

Discussion paper for the seminar
**CELAC-European Union cooperation for development:
Challenges post-2015**

Santiago, 2 October 2012



This document was prepared at the request of the Government of Chile, in its capacity as chair pro tempore of the Community of Latin American and Caribbean States (CELAC).

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Introduction

The European Union is one of the largest donors of official development assistance (ODA) today, taking into account the contributions made by the member States and by the European Commission. In 2011 the European Union accounted for 64% (US\$ 85.930 billion) of the total of US\$ 133.526 billion in ODA provided by member countries of the Development Assistance Committee (DAC).

In 2011 the European Commission was responsible for administration and management of aid funds amounting to US\$ 12.627 billion, or 9% of global aid flows, making it the fifth largest donor worldwide.

During 2010 the European Union contributed US\$ 4.511 billion, or 48% of the total ODA received in Latin America that year; of that amount the European Commission contributed US\$ 1.171 billion.

The European Union is clearly one of the most important players on the international scene when it comes to ODA, in terms of both its volume of funding and its global scope.

This document was prepared at the request of the Government of Chile, which serves as president pro tempore of the Community of Latin American and Caribbean States (CELAC), as input to the CELAC-EU seminar on "Cooperation for development: challenges post-2015", and represents an initial stock-taking of the European Union's cooperation in our region under its 2007-2013 programming exercise.

During 2012 and 2013 the European Union will need to finalize its new cooperation programme for 2014-2020, and it will be doing so at a time when some of its members are passing through a fiscal and financial crisis that has already led to a decline in ODA funding from some member States.

Alongside this sombre financial setting and its impact on the availability of funding for the new 2014-2020 programme, much of which is beyond the control of European cooperation managers, lie the commitments made by the European Commission and the majority of member countries of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD), in which they have agreed to achieve certain standards with respect to ODA.

ECLAC has prepared this document as a contribution to the bioregional dialogue under way as part of the effort to make development assistance more effective and to achieve development with equality.¹

¹ See ECLAC, *Time for Equality: Closing Gaps, Opening Trails* (LC/G.2432(SES.33/3)), Santiago, Chile, 2010.

In the approach espoused by ECLAC, achieving development requires overcoming endemic production lags through innovation and investment in physical and, especially, human capital in order to boost systemic productivity and competitiveness, as well as to strengthen institutions and consolidate democracies. This means addressing a number of obstacles —or, more precisely, structural development gaps— that still persist and that not only impede vigorous and sustainable economic growth in the countries of the region but also limit the potential for moving towards more inclusive economies and societies.²

For the preparation of this document, ECLAC constructed an information base using data available at the official sites of the European Union delegations in the region, of funding provided under the 2007-2013 programme.

² See ECLAC, *Middle Income Countries: A Structural-Gap Approach. Note by the Secretariat* (LC/G.2532(SES.34/11)), 2012.

1. After growing at an average annual rate of 16.9% in the first five-year period of this century, official development assistance (ODA) rose by only 3.8% in the last five years on average

- Official development assistance (ODA) provided by members of the Development Assistance Committee (DAC) totalled US\$ 49.775 billion in 2000, and reached US\$ 133.526 billion in 2011. Although ODA has increased over the past 10 years, it still falls far short of the 0.7% of GDP which DAC members are committed to achieve by 2015 (see figure 1).
- Asia and Africa are the regions that receive the most ODA, together accounting for over 60%. Latin America and the Caribbean received around 7.2% of ODA in 2010, two percentage points below the average received in 2000-2001, when the region accounted for 9% of the total (see figures 2 and 3).
- By main destination, although the pattern is similar, the annual growth rate of ODA received by Latin America and the Caribbean was higher over the period 2005-2010 than in the previous five years (2000-2005), by contrast with the record in Asia and Africa (see table 1).

Table 1
Growth in official development assistance by region, 2000-2005 and 2005-2010
(Annual rates of change)

	2000-2005	2005-2010
Total ODA	16.9	3.8
Latin America and the Caribbean	7.2	10.5
Asia	23.9	-4.7
Africa	18.3	6.0
Europe	1.8	7.6
Oceania	7.3	11.7

Figure 1
Global trend in official development assistance, 2000-2011
(Millions of dollars)

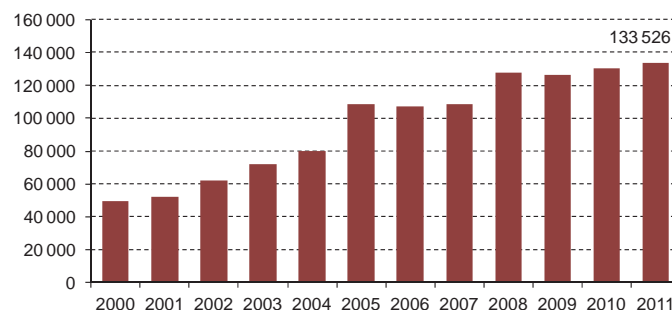
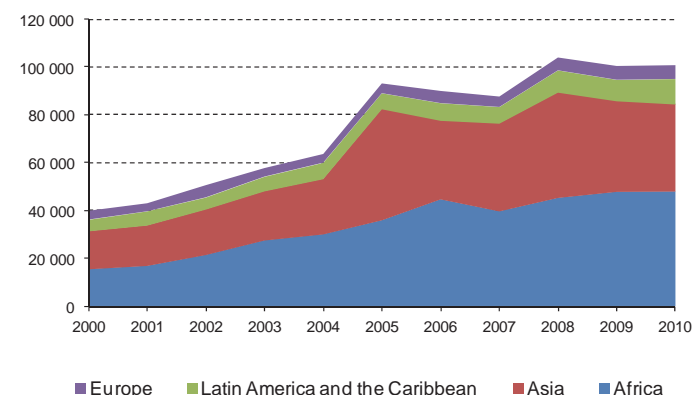


Figure 2
Official development assistance by main recipients, 2000-2010
(Millions of dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Development Assistance Committee of the Organisation for Economic Cooperation and Development.

2. The European Union as a whole (European Commission and Member States) accounted for 54% of worldwide ODA flows in 2010-2011

- The United States is the world's largest ODA provider, at 23.3% of the total in 2010-2011, followed by United Kingdom, Germany and France.
- The European institutions (the European Commission) are the largest multilateral providers of ODA.
- The European Union, take to include the Member States and the European Commission, represented about 50% of total ODA in 2010-2011.
- Of the 10 main recipients of ODA worldwide, only one —Haiti— is in the Latin America and the Caribbean region. In 2004 Haiti ranked tenth, at 2% of the total, but rose to 10% in 2010-2011, placing it third in the world, together with Pakistan (see figure 3).

Table 2
Distribution of ODA by main donors
(Percentages of the total)

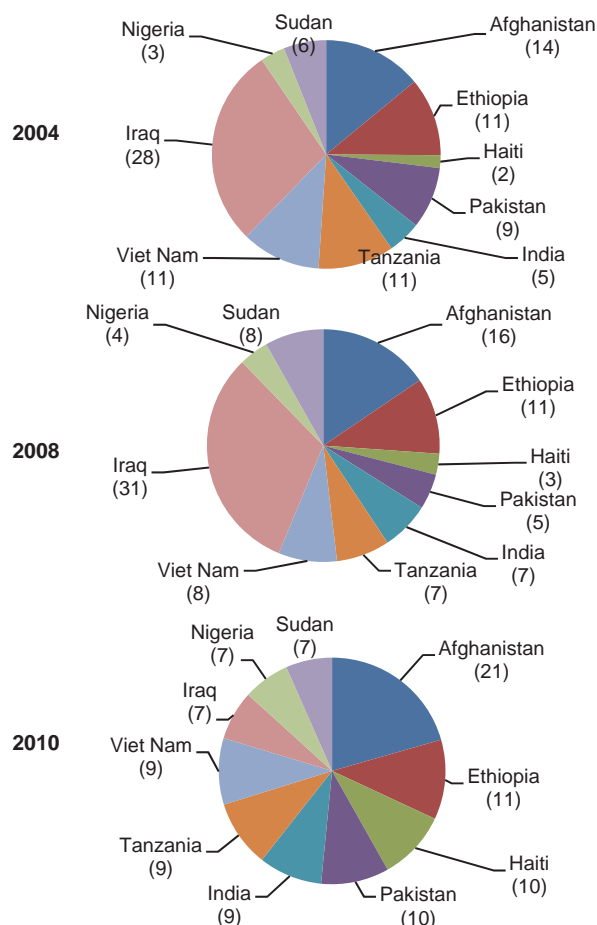
	2000-2001	2005-2006	2007-2008	2009-2010
United States	15.4	21.6	17.9	20.1
European Union institutions	9.7	8.5	10.2	9.9
United Kingdom	5.2	7.8	5.5	6.0
Germany	5.4	6.7	7.2	5.9
France	5.3	7.0	5.5	5.8
Japan	16.9	8.2	5.3	5.2
Netherlands	4.4	3.7	4.2	3.7
Spain	1.8	1.8	3.4	3.3
Total EU^a	40.3	45.4	45.8	42.9
Total ODA^b	51 082	107 994	118 204	129 038

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Development Assistance Committee of the Organisation for Economic Cooperation and Development.

^a Includes ODA provided by European Institutions and all bilateral ODA from European Union member states, whether or not they are members of the DAC.

^b Average for the biennium.

Figure 3
Distribution of ODA by selected main recipients at the global level
(Percentages of the total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Development Assistance Committee of the Organisation for Economic Cooperation and Development.

3. The small island economies of the Caribbean received between US\$ 140 and US\$ 504 per capita on average during 2009-2010

Figure 4

Latin America and the Caribbean: ODA received during 2009-2010

(Millions of dollars, annual average)

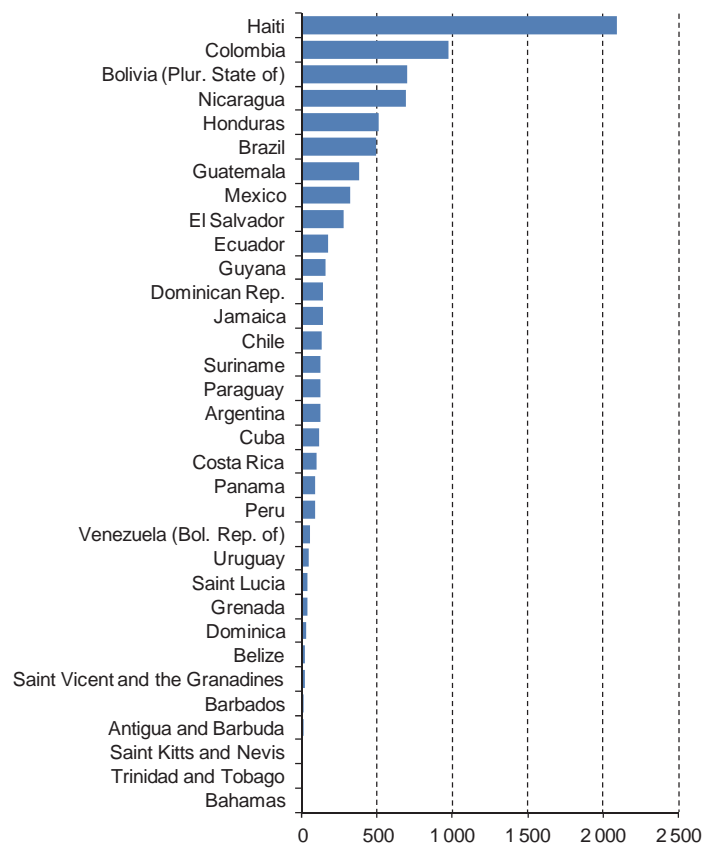
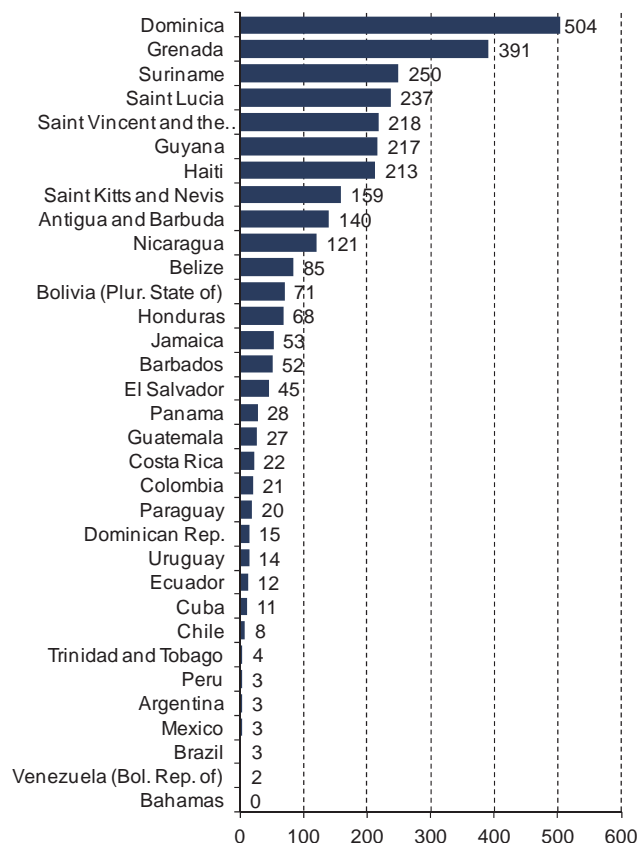


Figure 5

Latin America and the Caribbean: ODA per capita, 2009-2010

(Current dollars)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Development Assistance Committee of the Organisation for Economic Cooperation and Development, and information from the CELADE population database, United Nations, for calculating per capita ODA.

- 80% of ODA to Latin America and the Caribbean goes to 10 countries. At the top of the list are Haiti and Colombia, with 25% and 12% of the total, respectively. In terms of ODA per capita, the 10 largest recipients are Caribbean countries, with Dominica recording the highest level. Countries in the region that have the greatest population density (Argentina, the Bolivarian Republic of Venezuela, Brazil and Mexico) received between US\$ 2 and US\$ 3 in ODA per capita (see figures 4 and 5).
- The increase in ODA flows to the Caribbean reflects primarily the assistance provided to Haiti, which has tripled since 2008.

4. The social sector (which includes infrastructure and social services) received the greatest share of total ODA (53%) to the region in 2010

- The social sector, which includes education, health, water and sanitation, as well as government and civil society and other social and service infrastructure, is the sector of greatest ODA concentration regionally. This sector represents more than 80% in Central America and Mexico, 50% in South America, and 33% in the Caribbean (see figures 6 and 7).
- The ODA share going to economic infrastructure and services, which includes transportation and communications, energy, banking and financial services, amounts to 15% in South America and to around 9% in Mexico, Central America and the Caribbean (see figure 7).

Figure 6
Latin America and the Caribbean: main sectors receiving ODA, 2010
(Percentages of total)

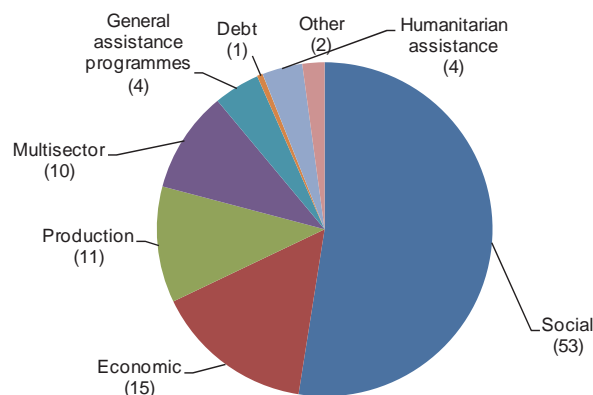
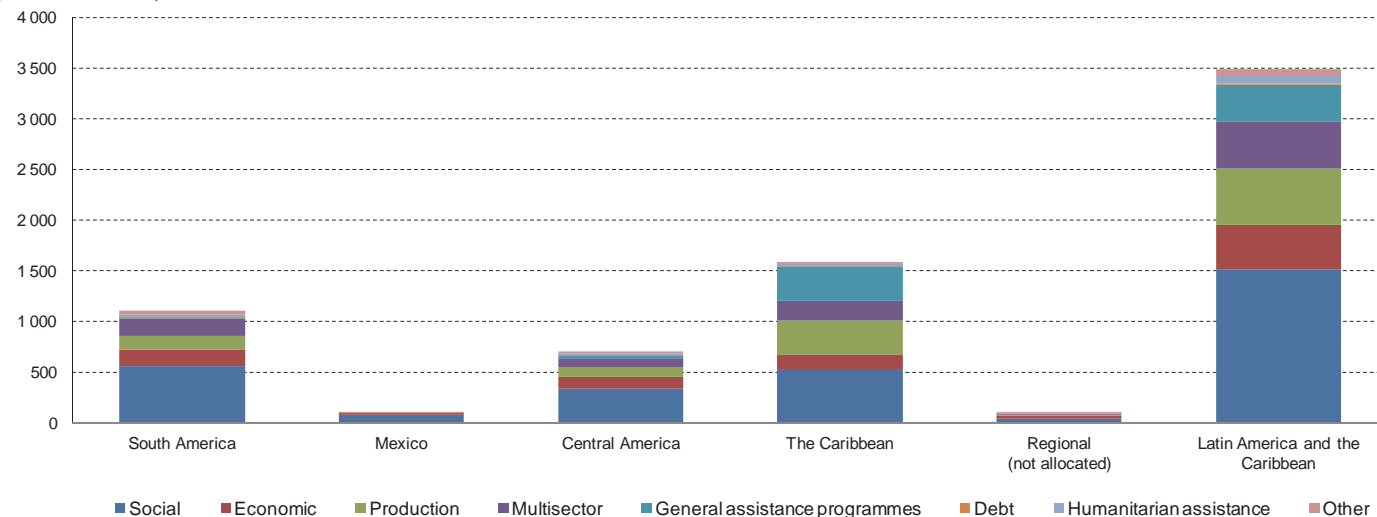


Figure 7
Latin America and the Caribbean: main sectors receiving ODA, by geographical subregion, 2010
(Millions of dollars)

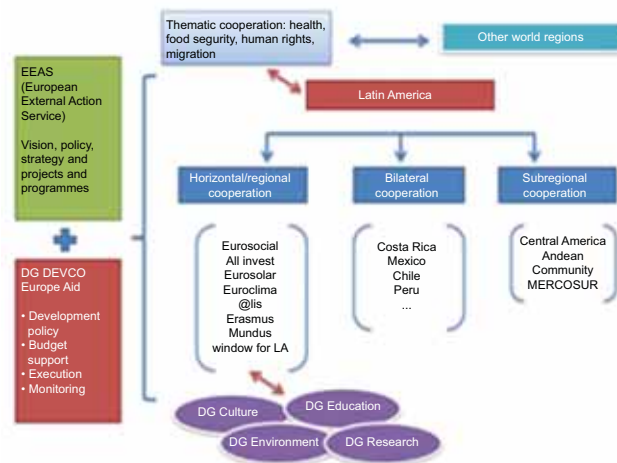


Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of Development Assistance Committee of the Organisation for Economic Cooperation and Development.

5. Within an institutional framework structured by the DCI Regulation, European Union aid takes into account all sectors involved in cooperation

- European Union assistance funds available to the region are distributed through a multiyear programming exercise among bilateral programmes, regional programmes (e.g. Alfa, EuroSocial, and Euroclima) and subregional programmes. Latin American countries also benefit from the Thematic Programmes of global scope (Human Rights, Environment, Health, Migration, Food Security). This process is coordinated by the DG DEVCO and the European External Action Service (EEAS) (see table 3).
- The areas and sectors of concentration for European Union aid funds contained in the various programmes are decided in consultations with beneficiary countries for purposes of the bilateral funds. For the regional programme, the areas and sectors are defined on the basis of priorities that the European Union has set in the DCI for the region, and the priorities emerging from the EU-LAC Summits. In the case of the subregions (Central America, Andean Community and MERCOSUR), the areas and sectors are defined in consultations with the subregional integration organizations.
- The areas and sectors considered for Latin America for the period 2007-2013 are defined in the DCI Regulation (see table 4).

Table 3
Functioning of European Union assistance and cooperation in Latin America and the Caribbean



Source: Adriana Solano L, Ministry of Foreign Affairs and Worship of Costa Rica, 2012.

Table 4
Priority ODA Areas and Sectors in Latin America and the Caribbean, 2007-2013 Programme

DCI Areas	Sectors	Subsectors
Democracy and human rights	Democracy, human rights and good governance	1. Governance, democracy, human rights 2. Conflict prevention
Social cohesion and education	Social development and social cohesion	1. Human development and social affairs 2. Rural development
Integration	Economic development and trade	1. Trade and regional integration 2. Economic development 3. Energy 4. Infrastructure
Total	Environment, climate change, water and natural disasters	1. Water 2. Environment

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from various regulations and official documents of Europe Aid.

6. ODA flows from the European Union to Latin America expanded between 2002-2006 and 2007-2013

- ODA funding from the European Union to Latin America, through the Asia-Latin America Regulation (ALA) for the period 2002-2006 and the Development Cooperation Instrument (DCI) for the period 2007-2013 has risen by more than 50%, (see table 5).
- The greatest portion (60%) of the ODA available from the European Union under the DCI for the period 2007-2013 is earmarked for regional programmes (bilateral funds). Bilateral ODA funding for Latin America, in the overall context of European Union ODA, as called for in the DCI for the period 2007-2013, amounts to 15.9% of total bilateral funding allocated to the various regions of the world (see table 6).
- In the DCI regional programme for Latin America 2007-2013, the regional and bilateral programmes showed the strongest growth in comparison to the 2002-2006 programme (see table 5).
- Latin America also benefits from the Thematic Programmes included in the DCI for 2007-2013. These account for a third of total multiyear programming.

Table 5
European Union ODA in Latin America, 2002-2006 and 2007-2013 programmes
(Millions of euros)

	2002-2006	2007-2013
Regional programmes	245	581
Subregional programmes	173	175
Bilateral programming	1 267	1 851
Total	1 685	2 607

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of information from EuropeAid. Covers only funding under the ALA Regulation (2002-2006) and the DCI for the period 2007-2013.

Table 6
European Union: share of Latin America and the Caribbean in total ODA distribution under the Development Cooperation Instrument (DCI) 2007-2013

(Millions of euros)

	Amounts	Percentages
Geographical programmes	10 057	59.5
Latin America	2 690	15.9
Asia	5 187	30.7
Central Asia	719	4.3
Middle East	481	2.8
South Africa	980	5.8
Thematic programmes	5 596	33.1
Investing in people	1 060	6.3
Environment	804	4.8
Local authorities	1 639	9.7
Food security	1 709	10.1
Migration and asylum	384	2.3
ACP countries ^c	1 244	7.4
Total	16 897	100.0

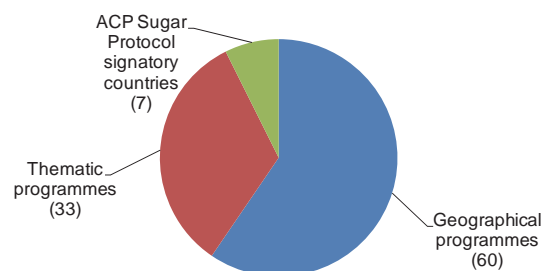
Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the DCI Regulation for the period 2007-2013.

^a Includes sustainable management of natural resources

^b Includes support to non-state agents in addition to local development authorities.

^c Includes only those ACP countries that are signatories to the Sugar Protocol.

Figure 8
European Union: distribution of total ODA under the Development Cooperation Instrument (DCI) 2007-2013
(Percentages of total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of the DCI Regulation for the period 2007-2013.

7. 32% of bilateral ODA from the European Union went directly to Social Development and Social Cohesion. 31% of total ODA from the European Union is provided in the form of sector budget support

Table 7

Distribution of bilateral ODA disbursed by the European Union in Latin America and the Caribbean under 2007-2013 programme, by sector
(Millions of euros and percentages)

Total bilateral ODA (A+B)	2 848	100.0
A. Total DCI (1+2+3+4)	1 974	69.3
(1) Social development and social cohesion	921	32.3
Human development and social affairs	564	19.8
Agriculture, rural and territorial development	357	12.5
(2) Environment, climate change, water and natural disasters	189	6.6
Environment	93	3.3
Water	96	3.4
(3) Democracy, human rights and good governance	248	8.7
Governance, democracy and human rights	213	7.5
Conflict prevention	34	1.2
(4) Economic development and trade	617	21.7
Trade and regional integration	76	2.7
Economic development	209	7.3
Energy	1	0.0
Infrastructure	331	11.6
B. Budgetary support	874	30.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

- The Social Development and Social Cohesion sector, which includes the sectors of human development, social affairs and agriculture, rural and territorial development, accounts for more than a third of the 2007-2013 bilateral funding disbursed to date. The concentration of European Union aid in this sector is fully consistent with the priorities established by the European Union in the DCI for Latin America for the period 2002-2013 (see table 7).
- The budget support instrument, which represents a third of the funds disbursed to date under the 2007-2013 programme, is of increasing importance in the distribution of European Union ODA in the region. These funds, which are spent directly by each country, are geared for the most part to sector programmes that have a direct impact on the social sector, in particular.

8. The European Union's bilateral assistance commitments in the latest programme (2007-2013) represent a 46.9% increase over the 2002-2006 programme

- The bilateral funds made available by the European Union to countries of the region under the 2007-2013 programme (supplemented in most cases with counterpart funding from the recipient countries), saw an increase of 46.9% over the 2002-2006 programme. The greatest increases were for Central America (El Salvador 101%), the Andean Community (Colombia 127%) and MERCOSUR (Paraguay 151%) (see table 8).
- The countries that saw a decline in bilateral ODA funds from the European Union in 2007-2013 were the largest countries in the region: Brazil (-4.7%), Mexico (-2.1%) and Argentina (1.1%) (see table 8).
- 80% of total ODA funding from the European Union under the 2007-2013 programme is concentrated in Central America (35.8%) and the Andean Community (77.2%). While MERCOSUR shows an increase over the previous multiyear programme (43.5%), it has also experienced the only bilateral cuts in the region among member countries of a subregional group (see table 8).
- Other countries —those not included in a regional grouping³— saw little change in their bilateral funding, with the exception of Mexico (see table 8).

Table 8

Latin America (subregions and countries): bilateral funding commitments from the European Union in the 2002-2006 and 2007-2013 programmes
(Millions of euros and percentage change between periods)

Countries/subregions	2002-2006	2007-2013	Change
Latin America (17)	1 266	1 851	46.9
Central America	563	765	35.9
Costa Rica	32	34	6.3
El Salvador	60	121	101.7
Guatemala	93	135	45.2
Honduras	147	223	51.7
Nicaragua	207	214	3.4
Panama	24	38	58.3
Andean Community	374	663	77.3
Bolivia (Plurinational State of)	126	234	85.7
Colombia	56	160	128.6
Ecuador	92	137	48.9
Peru	70	132	53.5
MERCOSUR	200	287	42.8
Argentina	66	65	-1.5
Brazil	64	61	-4.7
Paraguay	52	130	150.0
Uruguay	19	31	63.2
Other countries	129	136	5.4
Chile	34	41	20.6
Mexico	56	55	-1.8
Venezuela (Bolivarian Republic of)	39	40	2.6

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

³ At the time of this study, the Bolivarian Republic of Venezuela had not officially joined MERCOSUR.

9. The proportion of the European Union bilateral ODA budget disbursed to date exceeds 100% of commitments for 2007-2013

- Total bilateral ODA funds from the European Union disbursed to date under the 2007-2013 programme, exceeds 100% of funds committed for the period. This is explained in part by the fact that countries have obtained ODA funds from the European Union under other programmes included in the DCI, such as the Thematic Programmes (of global scope).
- The countries that have received the most in bilateral ODA funding from the European Union to date under the programme currently in implementation in Latin America are Honduras, Nicaragua, Guatemala and El Salvador in Central America, the Plurinational State of Bolivia and Ecuador in the Andean Community, and Paraguay in MERCOSUR. Their receipts make up 71% of the total disbursed bilaterally throughout the region (see table 9).
- The remaining 29% under the current programme was disbursed in Brazil, Colombia, Peru, Mexico, Uruguay, Argentina, Costa Rica, the Bolivarian Republic of Venezuela, Panama and Chile (in that order).
- The countries with the lowest disbursements to date from total commitments for 2007-2013 are in the Andean Community. At the subregional level, Central America and MERCOSUR show the greatest increases in funds disbursed (see table 9).

Table 9

Latin America (subregions and countries): bilateral funds committed and disbursed by the European Union under the 2007-2013 programmes
(Millions of euros and percentage change between periods)

Countries/subregions	Committed	Disbursed	Disbursement level
Latin America (17)	1 851	1 955	1.1
Central America	765	915	1.2
Costa Rica	34	38	1.1
El Salvador	121	156	1.3
Guatemala	135	169	1.3
Honduras	223	269	1.2
Nicaragua	214	253	1.2
Panama	38	30	0.8
Andean Community	663	589	0.9
Bolivia (Plurinational State of)	234	265	1.1
Colombia	160	98	0.6
Ecuador	137	140	1.0
Peru	132	85	0.6
MERCOSUR	287	344	1.2
Argentina	65	56	0.9
Brazil	61	111	1.8
Paraguay	130	130	1.0
Uruguay	31	48	1.5
Other countries	136	107	0.8
Chile	41	25	0.6
Mexico	55	50	0.9
Venezuela (Bolivarian Republic of)	40	32	0.8

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

Note: Includes only funds from the Development Cooperation Instrument disbursed to March 2012.

10. The Social Development and Social Cohesion sector accounts for 47.1% in MERCOSUR

Table 10

Latin America (subregions): bilateral funds committed and disbursed by the European Union under the 2007-2013 programmes
(Millions of euros and percentage of total)

	Central America	Andean Community	MERCOSUR	The Caribbean	Other countries	Total
Total bilateral ODA	915	512	317	743	363	2 848
A. Total DCI (1+2+3+4)	54.3	70.4	64.0	75.6	97.7	69.3
(1) Social development and social cohesion	34.6	32.7	47.1	17.7	43.0	32.3
Human development and social affairs	19.6	8.2	43.5	8.8	38.5	19.8
Agriculture, rural and territorial development	15.0	24.4	3.6	9.0	4.6	12.5
(2) Environment, climate change, water and natural disasters	5.0	20.2	6.3	0.4	4.7	6.6
Environment	3.3	6.6	5.1	0.0	3.7	3.3
Water	1.8	13.5	1.2	0.4	1.0	3.4
(3) Democracy, human rights and good governance	8.9	9.4	4.5	12.3	3.5	8.7
Governance, democracy and human rights	8.0	7.7	4.5	10.3	2.6	7.5
Conflict prevention	0.8	1.7	0.0	2.0	0.9	1.2
(4) Economic development and trade	5.8	8.1	6.1	45.2	46.4	21.7
Trade and regional integration	3.1	1.3	6.1	0.2	5.6	2.7
Economic development	2.6	6.7	0.0	6.2	28.9	7.3
Energy	0.0	0.0	0.0	0.0	0.3	0.0
Infrastructure	0.0	0.1	0.0	38.8	11.6	11.6
B. Budget support	45.7	29.6	36.0	24.4	2.3	30.7

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

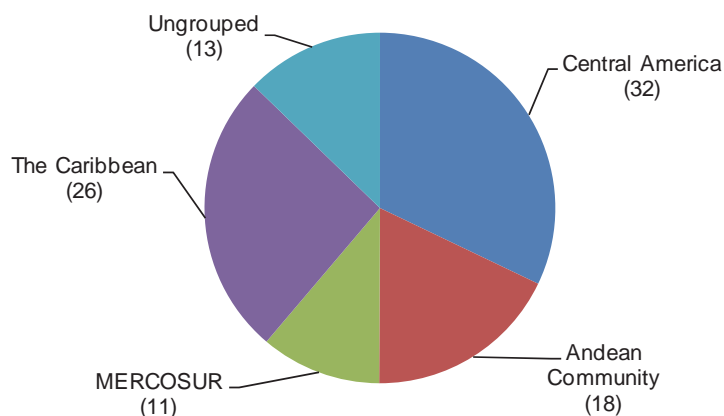
- Some 32% of the bilateral aid committed by the European Union is earmarked for human development and social affairs projects, which account for one fifth of total ODA (including budget support).
- Bilateral funds committed in the environment and water subsectors are less than those earmarked for other priority sectors. In fact, the greatest proportion goes to governance, democracy and human rights.
- Budget support, which accounts for a third of the European Union's ODA spending, is an approach that is being used to an increasing extent in the region.

11. The European Union's bilateral ODA is fairly homogeneous across the subregions

Figure 9

Latin America (subregions): distribution of bilateral funds committed by the EU, 2007-2013 programmes

(Millions of euros and percentage of total)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

- The three sectors receiving the most ODA funding from the European Union under the 2007-2013 programme in Central America are: (a) human development and social affairs (19.6%); (b) agriculture and rural and territorial development (15%); and (c) governance, democracy and human rights (8%). The energy sector receives nothing at all and infrastructure has a marginal share. Economic development and trade, together with regional integration, receives a total of 5.7%. Sector budget support amounts to 45.7% of a total of € 915 million in ODA funding under the bilateral programme in Central America for the period 2007-2013.
- The Andean Community has the greatest number of targeted sectors. The three main ones are: (a) agriculture and rural and territorial development (24.4%); (b) water (13.5%); and (c) economic development (8.1%). Less than 10% goes to human development and social affairs (8.2%), governance, democracy and human rights (7.7%) and the environment (6.6%). The other sectors are conflict prevention (1.7%), trade and regional integration (1.3%) and infrastructure (0.1%). There is no activity in the energy sector. Sector budget support in the Andean Community amounts to 29.6% of the total of € 588.6 million disbursed under the bilateral programme for 2007-2013.
- In MERCOSUR three main sectors are: human and social development (47.1%), trade and regional integration (6.1%), environment (5.1%), governance, democracy and human rights (4.5%), and agriculture and rural and territorial development (3.6%). Sector budget support amounts to 35.8% of a total of € 344.6 million disbursed under the MERCOSUR bilateral programme for 2007-2013.

12. 92% of European Union bilateral cooperation with Central America goes to El Salvador, Guatemala, Honduras and Nicaragua

Table 11

Latin America: bilateral funds disbursed by the European Union under the 2007-2013 programmes, by country

(Percentages of total by sector)

	Costa Rica	El Salvador	Guatemala	Honduras	Nicaragua	Panama
Total bilateral ODA	38	156	169	269	253	30
A. Total DCI (1+2+3+4)	26	92	60	48	33	100
(1) Social development and social cohesion	0	76	33	23	20	99
Human development and social affairs	0	76	9	0	6	99
Agriculture, rural and territorial development	0	0	25	23	14	0
(2) Environment, climate change, water and natural disasters	0	0	5	11	3	0
Environment	0	0	1	9	1	0
Water	0	0	4	2	2	0
(3) Democracy, human rights and good governance	26	1	11	14	6	1
Governance, democracy and human rights	26	1	11	14	3	1
Conflict prevention	0	0	0	0	3	0
(4) Economic development and trade	0	16	10	0	4	0
Trade and regional integration	0	0	10	0	4	0
Economic development	0	16	0	0	0	0
Energy	0	0	0	0	0	0
Infrastructure	0	0	0	0	0	0
B. Budget support	74	8	40	52	67	0

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

- Cooperation in the area of human development and social affairs accounts for nearly 100% of bilateral funding in Panama. The corresponding figure is 76% in El Salvador, 9% in Guatemala, 6% in Nicaragua, and 0.5% in Honduras.
- The other sector that contributes significantly to poverty reduction is agriculture, rural and territorial development, which in the case of Guatemala receives 25% of its budget, with corresponding figures of 22.5% in Honduras and 13.8% in Nicaragua.
- Trade and regional integration receives 10.1% of the bilateral budget in Guatemala, 4.2% in Nicaragua, and 0.3% in Honduras. Only El Salvador has plans for cooperation activities in the economic development sector (with an allocation of 15.5%).
- When it comes to governance, democracy and human rights only Costa Rica, with 26.2% of its bilateral funds, Honduras (13.5%), Guatemala (11%) and Nicaragua (2.8%) are pursuing activities in this sector. As to the environment, only Honduras (with 9.3%), Nicaragua and Guatemala (with slightly over 1% of their bilateral budgets) are pursuing activities.
- In conflict prevention the only countries with programmes are Nicaragua (2.9%) and Honduras (0.1%). Lastly, in the energy sector there are no cooperation programmes, and in the infrastructure sector only Guatemala (with 0.2% of its bilateral budget) is engaged in activities. Bilaterally in Central America, the proportion represented by sector budget support is 67.2% in Nicaragua, 51.9% in Honduras, 40.4% in Guatemala, 73.8% in Costa Rica, just 7.8% in El Salvador and nil in Panama.

13. The Plurinational State of Bolivia and Ecuador are the main recipients of bilateral aid from the European Union, much of which goes to the social development sector

Table 12

Andean countries: bilateral funds disbursed by the European Union under the 2007-2013 programmes, by country
(Percentages of total by sector)

	Bolivia (Plurinational State of)	Colombia	Ecuador	Peru	Venezuela (Bolivarian Republic of)
Total bilateral ODA	188	98	140	85	32
A. Total DCI (1+2+3+4)	100	67	15	100	74
(1) Social development and social cohesion	48	8	6	72	8
Human development and social affairs	5	7	2	26	8
Agriculture, rural and territorial development	42	1	3	46	0
(2) Environment, climate change, water and natural disasters	35	22	6	10	32
Environment	0	22	2	10	28
Water	34	0	4	0	3
(3) Democracy, human rights and good governance	0	31	3	17	30
Governance, democracy and human rights	0	25	2	14	20
Conflict prevention	0	6	0	2	10
(4) Economic development and trade	18	7	1	1	4
Trade and regional integration	0	6	1	0	2
Economic development	18	0	0	1	0
Energy	0	0	0	0	0
Infrastructure	0	1	0	0	2
B. Budget support	0	33	85	0	26

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

- The Andean countries received 28% of European financial allocations under the 2007-2013 programme (€ 512 million), with 37% going to the Plurinational State of Bolivia, the region's largest recipient of European funding after Haiti. Agriculture, rural and territorial development accounts for the greatest proportion of European Union ODA at the sector level, and its share is particularly large in Peru (46.1%) and in the Plurinational State of Bolivia (42%), contrasting with only 3.3% in Colombia and 1.5% in Ecuador.
- In the water sector, cooperation from the European Union and from Spain has played an important role. Its share in the case of the Plurinational State of Bolivia is 34%, and in Ecuador the water sector accounts for 3.7% of total funding at the national level. In the trade and regional integration sector, only Colombia records a significant percentage of activity, with 5.9%.
- In the economic development sector, only the Plurinational State of Bolivia and Peru have a presence, at 18% and 1%, respectively. The other sector of concentration of European Union funds in the Andean countries is human development and social affairs, which in Peru accounts for 26.3% of its bilateral budget, followed by Colombia at 6.5%. None of the four countries has any activity in the energy sector, and in the case of infrastructure only the Bolivarian Republic of Venezuela (2%) and Colombia (0.7%) have any activity.
- In the environment sector, the most significant shares are in the Bolivarian Republic of Venezuela (28%), Colombia (22.1%) and Peru (10%). Colombia devotes 24.8% of its bilateral budget to governance, democracy and human rights, followed by the Bolivarian Republic of Venezuela with 20% and Peru with 14.3%. Lastly, the Bolivarian Republic of Venezuela (10%), Colombia (6.3%) and Peru (2.2%) have the most significant activities relating to conflict prevention.
- Sector budget support absorbs on average 30% of the funds allocated to the subregion: Ecuador makes the greatest use of this mechanism (85.4%), followed by Colombia (32.7%) and the Bolivarian Republic of Venezuela (26%). In Peru, the European Union does not use sector budget support for ODA purposes at the bilateral level.

14. The bulk of ODA flows to Southern Cone countries goes to Paraguay, where it is focused especially on social development

Table 13

Southern Cone: bilateral disbursements by the European Union under the 2007-2013 programme, by country
(Percentages of total by sector)

	Argentina	Brazil	Chile	Paraguay	Uruguay
Total bilateral ODA	41	98	25	130	48
A. Total DCI (1+2+3+4)	16	47	100	100	43
(1) Social development and social cohesion	9	19	50	92	15
Human development and social affairs	9	11	49	92	7
Agriculture, rural and territorial development	0	8	2	0	8
(2) Environment, climate change, water and natural disasters	1	20	9	0	0
Environment	0	16	9	0	0
Water	0	4	0	0	0
(3) Democracy, human rights and good governance	6	8	5	0	8
Governance, democracy and human rights	6	8	5	0	8
Conflict prevention	0	0	0	0	0
(4) Economic development and trade	0	0	37	8	20
Trade and regional integration	0	0	0	8	20
Economic development	0	0	37	0	0
Energy	0	0	0	0	0
Infrastructure	0	0	0	0	0
B. Budget support	84	53	0	0	57

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EuropeAid offices in Latin America and the Caribbean.

- The Southern Cone countries receive less bilateral cooperation from the European Union, at € 342 million, than do the other subregions, and 40% of it goes to Paraguay. The human development and social affairs sector accounts for almost 70% of the total budget for Paraguay. By contrast, this share is less than 10% in Brazil, Uruguay and Argentina.
- The proportion of sector budget support is particularly high in Argentina (84%), Uruguay (57.4%) and Brazil (53%), but it is entirely absent in Paraguay.
- The environment sector is significant only in Brazil and Chile, where it accounts for 19.7% and 9%, respectively, of the budget.
- Agriculture, rural and territorial development accounts for 8% in Uruguay and Brazil and 2% in Chile. Trade and regional integration represents 19.7% of the budget for Uruguay and 7.7% for Paraguay. It does not figure at all in Argentina and Brazil.
- In governance, democracy and human rights, Brazil and Uruguay are the largest recipients with 8% in each case, followed by Argentina with 6% and Chile with 5%.

15. Among the Caribbean countries, the bulk of European Union ODA has gone to Haiti

Table 14

Selected Caribbean countries: bilateral funding from the European Union under the 2007-2013 programme, by country

(Millions of euros and percentage change between periods)

	Bahamas	Belize	Cuba	Guyana	Haiti	Jamaica	Dominican Republic	Trinidad and Tobago	Caribbean
Total bilateral ODA	6.5	20.4	21	51.0	446.2	160.5	235	56.6	741.1
A. Total DCI (1+2+3+4)	100	100	100	100	61	100	100	98	75
(1) Social development and social cohesion	0	100	83	35	6	18	42	72	31
Human development and social affairs	0	85	4	29	6	7	42	24	20
Agriculture, rural and territorial development	0	0	79	6	0	11	0	48	9
(2) Environment, climate change, water and natural disasters	0	85	17	0	0	2	0	0	12
Environment	0	0	4	0	0	0	0	0	0
Water	0	0	13	0	0	2	0	0	0
(3) Democracy, human rights and good governance	0	0	0	4	8	22	0	27	8
Governance, democracy and human rights	0	15	0	2	8	22	0	2	7
Conflict prevention	0	15	0	2	0	0	0	24	6
(4) Economic development and trade	0	0	0	61	47	59	58	0	22
Trade and regional integration	0	0	0	0	0	0	8	0	0
Economic development	0	0	0	61	3	0	32	0	9
Energy	0	0	0	0	0	0	0	0	0
Infrastructure	0	0	0	0	44	59	18	0	14
B. Budget support	0	0	0	0	39	0	0	2	5

Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from EUROPEAID offices in Latin America and the Caribbean

Note: Resources are from the European Development Fund (EDF).

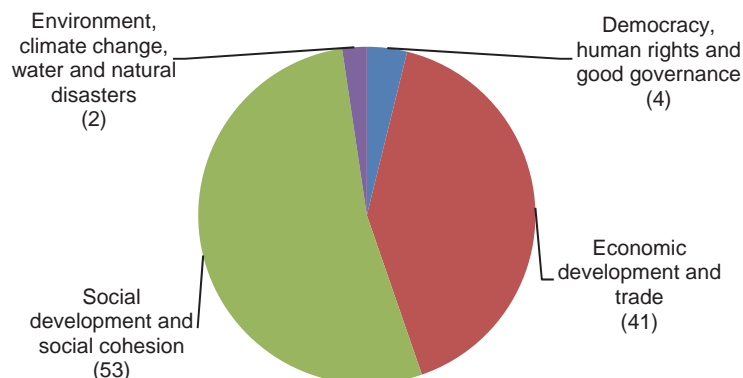
- Among the Caribbean countries shown, Haiti receives the greatest volume of ODA (and is moreover the largest ODA recipient in the region). Haiti is followed in terms of ODA funding from the European Union by the Dominican Republic and Jamaica.
- The sector of greatest concentration for the European Union's ODA is social development, where Cuba and the Dominican Republic stand out. The second largest recipient sector is economic development and trade, where the leading recipients are Guyana, Jamaica, the Dominican Republic and Haiti.
- Belize is the main beneficiary in the environment sector.
- Budget support in the Caribbean countries amounts to only 5%, and in fact Haiti and Trinidad and Tobago are the only countries that receive support in this form.

16. A strategic partnership is being built with Mexico

Figure 10

Mexico: bilateral funding from the European Union under the 2007-2013 programmes

(Millions of euros and percentage change between periods)



Source: Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official information from the EUROPEAID offices in Latin America and the Caribbean

Note: Resources are from the European Development Fund (EDF).

- With an Association Agreement in place and a recently signed Strategic Partnership Agreement, Mexico is perhaps in the best position to participate in a new process of cooperation with the European Union for the coming years.
- Under the 2007-2013 programme, Mexico has focused its ODA funding from the European Union in the areas of education, science and technology within social development and social cohesion component (53% of the total), and also in trade promotion (41% of the total). The basic objective of European Union cooperation has been to reinforce the agreements signed and to build a partnership between the two parties.
- The European Union views Mexico as an important partner in light of the country's prominent role in South-South and triangular cooperation within the region.

17. Cooperation from the European Union, in the form of development assistance from the European Commission, contributes significantly to the development of our countries and region

- ODA from the European Union (that which is executed by the European Commission for the purposes of this text) to Latin America and the Caribbean has been increasing over the past 10 years. Total funds for the period 2007-2013 were over 50% higher than those for 2002-2006. This uptrend is expected to continue as the two regions have made significant progress in recent years on building a strategic partnership through the signing of trade and association agreements.
- To date, the European Union has disbursed 100% of the funding committed for the period, meeting almost all of the financial commitments undertaken at the beginning of the 2007-2013 programming period at the bilateral, subregional and regional levels. The predictability of the development assistance funds from the European Union is a highly positive characteristic and one that should be maintained.
- Of the European Union bilateral ODA funds that have been disbursed to date, one third has taken the form of sectoral budget support, in accordance with the agreement between the donor countries and the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD). This funding modality enhances receiving countries' ownership of their development spending, particularly in terms of planning and management at the State level.
- The sectors receiving the bulk of the assistance from the European Union in Latin America and the Caribbean are fully aligned with the priorities and target sectors identified in the programme for 2007-2013; and the cooperation process is being executed as agreed prior to the start of the period (2006) with each of the counterparts, at the regional, subregional and bilateral levels. Appropriate planning for a multi-year cooperation programme at the bilateral, subregional and regional level is therefore key to the subsequent execution of that assistance.
- The European Union is one of the few donors of the Development Assistance Committee that contributes to regional and subregional cooperation actions and projects, which has positive spillovers for current integration processes. The assistance provided to strengthen subregional institutions should be extended to support for the new integration structures that have been created at the regional level in recent years.