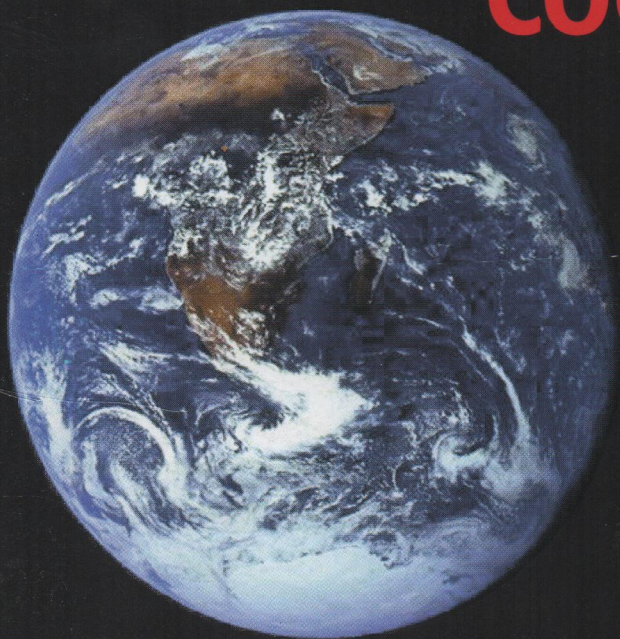


# CHILEAN TRIANGULAR COOPERATION





## TABLE OF CONTENTS

I.	INTRODUCTION .....	5
II.	TRIANGULAR COOPERATION .....	6
	1) The Concept .....	6
	2) Objectives .....	7
	3) Criteria for Participation .....	7
	4) Types of Triangular Cooperation .....	8
	5) Methods of Implementation .....	9
	6) Methodology .....	9
III.	CHILEAN PARTICIPATION IN TRIANGULAR COOPERATION .....	10
IV.	CONCLUSIONS .....	12
V.	APPENDIX .....	13
1.	PROJECTS UNDERWAY IN 1998 .....	13
	a) Bilateral projects .....	13
	b) Multilateral projects .....	15
2.	PROJECTS CURRENTLY UNDER NEGOTIATION .....	15



### I. INTRODUCTION

In the course of the past decade major changes and transformations have occurred in the international arena. Particularly remarkable ones include the growing process of economic globalization and internationalization, the creation of large regional blocs, and the efforts deployed by countries to modify their macrostructural organization in social, economic, productive and institutional terms, thereby incorporating to a larger extent the changes experienced by the world order.

In the latter sphere, although the nations of the developed world have also had to face complex and profound processes of structural and macroeconomic adjustment, developing countries have had to deal with the hardest difficulties particularly because they joined capitalism belatedly due to specific historical, social and cultural factors.

A process of differentiation is beginning to develop among developing countries and this is determined by the rates at which they join in the process of globalization referred to above. The differentiation has allowed a group of countries which, until recently, were net recipients of international cooperation for development, to gradually begin contributing to the progress of nations that advance at a slower pace.

Therefore, new actors and instruments in international cooperation have surfaced as ways to support development. Triangular cooperation is one of these significant new instruments. A description of the concept, objectives, criteria, types, patterns and methods of triangular cooperation is provided below.



### II. TRIANGULAR COOPERATION

#### 1) The Concept

Triangular cooperation is an innovative approach to international cooperation. Basically, it consists of a partnership between a traditional bilateral or multilateral source and a country with an average degree of development, capable of granting horizontal cooperation. Together they carry out actions in favor of a third developing nation (i.e. the beneficiary).

This is a very recent form of cooperation and there are no outstanding examples of triangular cooperation in Latin America. Its procedures are practically in an experimental stage. However, triangular cooperation is clearly expanding and is expected to become—in the near future—one of the more advanced and widespread methods of international technical cooperation.

Triangular cooperation, as a specific form of partnership in international cooperation, is closely linked to the idea of "emerging countries". The concept refers to countries that have achieved a moderate level of development, that offer clear comparative advantages in some sectors, and are therefore potentially empowered to become involved in horizontal cooperation.

Actions in triangular cooperation generally tend to be implemented by means of technical transfers made by the (emerging) country which grants the horizontal cooperation to the beneficiary country, coupled with the technical and financial assistance of the traditional bilateral or multilateral source. However, other forms of participation may also occur and these will be examined further on.

Triangular cooperation requires all the parties involved to undertake to contribute resources to the project involved. This commitment is shared in proportion to or in consideration of the relative level of development of each participant. This is what makes triangular cooperation unique and radically different from the mere hiring of experts or consultants for projects implemented by any given source or country which grants horizontal cooperation.



### 2) Objectives

As mentioned above, triangular cooperation is an innovative approach to international cooperation and, therefore, its basic objectives are the same as those of traditional cooperation methods. But, since this is a specific method, it has its own distinct objectives, such as:

- 2.1 To foster fund raising for technical cooperation among developing countries (TCDC), to enable the qualitative and quantitative improvement of horizontal cooperation programs.
- 2.2 To strengthen bilateral relations among traditional sources of international cooperation and the so-called emerging countries, by encouraging joint involvement in triangular cooperation programs.

### 3) Criteria for Participation

Participation in triangular cooperation calls for three basic criteria to be followed by the actors:

- 3.1 Transparency: From the outset, all negotiations of triangular cooperation projects need to be informed and participatory. Special attention must be paid to the interests and sovereignty of the beneficiary country.
- 3.2 Excellence: This is understood as the responsibility of each actor to guarantee the best institutional capacity to design the cooperation proposals, and this calls for assigning personnel with excellent technical expertise and proficiency to carry out all cooperation efforts.
- 3.3 Effectiveness: This involves the rational use of the resources furnished by the parties involved and the search for the best impact/coverage ratio for any cooperation actions undertaken.



### 4) Types of Triangular Cooperation

There are three basic methods of delivering triangular cooperation, based on its origin and purpose:

- 4.1 Support for vertical cooperation programs: a country that grants horizontal cooperation does so to support a bilateral program of cooperation between a traditional source and a beneficiary country.

An example of this type of triangular cooperation is the method involving a "third country expert" <sup>1</sup>.

- 4.2 Support for horizontal cooperation: A traditional source of cooperation participates to support a horizontal cooperation program in a second country <sup>2</sup>.

- 4.3 Generation of a triangular project: The parties involved participate in a cooperation action conceived as a triangular project right from the outset <sup>3</sup>.

<sup>1</sup> This is the case of Chilean experts from the *Centro Internacional de Capacitación en Telecomunicaciones*, CINATEL, (International Center for Telecommunications Training); *Universidad Católica del Norte* (Coquimbo Campus), and the *Centro de Investigaciones Mineras y Metalúrgicas* CIMM, (Mining and Metallurgical Research Center), both of which helped to reinforce projects funded by Japanese Cooperation in Latin America in which AGCI and JICA shared the costs.

<sup>2</sup> An example of this type of triangular cooperation is the project "Strengthening International Cooperation Management Capabilities in Guatemala". This project was implemented by the *Agencia de Cooperación Internacional de Chile - AGCI* (Chilean International Cooperation Agency) in favor of the General Planning Secretariat of Guatemala with funds provided by Sweden.

<sup>3</sup> An example of this form of cooperation is the project "Development of the Small and Medium-Scale Furniture Industry in Nicaragua", in which Chile and Finland participated together with the beneficiary country. This project is a long-term (four years) tripartite initiative where experts from the three participating countries were involved in the design and formulation.



### 5) Methods of Implementation

There are several ways in which triangular cooperation materializes, depending on the number of participants involved and the type of participating sources:

- 5.1 Regarding the number, the most straightforward method of triangular cooperation is one involving a recipient or beneficiary country, a traditional source of cooperation and a country that grants horizontal cooperation. These offer multiple possibilities of combining different recipient countries<sup>4</sup>, traditional sources of cooperation, and countries that grant horizontal cooperation.
- 5.2 The sources, on the other hand, may be bilateral or multilateral. Bilateral sources may include both developed countries (i.e. traditional sources) or countries participating in the field of technical cooperation among developing countries (TCDC).

### 6) Methodology

The methodology used in triangular cooperation projects specifically includes the following aspects:

- a) Identifying areas of cooperation and priorities which should be defined in close coordination with the beneficiary country or countries.
- b) Designing the project or projects by all the actors involved, using suitable mechanisms that ensure participation.
- c) Defining the financial resources to be contributed by the traditional sources involved in the project which may also collaborate by providing specialized technical advisory services. The country that grants the horizontal cooperation is responsible for providing the technical resources through the agreed instruments. The beneficiary country contributes the institutional counterpart capabilities and the local costs agreed upon.

<sup>4</sup> This is the case of Regional Programs in which the beneficiaries are one region or group of countries.



- d) Establishing the legal instruments needed for the actions to be implemented, basically, the execution of arrangements and bilateral agreements needed for this method of international cooperation (agreements between the funding source and the beneficiary; agreements between the emerging country and the funding source; agreements between the emerging country and the beneficiary). Tripartite agreements can also be used as one of the legal methods.

### III. CHILEAN PARTICIPATION IN TRIANGULAR COOPERATION

There are several reasons that account for and allow Chile to participate in triangular cooperation. These include, among others:

- 1) Like other countries in the region, Chile has achieved a slightly higher level of development than other countries in Latin America and the Caribbean. It is now being classified as an emerging country. This status has made the country no longer eligible as a recipient of net international cooperation. However, the persistence of still unmet needs in the country's national socioeconomic structure, and the lack of sufficient resources to provide for the more disadvantaged groups, have prevented Chile from becoming a net donor of cooperation. Nevertheless, thanks to domestic efforts and to international cooperation, Chile has acquired a series of competencies and excellent capabilities in different fields of development. These skills are particularly significant to many countries and are the object of requests for technical cooperation by regional countries.
- 2) Chile's successful experience as a recipient of bilateral and multilateral cooperation, as of 1990 when it rejoined the field of official cooperation, has left it in good standing with the organizations that grant cooperation.

Chile has thus become known as a reliable counterpart (as a promoter, negotiator and manager) and, at the same time, it has received a valuable technical transfer that has helped to strengthen and modernize several national institutions which have now achieved international standards. Therefore, some traditional sources of cooperation have expressed their interest in projecting the Chilean experience by replicating these projects in other countries in the region, making the necessary adjustments in each case.



## CHILEAN TRIANGULAR COOPERATION

In short, just as Chile was considered some time ago to be a responsible beneficiary, it can now be acknowledged as a reliable partner for joint cooperation targeted to third countries.

3. The image of economic, institutional and political success which Chile usually conjures, has generated an increasing demand for cooperation. This exceeds by far Chile's actual possibilities of covering such demands with its own resources.

The above demand, coupled with the difficulties encountered by the traditional sources in the region, despite their significant cooperation efforts, have not been capable of reverting the negative trends that prevent the region from achieving development. Triangular cooperation thus emerges as an effective answer to the problems of development, since it involves a form of intermediation generated in the region itself and linked by strong historical and cultural ties. Furthermore, in the case of Chile, there is considerable willingness to receive and accept this form of cooperation <sup>5</sup>.

In this scenario, traditional sources of international cooperation have consequently begun to consider a new method based on South-South cooperation as a way to overcome the difficulties described above. Under this strategy, Chile is a very good option to share and/or broker their cooperation efforts.

Furthermore, triangular cooperation is the instrument that allows addressing the constraints that affect the sources because resources are on a decreasing trend, not only due to economic downturns in the source countries themselves but also due to the political disenchantment with cooperation in the donor countries.

<sup>5</sup> Some donors, in their analyses of the causes that explain the low achievement of their efforts, have established that some of the determining factors are the huge cultural and technological gaps that exist between the source and the beneficiary. Indeed, the willingness of the sources is not able to overcome the severe problems presented by barriers such as language and national idiosyncrasy. Similarly, the technological gap between the donor and the beneficiary frequently prevents the necessary dialogue for an adequate technical transfer to be achieved.



## CHILEAN TRIANGULAR COOPERATION

- 4) Technical cooperation actions for developing countries (TCDC) promoted by the Chilean International Cooperation Agency in Latin America and the Caribbean in the past few years have allowed Chile to become familiar with the reality and processes underway in the region, making our potential known and allowing us to obtain recognition for the efforts carried out. This provides a solid basis with projections for the future and it is an aspect that traditional sources of cooperation should take into account in designing their programs and projects for cooperation so as to jointly contribute, both effectively and efficiently, to the social and economic advancement of the region.

The Chilean Ministry of Foreign Affairs has signaled the special priority it grants both to the technical cooperation that Chile provides to Latin America and the Caribbean and also to triangular cooperation by making AGCI the agency responsible for activities involving raising the funds to carry out activities related to the Technical Cooperation Program among Developing Countries (TCPDC) or horizontal cooperation..<sup>6</sup>.

### IV. CONCLUSIONS

Triangular cooperation therefore emerges as an excellent option to address the growing demands of horizontal cooperation. It is also a superb method to establish a new and closer relationship between the traditional sources of cooperation and the countries that grant horizontal cooperation in the region.

In turn, triangular cooperation is, for Chile, an increasingly valid instrument since it allows for an adequate articulation between the interests of the parties to: (i) enable the beneficiaries to receive more cooperation from the sources and from Chile, (ii) allow the sources to rely on an adequate partner and intermediary and thus make their efforts more successful and (iii) allow our country to enhance its presence on the international arena in concert with its foreign policy objectives.

The foregoing requires putting forth a significant effort to identify those demands which, taking into account the most pressing problems in each country, match the priorities of the sources and the capabilities that Chile has to offer. This calls for a special attempt at coordination and articulation between the parties, particularly in view of the fact that the lack of experience and of background information on triangular cooperation poses an important challenge. Therefore, we need to continue to make progress both in the concept as well as in the design and socialization of a Chilean model of cooperation.

<sup>6</sup> 1998 Ministerial Goals. Chilean Ministry of Foreign Affairs.



## V. APPENDIX

The Chilean International Cooperation Agency has promoted and is brokering the incorporation of triangular cooperation into its programs. It has therefore put together a series of flexible methods, based on the nature of the projects, which are consistent with the requirements established by the sources and the demands posed by the beneficiaries. Consequently, AGCI is currently brokering the following experiences in the field of shared triangular cooperation:

### 1. PROJECTS UNDERWAY IN 1998

#### a) Bilateral Projects:

##### JAPAN:

In Chile, AGCI in conjunction with JICA, carries out the following international courses for Latin American professionals:

#### 1.1 Cultivation of abalone with the *Universidad Católica del Norte at Coquimbo*

JICA's contribution	US\$ 59,455
AGCI's contribution	US\$ 25,481

#### 1.2 Preservation and Management of Plant Genetic Resources in conjunction with INIA, *Instituto de Investigaciones Agropecuarias*

JICA's contribution	US\$ 72,000
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#### 1.3 Mining and metallurgical processes with CIMM, *Centro de Investigaciones Mineras y Metalúrgicas*,

JICA's contribution	US\$ 105,462
AGCI's contribution	US\$ 11,718



## CHILEAN TRIANGULAR COOPERATION

### 1.4 Digital telecommunications with CINATEL-INACAP, *Centro Internacional de Capacitación en Telecomunicaciones*

JICA's contribution	US\$ 58,613
AGCI's contribution	US\$ 25,120

### 1.5 Sending experts to a third country (Bolivia, Guatemala and Honduras)

JICA's contribution	US\$ 7,000
AGCI's contribution	US\$ 3,080

### 1.6 JAPAN (UNDP)-CENTRAL AND EASTERN EUROPE: Project to Transfer the Chilean Experience in Private Pension Fund Administrating Agencies. The project started in 1997 and is still underway.

JICA's contribution	US\$ 200,000
AGCI's contribution	US\$ 20,000

## SWEDEN:

### 1.7 Sweden-Guatemala: Project "Strengthening International Cooperation Management Capabilities". (One year).

Sweden's contribution	US\$ 151,524
Guatemala's contribution	US\$ 25,000
AGCI's contribution	US\$ 43,800

## FINLAND:

### 1.8 FINLAND-NICARAGUA. Project "Development of the Small and Medium Scale Furniture Industry in Nicaragua", (four years), with a total contribution from Finland amounting to US\$2.7 million

Contribution for the project's first year of execution

Finland's contribution	US\$ 375,000
Nicaragua's contribution	US\$ 25,000
AGCI's contribution	US\$ 100,000



### b) Multilateral Projects:

Training course for developing countries (OAS/Chile)

1.9 Second Course on Management of International Cooperation. Technical counterpart: AGCI

OAS contribution	US\$ 15,000
AGCI's contribution	US\$ 47,660

1.10 Course for Wood Design and Construction. *Universidad del Bío-Bío*

OAS contribution	US\$ 15,000
AGCI's contribution	US\$ 31,780

1.11 Diploma in Environmental Analysis and Environmental Management. *EULA- Universidad de Concepción*

OAS contribution	US\$ 15,000
AGCI's contribution	US\$ 42,780

## 2. PROJECTS CURRENTLY UNDER NEGOTIATION

2.1 GERMANY-PARAGUAY: Project in support of Small-Scale Companies

2.2 UNDP (Norway) - CUBA: Project to support Cuba's economic reconversion (several Chilean counterparts). Mexico and Brazil are also participating.



**AGENCIA DE COOPERACION INTERNACIONAL**

Teatinos 950 - Piso 11 - Fono: (56-2) 6881518 - Fax: (56-2) 6881533 - Santiago - Chile

Correo Electrónico: [acoopera@ CTC-MUNDO,NET](mailto:acoopera@CTC-MUNDO.NET)

