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# **Evaluation of the EC support to the Mercado Común del Sur (MERCOSUR)**

# The purpose of this meeting

- To present the outcomes of the Field Visit to MERCOSUR countries; and
- To define the next steps for the preparation of the Synthesis Report.

# Structure of the presentation

- Methodology of the field visit
- Presentation of the preliminary global findings
- Review of the EC intervention model and preliminary reconstruction of the Mercosur model
- Preliminary conclusive remarks
- Current developments for the Synthesis Report

# Mission Organization

- The evaluation team was able to cover most areas linked to the EC strategy application in MERCOSUR.
- All EC Delegations and MERCOSUR institutions were visited and interviewed.
- Most government organizations associated to MERCOSUR and EU Cooperation programs were contacted.
- Direct and indirect beneficiaries, as well as non government organizations were met.
- Additional information was obtained and interviews were carried out in each of the projects selected under “case studies”.

# MISSION OBJECTIVES

**The main objectives** of the Field Mission Phase (as indicated in the Desk Study: Field Mission Methodology) **have been, for the most part, accomplished**:

1. The information requested to conclude the analysis of the “case study” selected projects, has been gathered.
2. The Strategy intervention logic has been reviewed
3. Preliminary findings have been discussed with EC and Mercosur officials in the field, and now in Brussels
4. Most inputs necessary for the preparation of the conclusion of the evaluation and the “Synthesis Report” have been collected.

*However, there are areas where additional research will be required to complete the study (i.e. current developments and negotiations between MERCOSUR and US FTAA, and with the EU)*

# Presentation of the methodology

The sample of the interviews was defined following three criteria:

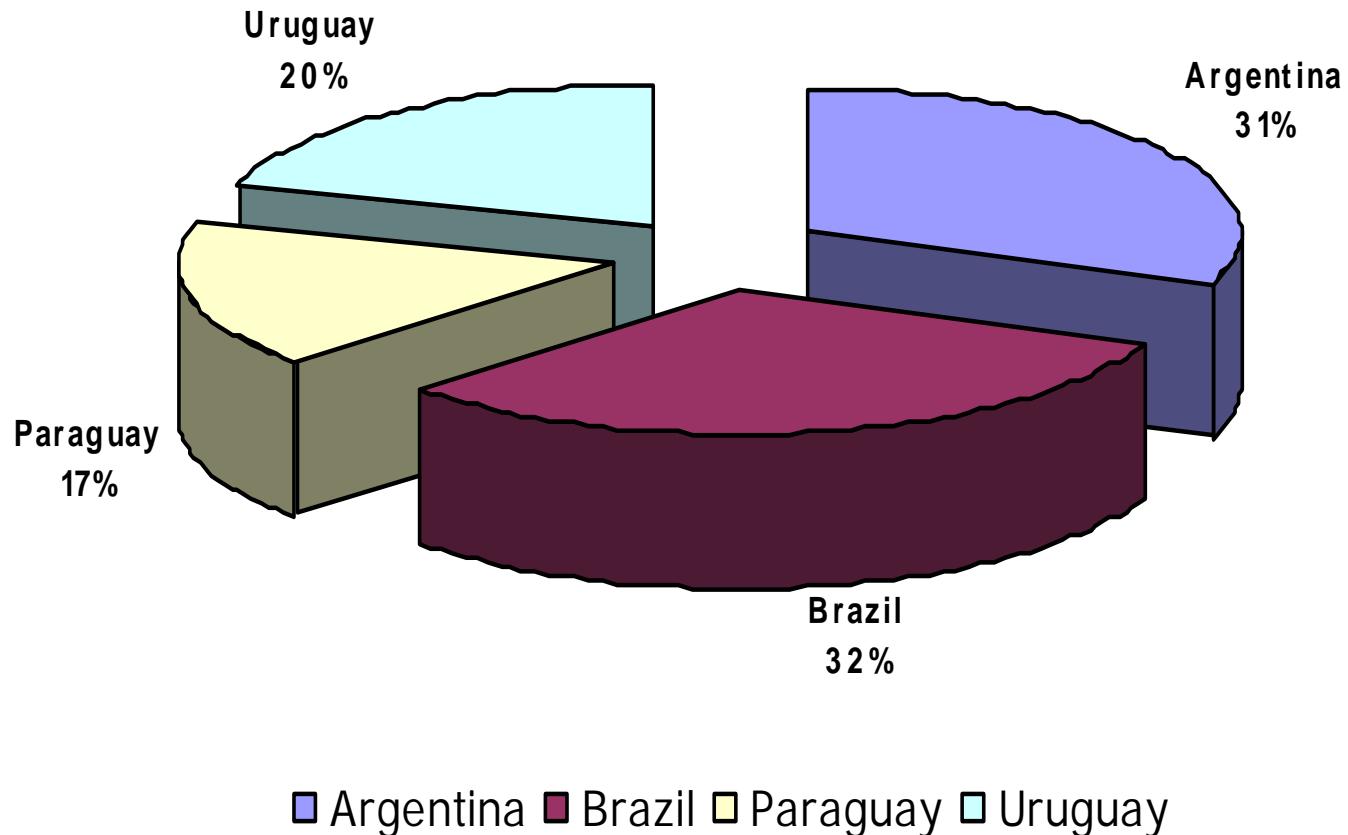
- (i) the size of the country;
- (ii) the relevance of the macro sectors in each country; and
- (iii) the involvement of the institutions related to the EU and MERCOSUR partnership.

The approved Evaluation Questions were the principle guide for conducting the interviews.

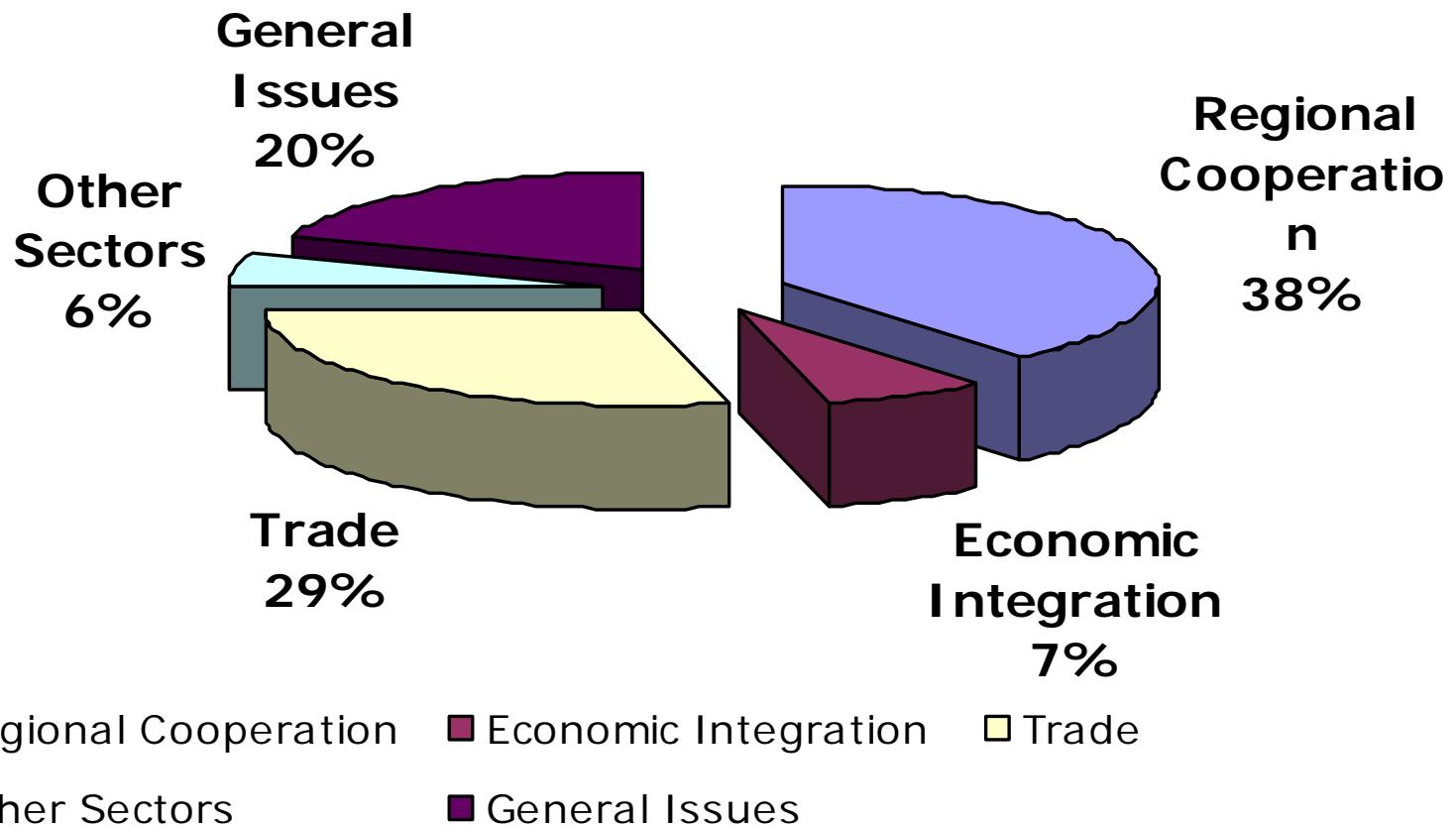
## INTERVIEWS BY EQs AND COUNTRIES

Nº	EQ	Argentina	Brasil	Paraguay	Uruguay	Total
<b>EQ.1</b>	To what extent is the EC strategy or EC support consistent with the model and the priorities of the MERCOSUR integration process, and how much has it contributed to improving Marcosur's willingness to strength its cooperation with the EU?	12/26	16/27	12/14	12/17	52/84
<b>EQ.2</b>	To what extent was the EC implemented strategy able to take into account the specific needs of MERCOSUR and its member states, and their change over the period evaluated?	11/26	12/27	9/14	6/17	38/84
<b>EQ.3</b>	To what extent has the EC support contributed in building up and strengthening MERCOSUR institutions and its capacities to negotiate an effective Interregional Association Agreement?	11/26	14/27	6/14	7/17	38/84
<b>EQ.4</b>	How have the projects funded in economic and trade integration contributed to the strengthening of MERCOSUR integration process, to create a better environment for the improvement of competitiveness and to increased cooperation with the EU?	8/26	12/27	7/14	5/17	32/84
<b>EQ.5</b>	To what extent have the EC cooperation management procedures, its implementation mechanisms and disbursements of funds affected the capacity of the strategy to achieve results?	15/26	10/27	8/14	9/17	42/84
<b>EQ.6</b>	To what extent have coordination and coherence with other EC policies having an international dimension, particularly environment been insured within the realized strategy?	9/26	16/27	8/14	8/17	41/84
<b>EQ.7</b>	To what extent has the EC strategy contributed to MERCOSUR sustainability, and how is this sustainability addressed in the context of the RSP?	16/26	20/27	12/14	11/17	59/84

# Distribution of Interviews by Country



# Distribution of Interviews by Macro-sector



# PRELIMINARY GLOBAL FINDINGS

1. Respondents in general, have considered that the EC Strategy has produced some positive impact on building MERCOSUR institutions, and was relevant to its needs and priorities
2. It has contributed to strengthening the political dialogue and cooperation between Mercosur and the EU.
3. However, the cooperation strategy has not produced the expected impact over the Interregional Association Agreement, nor over the economic and trade integration with the EU

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4. The interviewees indicated weak coordination and coherence of policies and programmes, between HQs and Delegations and some difficulties in complying with EC management procedures.
5. In general, MERCOSUR respondents consider that the EC cooperation program has contributed to the sustainability of MERCOSUR.
6. Without the EC aid some critical activities would not have been possible to be executed ( e.g. harmonization of statistics, phytosanitary)

# ANSWERS BY TYPE OF RESPONDENT : EC DELEGATIONS

- The EC strategy was consistent with the needs and priorities of the Mercosur
- It has contributed to improving the cooperation between EU and MERCOSUR
- The EC administrative procedures, along with weak policy and program coordination and coherence between regional and country initiatives affect overall programme effectiveness
- The EC cooperation has not, so far, contributed significantly to MERCOSUR' sustainability.

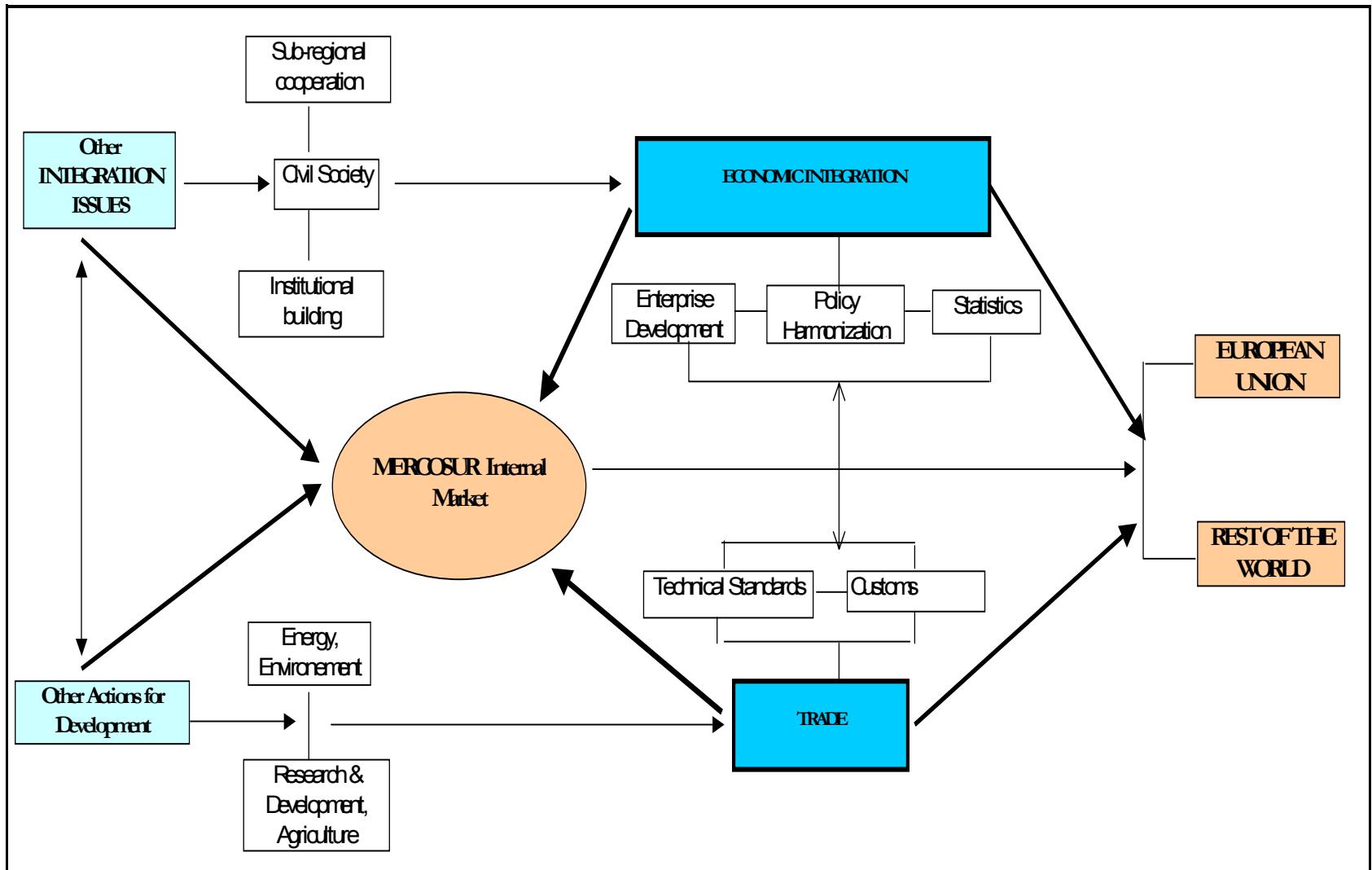
# **ANSWERS BY TYPE OF RESPONDENT : MoFA**

- The EC strategy does take into account the priorities of Mercosur and in general has yielded less positive impact than expected.
- The cooperation with the EC provides with good mechanisms to build up and strengthen Mercosur institutions.
- There are links with other EC policies, and
- The EC strategy has contributed to Mercosur sustainability.

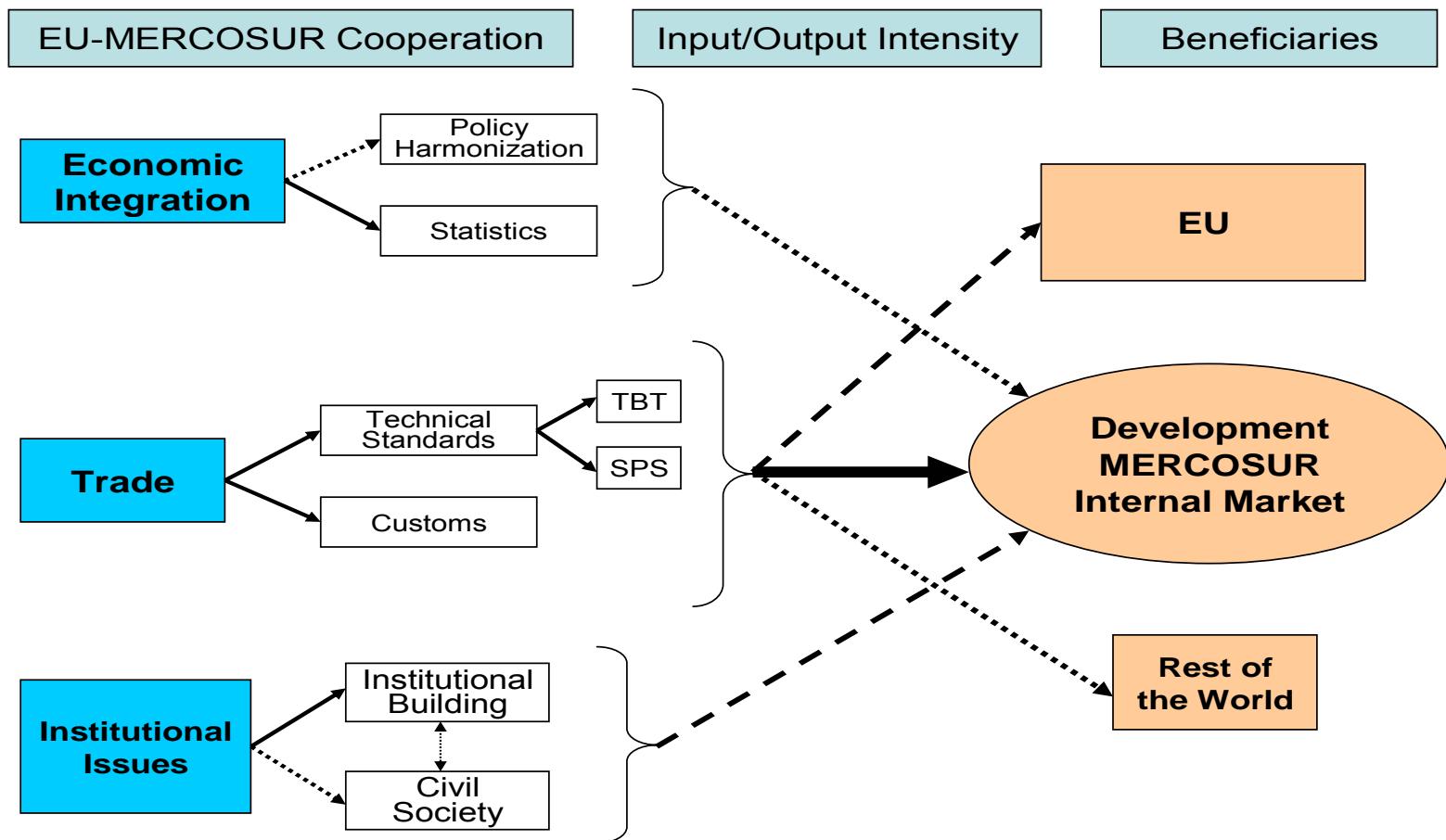
## **ANSWERS BY TYPE OF RESPONDENT : IMPLEMENTING AGENCIES AND BENEFICIARIES**

- In both cases high value has been attributed to the capacity of the strategy to take into account MERCOUR needs and to reinforce its institutions and its capacities to negotiate and effective IAA.
- A different views were expressed in regards to contribution to MERCOSUR sustainability. In the case of Statistics and Phytosanitary the contribution has been very positive, whereas for Customs this impact is not so evident.
- In the case of the MERCOSUR institutionalization, the sustainability is more in the hands of MERCOSUR member states' political will. However, the EC support to the institutions (SAM) has facilitated the political and technical dialogue.

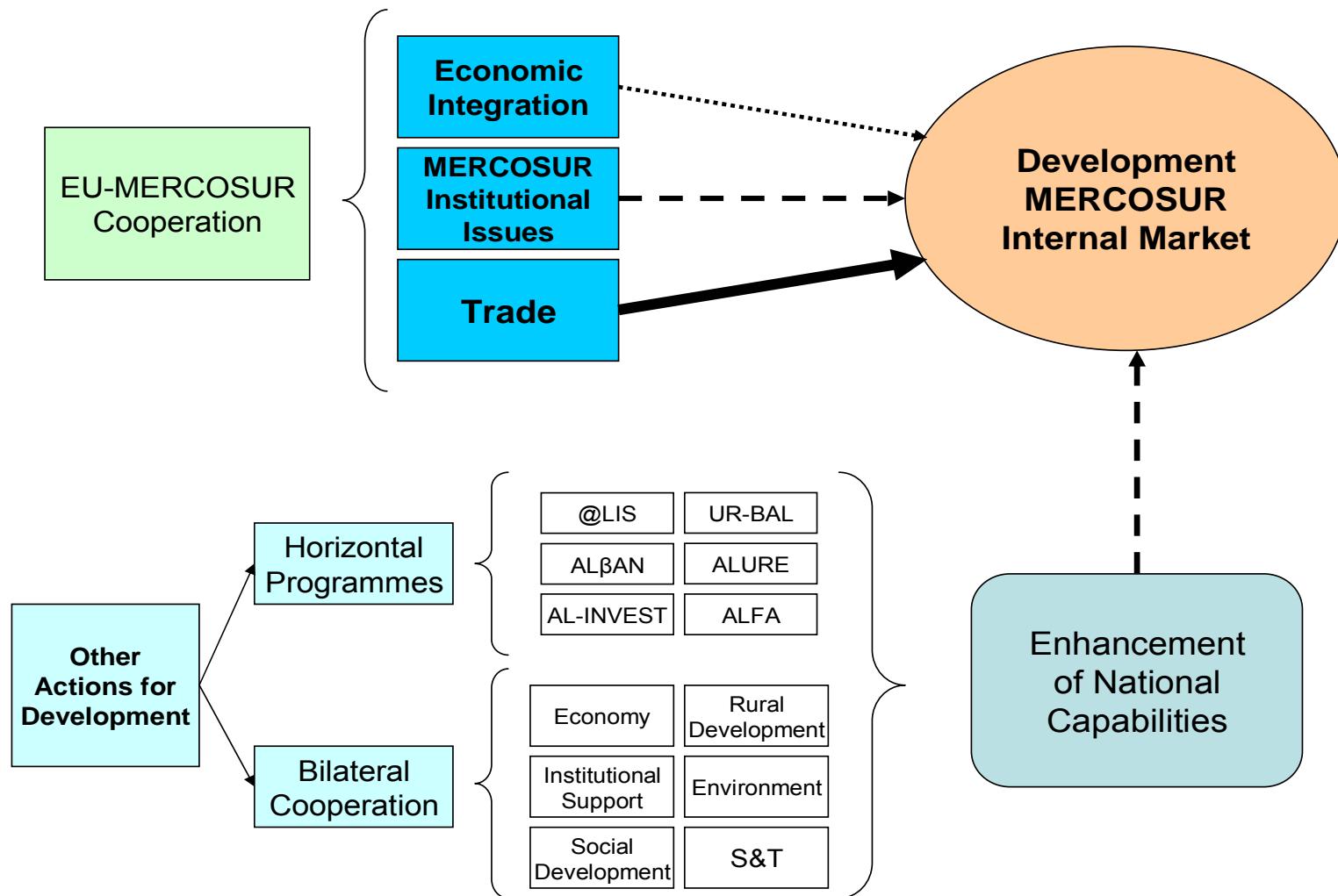
# The EC Intervention Model (Desk Analysis)



# The Reviewed EC Intervention Model: support to the sub-region



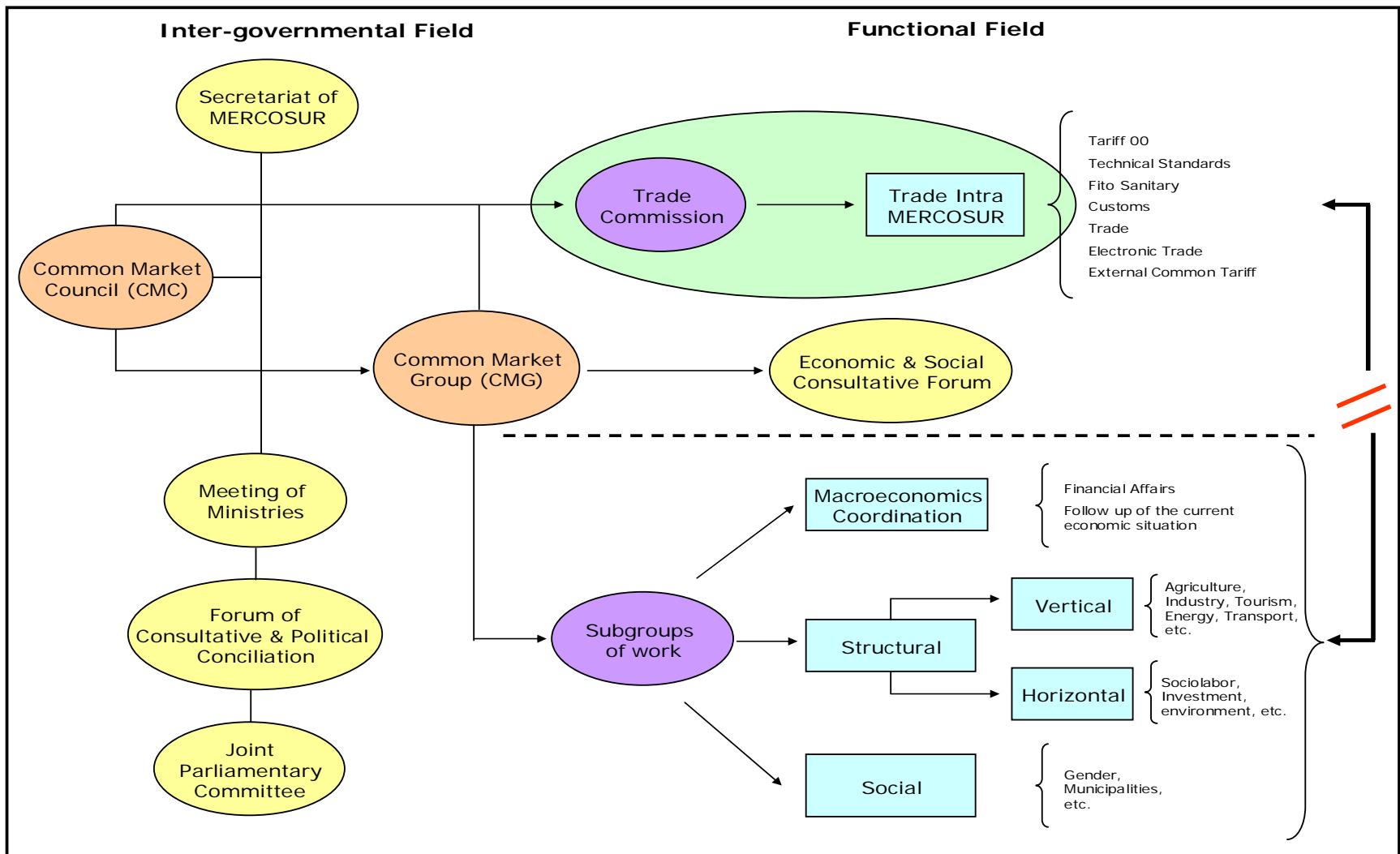
# The Reviewed EC Intervention Model: the global support



# The MERCOSUR integration model as resulted from interviews

- MERCOSUR “does not have a pre-defined model to follow”, and “the integration process is achieved on a day to day action defined by the commitments of its member states”.
- There is however an organization and a structure focused to meet the ultimate objective of MERCOSUR: to build up a common market.
- The structure has three main components: political, organizational and technical.

# Inter-government and Functional model of MERCOSUR



# Preliminary conclusive remarks

- The European cooperation is perceived as necessary, particularly in intra-MERCOSUR harmonization, and to improve lower technical capabilities.
- The EC projects are mostly considered as effective. Nevertheless, there are design problems and delays in the implementation of certain actions.
- There is a growing interaction between the supply EC of cooperation and the MERCOSUR demand.

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- The EC aid de-concentration process has generated positive expectations, thus creating a momentum for improving coherence and coordination within EC programmes.
- European cooperation has been important for the creation of the Mercosur internal market, but support to access to EU market and World market has not been equally promoted.

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- Intra-MERCOSUR asymmetries are one of the troubled and disturbing aspects of the ongoing regional integration process.
- MERCOSUR is experiencing a political revival. Its negotiating capacities have improved with the leadership of Brazil.
- MERCOSUR as a product or as a “trade mark” has survived critical periods.
- There is still a strong resistance to the settlement of supranational institutions.

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- Although MERCOSUR may follow the EU model in the future, at present the inter-governmental structure and system is the most adequate.
- It may be the case where MERCOSUR institutions are hosted in each member country
- The political dialogue is in *crescendo*, but the link with the civil society is very fragile.
- *MERCOSUR* does not have visibility and the population does not know how MERCOSUR could bring benefits and opportunities.
- The Merco-ciudades is an initiative that is getting recognition among central and local government officials.

# Current developments

- Revitalising Mercosur and its political will for integration
- The consequences of Cancun WTO meeting
- The ongoing Miami round table for ALCA
- MERCOSUR countries favourable economic conditions
- Brazil agenda and MERCOSUR priorities for 2006.

# Synthesis report phase

- Complete the analysis of the data collected during the field visit
- Drafting the Synthesis Report
- Defining timetable and organization of the Workshop or Seminar in Mercosur countries.