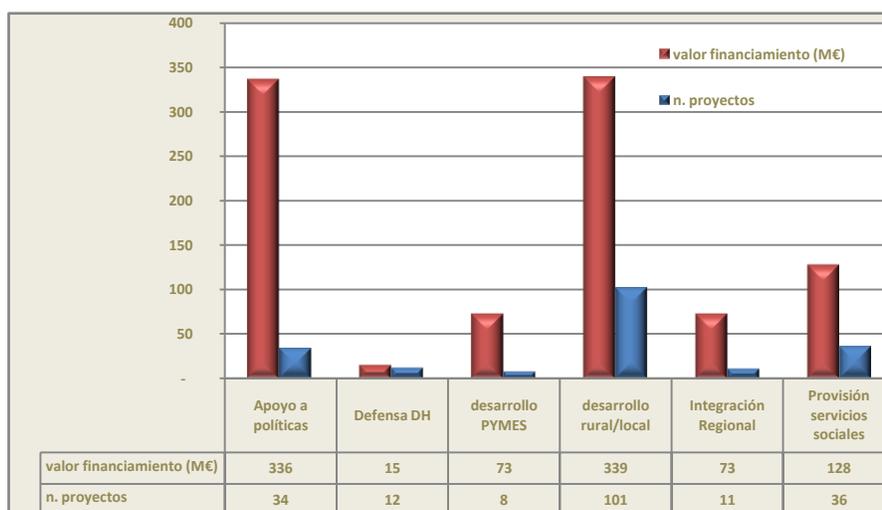
### What type of support is offered by the EC cooperation?

The financial resources provided by European cooperation to the projects monitored are mainly aimed at (Graphic 47) two major categories of objectives: on the one hand (34%) to support the development of **sectoral policies** in various fields so as to increase the capacity of beneficiary countries to meet the challenges of equitable development and on the other hand (35%) to generate concrete development of institutions, facilities and capabilities in determined areas, mainly rural ones, contributing to **local development**. The latter category includes 50% of all projects monitored. In both cases, it is about a cooperation that seeks to help build capacity to overcome the imbalances. On the contrary, with 13% of the resources, the projects provide beneficiaries directly with services in the form of a "substitution" to the State's role so as to deal with serious and urgent situations of lack.

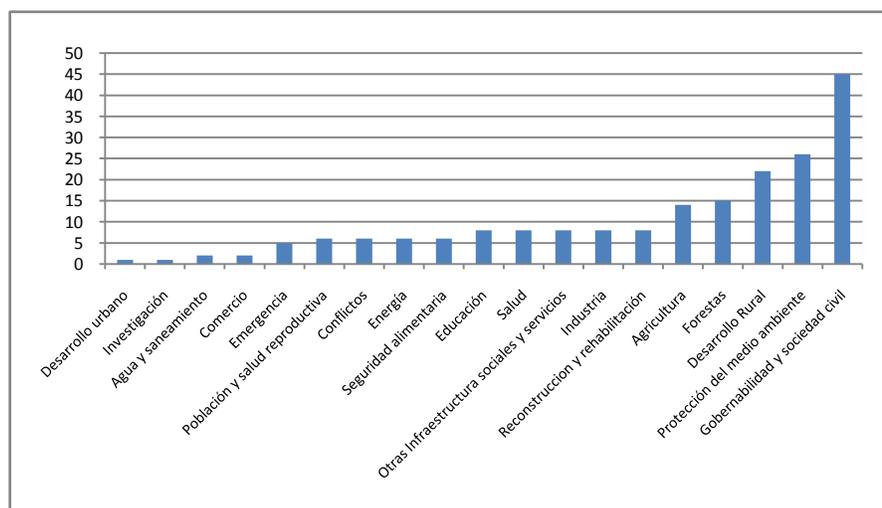
Other areas of intervention - smaller in terms of financial resources received- are, in addition to support towards regional integration processes (7.5%), the promotion of economic competitiveness through the development of microenterprises (7.5%) and the protection of human rights (1.5%). The above confirms that the European cooperation approach to the issue of "social cohesion" in LA is multifaceted since on the one hand it favours the channel of national political reforms promoting their regional harmonisation

whenever possible, and on the other hand it stimulates the development of the most excluded populations' capacity to participate in the political and economic life of the respective countries, without neglecting the participation of SMEs in generating employment and income within the framework of a more competitive economy.

GRAPHIC 47- AVERAGE SCORING OF MONITORED PROJECTS BY TYPE OF EXECUTOR



GRAPHIC 48- NUMBER OF MONITORED PROJECTS BY CAD CATEGORY



## Which sectors are receiving the most cooperation?

According to the DAC classification, monitored projects belong to 20 thematic areas among which the most represented is the "Governance and Civil Society" which relates to more than 20% of the projects assessed. However, the group belonging to the categories entitled "Protection of the Environment", "Rural Development", "Agriculture" and "Forests" as a whole covers 40% of the projects reviewed, while the projects related from the "Health" and "Education" categories only represent 8% of the projects monitored.

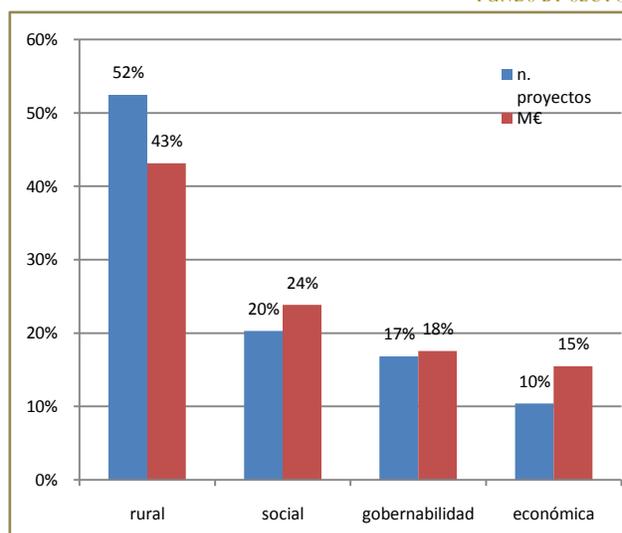
When analysing the projects classification in terms of financial volume granted to each sector (Table 7), it appears that 43% goes to the issues related to the **rural sector and natural resources** -including food safety- and to the environment. Interventions in the field of **social policies** -education, health, justice, water and sanitation, disaster prevention and assistance to the uprooted population- are granted 24% of the funding monitored and those related to economic policies get 15% of it. Moreover, 18% goes to interventions in the field of governance, democracy and human rights. Once again, there is a strong relevance of the projects monitored as regards the major issues that generate a deficit in social cohesion and the contributions involving different territorial institutional and thematic levels.

It is interesting to analyse the data regarding the number of beneficiaries of the various interventions (Graphic 50). Out of the 8 million people who are reported to be direct beneficiaries of the analysed actions, about 3.8 million benefit from interventions in support of local/rural/sustainable development while another 2.6 million benefit from support in health, education and other social services.

TABLE 6 – NUMBER OF PROJECTS MONITORED BY CAD CATEGORY

DAC code	Description	n. of projects
11	Education	8
12	Health	8
13	Population y and reproductive health	6
14	Water and sanitation	2
150	Governability and civil society	45
152	Conflicts	6
160	Other social infrastructures and services	8
23	Energy	6
311	Agriculture	14
312	Forests	15
321	Industry	8
331	Trade	2
41	Environmental Protection	26
43030	Urban development	1
43040	Rural development	22
43082	Investigation	1
52	Food security	6
720	Emergency	5
730	Reconstruction and renovation	8

GRAPHIC 49- NUMBER OF PROJECTS MONITORED AND FINANCIAL FUNDS BY SECTOR



This leads to the conclusion that the relevance is high and that the priority issues are all extremely important, both as regards the general development goals -Millennium goals- and the project purposes of EC cooperation in LA -Lima Agenda. There is, however, a trend towards covering a large number of different issues, favouring territorial characterisation more than thematic specialisation. The monitored sample

does not show yet any focus of cooperative efforts on a limited number of socially relevant policies -such as those prioritised by EUROsocial: Education, Health, Taxation, Justice and Employment. There is rather a combination of attempts to provide answers to all issues afflicting the economically and socially excluded populations in LA, with a multisectoral approach. The socially sensitive sectors are dealt with through a myriad of interventions that offer solutions to their various issues.

The "sectoral approach" is still not very tangible through the analysis. However, this finding should not be perceived as a criticism since European cooperation is particularly well adapted to provide the neediest populations with direct care and to meet their claims and requests thanks to its tradition and characteristics – i.e. the combination of governmental or non-governmental actors and resources resulting exclusively from donations in large amounts.

GRAPHIC 50 - DIRECT AND INDIRECT BENEFICIARIES OF MONITORED PROJECTS BY SECTOR

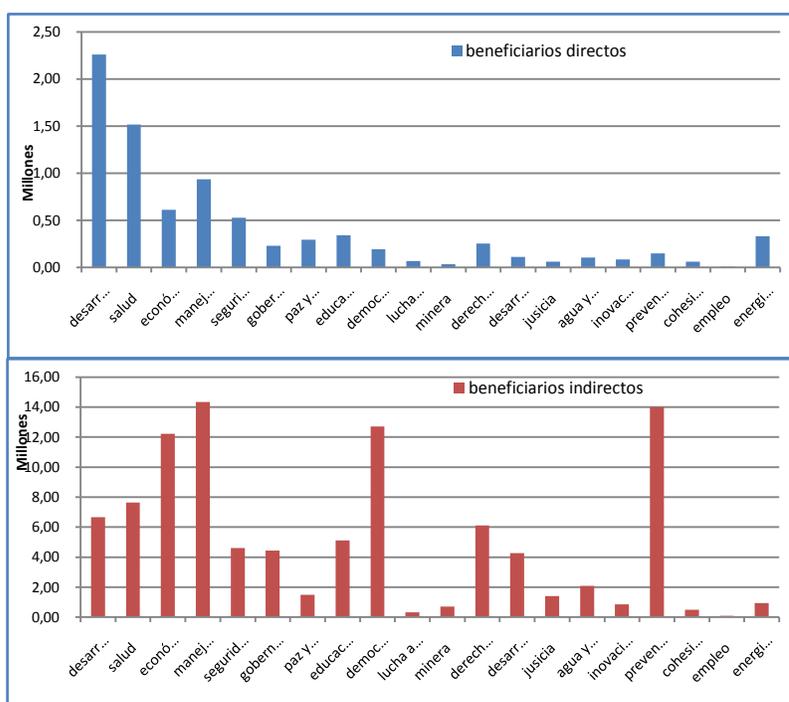
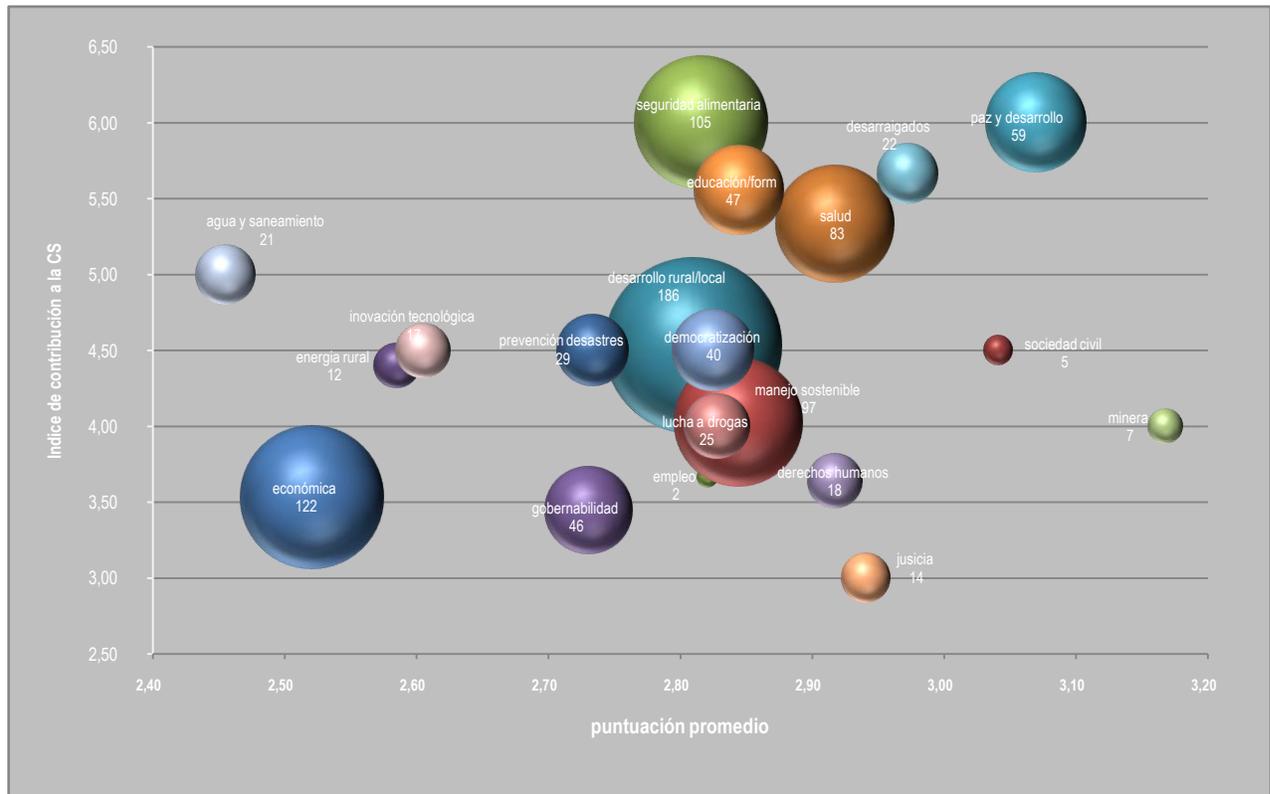


Table 7 - results of projects monitored in LA in 2008 by type of policy supported

groups	sector	Projects n.	Direct Beneficiaries (millions)	Inirect Beneficiaries (millions)	EC Budget (M€)
economics	Economic	15	0,61	12,21	122
	Mining	1	0,04	0,7	7
	Technological innovation	2	0,08	0,85	17
	Employment	3	0,01	0,09	2
governability	governability	9	0,23	4,43	46
	Peace and development	2	0,3	1,48	59
	democracy	6	0,19	12,7	40
	Human Rights	14	0,25	6,1	18
	Civil society	3	0,06	0,49	5
Rural/Nat. Res.	Local / rural develp.	62	2,26	6,66	186
	Sustainable management	38	0,94	14,34	97
	Food security	4	0,53	4,6	105
	Alternative development	2	0,07	0,31	25
social	Health	18	1,52	7,64	83
	Education	9	0,34	5,12	47
	Justice	2	0,06	1,39	14
	Water facilities	2	0,1	2,09	21
	Disaster prevention	2	0,15	14	29
	Rural energy	5	0,33	0,94	12
	Uprooted	3	0,11	4,26	22
	total	202	8,18	100,41	956

GRAPHIC 51 - AVERAGE SCORING OF THE MONITORING AND INDICATOR OF CONTRIBUTION TO SC BY THEMATIC GROUP AND FINANCIAL VOLUME RECEIVED (MILLION EUROS )



Graphic 51 provides a good overview of what has been explained above. When comparing the monitoring results -scores ranging from 1 to 4- and the assessment regarding the level of contribution towards social cohesion -1 to 9-, there seems to be no trend allowing to state that any data or group of data clearly stands out from the rest. Among the important thematic groups - according to the volume of funding received-, the majority exceed the average score of 2.70, which is a good score, except for economic issues -including technological innovation- which poorly remains just above 2.5, i.e. the limit of sufficiency.

This finding confirms the difficulty of effective cooperation as regards economic issues due to the many variables involved, which are only partly influenced by the projects. On the other hand, there is an emphasis -score 3- on the quality of the projects from the "attention to the uprooted" and "peace and development" lines -both mainly implemented in

Colombia-, a result largely due to the quality of the actors involved and the dramatic aspect of the issues addressed to which the projects propose appropriate solutions. Also of note is the impact of cooperation on issues related to health and education -about 2.9-, which should suggest insisting on those areas which, as is well known, are severely deficient and whose progress could represent a significant contribution in terms of social cohesion. Finally, special attention should also be paid to support to sectoral policy in issues such as fighting drug production and trafficking in Bolivia (see table next page

There is no trend allowing to state that any data or group of data clearly stands out from the rest

*An exemplary sectoral support programme which has inspired community policy at a worldwide level*

Of high value -for the purposes of social cohesion- are the interventions aimed at supporting strategies to fight drug trafficking in several LA countries and especially the efforts towards social and economic emancipation of the people who, despite being victims of this criminal traffic, have often been criminalized and prosecuted themselves. A good example is Bolivia where the EU has been implementing since more than a decade now a cooperation programme which is said to be exemplary and which inspired community policy in this field worldwide. After having refused to be involved in alternative development programmes which were clearly repressive - such as those carried out by the donor community in the 80s and 90s -, the EU designed in 1996 a programme for the illicit coca producing region of Chapare aimed at encouraging a voluntary return to legality by the coca growers while also consolidating the local institutional framework in areas hitherto operated under military control and highly contentious. Based on the recognised success of this programme, the EC has subsequently (2005) launched a similar programme in another large area of coca production -the Yungas- in order to support the national policy that seeks the peasants' voluntary restraint on coca growing for traditional use only. The compensatory investments and strengthening of municipalities are not directly linked to the decreasing sown area in coca, which is the factor most appreciated by inhabitants who recognise the EC sincere commitment to their development to make it economically and legally sustainable. The strategy to support “Bolivia’s fight against the growing and trafficking of illicit drugs through integrated development and rationalisation of the coca production by means of mechanisms of social control” has been further intensified from the 2007-2013 CSP dedicating € 45 million to priority axis 2, which was later raised to 80 M €. This programme constitutes a major contribution to the "Integrated Development with Coca" policy issued by the government of Evo Morales to replace the outdated concept of "Alternative Development". The "coca" issue is a pillar of this government’s policies, not only due to the well-known historical links of the President himself, but also because this issue has been for a very long time at the very centre of both international relations and the internal balances within the country. The various aspects are being confronted today in a pragmatic and comprehensive way, distinguishing the effective action of banning and cracking down on illegal activities - the amount of cocaine seized has more than doubled between 2005 and 2008- from the actions aimed at developing areas traditionally or recently involved in the overproduction of coca. The new thing is not to indiscriminately criminalise all coca growers and above all to boost efforts made towards self regulation so as to make sure drug trafficking does not feed itself on their production anymore. While national policy is being funded through a budgetary support programme (PSAS) -which will benefit from a financial commitment of over 50 M € by 2013- 10 M € are dedicated to the activity of "Social Control" driven by the respective policy and 3M € are intended to support the launch of a study on licit uses of coca. There is no doubt that this set of cooperation initiatives -which are masterfully articulated and coordinated in time and space- are helping Bolivia overcome its difficult transition towards a democratic system that allows for pacific coexistence and the welfare of many socio-cultural and economic groups, which until recently enjoyed in a very unbalanced way the country's wealth and administration .

).



The "coca" issue, which in the case of Bolivia -unique in the world- goes hand in hand with claiming the right to preserve traditional cultural and social values, is part of the national development policy since it involves directly and indirectly about 5% of the country's population. Although the area under coca cultivation in Bolivia currently ranges from 20,000 to 40,000 ha -of which probably one half is not needed for traditional consumption and are therefore used for illegal transformation into cocaine repressive paste-, this area represents far fewer than the 50 thousand hectares that were cultivated at the time of the boom in drug trafficking (late 80s). The current government is firmly committed to keeping this phenomenon under control and for the first time, it has adopted an integrated -rather than merely repressive- policy that is supported by most coca leaf growers. The programmes implemented by the EC to promote social and political strengthening in the original trouble and criminalised areas are of great help for the achievement of the joint objectives. It is a significant step forward to observe local administrators of the Yungas -who used to be fervent defenders of the right to cultivate coca without any restriction- promoting development models based on the strengthening of human and social capital while also implementing large programmes for the modernisation of physical capital, where coca cultivation is relegated to a mere "production component" that must be compatible with the legal market and specially with a sustainable management of the territory. The concern about the deterioration of the environment caused by the widespread monoculture of coca has already been integrated into most of the municipalities' development strategies and it is necessary to keep strengthening the EC contribution in this field. Accepting the fact that legal cultivation of coca must be included -possibly a minor one- in a much more articulated model of sustainable development is a step forward that seemed unimaginable a few years ago. The European funds aimed at supporting alternative development in the Yungas have been administrated through Fonadal. The objectives were: (1) the consolidation of policy, (2) the strengthening of this body as one of the main implementing entities of the policy, and especially the development of models for the implementation of the policy in different areas according to their participation in the "coca" issue. Those areas are: (3) producing areas and areas at risk, or (4) areas for the expulsion of the population towards production areas. Although none of the four above-mentioned objectives have been completely achieved yet, the impression is that there has been a very substantial contribution that allows to look at the future with great optimism in terms of potential global impact of the EC cooperation in this sector in Bolivia. It is essential to keep improving strategies and methods. Two main aspects requiring special attention are: (1) the territorial development models of the respective areas with particular attention paid to environmental and demographic sustainability and (2) the public investment management mechanisms which need to increase their rigour in terms of transparency and allocation.

FRAME 7 - RESULTS OF THE PROJECTS MONITORED IN LA IN 2008 BY TYPE OF POLICY SUPPORTED

Sector	Avance físico financiero	Relevance.	Efficiency	Effectiveness	Impact	Sustainability	Average score	SC indicator
rural/local development	88%	2,77	2,73	2,82	2,85	2,90	2,81	4,53
health	98%	2,87	2,81	2,97	3,08	2,78	2,92	5,33
economic	77%	2,70	2,33	2,46	2,50	2,61	2,52	3,53
Sustainable manag.	93%	2,71	2,69	2,89	2,93	2,99	2,84	4,03
Food security	93%	2,98	2,65	2,85	2,78	2,84	2,82	6,00
governance	99%	2,83	2,62	2,70	2,74	2,76	2,73	3,44
Peace and development	111%	3,15	3,40	3,00	3,05	2,75	3,07	6,00
education/training	85%	2,94	2,64	2,96	2,78	2,90	2,84	5,56
democratisation	79%	2,88	2,60	2,79	2,81	3,05	2,83	4,50
Fight against drugs	98%	3,00	2,60	2,69	2,95	2,90	2,83	4,00
mining	117%	3,00	3,20	3,30	3,90	2,44	3,17	4,00
Human rights	104%	2,96	2,99	2,95	2,99	2,70	2,92	3,64
uprooted	121%	2,90	2,73	3,17	3,33	2,73	2,97	5,67
justice	95%	3,00	2,80	2,90	2,95	3,06	2,94	3,00
Water and sanitation	90%	2,30	2,20	2,50	2,53	2,75	2,46	5,00
technological innovation	61%	3,00	2,20	2,43	2,90	2,50	2,61	4,50
Disaster prevention	71%	3,15	2,70	2,73	2,50	2,60	2,73	4,50
Civil society	91%	3,00	2,80	3,52	3,00	2,89	3,04	4,50
employment	88%	2,87	2,53	2,70	3,12	2,89	2,82	3,67
Rural energy	67%	2,46	2,44	2,53	2,60	2,89	2,59	4,40
average	90%	2,80	2,69	2,82	2,87	2,85	2,74	4,41

Particularly positive scores (> 3) are highlighted in green while the least positive ones (<2.5) are pointed out in red. Also listed are the extreme values (> 6, <4) for the indicators of Social Cohesion

The two prevailing themes in terms of volume of financing –i.e. « rural development » and « sustainable management of natural resources »- which together receive over 30% of all assessed fundings, show moderately positive performance both in terms of projects' quality (score ~ 2.8) and in terms of contribution to SC. As these two issues mostly include overall and multisectoral projects, it could be argued that the quality of the observed cooperation increases proportionally to the degree of thematic and target group focus.

Moreover, according to the analysis by theme and parameter (Table 7), there is an emphasis on the impact which is significantly positive for all the themes, confirming the contribution of European cooperation in solving the various priority macro-issues.

The projects dealing with "Water and Sanitation" and the contribution of "Employment" projects to SC are not convincing, which seems to be due to abnormal findings that would be more related to the low representativeness of the sample than to objective deficiencies.

The positive impact of all themes confirms the contribution of European cooperation in the various priority macro-issues

## What is the support provided to the formulation and implementation of sectoral policies

Despite the significance of contributions resulting from all the projects monitored, their ability to produce an impact on political reforms aimed at improving social cohesion at a macro level seems to be partial. It is still expected to see the potential effects of sectoral support programmes through budgetary support, which, however, is currently showing difficulties in setting itself as an alternative form of cooperation in this region.

There is no doubt that efforts are being successful in exchanging best practices regarding public policies constantly promoted by EUROsociAL. With Brazil and Argentina, this modality has been transferred to interesting bilateral projects which, without aspiring to bring significant resources for the implementation of policies, contributed to the qualitative improvement of

Although the capacity of influencing macro political reforms seems to be partial, the contribution to the reforms' local implementation is valuable, encouraging greater focus on traditionally disadvantaged sectors

many reforms.

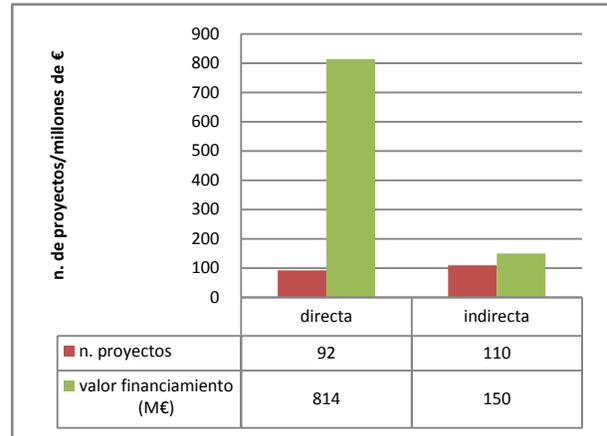
Undoubtedly, one valuable contribution of the projects monitored is to help implement at a local level the political reforms rather aimed at traditionally disadvantaged sectors.

There are two major categories of projects monitored (Graphic 52) as regards their ability to impact on public policies:

- a) projects of **direct** cooperation with governments to support the formulation or implementation of sectoral policies

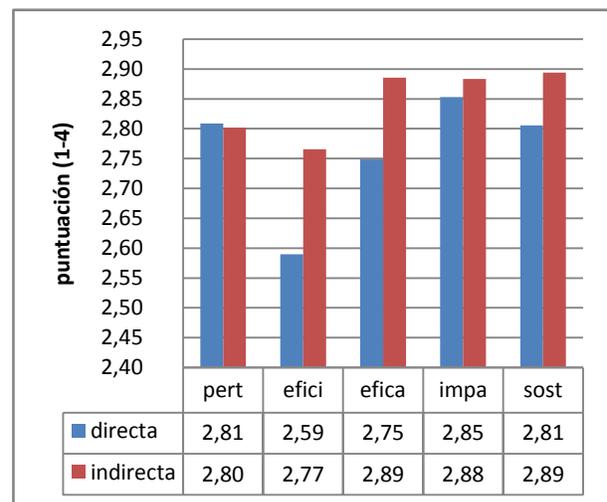
- b) projects with an **indirect** impact in support of the civil society's action to promote political proposals and support the legislative process.

GRAPHIC 52 - NUMBER OF PROJECTS MONITORED AND FINANCIAL FUNDS BY TYPE OF IMPACT ON PUBLIC POLICIES



Even if the relevance of both forms of action is confirmed (Graphic 53), the monitoring activity highlights a better performance of the projects that contribute indirectly to the implementation of public policies, largely due to the dynamism of the civil society which takes part in them. On the other hand, projects seeking to strengthen the sectors through public institutions suffer from the slow feedback which is typical from these actors.

GRAPHIC 53 - MONITORING RESULTS BY TYPE OF CONTRIBUTION OF THE PROJECTS TO PUBLIC POLICIES



## Bilateral projects of direct support to the formulation and implementation of public policies

Since the late 90s, the EC has been supporting -through its financial and technical cooperation with LA- some of the beneficiary countries' sectoral policies, partly modifying the approach implemented so far which was almost exclusively focused on territorial development. The processes of democratic consolidation that were ongoing in all countries suggested the need to bet on the States' structures, thus avoiding feeding substitute models such as those that had been used so far. The sectors of health, education, justice and public safety have been the main focus while SMEs' internationalisation and competitiveness were being encouraged in each country. The first projects that were timidly designed sought to influence regulatory frameworks and institutional efficiency, promoting good practice but also taking on significant commitments in terms of equipment.

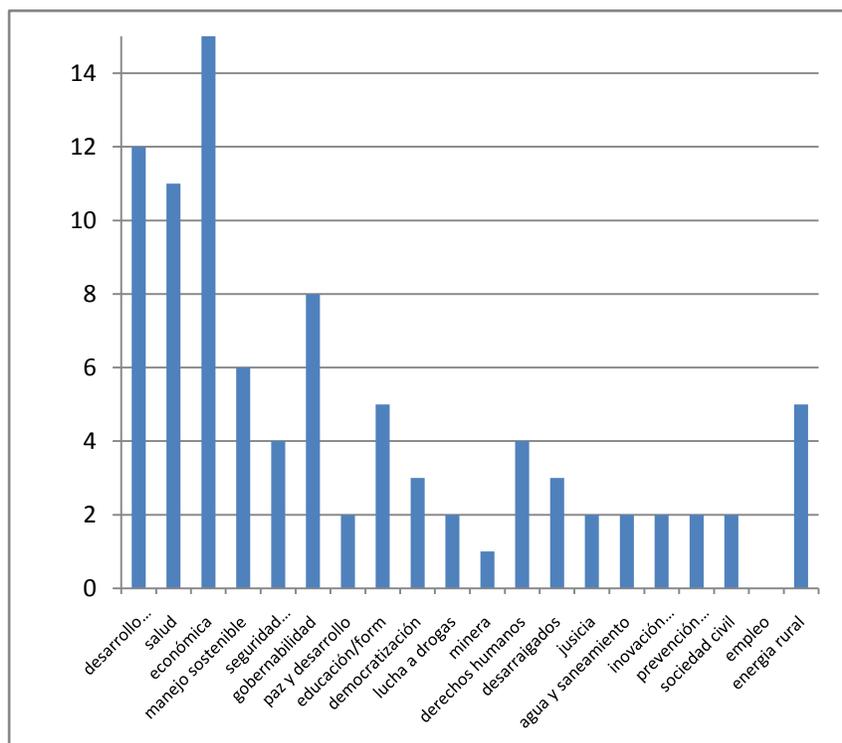
This approach met the purpose of improving the State's ability to deliver better quality services to citizens, especially to the excluded population through better trained human capital and more modern physical capital.

However, despite their significant extent, the resources dedicated to each intervention did not allow to cover all national territories, which is why the sectoral projects of that time ended up being a

mixture of macro -strengthening of the regulatory and institutional framework- and micro -direct intervention in part of the national territory such as departments or provinces- contributions that were chosen for a pilot intervention in order to test the good practices proposed at the macro level.

Projects funded in this way have generally resulted in positive results -many of them are being monitored ex-post-, while keeping part of the tangible results along the intangibles ones. However, more recently, the EC decided to proceed further towards pure sectoral support, making the most of the opportunities offered by the Paris Declaration. Since 2004, several SPSP – i.e. Sector Policy Support Programmes - have been identified and implemented in the areas of education as well as water and sanitation with a clear ambition to help governments formulate and implement better sectoral policies and more efficient and transparent mechanisms for the management of public funding. Others, such as “Integra Uruguay” (see table next page) aim at providing support to the policy of social cohesion in a very direct way.

GRAPHIC 54 - SECTORS IN WHICH THE MONITORED PROJECTS ARE REPORTED TO HAVE A DIRECT POLITICAL IMPACT (N. OF PROJECTS)



## EXAMPLES – SUPPORTING THE SOCIAL COHESION POLICY IN URUGUAY

### *New challenges for cooperation considering the increased attention from governments to social equity*

A significant example of this is the "Uruguay INTEGRA" programme which is one of the strategic programmes financed by the EC -the other one is "Uruguay Innova"- within the framework of the Uruguay/EU Memorandum of Understanding for 2007-2013. The Government had applied for the programme in order to be able to fulfil the 1996 constitutional reform mandate (Art.50) in a more effective way and to promote decentralization policies with greater determination, fostering the local economic development in a more systematic way with new tools, agents and resources. The process of decentralization of social and productive development and the support of local development are in line with the priorities defined by the Government of the 2005-2010 term, which aim at strengthening social and territorial cohesion, in particular by promoting the creation of productive employment in the country. The programme includes some of the priorities expressed in the Government Programme, in particular the chapters of Productive Uruguay and Social Uruguay. A Sectoral Committee for Decentralization was created under the Law 17.243 adopted in 2000 and its activities are coordinated by the Office of Planning and Budget (OPP). The Government's main challenge in the social field is to prevent a widening gap between well-off and disadvantaged Uruguayan people, and to restore social cohesion. There are common issues within the country which are warning about heavy imbalances and processes leading to the deterioration of socio-economic and territorial cohesion. In rural areas and small towns, it is usual to find isolation, migration, low living standards, low self-esteem and a lack of local cultural identity. As a result, rural households of producers are facing serious difficulties to access public services, which has an impact on production factors such as low inputs, technology, training, among other weaknesses. "Uruguay Integra" is a programme of sectoral support (decentralization) in the form of project. It has a national impact and aims at supporting the formulation and implementation of sectoral policies. In case of adoption of a clear local development policy, this programme should lead to the implementation of a Budget Sectoral Support Programme targeted at local development for the period 2011-2013 -see R4 of the FC. However, during the monitoring, it was found that the project purpose could not be achieved by the programme on its own and that synergy with the Government's other policies needs to be promoted. In this regard, it is noted that there is still no clear local development policy allowing to provide the sector with budget support for 2011-2013. The competitive funds with 15 projects approved involves 17 departments, which is in line with the scope of the objective. However, the transverse axis and the link with sectoral policies at a central level are still missing. In order to achieve the specific objective, the programme requires a clearer and more consensual local development policy since the date for the adoption of the Decentralization Act is uncertain. The programme probably strengthens the capacity of departmental governments to manage the territory. It is not yet clear whether the programme will increase the rate of social and territorial cohesion in Uruguay. For the time being, it mobilises human resources from the capital to the countryside and the State is somehow getting closer to the citizens in the territory. There is also improvement in the coordination between national and departmental policies. The territory is seen as a political variable which could potentially contribute to the reduction of internal migration thanks to a better capacity to keep the population in the inland.

The sample of projects included in this study is not fully representative of all the sectoral efforts that are being made by European cooperation in LA.<sup>25</sup> Still, out of the 202 projects monitored in 2008, 45% -i.e.92 projects- aim at providing a direct contribution to a sectoral policy, in cooperation with the respective institutions in the beneficiary countries. The sectors with the greatest participation in terms of number of ongoing projects (Graphic 54) are the "economic" (15), "Decentralization and Local Development" (12) and "Health" (11) ones, with fewer projects focused on the "Education" sector. On the contrary, the sample does not include many projects aimed at supporting the countries through « fiscal reforms », the « legal » sector or the « employment » sector which, as known, are the other sensitive topics in the building up of social cohesion.

One example is the project called « Rehabilitation of Primary Health Care and strengthening of the Managua Silais » -FORSIMA - monitored ex-post in 2007-, which, through the provision of infrastructures and equipment together with an efficient management system, is contributing to the current Nicaraguan Government's universal health care policy implementation in the capital city. At the same time, in Nicaragua, the FOS Belgium NGO works with EC funds and aims at "promoting the creation of a legal framework for mutual initiatives."

Both examples show how European cooperation has been transformed over the last few years, evolving from a mere substitute to the role of the State in the 80s and 90s to a model aiming at accompanying the implementation of public policies. This model combines the function of increasing the « quality » of the effort made by sectoral institutions in the implementation of the policies with the one of increasing the strength of the request made by the social actors so that the policies are effective, and possibly ensure that their benefits also reach society's most excluded groups.

Another case worth mentioning is the one regarding the policy of assistance to the uprooted population in Colombia where, further to international pressure, the

government has adopted very ambitious policies that it takes a long time to implement. In this case, European cooperation has been undertaken to boost their implementation, in line with the spirit of their wording and counteracting institutional inertia.

It is interesting to note how some projects, although they cover public policies through the institutional channel, deal with very specific aspects, trying to fill legislative gaps or increase the allocation of resources for the implementation of current policies in favour of groups which are usually excluded.

This framework includes the Kawsay "Quality and Equality in Intercultural Bilingual Education (IBE)" Project in Peru, which is aimed at developing - as part of the General Education Law (Ley General de Educación)-



a mesocurricular proposal for decentralised and participatory IBE in order to improve the educational level. The contribution of such projects towards Social Cohesion, reducing the educational gap and fostering a sense of "belonging" in a society that recognises interculturality, is unquestionable.

This direction is also the one taken by several of the projects monitored in Brazil which are aimed at helping regulate the use of abundant but highly threatened natural resources -sustainable use, certification, regulated trade-, through consultation between the institutional economic and social actors involved, working on the policies at the federal, state and municipal levels, depending on the case. The contribution towards social cohesion is obvious when considering the combined effects in terms of reducing conflicts, respect of legality and integration, and

<sup>25</sup> SPSP are not part of the analysed sample yet

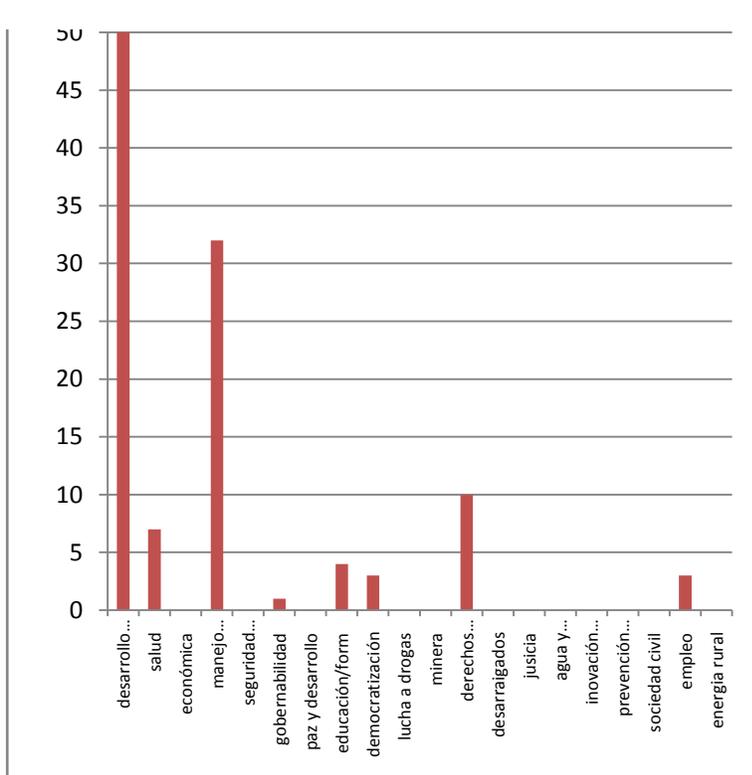
economic dynamic of the historically excluded groups – i.e. indigenous.

Finally, it is worth mentioning the large number of projects which promote internationalisation and increased competitiveness within SMEs. These projects are mainly active at the level of economic development sectoral policies, strengthening government agencies and labour associations, standards alignment, incentives and credits policy, etc. Besides the aim of increasing exchanges with Europe, these projects seek to generate new jobs in micro and medium enterprises, increasing the social repercussions of trade agreements.



### Civil Society initiatives

GRAPHIC 55 - SECTORS IN WHICH THE PROJECTS ARE REPORTED TO HAVE AN INDIRECT POLITICAL IMPACT (N. OF PROJECTS)



Civil society turns out to have a decisive role in the projects monitored. In many cases, there are real political laboratories generating requests and proposals which are brought up to the highest levels of discussion and decision.

The projects are usually able to foster the participation of civil society (belonging), helping the most excluded ones or the victims of flagrant injustice claim their rights - and in many cases have them recognised - while contributing to reducing the causes and/or healing up the consequences of conflicts.

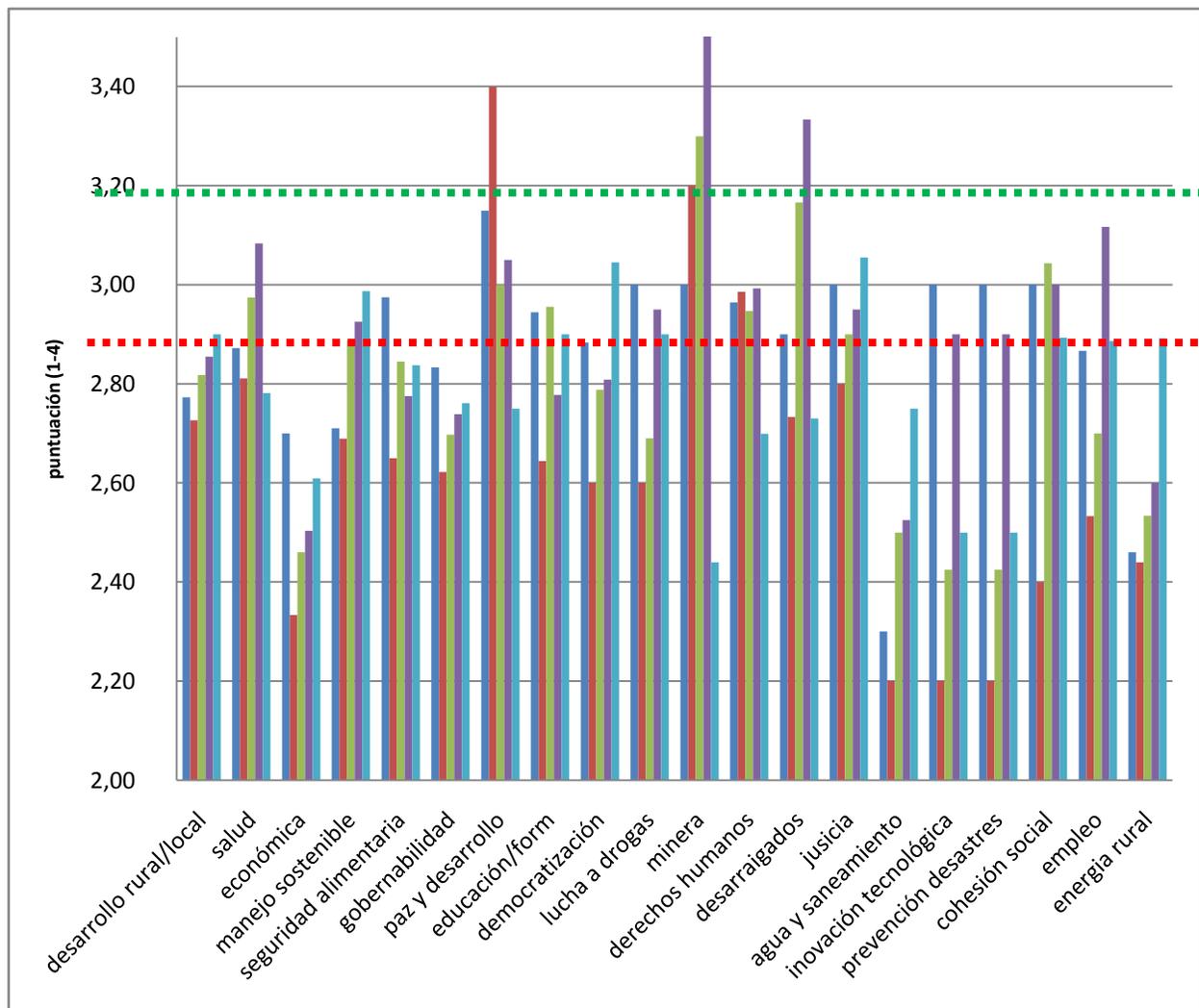
As already mentioned, these significant contributions mainly occur in the field of rural and local development projects, often combined with the sustainable handling of natural resources (Graphic 55), in response to the phenomena of geographical and ethnic marginalisation. Some examples are the projects of support to the political and economic integration of the Quilombos minorities in Brazil -States of Goiás and

Marañao- or of the Kogi, Arhuacos and Wiwa people in the Sierra Nevada de Santa Marta -Colombia. Several European and Latin American NGOs show great capacity

to support these processes while still leaving the necessary protagonism to direct beneficiaries.

In a nutshell, the average of projects monitored -classified by sector (graphic 56)- shows a satisfactory performance -scores higher than 2.5- in most of the parameters, but few groups of sectoral projects present very positive results -> 2.8- in most of the parameters. This leads us to conclude once again that European cooperation in LA doesn't show any strong thematic specialisation.

GRAPHIC 56 - AVERAGE SCORING OF PROJECTS MONITORED BY TYPE OF POLICY SUPPORTED



What are the responses by type of sectoral policy supported?

## Strategies and macro -objectives

To complete the analysis of the lessons drawn from the monitoring as regards cooperation products, another classification has been used, this time grouping projects by macro-objectives (Table 8) and by type of strategy adopted to achieve them (Table 9).

TABLE 8 - CLASSIFICATION OF MONITORED PROJECTS BY MACRO-OBJECTIVES

macro objective	n. of projects	Financial volume (M€)
Socio-human development	37	209,55
Socio-economic development	71	316,82
Socio-political development	33	120,60
Environmental management	42	180,27
Improve competitiveness	17	115,85
Improve infrastructure	2	20,75
total	202	963,83

An obvious conclusion that can be drawn from this analysis is that European cooperation focuses its intervention (M€) on the development of human capital (22%) and, above all, of the social capital (57%), with some attention paid to the natural capital (19%) and very little -or almost nothing- on the strengthening of physical capital (2%). There have been clear changes in the several forms of cooperation with LA countries since the 80s and the 90s, when investments in equipment and infrastructure were prevailing in the projects' budgets. This evolution is based on the conviction –which slowly came to fruition- that there is no point in improving the physical environment without having a structured society with harmonious and comprehensive coexistence rules based on educated individuals sharing values and knowledge.

The strategy adopted by the projects to achieve the development of the above mentioned resources is essentially based on the strengthening of collective management mechanisms, whether at the level of public institutions (37%) or civil society organisations (50%), with a minority of strengthening through better provision of equipment and infrastructure -often limited to reconstruction after disasters- or through individual trainings.

GRAPHIC 56 - FUNDS OF THE PROJECTS MONITORED BY MACRO-OBJECTIVE AND TYPE OF STRATEGY

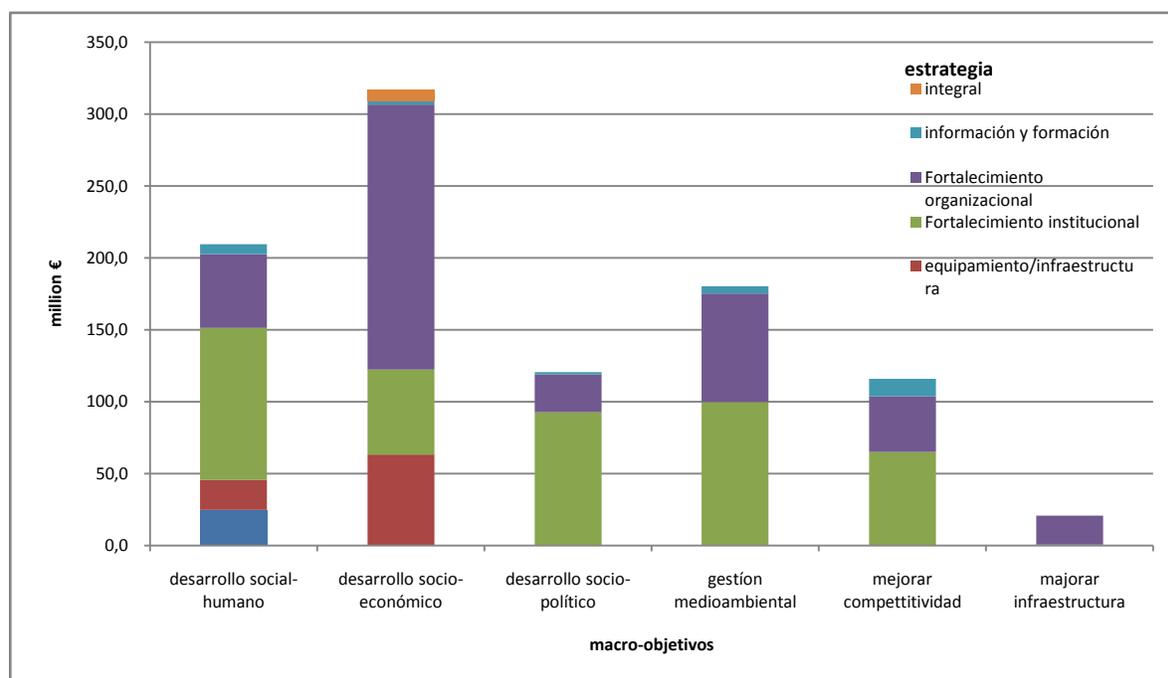


TABLE 9 - CLASSIFICATION OF PROJECTS MONITORED BY TYPE OF MAIN STRATEGY

Main strategy	n. of projects	Financial volume (M€)
Equipment/infrastructures	15	65
Institutional strengthening	57	353
Organisational strengthening	114	475
Information and formation	16	60
total	202	954

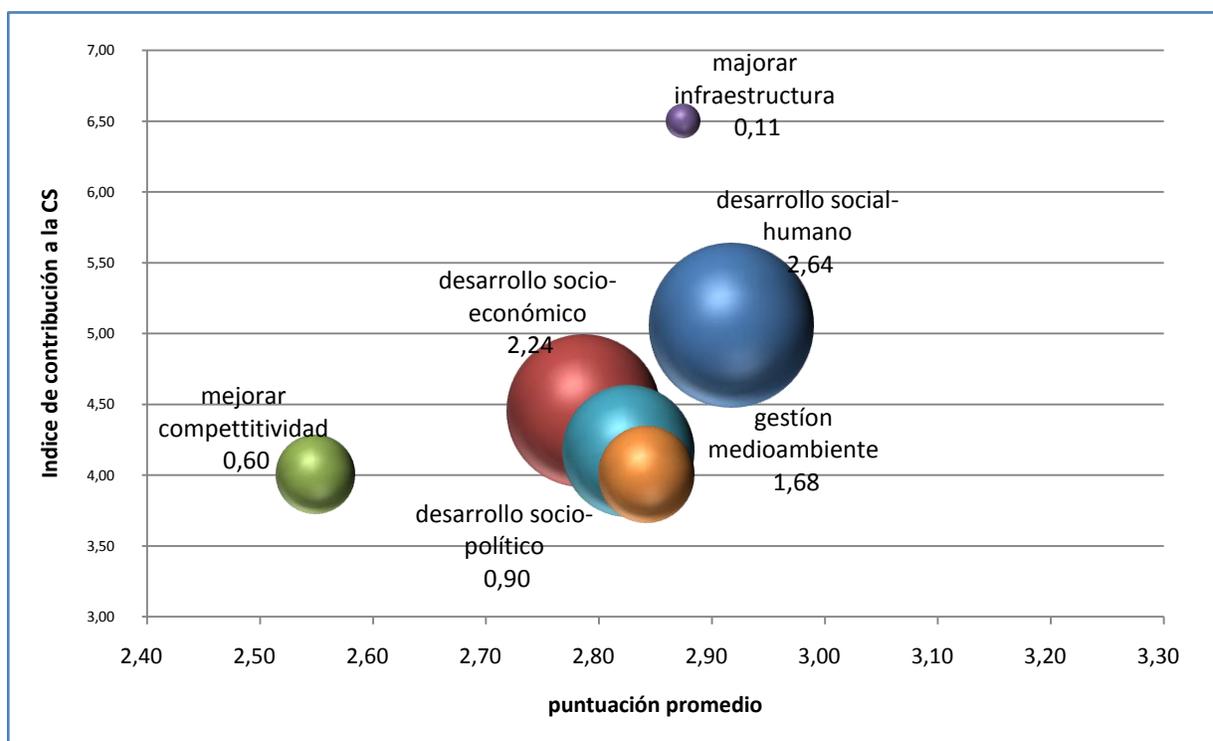
The capacity of the monitored projects to achieve macro-objectives seems to be acceptable (Graphic 57) in most cases -scores between 2.8 and 3.0-, with an apparent willingness to achieve social-human objectives better than socio-economic ones. The contribution of actions aimed at developing human and social capital is obvious and is confirmed by this analysis since more than 50% of the funds granted to the projects show a high rate of contribution, i.e. > 4.5.

The capacity to help building up a more comprehensive and mature society is good, especially in countries

European cooperation dedicates 70% of its intervention to the development of human and social capital, with some attention paid to natural capital, but very little to the strengthening of physical capital

where cooperative efforts are more intense –namely Andean and Central American countries. The better the quality of care provided, the greater the contribution. In this regard, partnerships seeking to exchange best practices –which has been widely developed by EUROsociAL and more recent bilateral projects- seem to be of much value.

GRAPHIC 57 - SCORING AND INDICATOR OF SC BY MACRO-OBJECTIVE AND FINICIAL VOLUME (M€)



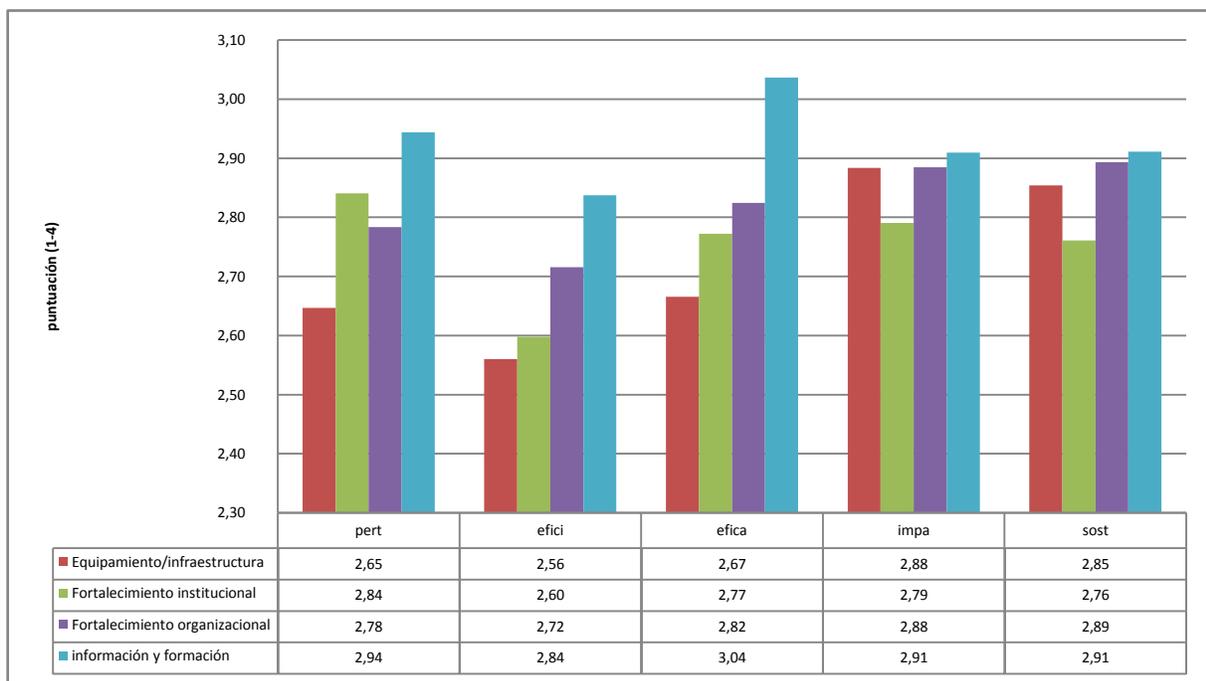
Analysing the monitoring parameters separately (Graphic 58) allows to confirm the low relevance of contributions in infrastructure (2.65). In this respect, the main criticism is about the inappropriateness of using non-reimbursable funds for physical investments as these can normally be financed by reimbursable sources. On the contrary, equity investments do not benefit from this advantage since they are not immediately profitable.



The higher relevance of intervention through public institutions (2.84) than through civil society organisations (2.78) is understandable considering that an efficient State should also ensure the adequate role of private organisations. However, in the average conditions of the projects monitored, better results are achieved -efficiency 2.72, effectiveness 2.82- through the organisational strengthening of civil society rather than of public institutions -2.60 and 2.77 respectively- due to the already mentioned issues related to bureaucratic inertia and sometimes political conflicts.

Under the current conditions, interventions aimed at strengthening civil society organisations turn out to be more efficient, effective and sustainable than those focused on the strengthening of public institutions

GRAPHIC 57 - SCORING BY PARAMETER AND TYPE OF STRATEGY



## Ingredients to ensure efficiency in the implementation of cooperation

### The operational factor

In the previous chapters, it has been explained how the whole cooperation analysed in this study provides a very positive answer to the objective of reducing the shortage of social cohesion in several locations of LA and that the assessment resulting from the monitoring visits is moderately positive in all parameters. However, the analysis highlights the "efficiency" parameter as the most commonly deficient one. This is like knowing what to do without knowing *how* to do it right.

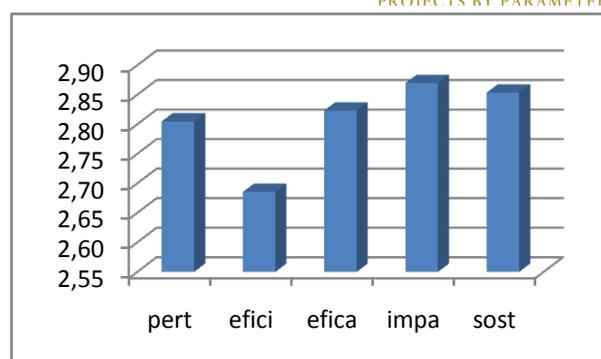
This chapter includes an analysis of the main factors causing the efficiency gap. When comparing (Graphic 59) the efficiency parameter with other aspects of the projects monitored -geographic, thematic, operational- it appears that the projects' efficiency varies according to the country (Frame A). This is due to several factors including:

- the importance of cooperation in the relationship between the EC and the country. When there is more cooperation, efficiency seems to be increased as a result of the regular monitoring carried out by the Commission and the counterparts. A good example of this is Chile, where, despite a small cooperation programme, efficiency is high. The level of bureaucratic difficulties in the institutions of the beneficiary country is also important –e.g. in Brazil-, as well as the characteristics of the projects included in the sample. No endogenous factors within the Commission likely to determine different levels of efficiency in the countries have been identified; even Delegations sometimes have different ways of interpreting the procedures which can determine more or less flexibility in dealing with the projects' formal aspects.
- The projects' objective (Frame B) can have an impact on their efficiency; These objectives range from the

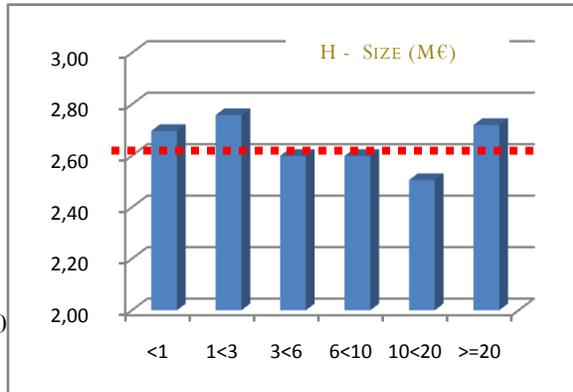
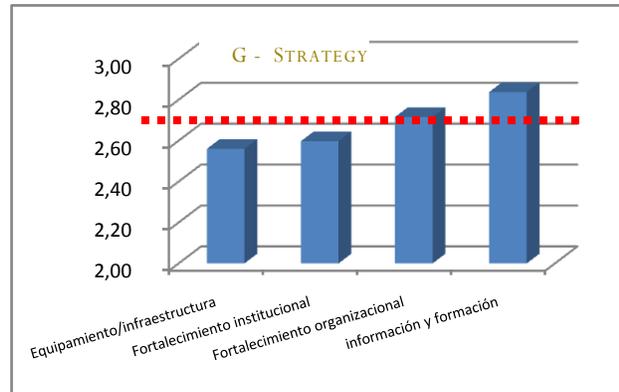
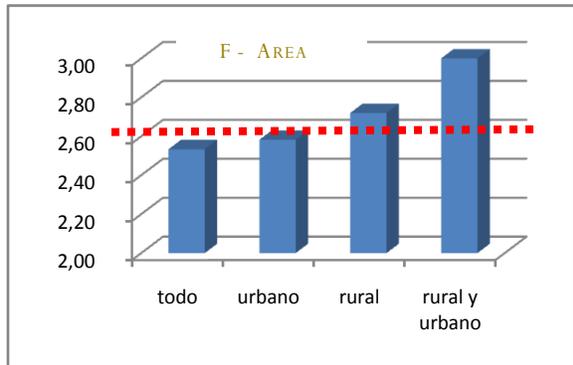
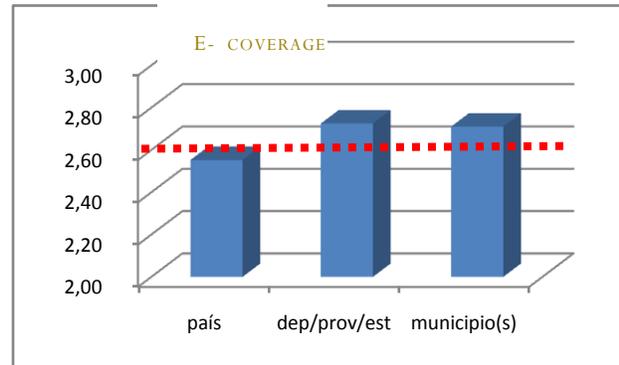
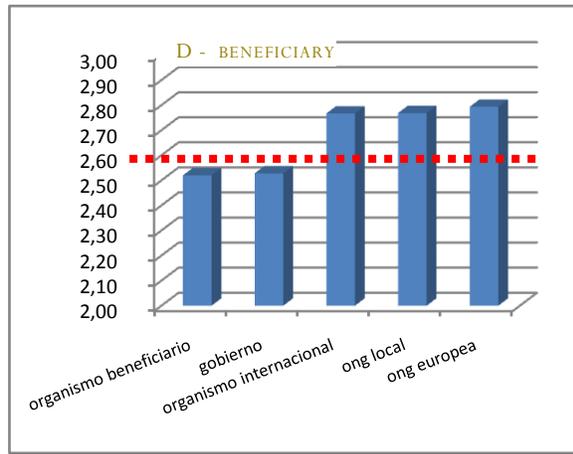
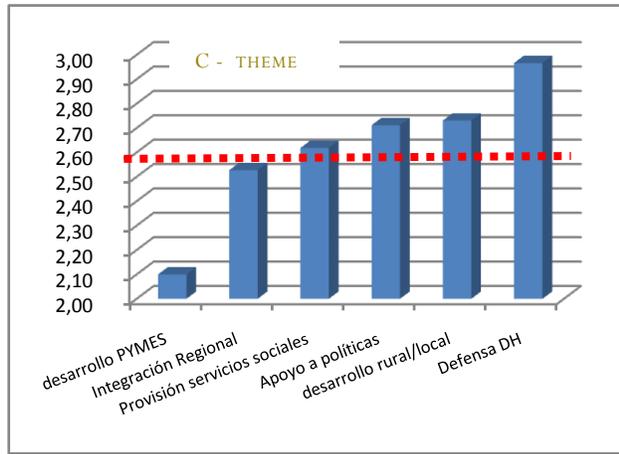
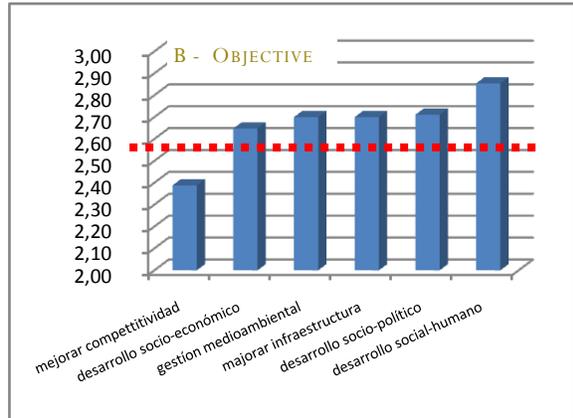
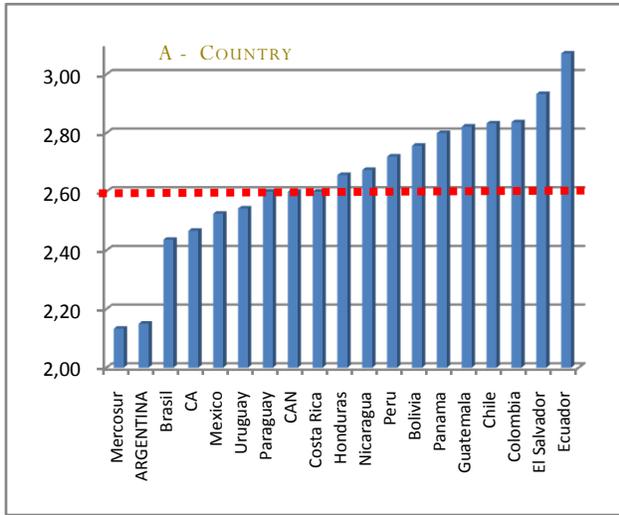
economic ones -whose projects are facing problems as regards the implementation- to the social-human ones -which have the best indicators of efficiency. This is due, amongst other reasons, to the type of actors involved since those in the social field are more used to manage international cooperation than those of the economic field.

- the above can also be confirmed by comparing the projects' efficiency and the issue that is dealt with (Frame C). Besides the projects of support towards SMEs –which are facing many difficulties as already said -, the analysis also covers those of regional integration. This latter category of projects is suffering from the complexity of carrying out actions involving several actors in different countries, on top of the diversity of political obligations and procedures in each of them.
- the type of beneficiary may also have an impact on the cooperation's efficiency (Frame D). The actors which are experts in cooperation (NGOs) stand out from the others as regards efficiency since governmental bodies perform very poorly due to the bureaucratic issues already widely covered above. Additionally, it is a pity to note that -when they are directly in charge of it- organisations of CS beneficiaries experience difficulties in managing their own projects.

GRAPHIC 58 - AVERAGE SCORING OF ALL 202 MONITORED PROJECTS BY PARAMETER



GRAPHIC 59 - SCORING OF THE EFFICIENCY PARAMETER BY VARIOUS ASPECTS



- Another factor which seems to have an impact on efficiency is the territorial coverage (Frame E), with projects implemented within a local context (department, municipality) being more efficient than those carried out in a national context. The reason for this is obvious and it is corroborated by the tradition - until recently- of European cooperation being carried out from a territorial rather than a political perspective.
- moreover, the above mentioned factor is associated with a higher level of efficiency in projects implemented in rural areas than in those in urban areas (Frame F), as well as better identification and treatment of issues limited to well-identified population groups
- a certain level of variability in the projects' efficiency is also observed according to the type of strategy adopted (Frame G). Efficiency seems to be higher in projects aimed at strengthening beneficiary organisations as a tool for achieving their development goals rather than in those resorting to institutional strengthening, which is obviously a more complex and tortuous path –but essential to ensure the public sector's capacity to meet the needs of the population.
- Finally, the efficiency parameter also seems to be influenced by the size of the projects (Frame H). Projects with a better efficiency score are those with budgets of less than € 3 million, which is associated with another factor already mentioned, i.e. the type of implementing body – namely NGOs. It is interesting to note that very large projects (> 20M €) also turn out to be reasonably efficient (see detailed analysis below)

After analysing the factors above mentioned which seem to have an impact on the projects' efficiency, a legitimate question arises: how can these factors be corrected and why is there so little emphasis on the search of those corrective actions since an inefficiency rate affecting on average more than 30% of ongoing projects constitutes a very significant loss in the

potential impact that is intended to be achieved through cooperation. The first step towards ensuring efficiency is the projects' programming and design phase.

## The programming mechanisms

The periodic strategic programming starts with the formulation of the Country -or Regional- Strategy Papers -CSP or RSP-, which define the priorities of cooperation for the reference period. Although the objectives and relevance of the future cooperation are based on this stage, the projects' future efficiency is only partially influenced by the CSP – or RSP. Moreover, strategic papers only regulate programmable cooperation and thus, a significant number of projects which are analysed later during the implementation phase are not based on these papers. Anyway, if the CSP –or RSP- determine part of the future projects' relevance, they have little to do with their efficiency which, on the hand, is clearly influenced by the design of each project.

## Insufficient quality of designs

Despite the fact that 91% of all projects reviewed show a good level of relevance as regards the definition of the issues they intend to tackle and the identification of beneficiaries, serious qualitative deficiencies in the designs are reported in 43% of the projects monitored. These deficiencies mainly result in a slow implementation process, a lack of focus and frequent institutional conflicts.

**Discrepancy between ideas and actions.**

**91% of projects are assessed as relevant, but 43% of designs are reported to be insufficient**

TABLE 11 - MAIN FACTORS INFLUENCING THE MONITORING PROJECTS' IMPACT AND QUALITY OF DESIGN

scores	n. of projects	relevance		Quality of design	
		main factors	n. of projects	main factors	n. of projects
a+b	62%	>obj	91%	>LF	50%
				>org	8%
c+d	38%	<obj	9%	<LF	32%
				<org	4%
				<part./amb.	7%

Table 11 indicates that out of the 202 projects monitored, only 62% have a positive score in the "Relevance and quality of design" parameter. This result is unacceptable in view of the thorough processes of identification and formulation to which projects are "supposedly" submitted and the subsequent quality controls. As expected, this negative assessment results almost exclusively from the « quality of design » parameter, in which the factor related to the « poor LF quality » prevails. Other design deficiencies relate more specifically to an inappropriate "organisational framework" or to insufficient « participation of beneficiaries » in the design process.

Despite the insistence of the EC services over the last 15 years on the proper use of the logical framework as a planning and management tool for external cooperation projects, the poor quality still registered in many projects seems to be one of the main reasons why the impact of cooperation is smaller than expected. The relationship between quality of LF and effectiveness is obvious since most of the projects for which a qualitative deficiency was identified in the LF also had poor results ("c" or "d") in the effectiveness parameter.

In this regard it should be reiterated once again that the requirement of a high quality logical framework is not a bureaucratic requirement of the funding's identification or contracting phase. It has been confirmed that defining a good logical link between objectives, results and activities is essential in every undertaking involving several actors at different stages to ensure that the performance of all, at any time, has the same approach.



Moreover, even with a proper formulation of the logic's various aspects, the changes (OVIs) to be produced thanks to the project are usually not defined -from a quantitative, qualitative and temporal point of view-, which makes it impossible to measure whether these changes are occurring or not. It is frustrating for monitors to keep repeating in their reports the same criticism as regards the poor definition of indicators. Unfortunately, the EC did not sufficiently insist on the requirements of defining and measuring accurate and realistic indicators in the designs.

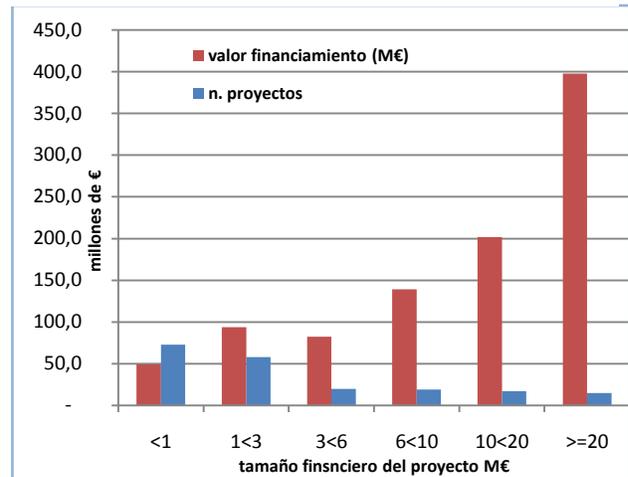
## Size of the interventions

60% of the monitored fundings are granted through large interventions of more than € 10 million, while the small ones of less than € 3 million only represent 10% of the total funds (Graphic 60). However, when it comes to the number of projects, small interventions –i.e. <3M €- represent 65% and large ones only 15%. This data provides a good picture of European cooperation in Latin America, which is characterised by a small number of very large interventions -2 to 3 per country- and a large number of small ones.

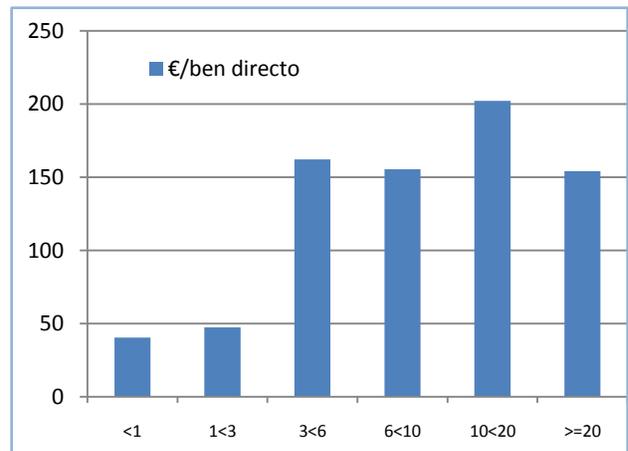
The distinction according to the size also reflects a classification by budget line -programmable lines versus non-programmable ones- and by type of implementing body -government versus civil society. Both forms of cooperation are very typical of community cooperation. The programmable lines (CFT, EC, REH, FOOD) are the tools allowing to provide both European expertise and a number of financial resources of importance for the implementation -at least at a pilot level- of the good practices that are to be promoted, acting directly in cooperation with the beneficiary country's sectoral institutions. On the contrary, the non-programmable lines ensure the participation of civil society in identifying and implementing solutions to social issues at a local level complementing, in most cases, the efforts undertaken by the public sector.

European cooperation in LA is characterised by a small number of very large interventions combined with a good number of small interventions which are complementary in terms of objectives and activities

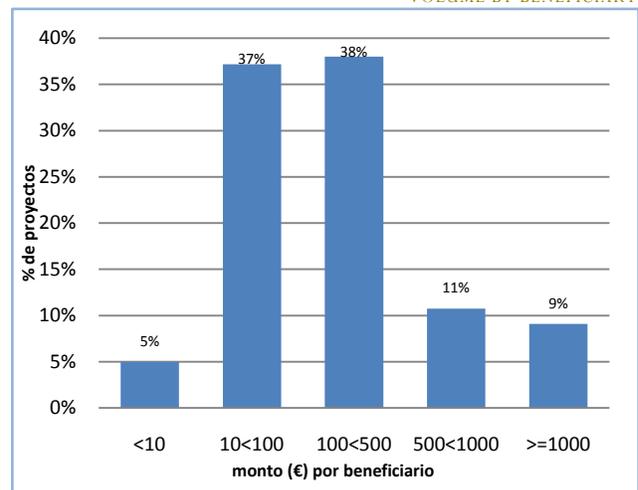
GRAPHIC 60 - NUMBER OF PROJECTS AND FINANCIAL VOLUME MONITORED BY PROJECTS' CATEGORY OF SIZE



GRAPHIC 61 - FUNDING BY BENEFICIARY BY CATEGORY OF SIZE OF THE PROJECTS



GRAPHIC 62 - PERCENTAGE OF PROJECTS BY FINANCIAL VOLUME BY BENEFICIARY



The contribution by beneficiary (Graphic 61) ranges from less than 50 € for small projects to an average of 150-200 € for medium and large projects. A more comprehensive analysis of this factor would be needed to determine whether the difference of cost per person could be attributed to a variance in the benefits generated only, or also to a variance in the cost of channelling those benefits.

It is also observed (Graphic 62) that most of the fundings (50%) are provided in the form of contributions by beneficiaries ranging from 100 to 1000 € with also a significant part of the fundings (42%) of less than 100 € /person.

This can be explained -among other reasons- by the very nature of most of the projects visited which are not intended to provide direct tangible benefits - i.e. works, loans, subsidies - but rather to generate an increase in individual and collective skills. This can be obtained at a relatively low cost and it can help create the conditions to ensure that private and public resources from other sources are effective in generating economic and social growth.

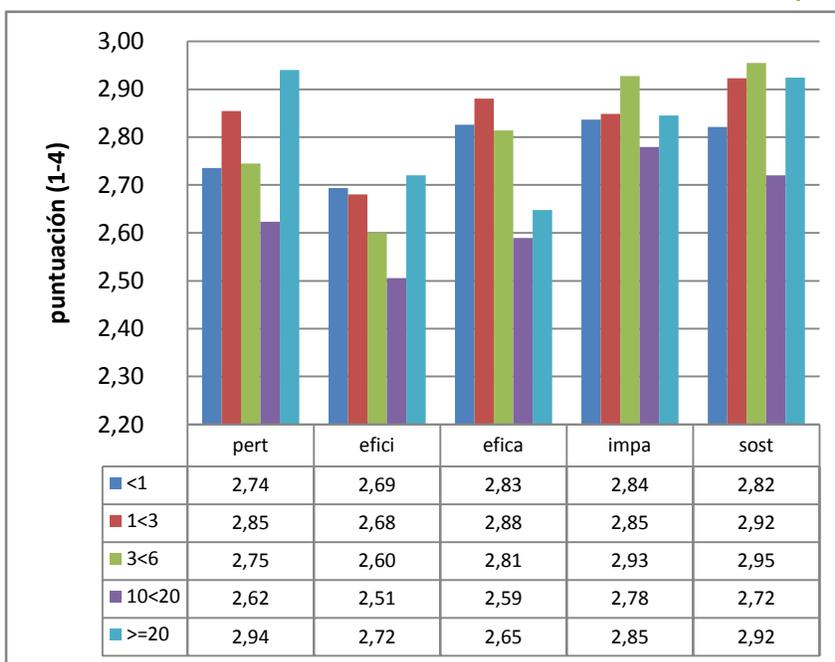
Graphic 63 allows to check whether there is any kind of link between the quality of the projects' action and their financial volume. The first finding in this regard is about the category of small projects (<3M €) where the > 1M € category seems to prevail in almost all parameters, showing that it is reported to be more difficult to achieve positive and sustainable effects with "very small" actions than with "small" ones (<3M €). Also, in the medium and large projects (> 3 to <20 M €) category, it is the lower segment that shows better performance in all parameters. However, surprisingly enough, very large interventions (> 20M €) show a better performance than the others in several



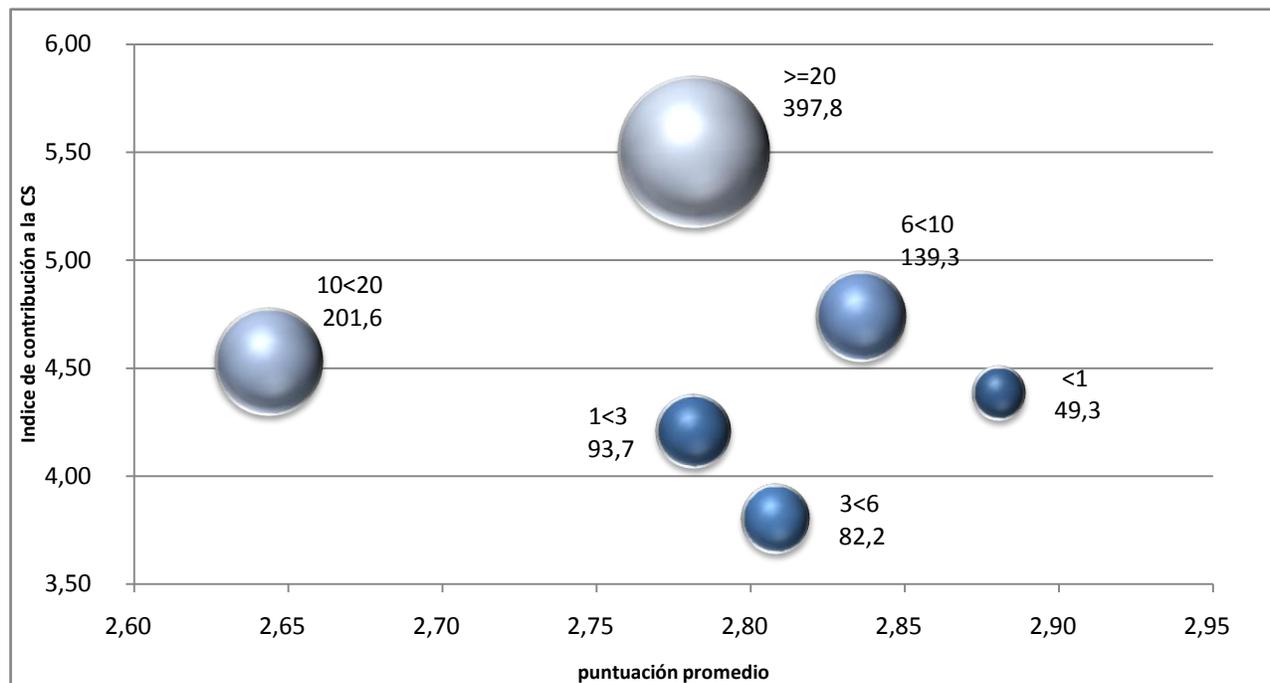
parameters.

Some of these behaviours are more easily explained than others. It has already been mentioned how easier it was to manage effectively small projects rather than large ones as well as the increased capacity of (large) institutional projects to produce big impacts. However, the significant differences in scores between <20 and >20 M € would deserve further analysis.

GRAPHIC 63 - MONITORING RESULTS BY PARAMETER AND CATEGORY OF FINANCIAL VOLUME OF THE PROJECTS



GRAPHIC 64 - MONITORING RESULTS BY CATEGORY OF FINANCIAL VOLUME OF THE PROJECTS (M€), TOTAL FINANCIAL VOLUME (M€), AVERAGE SCORING OF THE MONITORING AND INDICATOR OF CONTRIBUTION TO SC



To conclude, the overall analysis by project size (Graphic 64) leads to the following highlights drawn from the sample:

- There is a limited - but significant in terms of financial volume – number of "very large" (> 20M%) projects which are rather successful and provide an important contribution towards social cohesion. These include some very successful projects such as the Peace Laboratories in Colombia, the PASAII in Bolivia and others less successful such as Aprolab (Peru) or PREVDA for disaster prevention at a CA level, just to name a few. For those which still take a long time in showing effectiveness, it is due to the difficulty of implementing very large budgets without having achieved a proper operational plan, which has however proved to be a determining factor for success in the cases of Peace Laboratories and PASAII. Since they are working towards the implementation of important sectoral or territorial policies, these projects are considered as very positive in view of their potential contribution in terms of social cohesion in its three dimensions - institutional

strengthening, reduction of territorial gaps and improvement of the sense of belonging in society.

- Another significant part of the analysed funds belongs to a category of "**large**" (>10<20 M€) projects, a bit less successful and less significant in terms of SC than the previous group. Also in this group, there are projects such as AMARES -health sector in Peru- or PROLOCAL -local development in Ecuador-, which were both very successfully completed, and projects such as the Strengthening of Primary Health Care in Argentina or PIAPYME in Mexico which are not achieving the expected effectiveness. Both of the latter cases seem to have been influenced by the country factor as countries have little interest in having international cooperation which they see as kind of "invasive" although this is not so determining in terms of relative volume.
- "**Medium/large**" projects from the (<6> 10M€)programmable lines, usually show a good level of success which is mainly due to their relevant thematic focus and proper institutional location as observed in the case of the "Integral Health Project in the Province of Esmeraldas (PSIE)" in Ecuador or the "Improvement of the Colombian Territory Mapping

Systems"-both closed- or PREDCAN for the prevention of disaster in the CAN countries.

- The "**medium**" category, between 3 and 6 million €, include projects ranging from small bilateral projects -with behaviours similar to the previous category- to the largest projects of the thematic lines. The latter, which are normally allocated to agencies with a good reputation, show good levels of success.
- Out of the "**small**" projects, 50% show a good performance -average score >2.8 - and only 10% are classified as having problems -average score <2.5. The "quality of design" factor is crucial in these projects and mostly linked to the quality of the NGOs involved.
- Finally, among the "**very small**" (<1M€) projects - representing the major part of the sample (37%)- 55% have been positively assessed by the monitoring and only 15% have received negative scores, the rest being acceptable. The factors which are favouring the success seem to be related to the priority population groups -indigenous groups in many cases- or to the capacity of going beyond welfarism, performing advocacy work on specific topics. With these factors, their capacity to generate feelings of belonging contributing to social cohesion is considered as moderately good.



## Financing by beneficiary

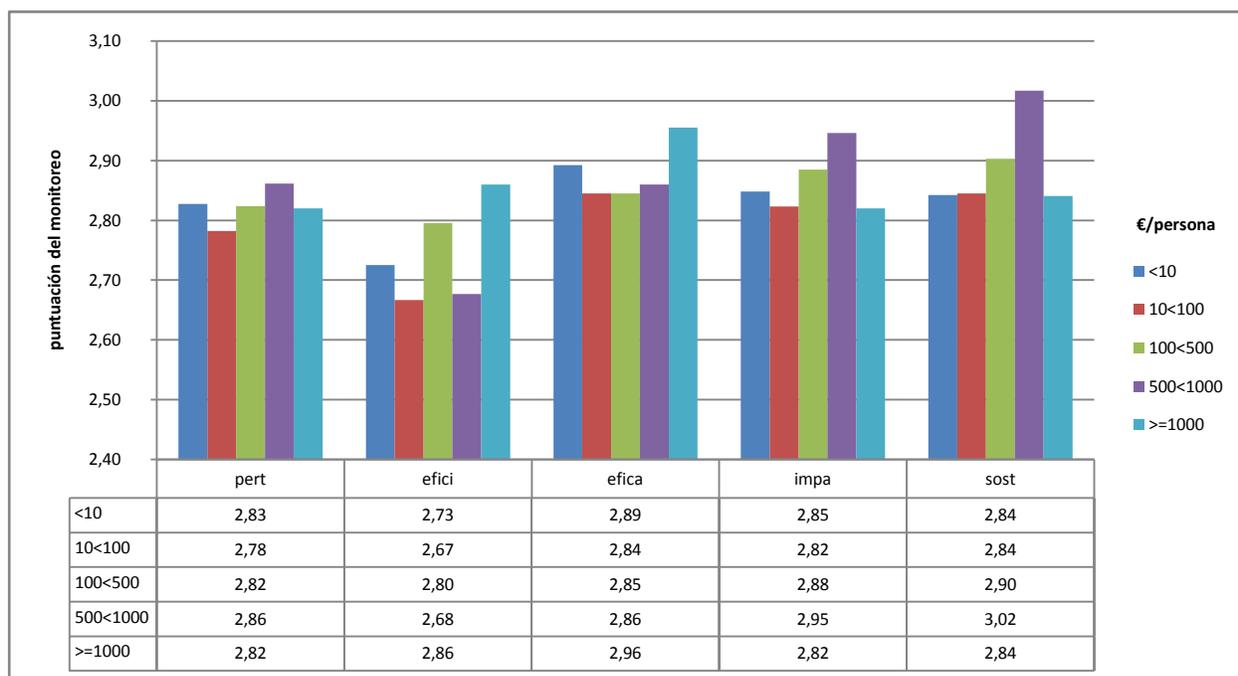
TABLE 12 - MAIN FACTORS INFLUENCING THE EFFICIENCY OF THE MONITORED PROJECTS

scores	n. of projects	Main factors	n. of projects
a+b	60,6%	> act	36,5%
		> gst	13,5%
		> res	10,5%
c+d	39,5%	< act	21,5%
		< gst	14,5%

On the question of whether the amount of resources dedicated to each member of the projects' target population has an impact on their capacity to produce the expected developing effects, Graphic 64 does not provide any clear answer. None of the monitoring parameters observed shows a clear in terms of effectiveness proportional to the amount of funding per beneficiary. Obviously, each project has its own objective with activities which may be more or less costly. This kind of analysis would only make sense between projects aimed at achieving similar results.



GRAPHIC 64A - MONITORING RESULTS BY PARAMETER AND FINANCIAL VOLUME BY BENEFICIARY (€/PERSONA)



## Projects' modalities and implementation periods

The lack of efficiency is expressed by slow implementation of the financial resources committed, slow progress in activities and poor quality of the latter, which all leads to an insufficient achievement of products. Nearly 40% of all the projects reviewed (Table 12) suffer from efficiency problems, which are mainly expressed by delays in the implementation of activities with respect to the foreseen schedule. The causes of these delays can be numerous and, according to the analysis that has been carried out, they may be related to inadequate management -one third of the cases where inefficiency was observed- or to formal agreements -contracts, agreements, procedures- which are extremely complex and sometimes even erroneous - 10% of cases observed.

Inefficiencies in implementation are a major obstacle to achieving effectiveness in EU cooperation as a whole and call for strong corrective actions as regards the projects' design and management.

After the signing of the financial agreement, it has taken more than a year before one fourth of the projects monitored started being implemented. Under such circumstances, the agreements risk becoming outdated before they even start. However, the measures adopted in the most recent agreements to speed up the launch and conceptualisation of the resources granted partly improved the situation but introduced new inflexibilities (N +3) which sometimes clashed with the projects' objectives.

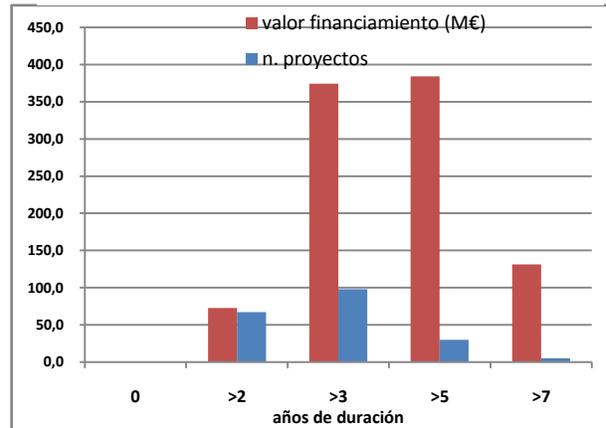
In many cases, the Projects' implementation period is unrealistic as regards the scope of the objective that is pursued. As shown in Graphic 65, more than 75% of the projects monitored have an implementation period of less than 3 years, which is often a big contrast with the processes which need much longer maturing periods. The time factor is, for sure, one of the serious obstacles to the projects' effectiveness.

However, over 50% of the funding is granted through projects with a 5-years or more duration, which seems to be reassuring in view of the issue mentioned above. Even so, many projects end up facing schedule restrictions, because of the lengthy time required to launch them. The implementation period is often reduced to some 2 years for projects that had been planned for 5 years. And on top of this, these kinds of projects support sectoral policies and are most significant in terms of social cohesion (Graphic 67).

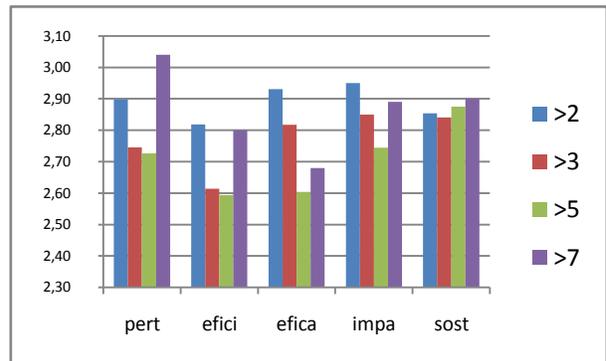
Contrary to what has been stated above, Graphic 66 shows a trend towards a decrease in the scores related to all monitoring parameters in proportion as the projects' duration is increasing. However, this can be explained by the fact that projects of shorter duration are also smaller, and therefore, as already said, they have a better control of their variables.

Concerns regarding the relationship between the projects' duration and effectiveness are confirmed when comparing 5 year-projects with > 7 year-projects. The latter are usually those which benefited from extensions and their performance level is clearly higher.

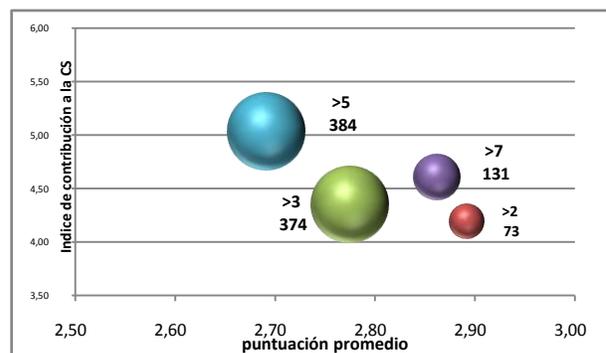
GRAPHIC 65 - NUMBER OF PROJECTS Y FINANCIAL VOLUME BY PROJECT DURATION



GRAPHIC 66 - MONITORING RESULTS BY PARAMETER AND BY PROJECT DURATION PERIOD (YEARS)



GRAPHIC 67 - SCORING AND INDICATOR OF SC BY PROJECT DURATION (YEARS) AND FINANCIAL VOLUME (M€)



## The flow of financial resources

The monitoring activity is usually carried out during the key phases of the projects' implementation -in 75% of cases observed-, with only 10% and 15% respectively of the sample's projects (Graphic 68) monitored at an early stage -i.e. >0<30%- of their implementation period or after their closing - i.e. 100% of implementation-.

The initiatives' maturation period can have an impact on the monitoring assessment. Graphic 69 indicates that both the projects monitored at an early stage and the ex-post ones have had better scores than those that were ongoing, which could be due to several factors. One is that in the initial stage, there is still a vote of confidence regarding the potential implementation of the projects while in the central stage -i.e. between 30% and 60% of the implementation period- inefficiency issues clearly arise before being corrected in the later stages, until the achievement of a relatively satisfactory assessment at the end of the implementation process. Another possible explanation is that more recent projects are better designed and therefore better prepared to be successful.

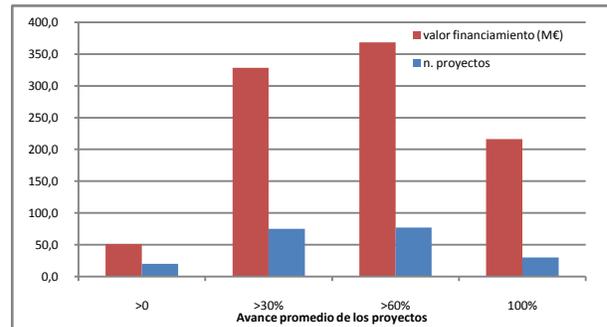
The recent change in the financial management of projects is obvious considering the speed at which funds are paid out (Graphic 70) in the most recent projects in comparison with the ones before.

In order to address the issue of chronic deficiencies in resources which projects were faced with previously due to complex mechanisms for expenditure planning and approval, the Commission is currently adopting a pre-

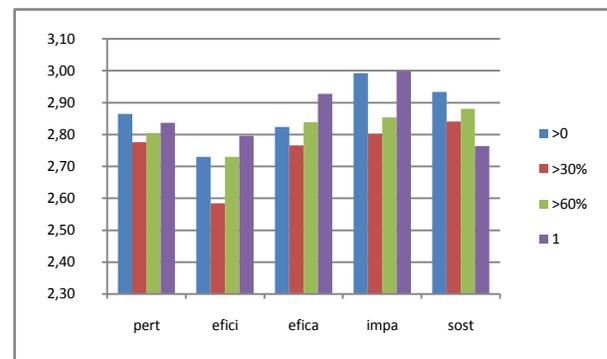
**Speeding up the granting of funds does not ensure their proper and efficient implementation**

*The grant rate has increased significantly with the implementation of the N+3 rule but the efficiency has not improved; in some cases it is affected by the scheme's inflexibility.*

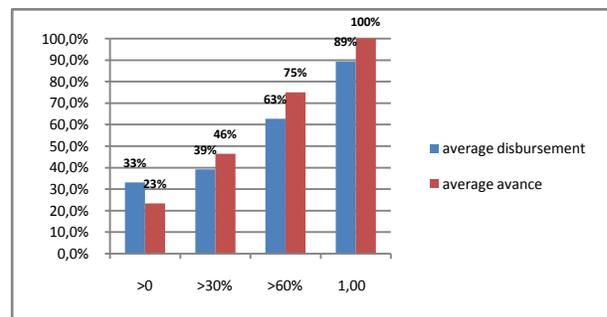
GRAPHIC 68 - NUMBER OF PROJECTS AND FINANCIAL VALUE BY PROGRESS RATE



GRAPHIC 69 - NUMBER OF PROJECTS AND FINANCIAL VALUE BY PROGRESS RATE IN %



GRAPHIC 70 - NUMBER OF PROJECTS AND FINANCIAL VOLUME BY PROGRESS RATE



financing mechanism that proves to be quite functional. However, the quick provision of resources to implementing agencies helps but does not guarantee efficiency in their activity because of the complex procedure for the ex-ante approval of most of the spending.

Another factor of note is the degree of end use of the resources granted by the Commission which does not exceed 89% as shown in ex-post monitorings. Another element which is not mentioned in the available statistics -but worth noting- is the volume of funds withdrawn for failing to comply with the N +3. Both penalise the efficiency of cooperation and deserve some further control.

The pace of commitment and disbursement of funds does not substantially vary according to the projects' purpose, except for the higher level of contracting in projects having a territorial approach compared to those acting at a macro level, which is probably due to the greater specificity of the goods and services involved. The physical/financial progress aspect (Table 13) -which determines the relationship between the progress rate according to schedule and the disbursement rate of

funds- is averaging out at about 90% indicating a very timely disbursement of the resources.

However, as already said, the disbursement rate does not reflect the actual implementation of funds. Cash spending data is only available for 65% of the total resources monitored. This data indicates that the rate of actual expenditure did not exceed 37% at the time of the monitoring, which reflects a backlog of the actual spending considering the average temporary progress of 63%. In this case, projects with «macro» coverage turn out to be more efficient in the spending rate than those with a «local» coverage, although this data may have been distorted by the sample's partiality.

GRAPHIC 71 - CONTRACTED AND DISBURSED FUNDS BY PROJECTS TYPOLOGY

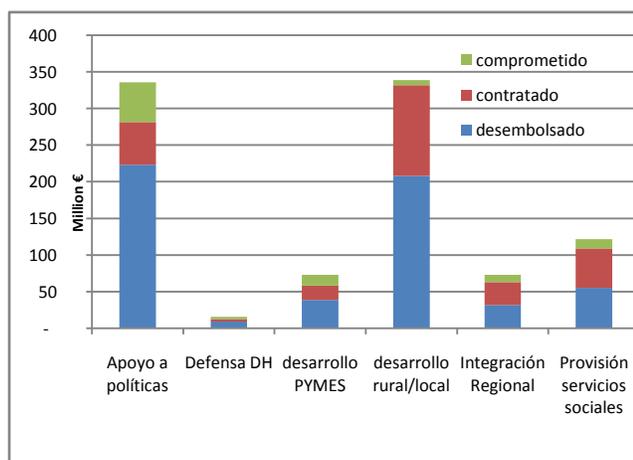


TABLE 13 - FUNDS ACTUALLY DISBURSED BY PROJECTS TYPOLOGY (PARTIAL DATA)

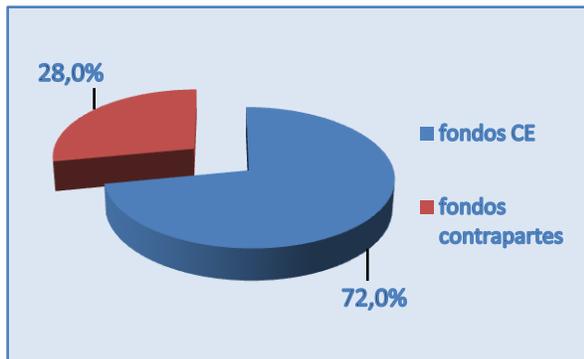
typology	Funds used		
	Total EC contribution (M€)	Funds used (M€)	%
Support to policies	171,67	111	65%
Defence of Human Rights	34,28	2	7%
Development of SMEs	12,23	10	63%
Rural/local development	301,36	85	28%
Regional integration	26,50	8	31%
Social services provision	71,20	11	16%
total	617	228	37%

TABLE 14 - MAIN FINANCIAL INDICATORS BY PROJECT TYPOLOGY

typology	n. of projects	funding volume from EC (M€)	Other sources (M€)	% contribution	total value of projects (M€)	contractated Funds (M€)	Disbursed funds (M€)	% contracted	% disbursement	% physical/financial progress
Support to policies	34	336	185	64%	469	281	223	0,89	0,68	0,85
Defence of Human Rights	12	15	3	83%	19	13	9	0,95	0,62	1,05
Development of SMEs	8	73	45	62%	113	58	39	0,86	0,55	0,84
Rural/local development	101	339	84	80%	417	332	208	0,99	0,53	0,92
Regional integration	11	73	18	80%	91	63	32	0,83	0,46	0,94
Social services provision	36	128	43	75%	149	115	61	0,95	0,50	0,86
total	202	964	378	70%	1.257	861,7	571,5	89%	59%	

## Contributions from the counterparts

The EC funding monitored in 2008 (964 M€) achieved to manage another 40% of funds (378 M€) coming from the counterparts. 87% out of these come from governmental bodies and the rest from non-governmental ones -including European NGOs-. The ability to ensure the respect of commitments by partners has increased significantly over the last few years through measures focused on greater control. As for contributions from NGOs, own funds are often provided more quickly than the Commission's ones, serving as pre-funding. In some cases, also in bilateral cooperation, the management of external cooperation resources has proven difficult, to such an extent that a major part of the projects end up being implemented with funds from the national contribution - which is often the case in Brazil.



**In general, Impact and sustainability parameters show good results**

*If projects could overcome the efficiency issues which are often identified, they would have a good chance of generating a positive impact in the future with sustainable effects*

## What happens once the projects are closed?

Once the projects are closed and external aid is over, it is expected that the effects of the monitoring keep contributing towards the target impact and that they are sustainable over time. According to the monitoring results, the impact and sustainability parameters are usually more favourable than the overall assessment. This means that according to the monitors' analysis (Table 14), if projects overcome the efficiency issues that are often identified during the implementation, they have a good chance of generating a positive impact in the future -78% of the cases observed- and their effects are likely to be sustainable -77%.

The projects' smooth integration into the political background of the beneficiary countries (regions) is considered by monitors as the main factor in favour of good impact (32%) and in another 27% of cases it has been found that the projects are being used as models to propose public policies at a local or national level. The willingness and capacity of the institutions which took part in the projects' implementation is considered as the third positive factor (19%) contributing to increase the impact. On the contrary, the projects which do not show proper integration into the respective sectoral institutions or policies (22%) generate concern as their potential impact is jeopardised.

Also, the factors contributing to the future sustainability of the cooperation effects are the appropriation of results by the beneficiaries (24%), support from the political authorities in the respective sectors (25%) and the managing capacity of the organisations involved (22%). The lack or absence of these favourable factors, together with the difficulty of maintaining the continuity

of the projects' results from a financial point of view are listed in 23% of cases as barriers to sustainability.

TABLE 15 – MAIN FACTORS IN FAVOUR OR AGAINST THE PROJECTS' IMPACT OR SUSTAINABILITY

scores	impact		sustainability	
	Main factors	n. of projects	Main factors	n. of projects
a+b	Institutional capacity +	19%	Political support +	25%
	Political insertion +	32%	Appropriation +	24%
	Policy model +	27%	Management capacity +	22%
	Sub total	78%	Financial sustainability +	6%
			Sub total	77%
c+d	Institutional capacity -	7%	Political support -	5%
	Political insertion -	12%	Appropriation -	5%
	Policy model -	5%	Management capacity -	7%
	Sub total	22%	Financial sustainability -	6%
			Sub total	23%
total		100%		100%

The positive assessment of the overall monitoring as regards the projects' potential impact and sustainability is reinforced by the ex-post monitoring of projects that are already completed (Graphic 72). Indeed, contrary to what is commonly thought, the majority of projects assessed one year after their close are reported to have a positive impact (3.02) and a level of sustainability which is acceptable

Ex-post monitoring allowed to highlight unexpected levels of impact and sustainability in the projects

(2.74).

GRAPHIC 72 - AVERAGE SCORING BY PARAMETER ACCORDING TO THE IMPLEMENTATION STATUS OF THE MONITORED PROJECTS

