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# Evaluation of the EU's Cooperation with Central America

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## Acronyms and abbreviations

AA	Association Agreement
ADAPCCA	Programa de Apoyo al Diseño y Aplicación de Políticas Comunes en Centroamérica
ADESEP	Apoyo al Desarrollo del Sector Privado en Centroamérica
AECID	Agencia Española de Cooperación Internacional y Desarrollo
AIC	Arancel Informatizado Centroamericano
ALA	Africa and Latin America
ALIDES	Alliance for Sustainable Development
ALOP	Latin American CSO network
ATT	International Treaty on Arms Trade
BCIE	Banco Centroamericano de Integración Económica
BMZ	German Federal Ministry for Economic Cooperation and Development
CA	Central America
CA-BEI	Central American Bank for Economic Integration
CAC	Consejo Agropecuario Centroamericano
CAFTA	Central American Free Trade Agreement
CAPTAC-DR	Centro Regional de Asistencia Técnica de Centroamérica, Panamá y República Dominicana
CARICOM	Caribbean Community
CASAC	Central American Small Arms Control project
CCA	Climate Change Adaptation
CCAD	Comisión Centroamericana de Ambiente y Desarrollo
CCJ	Corte Centroamericana de Justicia
CCP	Comisión Centroamericana Permanente para la Erradicación de la Producción, Tráfico, Consumo y Uso Ilícitos de Estupefacientes y Sustancias Psicotrópicas y Delitos Conexos
CCR-SAN	Comité Consultivo Regional para Seguridad Alimentaria Nutricional
CC-SICA	Comité Consultivo del Sistema de la Integración Centroamericana
CDF	Comprehensive Development Framework
CENPROMYPE	Centro para la Promoción de la Micro y Pequeña Empresa en Centroamérica
CENTROESTAD	Comisión Centroamericana de Estadística del Sistema de la Integración Centroamericana
CEPREDENAC	Centro de Coordinación para la Prevención de los Desastres Naturales en América Central

CIFTA	The Interamerican Convention against the Fabrication and Illicit Traffic of Firearms, Munitions, Explosives and other related materials
CJCC	Judicial Council for Central America and the Caribbean
CLE	Country Level Evaluation
CNM	National Multidisciplinary Commissions
COMCA	Cooperación Misionera de Centroamerica
COMIECO	Consejo de Ministros de la Integración Económica
COMISCA	Council of Ministers of Health from Central America and Dominican Republic
COMJIB	Conference of Ministers of Justice of Ibero-American Countries
COMMCA	Consejo de Ministras de la Mujer de Centroamérica
CONASAN	Consejo Nacional de Seguridad Alimentaria y Nutricional
CONSUAC	Consolidación de la Unión Aduanera Centroamericana
CONSUACCION	La Red Consumidores en Acción de Centroamérica
CRIS	Common External Relations Information System
CRRH	Comité Regional de Recursos Hídricos
CSO	Civil Society Organisation
CSP	Country Strategy Paper
CSUCA	Consejo Superior Universitario Centroamericano
DAC	Development Assistance Committee
DCI	Development Cooperation Instrument
DG	Directorate-General
DIAKONIA	Non-Governmental Organisation
DIPECHO	Disaster Preparedness Programme
DRR	Disaster Risk Reduction
EC	European Commission
ECAGIRH	Estrategia Centroamericana de Gestión Integrada de Recursos Hídricos
ECAT	Escuela Centroamericana Aduanera y Tributaria
ECHO	European Commission Humanitarian Office
ECLAC	Economic Commission for Latin America and the Caribbean
EEAS	European External Action Service
EIB	European Investment Bank
EIDHR	European Instrument for Democracy & Human Rights
ENRTP	Environmental and Natural Resources Thematic Programme
EQ	Evaluation Question
ERAS	Estrategia Regional Agroambiental y de Salud
ERCC	Estrategia Regional de Cambio Climático



ERDE	Estrategia Regional de Desarrollo Estadístico
ES	El Salvador
ESCA	Estrategia de Seguridad en Centro América
EU	European Union
EUD	European Union Delegation
EUROPOL	European Union's law enforcement agency
FAO	Food and Agricultural Organisation of the United Nations
FDI	Foreign Direct Investment
FECAEXCA	Federation of Chambers of Exporters of Central America, Panama and the Caribbean
FNS	Food and Nutrition Service
FONSAN	Food Security Investment Fund
FRONTEX	European Agency for the Management of Operational Cooperation at the External Borders of the Member States of the European Union
FVN	Fruit, Vegetable and Nuts
GDP	Gross Domestic Product
GIRAA	Gestión Integrado de Riesgos, Agua y Ambiente
GIZ	German Agency for International Cooperation
GOLFONSECA	Programa de desarrollo local integral transfronterizo de Golfo de Fonseca
HFA	Hyogo Framework for Action
HN	Honduras
HQ	Headquarters
IADB	Inter-American Development Bank
ICAP	Instituto Centroamericano de Administración Pública
ID/CD	Institutional Development or Capacity Development
IEPADES	Non-Governmental Organisation
IFI	International Financial Institution
IFS	Instrument for Stability
INCAP	Instituto de Nutrición de Centro América y Panamá
INTERPOL	International Police Organisation
IO	International Organisation
JC	Judgment Criterion
LA	Latin America
LAIF	Latin America Investment Facility
MARENA	Ministerio del Ambiente y los Recursos Naturales, Nicaragua
MARSAN	Maestría Regional en Seguridad Alimentaria y Nutricional

MDG	Millennium Development Goal
MS	Member States
MSME	Micro, Small and Medium Enterprises
MTFRL	Mancomunidad Trinacional Fronteriza Rio Lempa
NGO	Non-Governmental Organisation
NI	Nicaragua
NSA	Non-State Actor
OBSAN-R	Observatorio Regional de Seguridad Alimentaria y Nutricional
ODA	Official Development Assistance
ODECA	Organización de Estados Centroamericanos
OECD	Organisation for Economic Cooperation and Development
ONE	Organización Nacional de Estadística
ORCA	Operations Reliability Coordination Agreement
PACAGIRH	Plan Centroamericano para la Gestión Integrada de Recursos Hídricos
PAIRCA	Programa de Apoyo a la Integración Regional Centroamericana
PARCA	Environmental plan for the Central American Region
PARLACEN	Central American Parliament
PCGIR	Política Centroamericana para la Gestión Integral del Riesgo
PECOSOL	Non-Governmental Organisation
PMU	Programme Management Unit
PRACAMS	Programa de Apoyo a la Creación de un Sistema Regional de Calidad y a la Aplicación de Medidas Sanitarias y Fitosanitarias en Centroamérica
PRAIAA	Programa Regional de apoyo a la integración económica centroamericana y a la implementación del Acuerdo de Asociación
PRESACUA	Non-Governmental Organisation
PRESANCA	Programa Regional de Seguridad Alimentaria y Nutricional
PRESISAN	Successor of Component 3 of PRESANCA
PREVDA	Programa Regional de Reducción de la Vulnerabilidad y Degradación Ambiental
PRIEG	Política Regional de Igualdad y Equidad de Género del Sistema de la Integración Centroamericana
PRICA	Programa Regional de Investigación e Innovación de Cadenas de Valor Agrícola
PRODESA	Fundación para la Promoción y Desarrollo
RECAC	Red de Coordinación de Agencias de Competencia
REDCEPAZ	Non-Governmental Organisation
RIO	Regional Integration Organisation
RIP	Regional Indicative Programme
ROM	Result oriented monitoring

RSP	Regional Strategy Paper
SAC	Sistema Arancelario Centroamericano
SALW	Small Arms and Light Weapons
SAN	Seguridad Alimentaria Nutricional
SE-CAC	Secretaría Ejecutiva - Consejo Agropecuario Centroamericano
SECCAD	Secretaría Ejecutiva de la Comisión Centroamericana de Ambiente y Desarrollo
SEFRO	Programa Regional de Seguridad Fronteriza en América Central
SESAN	Secretaría de Seguridad Alimentaria y Nutricional
SG	Secretaría General
SG-SICA	Secretaría General del Sistema de la Integración Centroamericana
SIAUCA	Sistema de Información Aduanero Unificado de Centroamérica
SICA	Sistema de la Integración Centroamericana
SIECA	Secretaría de Integración Económica Centroamericana
SIINSAN	Sistema de Información Nacional de Seguridad Alimentaria y Nutricional
SIMSAN	Sistemas de Información Municipal en SAN
SISCA	Secretaría de Integración Social Centroamericana
SME	Small and Medium Enterprises
SPS	Sanitary and Phytosanitary Measures
SSA	Subsistema Ambiental
SWOT	Strengths, Weaknesses, Opportunities, Threats
TA	Technical Assistance
TBT	Technical Barriers to Trade
TECNISAN	Diplomado en Seguridad Alimentario- Nutricional y Desarrollo Local en Centroamérica
ToR	Terms of Reference
UAC	Central American Customs Union Programme
UNDP	United Nations Development Programme
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
UNWTO	World Tourism Organisation of the United Nations
USA	United States of America
UTSAN	Unidad Técnica de Seguridad Alimentaria y Nutricional
WB	World Bank
WCO	World Customs Organisation



# Executive Summary

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## Objectives and scope of the evaluation

This evaluation provides an overall, independent assessment of the European Union's regional cooperation and partnership relations with Central America. Based on this assessment, it provides recommendations to improve the future cooperation of the European Union (EU) with this region.

The evaluation examines how regional cooperation of the EU has helped to advance the integration process in Central America between 2007 and 2013. Geographically, it therefore covers the countries that are members of the Central American Integration System<sup>1</sup>, also known as SICA<sup>2</sup>. Bi-lateral cooperation was only considered, insofar as it was meant to complement the regional cooperation of the EU. Furthermore, the evaluation did neither assess the trade policy of the European Union, nor the overall political relations and agreements between the regions, such as the Association Agreement. It only examined the complementarity and coherence of these different areas of EU external relations.

## Evaluation context

The countries of the region share a long common past, and the idea of politically and economically integrating the region has been part of much of this history. The numerous attempts of greater integration throughout the 20<sup>th</sup> century were driven by hopes for economic benefits of a stronger region-wide economy, but also by the

desire to protect the region from the danger of repeated armed conflicts between Central American countries; most recently during the 1980s. The current Central American Integration System (SICA) is shouldered with an expansive mandate to advance regional integration, based on the Tegucigalpa Protocol of 1991. However, the System has few autonomous powers to implement the agenda. Most of its actions need to be unanimously approved by the Presidents of Central American member states. Also, SICA has not been able to count on reliable financing of its operations from its member states.

## EU cooperation with Central America

The EU had been supporting regional integration in Central America already under its previous regional cooperation strategy, when it had pledged to help with the consolidation of the Central American Integration System. Between 2007 and 2013, the EU continued its support of regional integration in Central America. Committing € 115 million, the EU pledged to continue helping the region to strengthen its institutional system for integration, to work on advancing economic integration and to assist Central America in confronting threats to its security, linked in large part to the increased trafficking of drugs and arms in the isthmus. Additionally, the EU also cooperated with Central America on addressing food insecurity, and on improving its ability to prepare for and

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<sup>1</sup> The main member countries are Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

<sup>2</sup> After its Spanish name "Sistema de Integración Centroamericana"

respond to natural and human-made disasters.

The EU has also maintained a regular political dialogue with Central American States. Most importantly, the partners began negotiating the terms of a comprehensive Association Agreement between the two regions in 2007. The Agreement was signed in 2012, and became operational in 2013. It defines the terms of the future economic, social and cultural relations between the two regions.

## Methodology

The evaluation was conducted in line with the methodological guidance of the European Commission (EuropeAid). The approach involved the collection and analysis of both qualitative and quantitative data. Evaluators examined documents from all projects and programmes the EU had supported between 2007 and 2013. They interviewed over 260 people in six Central American countries and at EU headquarters in Brussels, and carried out focus group interviews with recipients of EU assistance. A considerable amount of information was collected from the EU, the Central American Integration System, national and local governments, civil society, universities and final recipients of the aid.

## Overall assessment

The EU helped to temporarily stabilize and give continuity to the Central American Regional Integration System. Support of the EU provided several technical solutions and proposals to further the political and economic integration of the region. Also, EU funding helped agencies of SICA to temporarily expand their operations, to

provide support services to the region, for example in food security, in the management of disaster-related risks and in regional security.

Differing political interests among Central American States, the sovereign “owners” of the integration process, prevented their Governments from approving several of the solutions and proposals that the EU had helped SICA to finance and develop. As the cooperation programmes had not been designed to anticipate and respond to these types of risks, they prevented the EU contributions from realizing their intended effects. Personnel reductions in the EU Delegation between 2008 and 2013<sup>3</sup> eventually left the Regional Unit too understaffed in relation to the ambitious goals of the EU. Regional cooperation has hence lagged behind its actual potential.

Only late in the programme period covered by this evaluation did the EU begin complementing its support of regional economic integration and trade with help to design strategies to ensure that economic benefits from trade and economic integration are shared with a wider segment of the Central American population.

## Conclusions

The evaluation drew six strategic conclusions, i.e., on the purpose of EU cooperation, on the results it achieved compared to its objectives and on the overall cooperation approach of the EU. It also developed six additional sector-specific conclusions. The nine most important of these twelve conclusions are presented here. Additional strategic and sector-specific conclusions can be found in the main report.

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<sup>3</sup> From eleven to four staff members in charge of regional cooperation

## Purpose of EU cooperation

### **Conclusion 1: The EU helped to give continuity to regional integration in Central America and helped to lend more legitimacy to the Central American Integration System (SICA)**

Support of the EU allowed SICA to operate at a higher level than it would have been able to without, and enabled SICA agencies to deliver services to their constituents that increased the visibility of the Regional Integration System, and illustrated the potential added value of regional governance.

EU support of regional democratic institutions, such as Central America's regional parliament, the Consultative Committee for Civil Society, and the regional Court of Justice emphasized the importance of democratization of regional integration. All of this has made the EU into an important partner for regional integration in Central America, in particular in the face of other developments in the region that tended to emphasize bilateralism over a regional approach.

### **Conclusion 2: The EU started only relatively recently to accompany support to Central American regional economic integration with assistance for the formulation of regional economic development strategies to increase the chance that increased trade would translate into equitable economic growth and reduced poverty in the region.**

The EU's own policies, and also the political agreements between the EU and Central America expressed a commitment for EU development cooperation to complement support to regional economic integration and trade-facilitation with assistance for making any trade-induced economic development more equitable, with the aim of contributing to the reduction of poverty.

This did not really materialise during the first years of the evaluation period, with cooperation focusing on reinforcing the trade capacity of established producers. Still, the EU began in 2012 to offer assistance that could help to broaden the range of producers that would benefit from more trade opportunities, also including micro, small and medium-sized enterprises. The EU had originally foreseen to provide this type of cooperation bi-laterally, directly to the individual countries of the region. This happened to a smaller extent than had been intended in 2007.

## Overall results of EU regional cooperation

### **Conclusion 3: EU assistance helped SICA to set-up several platforms, and to develop tools and proposals for advancing Central America's economic and political integration. However, many of these have not been officially approved yet.**

Among other things, the EU helped to develop proposals for the region-wide harmonization of competition policies, a model for the restitution of tax revenues, and a vision for greater economic integration. The EU had also financed the founding and operation of a regional school for tax and customs officers, and had supported three regional organisations in charge of environmental management and of disaster prevention in developing a comprehensive approach for these related areas, and in improving the coordination amongst themselves.

A number of the tools and proposal which the EU helped to develop, including all of the above-mentioned outputs, have so far not been approved. The training school for tax and customs officers closed after EU support ran out; Central America's national governments did not provide follow-on funding for the school. The regional organisations working in

environmental management and disaster preparedness did not receive sufficient funds from national governments to continue their work after the EU had phased out its assistance.

These problems resulted partially from the difficult context faced by EU regional cooperation, such as the low political commitment among Central America's political leaders to regional integration, their diverging national interests and bureaucratic obstacles. These were not the responsibility of the EU. Nevertheless, these factors were already known when the EU was developing its cooperation strategy in 2006, and were in fact specifically highlighted as risks in the EU's regional cooperation strategy. This suggests that they could also have been taken into account in the design of the individual cooperation programmes the EU funded under the strategy, including in their implementation arrangements, and in the amount of complementary resources, including staffing of the EU Delegation, that the EU made available to supervise its regional cooperation.

### **The EU's strategic approach to regional cooperation**

**Conclusion 4: The EU chose to primarily direct its support at the executive agencies of the Central American Integration System (SICA) while not taking sufficiently into account in its approach that SICA Member States as owners of the overall regional integration process in Central America also needed to own and commit to any institutional reform initiative or technical reform proposal of this process.**

From the moment of their establishment, the executive organs of SICA were not designed to yield any significant amount of supra-national power to advance Central America's integration, in spite of being formally charged with implementing an

ambitious regional integration agenda. In addition, the continued underfunding of SICA, and the unclear hierarchy between the General Secretariat as SICA's coordinating body and other SICA agencies made it difficult for the System to effectively and continually harmonize the implementation of this ambitious agenda with the evolving national interests of SICA Member States.

In spite of this, EU-funded programmes that aimed at advancing the status of Central American integration had been aligned primarily with these executive agencies. As primary counterparts of the EU, all programmes were identified and formulated in coordination with those organisations. The EU also considered these agencies to be representing the priorities of their Member States during the implementation of the programmes, on the assumption that it was SICA's responsibility to ensure that its agenda was appropriately aligned with national priorities, and without using regional cooperation to help strengthen SICA's inter-governmental coordination mechanisms over time.

On the one hand, the chosen approach did allow the EU to establish overall close working-relationships with the agencies of the SICA system, to improve their functioning in the short-term, and to produce tools, policy proposal and other technical inputs that provided new perspectives on the possibilities of Central American regional integration.

On the other hand, the approach did increase the risk that outputs from this cooperation would eventually not be approved or taken up by SICA Member States. The low level of their involvement reduced the ownership that national governments felt towards the achievements of EU cooperation, affecting their willingness to provide follow-up funding to EU-funded programmes, and to maintain and build on their achievements.



**Conclusion 5:** The predominant reliance on EU-paid contractors in cooperation programmes, coupled with an insufficient number of staff in the EU Delegation to supervise these complex interventions made it difficult for the EU to adequately anticipate and react to organisational dynamics and political bottlenecks that were affecting programme progress and results.

The implementation set-up of most cooperation programmes separated programme resources and many of the programme processes from those of their host organisations. EU-paid programme contractors had relatively little insights into the dynamics and constraints of the organisation they were assisting. While programme managers were permanent employees of SICA, their salaries were paid for by the EU, which created the possibility of competing accountabilities. Some programmes were more successful than others in coordinating with and consulting with their host agencies to counteract this separation.

The severe understaffing of the unit in charge of regional cooperation in the EU Delegation in Managua meant that it was difficult for most task managers to find the time to adequately supervise these and other aspects of these complex programmes.

**Conclusion 7:** Contrary to the objectives of the EU, most capacity development programmes were primarily designed to temporarily enable SICA to provide specific services and inputs to third party organisations, and not to sustainably strengthen SICA's own, autonomous organisational capacity for fulfilling its mandate.

Some of the key EU-financed capacity development programmes technically supported national customs administrations or trained staff of national

and regional quality assurance organisations and networks. Others trained customs officers and border patrol agents of SICA Member States, or facilitated the harmonization and coordination of national policies and practices; in security, food security and disaster risk reduction and management. However, only few resources of those programmes were dedicated to the development of the sustainable and autonomous capacity of SICA organisations to continue this work beyond the end of EU support. None of the programmes were aligned with a comprehensive change or capacity development strategy that was officially endorsed by both SICA and its member states, and that that would have identified, which competencies, abilities and performance targets EU support was supposed to help SICA to acquire.

Several contextual factors constraint the development of SICA's organisational capacity. These included high staff turnover, and the absence of an independent civil service. Those factors created a challenging environment for EU cooperation. Ultimately, however, this would have made it even more relevant to base cooperation on specifically endorsed organisational performance goals, and to assign sufficient staff numbers to allow the appropriate supervision of these programmes and their contextual risks.

### **Achievements of EU cooperation in selected sectors**

**Conclusion 10:** EU support to provide access to security-related information across countries and to carry out joint, practical and hands-on security operations facilitated the development of common approaches in the sector and helped to build greater trust among national security agencies and governments.

The EU has helped to strengthen the regional and national agencies involved in the Central American Security Strategy and contributed to the development of coordinated and integrated actions for the prevention and combat of crime. These actions, along with EU-facilitated efforts to harmonize regional policy, procedures and security-related norms also helped to create a higher level of trust among national authorities and between national governments and regional agencies.

**Conclusion 11: EU regional cooperation has helped to better establish an integrated regional multi-sectoral approach for disaster risk reduction and to develop a new model for improved coordination among concerned SICA agencies, but without prompting corresponding changes in SICA member countries.**

EU support in disaster risk reduction yielded a catalogue of regional strategies for concerted actions in areas such as disaster risk reduction, climate change and water and environmental management that were being adopted by governments and non-governmental actors. Expectations that strengthening the relevant SICA agencies would trigger more lasting and fundamental institutional changes in these sectors at national and local levels were not fulfilled, however.

**Conclusion 12: EU support helped to reinforce components of a regional food security institutional framework. The sustainability of these achievements depends on the willingness of Central American governments to financially commit to the continuation of this work.**

EU cooperation allowed SG-SICA to successfully reach out to national food security secretariats (and other national stakeholders) to introduce SICA as a valuable partner with relevant food security expertise. The same was accomplished at local level, by supporting

municipalities in border regions and their often cross-border associations in mainstreaming food security in plans and activities across sectors.

EU support so far has not helped SG-SICA to build-up the required internal organisational capacity necessary to continue this work independently of EU cooperation. Salaries, equipment and operating costs all were being financed by the EU and other partners.

## **Recommendations**

The following section presents nine of the twelve recommendations of the report. The importance and priority of each recommendation is marked at the end of each section.

### **On the purpose of EU regional cooperation**

**Recommendation 1: The EU should continue to support regional integration in Central America, albeit with a stronger emphasis on facilitating ownership and support of the integration effort among Central American governments.**

The EU should more firmly establish common ground for future cooperation with SICA Member States to increase their ownership of any future programmes.

This should be coupled with specific political dialogue, with the involvement of EU Member States. The dialogue should address the serious under-financing of SICA, and should make joint financing commitments of the SICA Member States a precondition for individual interventions. *(Priority: High)*

**Recommendation 2: The EU should offer to complement “trade-related assistance” with “wider aid for trade” to maintain the poverty-orientation of EU regional development cooperation.**

The EU should use the provisions on cooperation of the Association Agreement between the EU and Central America<sup>4</sup> to support Central America in the development of a regional vision for inclusive and equitable trade-based economic development that emphasizes the comparative economic advantages of the entire region, and that facilitates the development of productive capacity as part of cross border / regional value chains. This should involve negotiating the scope, scale and approach of this cooperation area with the Regional Council of Economic Ministers (COMIECO), or with the corresponding platforms of the Association Agreement. *(Priority: High)*

### **On the future strategic approach of EU regional cooperation**

**Recommendation 3: Also beyond economic integration, the EU should continue to develop SICA's capacity to define and implement regional-level policies and frameworks. Primary counterparts should be SICA's inter-governmental oversight bodies.**

As stated in its regional strategy, the EU should consider both SICA's executive agencies and its inter-governmental committees as possible recipients of regional support. Programmes to strengthen the capacity of SICA's executive agencies should be financed only in response to specific requests for this support from these inter-governmental oversight bodies. These requests should be accompanied by financial and political commitments of SICA / SIECA Member States to the institutional development of these regional organisations.

This cooperation can also include technical cooperation with the Central

American Court of Justice (CCJ) and the Central American Parliament (PARLACEN) if the corresponding interventions are launched in response to specific joint requests of SICA Member States. *(Priority: High)*

**Recommendation 4: Utilize the structures and dialogue platforms of the Association Agreement to closely accompany regional EU cooperation programmes with real-time political dialogue.**

The aim should be to help SICA's own inter-governmental coordination mechanisms in concretely and promptly addressing bottlenecks of technical cooperation that may stem from diverging political interests among national stakeholders. To ensure the availability of sufficient staff for this approach, the EU should assign more staff to the Regional Unit of the EU Delegation in Managua. The EU should also establish internal mechanisms and processes for the coordination of EU technical support and accompanying political dialogue. Ideally, both the EU Delegation at regional level and those at national level should support this coordinated approach for regional cooperation, under the leadership of the Regional Delegation. *(Priority: High)*

**Recommendation 5: The EU should intensify the supervision of the technical and political aspects of its regional cooperation with Central America by Regional Delegation, in particular for institutional development programmes.**

Based on its own past experiences in working with these types of programmes, the EU should devise new protocols for the supervision of complex capacity development programmes, detailing the required information, types of supervision and division of responsibilities. The protocols should be complemented with

<sup>4</sup> Part III of the Association Agreement.

precise estimates of the staff time that will be required for the different tasks. This information should be used to estimate the staffing requirements for the Regional Unit of the EU Delegation in Managua. *(Priority: High)*

**Recommendation 8:** The design and implementation structures of all capacity development programmes should be linked to comprehensive capacity development strategies that have been jointly agreed by SICA Member States, and that formally confirm their specific commitment to the particular interventions. This should include a clear commitment to adequate follow-on funding.

The strategic context of future capacity development interventions has to allow programme managers and programme supervisors to operate on the basis of expected performance targets and results, having clearly defined targets for new abilities, skills and competencies as well as non-personnel requirements such as finance, systems, space and delegations. Also, counterpart funding, the assignment of personnel to the capacity development effort, and the pro-active participation of senior managers in supervision (based on monitoring) must be secured. *(Priority: High)*

### **On future work in selected sectors**

**Recommendation 10:** The EU should continue to support the security sector in the region by focussing on products and systems that are requested by the regional organisations and all SICA Member States. Requests should be accompanied by some form of counterpart contribution to demonstrate commitment.

To this end, the EU should considerably strengthen ongoing consultation and continued inter-governmental dialogue

processes with Member States at both the political and technical levels in order to promote greater consensus amongst SICA Member States and with the EU. *(Priority: High)*

**Recommendation 12:** Future food security support should help develop the autonomous capacity of the SICA system for taking over the coordination and facilitation of a regional approach to food security. It should be made conditional on a clear commitment of Central American governments for joint financing of the sector.

The assistance should be based on an agreement among Central American countries on the division of responsibilities between SG-SICA as the coordinating entity and other relevant SICA agencies, such as INCP, CAC and CSUCA. The agreement should also clarify, which oversight bodies will be in charge of food security as a cross-sectoral issue. One key aim of continued support should be to develop the capacity of this body as a coordination platform for national food security secretariats and other respective national authorities in charge of food security. *(Priority: High)*

# 1. Background of the Evaluation

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## 1.1 Origin, and objectives of the evaluation

The evaluation of the European Union's co-operation with Central America 2007-2013<sup>5</sup> ("Regional Level Evaluation") is part of the 2012-2014 evaluation programme approved by the Development Commissioner. ADE has been commissioned, following a competitive procedure, to conduct this evaluation.

The Evaluation's Terms of Reference (ToR) are included in Annex 2 to this draft final report.

As stated in the ToR, the main objectives of the evaluation are:

- to provide the relevant external co-operation services of the European Commission (EC) and the wider public with an overall independent assessment of the Commission's past and current cooperation and partnership relations with Central America (CA); and
- to identify key lessons and, on this basis, to produce recommendations in order to inform the responsible decision makers notably in the European External Action Service (EEAS) and the Directorate-General for Development and Cooperation – EuropeAid – on how to improve the current and future strategies, programmes and actions of the European Union (EU).

The guiding question for the evaluation will be *"to which extent the overall cooperation of the EU with Central America contributed to a change in the region's development and to the welfare of its population while taking into account the political priorities defined by the region itself"*.<sup>6</sup>

## 1.2 Purpose and structure of the final synthesis report

This synthesis report represents the main product of this evaluation. It presents the findings of the evaluation in the form of concise answers to eight evaluation questions. The report also contains a list of strategic conclusions and recommendations that are derived from the evaluation findings.

The structure of the report is as follows:

- The remaining Sections of this Chapter provide an overview of the scope of this evaluation, and also describe key elements of the institutional and political context of EU regional and bi-lateral cooperation with Central America.
- Chapter 2 subsequently describes the scope and scale of EU cooperation with Central America itself,

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<sup>5</sup> Title used for ToR

<sup>6</sup> ToR, p. 4

- Chapter 2 provides an overview of the evaluation methodology, discussing the evaluation process and highlighting the most important components of the evaluation approach. The chapter also discusses the changes and limitation of the evaluation.
- Chapter 3 presents the answers to eight evaluation questions, first in a summary and second in a more detailed form. Each paragraph refers to the respective judgment criteria on which the specific findings are based.<sup>7</sup>
- Chapter 4 contains the main conclusions the evaluators developed on the basis of the answers to the evaluation questions. Typically, each conclusion is based on more than one evaluation question, and thus represents a judgment of the main characteristics of EU regional cooperation that cuts across individual sectors or themes. Each conclusion is referenced to the supporting evaluation questions it is based on.
- Chapter 5 discusses the recommendations of the evaluators for changes to the EU cooperation with Central America in the future. The recommendations are based on specific conclusions in Chapter 4, and are presented in order of importance.

## 1.3 Scope of the evaluation

### 1.3.1 Geographical scope

This evaluation covers the countries in CA that are the targets of EU's regional level cooperation, namely Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Belize and the Dominican Republic have special links to the regional integration process in Central America but they are not part of this evaluation except if they happen to be included in any *Sistema de la Integración Centroamericana* (SICA) system activities. The field phase of the evaluation included a visit to 6 countries in the region, namely Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama.

Because Central America is also part of the geographical scope of the EU's regional programme with Latin America (LA), the contribution of those programmes to the regional integration strategy in CA was also included in the geographical scope.

### 1.3.2 Temporal scope

The ToRs note that the temporal scope of the evaluation is the Commission's co-operation strategies and their implementation during the period 2007-2012 for the overall Central America Regional Programme, but at the request of the EU Evaluation Division, the scope was extended to include the year 2013, as well. In addition, the evaluation includes a sample of relevant and still on-going interventions deriving from the previous programme period (i.e. 2002-2006).

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<sup>7</sup> More information and supporting evidence for each of the judgment criteria can be found in the evaluation results matrix in Volume 2 of this report.

### 1.3.3 Legal scope

As noted in the ToR<sup>8</sup>, “the evaluation should cover the overall engagement with Central America including agreements, political dialogue, the co-operation framework and any other official commitments. This concerns notably all the financing instruments relevant to the region: the DCI (ALA), both the regional and thematic programmes as indicated above; the instruments EIDHR, IfS and the EU Food facility as well as relevant Latin America regional programmes.”

### 1.3.4 Thematic scope

The evaluation assessed the following sectors and thematic areas:

- Strengthening the regional institutional system;
- Regional economic integration, including the consolidated customs union and the preparation for the implementation of the Association Agreement;
- Regional security, including cross-border management, fight against organized crime and prevention;
- Disaster preparedness, mitigation of the effects of climate change, management of natural resources and the participation of non-state actors in the integration process;
- Food security.

In addition, the evaluation also examined the following issues:

- The coherence and complementarity between EU regional cooperation, bi-lateral cooperation with Central American countries, as well as interventions funded by the European Commission Humanitarian Office (ECHO).
- Donor coordination, especially concerning EU-European Member States, but also the coordination between the EU and bilateral and multilateral donors.
- Cross-cutting issues, including gender, human rights, civil society participation and environment, among others.

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<sup>8</sup> ToR p. 10

## 1.4 Context of EU regional and bilateral cooperation with Central America.

### 1.4.1 Origins of Central American integration

The five countries that traditionally composed the Central American Isthmus (Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica) share a long common past, going back to pre-colonial times, when their territories formed part of the Mayan cultural zone. During the Spanish American independence struggles of the 1820s, Central Americans, after a brief annexation to the Mexican Empire, declared their independence and formed a federal state, the United Provinces of Central America. While internal fighting between rival political factions and among provinces led to the dissolution of the Federation in 1838, the idea of the "the patria grande" guided a number of attempts to reconstruct the Federation throughout the 19th and the 20th centuries, including also Panama and Belize.<sup>9</sup>

Only after the Second World War did a successful integration scheme appear: the Central American Common Market (CACM)<sup>10</sup>; founded in 1960, aimed at creating a customs union and, later on, a common market. An integrated executive organ, the Secretariat for Central American Economic Integration (SIECA)<sup>11</sup> was entrusted with the implementation of the common rules adopted and the monitoring of the States abiding to them. Although one of the most successful examples of economic integration in the 1960s, the CACM failed to transform economic performance into genuine prosperity, and during the 1970s it lost its regional significance, while the region foundered in a series of civil conflicts.

Amid concerns that the military escalation might lead to a generalised regional war, the idea of regional integration came again to the forefront as a way out to the crisis. Newly-elected Presidents Oscar Arias Sanchez of Costa Rica and Vinicio Cerezo of Guatemala proposed a peace plan based on confidence-building, internal democratisation and the holding of free elections. Adopted in the Guatemalan city of Esquipulas in July 1986 during the first meeting of all Central American Presidents for a generation, the plan included the call for the creation of a directly-elected regional parliament, the Central American Parliament (henceforth, the PARLACEN from its Spanish acronym) as a focal point for the reconciliation and peace in the region. However, the newly created regional parliament did not formally affect or was linked to the existing integration schemes in the region, in particular the Central American Common Market (CACM).

In the following years, the gradual normalisation of the political situation, international pressure, and the dominant trends of economic globalisation helped to reinforce the awareness that the region's structural problems and its economic under-development would be better combated with regional coordination rather than national measures. In this context, the region witnessed a large number of projects aiming to (re-)establish and strengthen

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<sup>9</sup> Panama became an independent State in 1903, when it was carved out of Colombia in order to facilitate the construction of the Panama Canal). English-speaking Belize had been formally known as British Honduras until 1973.

<sup>10</sup> In Spanish Mercado Común Centroamericano (MCCA).

<sup>11</sup> Based on its Spanish name, the Secretaría de Integración Económica Centroamericana.



political cooperation and economic integration after 1986. Between 1986 and 1990, many pre-existing integration institutions which often dated back to the 1950s and 1960s were re-established, while new ones were set up, resulting in a complex institutional landscape of institutions with often overlapping mandates and representing different guiding principles of regional integration.

Gradually, Central American countries recognized the usefulness of an organism serving as an “umbrella” for the dispersed integration activities and able to provide the necessary impetus to a more coherent, political direction of regional integration. This aim was first expressed in the meeting of the ministers responsible for economic integration (COMIECO), an organ which had been revived in the late 1980s. It was finally decided that the best framework was the institutional setup of the *Organization of Central American States* (ODECA)<sup>12</sup>, a regional cooperation organization that had been founded in 1951 with the Charter of San Salvador (1951), and that had been re-shaped in 1962, on the wake of the establishment of the CACM.<sup>13</sup> However, ODECA, emulating the objectives and institutional set-up of the UN and the Organisation of American States (OAS), lacked any supranational institution and had been inactive almost from its inception.

During the 11th Meeting of Central American Presidents held in Tegucigalpa, on 13 December 1991, the presidents of the five Member States of the ODECA and the president of Panama signed the Tegucigalpa Protocol which reformed the Charter of the ODECA and established the Central American Integration System (*Sistema de Integración Centroamericano*, abbreviated as SICA). The SICA was meant to constitute the “region’s organic structure aiming to achieve integration in all its aspects (...) in the perspective of the transformation of Central America into a region of peace, freedom, democracy and development”<sup>14</sup>.

#### 1.4.2 Overview of the SICA System<sup>15</sup>

Similar to the regional integration framework it replaced, the structure and institutional framework of the SICA system is characterized by a number of significant contradictions, inefficiencies and overlaps. On the one hand, the establishment of SICA was accompanied and followed by the ambitious expansion of the regional integration project into a broad range of new policy sectors and themes; starting with the setting of new targets for economic integration, and the formalization of the economic sub-system of SICA through the Guatemala Protocol of 1993, and continuing with agreements on the harmonization of environmental policies (in 1994) and regional integration in social affairs (in 1995) which aimed at the eventual convergence of social policies in the region. All of these agreements set aims for the Central American integration project whose implementation would have

<sup>12</sup> In Spanish the « Organización de Estados Centro-Americanos »

<sup>13</sup> By the Panama Charter of December 12, 1962.

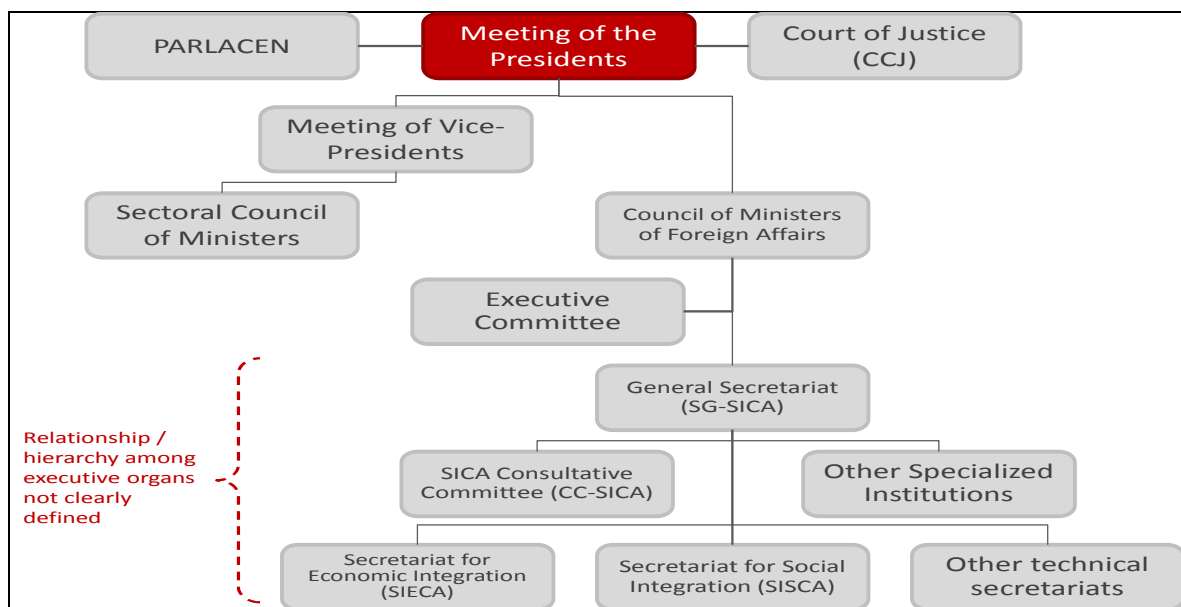
<sup>14</sup> Point 4 of the “Tegucigalpa Declaration.” Final Communiqué of the Meeting of Central American Presidents. 13 December 1991

<sup>15</sup> This Section is based on information from the website of the SICA system (<http://www.sica.int/>) that has been complemented by information from other resources, such as <http://segib.org/colaboraciones/files/2010/09/El-Salvador-ElSICA-Organizacion-Internacional.pdf>; or <http://www.internationaldemocracywatch.org/index.php/sica>.

required strong regional organisations coupled with a “thorough rearrangement” (Papageorgiou, 2011) of national policies and practices in SICA Member States.

In contrast to these requirements, however, SICA’s institutional set-up (see figure 1 for an overview) retained many of the inter-governmental characteristics of its preceding systems, with a strong inter-governmental legitimizing body, and a relatively weak executive. The Tegucigalpa Protocol formalized the semi-annual *Meeting of Presidents (Cumbre de Presidentes)* as SICA’s supreme decision-making organ, requiring that all decisions in the Meeting are taken by consensus. This maintained the ability of individual states to block the fulfilment of regional aims, and has made the integration in Central America vulnerable to the influence of short-term political interests associated with national election cycles or political coups.

**Figure 1 : SICA (Central American Integration System) – Institutional Overview**



Source: Adapted from <http://www.internationaldemocracywatch.org/index.php/sica>

In contrast to the *Cumbre de Presidentes*, the main *executive organs of the SICA system*, i.e., in particular the SICA Secretariat General (SG-SICA), and SIECA were not set-up to wield any significant amount of executive power of their own. Although formally charged with executing or coordinating the execution of mandates emanating from the Meeting of Presidents, the Council of Ministers and the Executive Committee, persistent underfunding of the Secretariat and the entire system, and not sufficiently clarified relationships between the SG-SICA and other institutions of the system (including, for example SIECA, but also many other specialized institutions of the system) had curtailed the ability of SICA’s Secretariat General to fulfil its foreseen mandate, and to act on the ambitious regional integration agenda of the Tegucigalpa Protocol. As a result of the historical process leading to SICA’s creation (see above) and the specific provision of the Tegucigalpa Protocol, SICA executive agencies are guided by relatively loosely-defined and often overlapping mandates,

with significant system-wide gaps, and lacking financial autonomy and a lack of influence or power.

### **1.4.3 Main SICA organs and their powers**

#### *The Meeting of Presidents (Cumbre de Presidentes)*

The Meeting of Presidents, the “supreme organ of the Central American Integration System” consists of the constitutional Presidents of the Member States and meets in ordinary session every six months. The President hosting the respective meeting formally speaks on behalf of Central America during the subsequent six-month period. The mandate of the Meeting is broad, and includes defining and directing Central American policy, ensuring the coordination and harmonization of the activities of the regional institutions; and the verification, monitoring and follow-up on regional mandates and decisions. Additionally, the Meeting of Presidents is mandated to harmonize the foreign policies of Member States; and to strengthen regional identity as part of the ongoing process of regional integration. As mentioned earlier, decisions need to be taken by consensus.

#### *The Council of Ministers*

The Council of Ministers, composed of the relevant ministers for the corresponding sectoral portfolios is tasked to ensure the effective implementation of the decisions adopted by the Meeting of Presidents in the respective sectors, and to prepare the topics for possible discussions by the Meeting. It is chaired by the Minister of the respective Member State that is chairing the Meeting of Presidents during a given 6-month period. The coordinating body is the Council of Ministers for Foreign Affairs, competent for all political matters – democratisation, peace-making and regional security, for the coordination and follow-up in respect of political decisions and measures in the economic, social and cultural sectors as well as for approving the budget of the central organization. In addition, the Tegucigalpa Protocol makes special reference to the “Council of Ministers responsible for economic integration and regional development” (COMIECO) responsible for implementing the decisions of the Meeting of Presidents concerning economic integration, and fostering economic policies geared towards regional integration.

#### *The Executive Committee (CE-SICA)*

The Executive Committee, a permanent organ of SICA, is a hybrid body, composed of representatives of Member States<sup>16</sup>. Members are appointed by their Presidents through the Ministers of Foreign Affairs. The Executive Committee is chaired by the representative of the host country where the last Regular Meeting of Presidents was held. It meets once a week and has a wide range of tasks including the effective implementation of the decisions of the Meeting of Presidents, ensuring compliance with the provisions of the Protocol, prepare, and the evaluation and submission of proposals to the Council of Ministers.

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<sup>16</sup> Not unlike the Committee of Permanent Representatives (COREPER) of the European Union.

### ***The General Secretariat (SG-SICA)***

The General Secretariat was created with the purpose of providing services and technical and executive capabilities in support of the regional integration efforts, particularly in the gradual and progressive construction of the Central American Union. It is the coordinating entity of the SICA, tasked with implementing decisions of the Meeting of Presidents and Councils of Ministers, and to promote participation of the civil society, communication and information for sustainable development and also international cooperation. The General Secretary is appointed by the Meeting of Presidents for a period of four years. As the chief administrative officer and the legal representative of the System, the General Secretary is entrusted with the tasks of representation, execution of policies, preparation of regulations and other legal texts, monitoring of the implementation of the provisions of the Protocol and of the work program, and has certain budgetary powers in relation to the Secretariat.

### ***The Secretariat of Central American Economic Integration (SIECA)***

The Secretariat of Central American economic integration (SIECA) is the technical and administrative body of the Central American economic integration process with legal personality under international law. It supports the actions of other secretariats of the economic subsystem and is meant to coordinate its activities with the General Secretariat of SICA, but is otherwise functionally autonomy autonomous.

SIECA has an observatory role at the regional level for the correct application of the Protocol to the General Treaty on Central American economic integration (the Guatemala Protocol of 1993), and other legal instruments of regional economic integration. It also supports appropriate bodies in the implementation of the decisions of the organs of the economic subsystem. Beyond that, SIECA has the mandate to monitor and study economic activities in the region, based on requests of the respective organs of SICA's Economic Subsystem. On the subject of economic integration, it has the authority to propose actions to senior bodies concerning any matter dealing with economic integration. Based in Guatemala City, it is headed by a Secretary-General named by the Cabinet of Economic integration for a period of four years.

### ***The Meeting of Vice Presidents***

The creation of the Meeting of Vice-Presidents can be traced back to the Treaty that led to the creation of PARLACEN. According to the Tegucigalpa Protocol, it acts as an advisory and consultative organ to the Meeting of Presidents. The Vice-Presidential Meeting is mandated to examine the recommendations submitted by the PARLACEN, Central America's regional parliament. In this authority, the Vice-presidents are also entitled to submit to the Meeting of Presidents any matter needing a political decision at the highest level. Beyond this, the Meeting is broadly tasked with promoting the regional integration process, monitoring the implementation of decisions adopted and with giving its support to regional integration organisms. Just like the Meeting of Presidents, the Meeting of Vice-Presidents convenes normally every six months. In practice, this organism has gradually lost its original importance. Most of the important issues are now dealt by the Presidents while others have been taken over by the SICA Secretariat.

### *The Central American Parliament (PARLACEN)*

The Central American Parliament (Parlamento Centroamericano or Parlacen) is the permanent regional forum for the political representation of the Central American integration (SICA) and also a directly elected parliamentary body providing the only popular participation in this regional integration process. Parlacen consists of twenty directly elected representatives from each member state plus the former presidents and vice presidents of Guatemala, El Salvador, Honduras, Nicaragua and Panama as well as twenty-two appointed representatives of the Dominican Republic. Despite its many attempts to acquire a role in regional integration, the PARLACEN remains a consultative body with little influence over decision-making at regional level.

### *The Central American Court of Justice (CCJ)*

The Central American Court of Justice (CCJ) became operative on 12 October 1994. It has been entrusted with a substantial number of powers, among which to examine, at the request of any Member State, disputes which may arise among them, to examine the validity of legislative, regulatory, administrative or any other acts taken by a State, when these affect Conventions, Treaties or any other provision of the Central American Integration Law or the agreements and decisions of its organs and bodies. The CCJ also acts as a standing Advisory Tribunal for the Supreme Courts of Justice of the States, and acts as a consultative body for the organs and bodies of the Central American Integration System in matters concerning the interpretation and implementation of the Tegucigalpa Protocol.

In many ways, the powers of the Court exceed those of all other organs of the System and make the Court a genuinely supranational institution. The approximately one hundred rulings it has issued since it started operating are mainly actions for failure to act lodged against governments and opinions requested by other integration institutions. The Court has dealt with delicate issues, too.<sup>17</sup> The Court has not been spared the accusations of inefficiency and costliness and the BID-CEPAL proposals suggested transforming it into an ad hoc court, meeting when asked to. For the time being, though, no action against it has been undertaken.

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<sup>17</sup> Such as the application of Arnaldo Alemán against the legal proceedings to prosecute him for graft when he became a Member of PARLACEN. The Court also mediated in the power struggle between President Bolaños and the Assembly of Nicaragua and even an application from a custom agents organisation against Costa Rica –which has not ratified the Statute and does not recognize the Court.



## 2. Overview of EU cooperation with Central America

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This section is an overview of the development cooperation assistance that has been provided to the region and its integration process by the EU and other donors. It first presents the EU support to the Central America region through regional strategies (RSP) as well as through others EU funding instruments (DCI), throughout the 2007-2013 period. Then, for comparison with the total regional aid, we look at EU bilateral aid (CSP) to the members of the region. Then this chapter will analyse the support from other multilateral and bilateral donors over the same period, at the regional level only.

### 2.1 The strategic framework of EU development cooperation

#### 2.1.1 The general framework for EU development cooperation

The European Community's development cooperation is based on Article 177 of the Treaty Establishing the European Community. The Article requires for EU cooperation to foster the sustainable economic and social development of developing countries, the smooth and gradual integration of these countries into the global economy and the fight against poverty. In addition, the European Community is tasked to use its development policy and cooperation to contribute to the development and consolidation of democracy and the rule of law in partner countries, and to an increased respect for human rights and fundamental freedoms.

In November 2005 the Council, the representatives of the Governments of the Member States, the European Parliament and the Commission approved "The European Consensus on Development". For the first time in the history of EU development cooperation, this Consensus provided a common vision for development cooperation of both Member States and actors at the Community levels. It states that the prime objective of Community development policy is the eradication of poverty in the context of sustainable development, including pursuit of the Millennium Development Goals (MDGs), along with the promotion of democracy, good governance and respect for human rights. In line with the principles espoused in Article 177 of the Treaty Establishing the European Community, the Consensus also stresses the importance of partnership with the developing countries and of promoting good governance, human rights and democracy with a view to more equitable globalisation. Political dialogue is emphasized as an important way for furthering all EU development objectives.

The Consensus also reaffirms the commitment to promote policy coherence for development, i.e., to take into account the objectives of development cooperation in all policies that are likely to affect developing countries, and to ensure that these policies support the development objectives of the EU. It reiterates the principle of ownership of

development strategies and programmes by partner countries and advocates for a more prominent role for civil society in development cooperation.

In December 2006, the European Community created a new Development Cooperation Instrument (DCI), on the basis of Article 179 of the above-mentioned Treaty, establishing the European Community. Central America is eligible to participate in cooperation programmes financed under the DCI.<sup>18</sup>

### 2.1.2 The specific framework for EU cooperation with Latin and Central America

EU cooperation with Central America has been shaped by the **San José Dialogue**, launched in Costa Rica in 1984, which for a long time had remained the principal channel for political dialogue between the two regions. Originally, this annual dialogue was set up to support the peace processes and efforts of democratization in the region. However, subsequently, the Dialogue was expanded to include other issues, such as economic and social development.

In 1993, the six Central American countries and the Commission signed a **Regional Development Cooperation Framework Agreement** that eventually came into effect in 1999. This “third generation” agreement covered cooperation in a broad range of sectors and provided for the establishment of a Joint Committee to oversee its implementation along with subcommittees for detailed examination of specific sectors under the Agreement. In 2004, delegates of the **2004 Guadalajara Summit** between Latin America, the Caribbean and the EU agreed that EU cooperation should emphasize multilateralism, regional integration<sup>19</sup> and social cohesion (reducing poverty and combating inequalities and exclusion) (also see below, in the Section on EU regional cooperation with Central America from 2007 – 2013). In December 2005, in its **Communication on “A reinforced European Union-Latin America partnership”**, the Commission restated its aim of a strategic partnership with the entire region and stressed the need for policy dialogues, targeted cooperation, promotion of trade and investment and closer alignment of cooperation with the political agendas and needs of recipient countries.

Already in **December of 2003**, a new **Political Dialogue and Cooperation Agreement** had been signed by the EU and CA. Its ratification by all signatories was concluded in December 2011. The Agreement institutionalises the San José Dialogue and expands cooperation to include areas such as migration and counter-terrorism.

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<sup>18</sup> European Parliament and Council Regulation (EU) No. 1905/2006 of 27 December 2006 establishing a financial instrument for development cooperation.

<sup>19</sup> Whereas regional integration or “regionalism” can be defined as a process aimed at reducing trade and other barriers between a subset of countries jointly belonging to a geographical or otherwise defined region, the term multilateralism refers more loosely to a circumstance when multiple countries work in concert on a given common issue.



In addition, the 2003 Cooperation Agreement also opened the door to **begin the preparatory work for a more comprehensive Association Agreement** between the two regions, which had been established as a common strategic objective at the EU-Latin American Countries Summit in Guadalajara of May 2004. At the **Vienna Summit in May 2006**, and based on the positive outcome of a joint evaluation of the regional economic integration in Central America carried out during 2005 and 2006, the Heads of State and Governments of the European Union and of Latin America and the Caribbean decided to **launch negotiations of an Association Agreement between the EU and CA**, including a free trade area. On that occasion, Central America reaffirmed its commitment to enhance the economic regional integration, including the establishment of a customs union.

**Negotiations for the EU-CA Association Agreement (AA) were concluded in 2010**, during the EU-LAC Summit in Madrid, resulting in the first region-to-region agreement concluded by the EU. The AA covers political dialogue, cooperation, and trade-related issues of the EU-CA relationship. On the side of the EU, expectations were that the Agreement would help to boost regional integration, the consolidation of democracy, and an improvement of the security situation in Central America. The **AA was initialled in Brussels in March 2011 and signed in June of 2012**. Ratification of the agreement continued until 2013, when the first of its parts became operational.

## **2.2 Regional development assistance to Central America from the EU**

### **2.2.1 EU regional cooperation prior to 2007**

#### *Overview of EU regional cooperation between 2002 and 2006*

**Regional integration** had already been also the **key focal sector prior to 2007**; i.e. during the 2002 – 2006 programme period. The EU had pledged to support the institutional consolidation of the SICA system, and the implementation of common policies at regional level.

According to the European Commission, this support was **closely tied to the agreements and decisions adopted by the EU at the EU-Latin America and Caribbean Summit in Madrid 2002**, when it insisted that “Central America must deepen its integration process in order to be eligible for a **full Association Agreement with the EU**”<sup>20</sup>. Support for the process of regional integration was in fact “seen as the principal focal sector of the strategy”.<sup>21</sup> Out of an overall allocation of €74.5 million for the RSP for 2002-06, some €40 million was channelled into direct support for the process of regional integration. At the end of that programming period, the EU still considered this support to be “relevant”, and “boosted by a very real demand for regional cooperation”.<sup>22</sup>

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<sup>20</sup> EU Regional Strategy Paper for cooperation with Central America, 2007 – 2013, p. 15

<sup>21</sup> Ibidem.

<sup>22</sup> EU Regional Strategy Paper for cooperation with Central America, 2007 – 2013.

Among the lessons learned by the European Commission with regard to its support to regional integration in this earlier period was that the **effectiveness of inter-state cooperation** through regional integration bodies could be **improved “by the prior requirement** [presumably for Central American Governments] **to establish common regulations and legislation”**. Furthermore, the European Commission had found that “[a]ny initial verification of the relevance of regional cooperation should give **fuller consideration to the capacities and willingness of all the players, national and regional, private and public.**”<sup>23</sup>

The other two focal sectors of the 2002 – 2006 Regional Strategy emphasized strengthening the role of civil society in the regional integration process, as well as the reduction of vulnerability to environmental disasters, and the improved environmental management.

The RSP for 2002-06 was complemented by a number of **regional cooperation programmes**, partly financed by **thematic budgetary lines**, in areas such as promotion of human rights, food security, natural disasters preparedness and local development in border zones, including water basin management. The region also had received support from a series of **EC regional programmes for Latin America**, such as ALFA, @lis (information society), URBAL (cooperation between cities and local administrations), AL-Invest (private sector), ALURE (rational use of energy), OBREAL (the Observatory of EU-LA relations) and EUROSociAL (social cohesion).

### ***Recommendations of 2007 Evaluation of EU Regional Cooperation***

Table 1 presents the recommendations of the previous evaluation of EU regional cooperation with Central America. This report will make reference to these recommendations when discussing its own cross-cutting conclusions and recommendations in Chapters 5 and 6.

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<sup>23</sup> In the overview of its past and ongoing cooperation and lessons learned in the 2007 – 2013 Regional Strategy Paper.

**Table 1: Recommendations of 2007 Evaluation of EC regional cooperation in Central America (summary)**

<p><b><u>At political and strategic level</u></b></p> <ol style="list-style-type: none"> <li>1) <b>Intensify the support to the economic integration process through political dialogue and regional co-operation, as well as promotion of harmonization of common policies.</b></li> <li>2) <b>Adjust the strategy to the liberalisation requirements of both the EU –CA Association Agreement and the CAFTA-RD.</b> Strengthen and deepen integration progresses of recent years, particularly concerning the the customs union, implementation of a distribution mechanism for customs-derived revenue, common standards regarding free trade of services, investment system, property rights and solution of trade differences. Promote common policies to increase the competitiveness of Central American economies and to face asymmetries between the partners, in response to the liberalisation requirements deriving from CAFTA-RD and the future Association Agreement.</li> <li>3) <b>Pay more attention to the institutional dimension of integration.</b> Support institutional reform and rationalization of SICA; strengthen intra- and inter-sectoral coordination of implementing SICA agencies (CEPREDENAC, CCAD, CRRH); Respect and strengthen CC-SICA as supreme representation body for regional civil society.</li> <li>4) <b>Tie regional cooperation to effective implementation of the regional organisations’ plans and programs,</b> to the effective participation of Central American States in the financing of their regional bodies, and to the transparent management of their resources.</li> <li>5) <b>Strengthen actions aimed at disaster prevention and environmental conservation,</b> given the region’s vulnerability to natural disasters.</li> <li>6) <b>Define new approaches to include more recent issues (migration and security) into the regional cooperation.</b></li> </ol> <p><b><u>At operational and management level</u></b></p> <ol style="list-style-type: none"> <li>7) <b>Follow the more complex regional programmes (PAIRCA, ADAPCCA) through a close and permanent monitoring from the Delegation,</b> to allow their reorientation and adaptation to changes in context and to ensure impact.</li> <li>8) <b>Strengthen mainstreaming (including at operational level) and the development of internal concepts and criteria for disaster risk management.</b></li> <li>9) <b>Emphasize greater participation of civil society in all processes,</b> including in initiatives related to the customs union, common policies, etc.; also through increased involvement with regional networks of Central American and European civil society.</li> </ol> <p><b><u>Coordination and complementarity</u></b></p> <ol style="list-style-type: none"> <li>10) <b>EC should assume leadership role in supporting the institutional, social and economic integration.</b></li> <li>11) <b>Strengthen the SG-SICA leadership as well as the regional aid coordination mechanisms</b> in the context of the Vienna Initiative’s implementation.</li> <li>12) <b>EC and Member States must fulfil their commitments on aid coordination and complementarity.</b></li> <li>13) <b>Improve coordination with other donors involved in disaster prevention.</b></li> </ol>
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## 2.2.2 EU regional cooperation with Central America from 2007 - 2013

The rationale of EU cooperation for the period from 2007 until 2013 was grounded in the main priorities and principles that had emerged out of the political dialogue of the European Union with Central America, and Latin America overall. The Regional Programming Document for Latin America (2007 – 2013)<sup>24</sup> had specifically pledged to seek **greater linkages** between political **priorities as decided at the cooperation summits**, and the **objectives of regional cooperation**. In keeping with this pledge, the objectives of EU technical cooperation for that period were **formulated to respond to the priorities** for

<sup>24</sup> European Commission: Regional Programming Document Latin America 2007 – 2013, 12.07.2007 (E/2007/1417).

policy dialogue and cooperation that had been agreed during the **2004 Guadalajara Summit**. As stated in the RSP, “*the 2004 Guadalajara Summit between Latin America, the Caribbean and the European Union put the emphasis on **multilateralism, regional integration and social cohesion (reducing poverty and combating inequalities and exclusion)***”<sup>25</sup> as the **main priorities** for policy dialogue and cooperation.

Under the Regional Strategy Paper, the EU committed a total amount of **€ 89.7 million** to **economic integration, institutional strengthening, and democratic security** as focal sectors of its geographic cooperation. Namely, the EU pledged to support the **strengthening of the institutional system for regional integration**, i.e., the SICA system of regional integration organisations (RIOs). As stated in the RSP, the objective of this component was “*to **support the reform of the integration system established by Central America’s own agenda by means of reinforced capacity, improved coordination, legal bases, effective financing mechanisms, mandates, organisation and improved technical competence and human resources amongst the various players involved***”. Furthermore, the RSP specifically confirms that “*[i]n this context, cooperation may be directed towards regional institutions, **inter-governmental coordination systems and national entities involved in the integration process***”<sup>26</sup>. Key interventions in this regard were PAIRCA I and PAIRCA II.<sup>27</sup>

EU regional cooperation under the RSP 2007 – 2013 was also supposed to **help enhance the economic integration of Central America**, namely by facilitating the creation and consolidation of the Central American **Customs Union**, and by helping to put in place other policies to strengthen the common market in CA to help remove **non-tariff barriers to trade**. The later area included support to the development of a **World Customs Organisation (WCO) Framework of Standards** to secure and facilitate global trade; **sanitary and phytosanitary (SPS) measures**, the development of a **regional approach to technical regulations on goods** (based on international standards) to promote the free movement of goods across the region. The most important interventions in this sector included the “Programa Regional de apoyo a la integración económica centroamericana y a la implementación del Acuerdo de Asociación” (PRAIAA) (aimed, among other things at the institutional strengthening of SIECA), the “Programa de Apoyo a la Creación de un Sistema Regional de Calidad y a la Aplicación de Medidas Sanitarias y Fitosanitarias en Centroamérica” (PRACAMS), the programme “Apoyo al desarrollo del sector privado en Centroamérica” (ADESEP) and the programme “Consolidación de la Unión Aduanera Centroamericana” (CONSUAC).

Lastly, the EU pledged to support improvements in **regional governance and security matters**, to help **mitigate negative impacts** from increased **free movement of goods, capital and persons** across the region and across borders. Important EU-financed programmes in this area include the “Programa Regional de Seguridad Fronteriza en America Central” (SEFRO) and the “Programa de Apoyo a la Estrategia de Seguridad de Centroamérica”.

<sup>25</sup> RSP 2007 – 2013, p. 2

<sup>26</sup> RSP 2007 – 2013, p. 20

<sup>27</sup> For information on volume and implementation period of the respective programmes and projects, please consult Annex 8 in Volume 3 of this report.

Additional regional programmes were financed from **thematic budget lines in food security, environment, disaster risk reduction and human rights, gender and other issues**. In food security, the European Union supported several interventions to help improve the food security situation in Central America. The programmes PRESANCA I (Programa Regional de Seguridad Alimentaria y Nutricional de Centroamericana) and PRESANCA II have been the main EU-financed regional interventions. In addition, the programme PRESISAN (I and II) (Programa Regional de Sistemas de Información en Seguridad Alimentaria y Nutricional) complemented PRESANCA II during the second half of the 2007 – 2013 programme period.

The EU also has supported **disaster risk reduction and integrated risk management** (largely with regard to environmental disasters) through a variety of interventions. The largest programme, the “Programa Regional de Reducción de la Vulnerabilidad y Degradación Ambiental” (PREVDA) was launched in the previous programme period (2002 – 2006), but continued well beyond 2007, and was thus included in this evaluation. The programme was designed to help **create a strategic and operational alliance between SICA agencies related to risk management** (CEPREDENAC), Integrated Management of Water Resources (CRRH) and Environmental Management (CCAD). In addition, PREVDA also financed institutional strengthening in relevant institutions at national level, and aimed at promoting integrated river basin management at local level.

A comparison of the amounts committed to regional cooperation with the amount committed to bi-lateral cooperation shows that **bilateral cooperation remained the preferred cooperation instrument** in the region over the programme period. The EU contracted about by € 586 million under bilateral cooperation with individual Central America countries between 2007 and 2013, compared to approximately € 115 million under regional cooperation over the same period. This means that regional cooperation made up about 18 percent of the EUs total cooperation with the region.<sup>28</sup> Bilateral cooperation with Central American countries has been much more diverse than the regional cooperation, covering sectors such as education, infrastructure, and rural development in addition to those also covered by regional cooperation.

A more detailed financial analysis of EU regional cooperation and of EU bi-lateral cooperation can be found in the following Sections.

### 2.2.3 Financial analysis of EU regional cooperation, 2007 – 2013

European funds for regional cooperation with Central America have been distributed over six primary sectors and thematic areas. As can be seen in figure 2 and figure 3, the largest amount share of EU resources overall has been committed to Environment and Disaster Risk Reduction, i.e., approximately € 61 million, including both geographic and thematic funding. This is followed by commitment to support economic integration (approximately € 56 million) and Food Security. The smallest amount was committed to Security and migration (approximately € 22 million) and human rights, gender and cross-cutting issues.

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<sup>28</sup> This figure includes both geographic as well as thematic cooperation.

**Figure 2 : EU Regional cooperation with Central America by sector (geographic and thematic funding instruments), 2007 – 2013.**

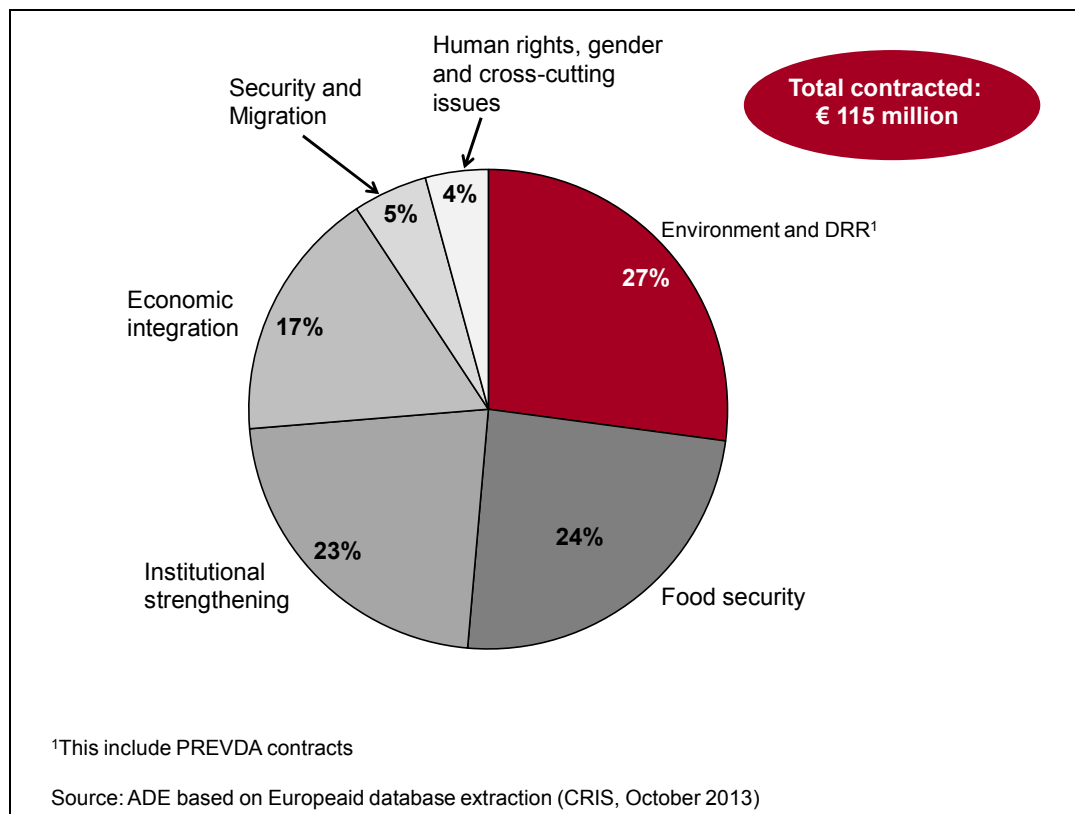
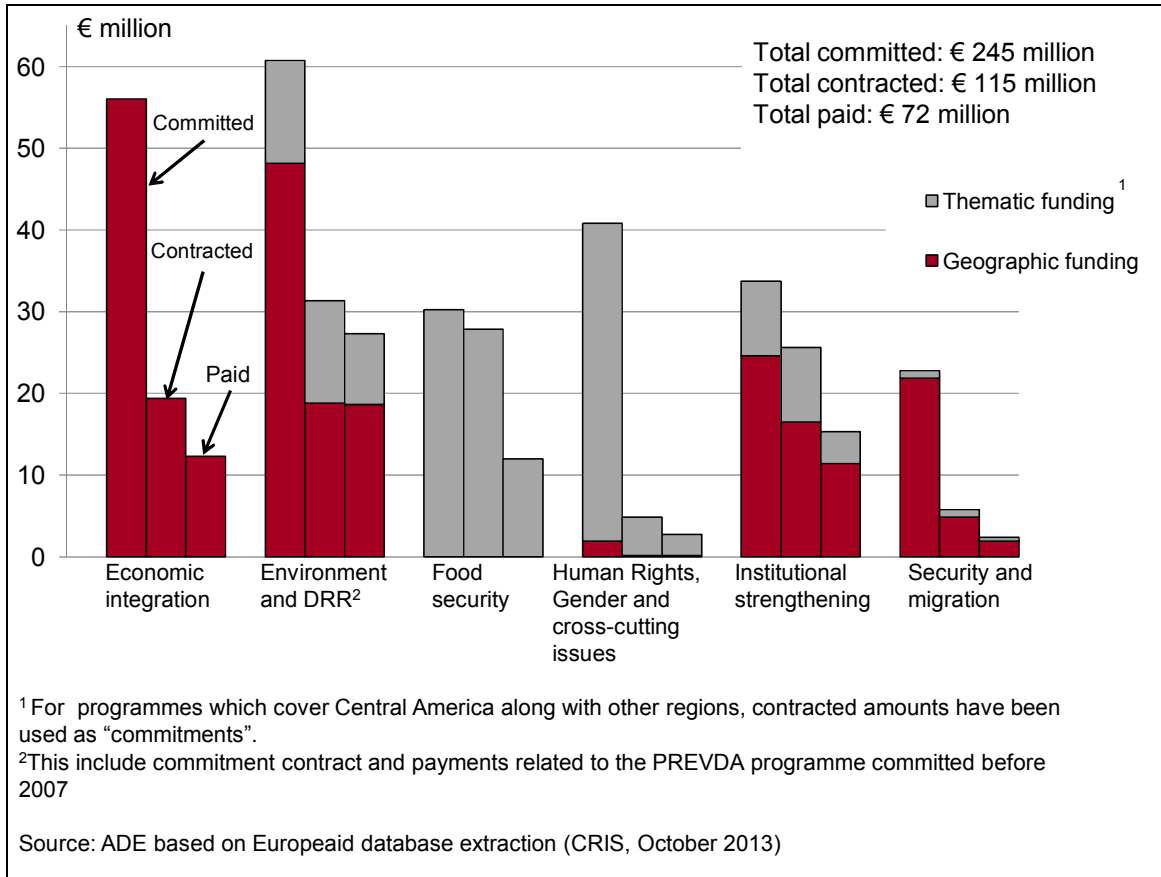


Figure 3 also shows that committed amounts differ significantly from contracted amount; and that payments of resources are lower yet. In economic integration, this discrepancy of committed funds is particularly significant: while the EU had committed € 56 million to this sector, it has only contracted less than € 20 million by October of 2013; and had paid even less, i.e. approximately €12 million.

**Figure 3 : EU Regional Cooperation with Central America by sector, 2007 - 2013**



The counter-cyclical relationship between the commitment of funds and the contracting of resources is visualized in Figure 4. The graph shows how contracted amounts seem to rise with in response to a previous spike in the commitment of funds. For example, in 2009, the EU committed its biggest amount of resources over the 2007 – 2013 programme period; i.e., approximately € 75 million. A year later, the contract amounts had increased by about € 30 million; from under € 10 million in 2009 to close to € 40 million in 2010. Similar relationships can be observed for the other years.

**Figure 4: EU Regional cooperation with Central America (geographic and thematic funding), per year, 2007 - 2013**

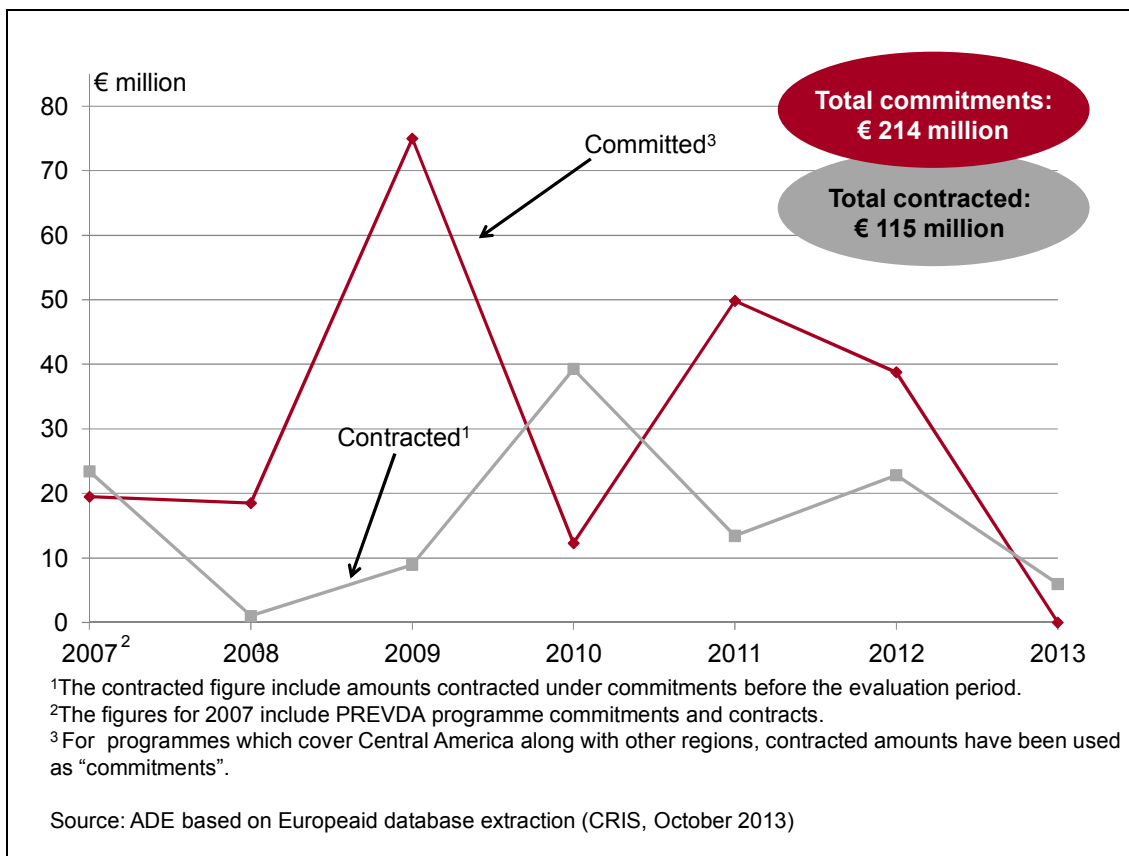
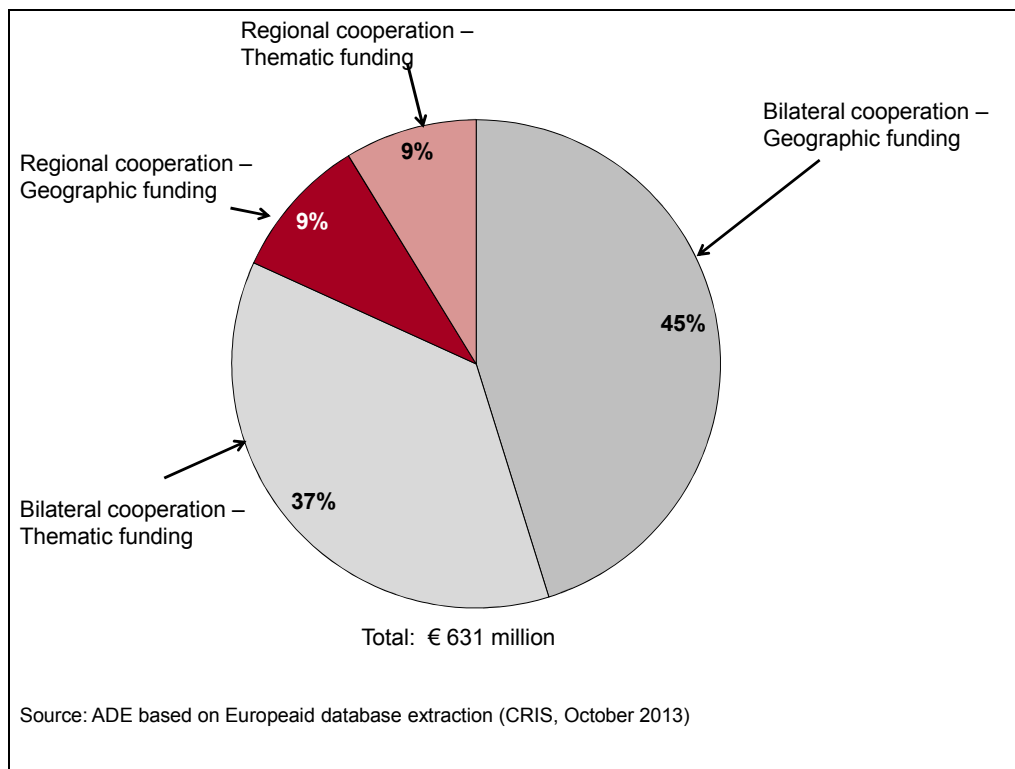


Figure 5 finally demonstrates that regional cooperation has remained a relatively small share of overall EU cooperation with Central America. Regional cooperation only makes up 18% of the approximately € 631 million that had been contracted for development cooperation with Central American counterparts, including both regional and bi-lateral funds. These 18% are made up of about equal shares of geographic funding and thematic funding.

In comparison, approximately 37% of the € 516 million of contracted bi-lateral cooperation were sourced from thematic budget lines, whereas 45% of the overall bi-lateral cooperation (contracted amounts) were funded by geographic instruments.



**Figure 5: Contracted amounts for bilateral and regional cooperation, 2007 – 2013**

### 2.3 EU bi-lateral cooperation with Central American countries

The bi-lateral cooperation of the EU with Central American countries is slightly more diverse as the regional cooperation, at least in terms of the sectors covered. Most significant differences to the sector profile of EU regional cooperation are the amounts committed to education (€ 78 million overall for the 2006 – 2013 period); and on infrastructure (€ 47 million). Sectors that are covered by both regional cooperation and bi-lateral cooperation are environment and DRR, food security, governance<sup>29</sup>, human rights, gender and civil society, security and migration; and finally trade and economic integration.

The biggest recipient of bi-lateral cooperation over the programme period has been Honduras (€ 173 million), followed by Guatemala (€137 million), Nicaragua (€ 114 million) and El Salvador (€ 121 million). Costa Rica and Panama have only received a fraction of the assistance of the other countries, owing to their comparatively strong national economies. Panama is considered to be a middle-income country.

<sup>29</sup> Called “institutional development” at regional level.

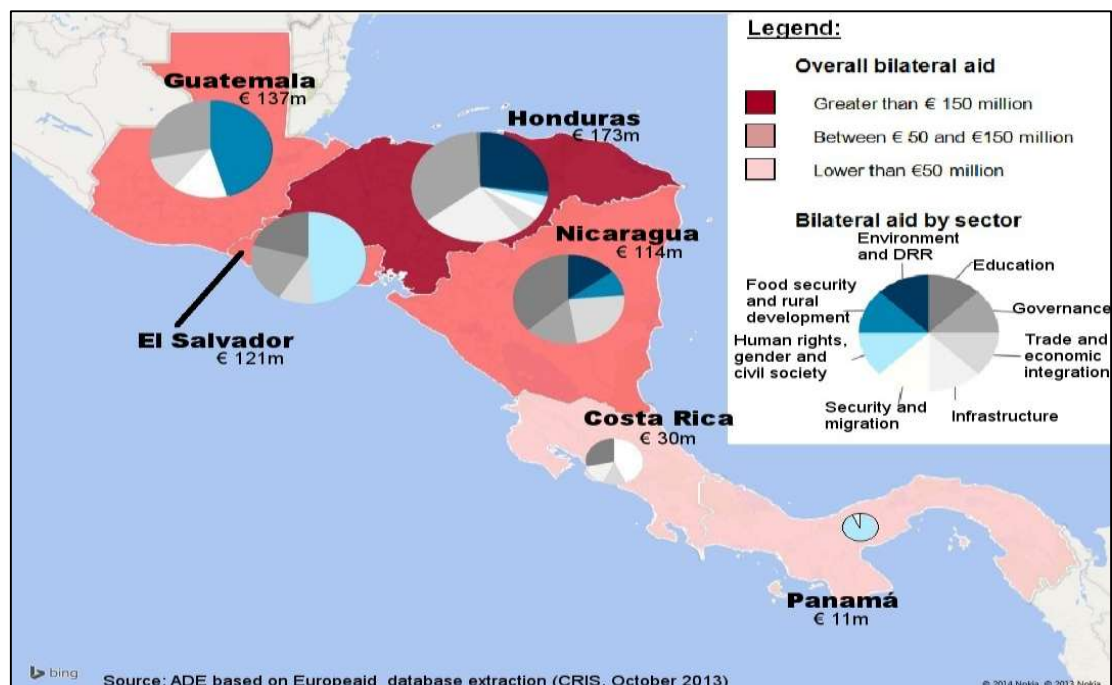
**Table 2: EU bilateral cooperation with Central American countries, per sector, committed amounts, 2006-2013 (in million Euro)**

Country	Costa Rica	Guatemala	Honduras	Nicaragua	Panama	Salvador	Total
Education	9	0	2	43	0	25	78
Environment and DRR	0	0	46	16	0	0	62
Food Security and Rural Development	0	62	2	11	0	0	75
Governance	0	39	61	18	0	25	142
Human Rights, Gender and civil society	0	0	5	0	10	59	74
Infrastructure	5	0	42	0	1	0	47
Security and Migration	13	20	8	0	0	0	41
Trade and Economic integration	4	15	8	28		12	67
<b>Total</b>	<b>30</b>	<b>137</b>	<b>173</b>	<b>114</b>	<b>11</b>	<b>121</b>	<b>586</b>

Source: ADE based on Europeaid database extraction (CRIS, October 2013)

The distribution of EU bi-lateral cooperation across the different Central American countries is also shown in the map below.

**Figure 6: EU bi-lateral cooperation with Central America, committed amounts, 2006 - 2013**



## 3. Evaluation Methodology

This chapter presents a short overview of the evaluation methodology by explaining the different phases, processes and steps followed in implementing the evaluation, highlighting some of the key components of the evaluation approach and discussing the challenges encountered over the course of the evaluation, and the resulting limitations of its findings.

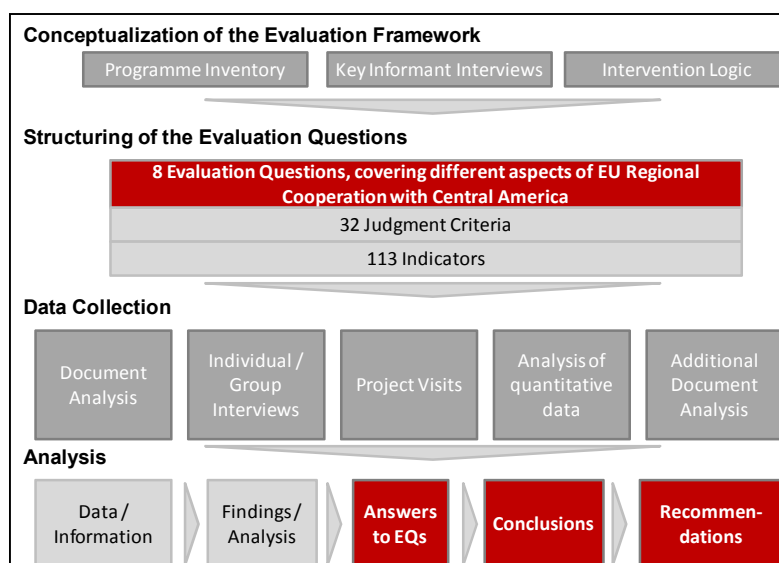
### 3.1 The Evaluation Phases, Process and Steps

The implementation of this evaluation followed 4 distinct phases:

- 1) The **Inception Phase**, during which the evaluation team conceptualized the evaluation framework and structured the evaluation questions, judgment criteria and indicators, in coordination and cooperation with the reference group for this evaluation.
- 2) The **Completion of the Desk Phase** used to compile and analyse all available documentation and literature on EU cooperation with Central America
- 3) The **Field Phase**, an initial visit of three weeks, followed by a follow-up visit of one week, to conduct individual and group interviews with key stakeholders of EU regional cooperation, visit project sites, and collect and analyse additional data and documents.
- 4) The **Analysis and Synthesis Phase**, used to bring together the analysis done during the field phase, and to complement preliminary findings on the basis of the data and information collected during the field phase. On this basis, the evaluators formulated their answers to the evaluation questions, and developed key conclusions and recommendations.

The figure below provides an overview of the different steps of the evaluation process.

**Figure 7 : Overview of the Evaluation Process and Individual Steps**



The evaluation was accompanied by a reference group, composed of members of the services of the European Commission, including DG DEVCO, EEAS DG Trade, DG ECHO and DG Environment. Members of the reference group commented on the different aspects of the evaluation process, including the conceptualization of the evaluation framework, the formulation and structuring of the evaluation questions, the data collection as well as the analysis of the information; and the findings arrived at and presented in this synthesis report.

## **3.2 Key Components of the Evaluation Approach**

The methodology used for this evaluation is centred on several key concepts and tools that are briefly introduced and explained in the following sections.

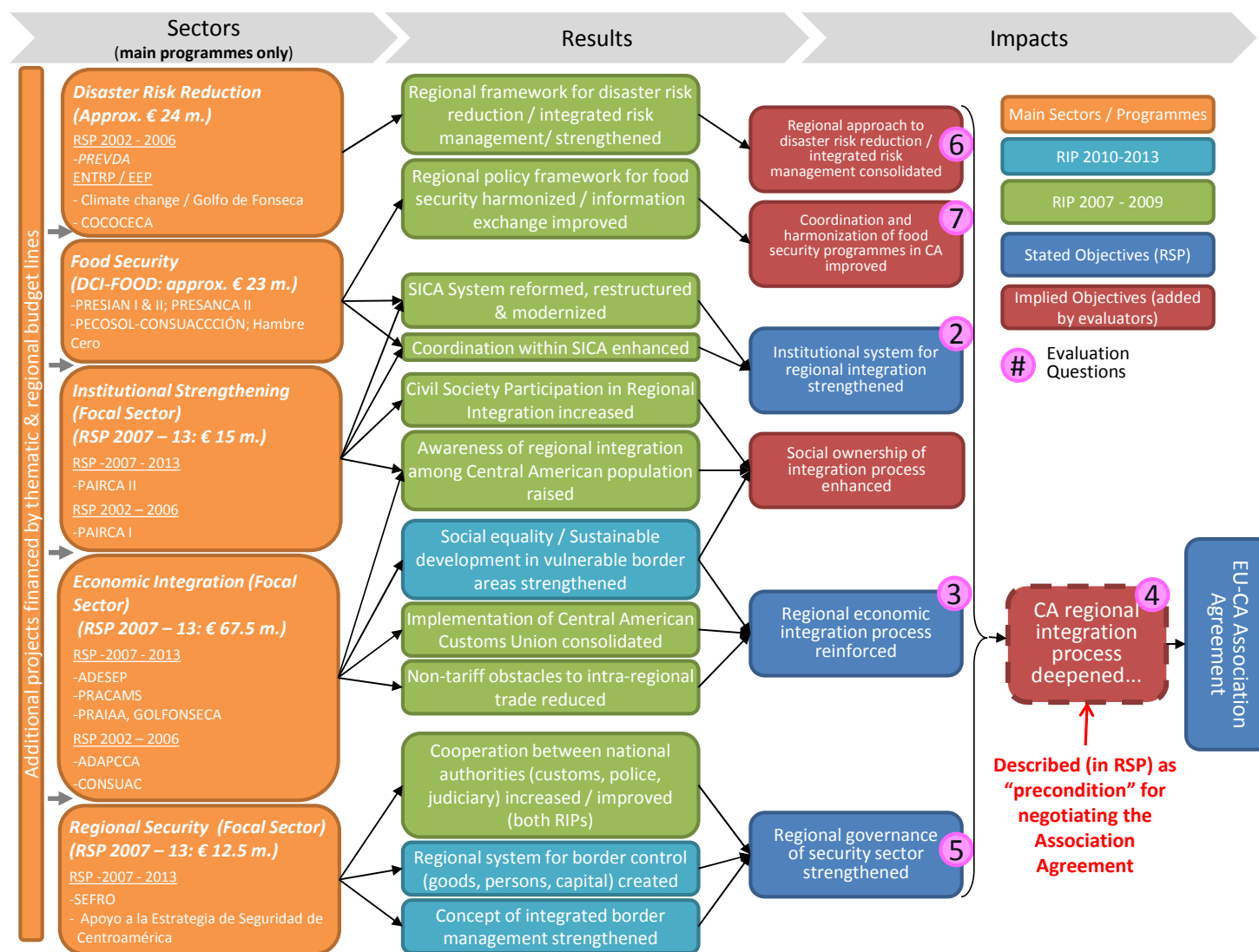
### **3.2.1 The Intervention Logic**

In order to refine the scope of this regional evaluation, and to be able to develop a set of concrete evaluation questions, corresponding judgment criteria and indicators (see below), the evaluators examined the intervention logic of the EU cooperation strategy for the evaluation period. This analysis progressed through two separate phases:

- An examination of the main components of the EU strategy, faithful to the formulation of the Regional Strategy Paper for the period 2007 – 2012 and to other relevant strategic documents.
- The logical reconstruction of the intervention logic of EU cooperation with Central America, by examining the logical consistency of the strategy, and the coherence between its components.

The figure below is a result of this logical reconstruction. It provides an overview of the overall strategy, and puts its individual components into the context of the overall cooperation. Annex 3 provides a detailed description of the analysis of the regional cooperation strategy of the EU and its main findings.

Figure 8 : Reconstructed intervention logic for regional cooperation with Central America, RSP 2007 - 2013



NOTE: Only Evaluation Questions 2 – 6 have been derived from the intervention logic of the EU; Evaluation Questions 1 (on relevance) and 8 (on cross-cutting issues) are therefore not depicted in the diagram

### 3.2.2 The Evaluation Questions

Based on the analysis of the intervention logic of EU regional cooperation, the evaluators formulated a set of eight evaluation questions. These evaluation questions focused on the specific sectors, themes and issues that had been highlighted in the Terms of Reference for this evaluation. The questions had the important function of narrowing the thematic scope of the evaluation, and to give structure to the inquiry and analysis of the evaluators.

The table below shows the eight evaluation questions that were answered in this evaluation in overview.

**Table 3: List of evaluation questions of the evaluation of EU regional cooperation with Central America**

#	Sector / Issue	Evaluation Question
EQ 1	Correspondence of Cooperation and Needs (Relevance)	To what extent has the EU regional support strategy adequately taken into account and reacted to the evolution of interests and needs of Central American stakeholders (SICA, national governments, civil society) in view of the dynamics of the regional integration process?
EQ 2	Institutional Strengthening of Regional Integration Organisations	To what extent has EU support helped to put into place an autonomous capacity of RIOs in Central America that helps to improve their performance in line with their stated organisational mission, objectives and work (results) plans?
EQ 3	Economic Integration	To what extent did EU interventions contribute to restructuring the institutional framework of the Central American Customs Union and to the adoption of other trade related common policies?
EQ 4	Regional Cooperation and the Association Agreement	To what extent has the EU contributed to supporting the regional integration organisations and their national counterparts in their efforts to take full advantage of the economic developmental potential of the AA?
EQ 5	Regional Security	To what extent has EU support helped to establish and improve the capacity of Central America's national institutions and regional integration organisations (RIOs) to initiate, coordinate and implement a regional response to security concerns in Central America, in particular relating to cross-border security and social prevention of violence?
EQ 6	Disaster Risk Reduction	To what extent has European Union support helped to strengthen the capacity of RIOs and other relevant stakeholders at regional, national and local level to develop a regionally consistent legal and institutional framework for disaster risk reduction, including for the integrated management of risks linked to environmental degradation?
EQ 7	Food Security and Nutrition	To what extent has European Union support contributed to the consolidation of a regional political, legal and institutional framework and the corresponding organisational capacities to facilitate the harmonized planning and implementation of food security and nutrition interventions in Central America?
EQ 8	Cross-cutting Issues	To what extent has the EU appropriately integrated key cross-cutting issues into the design and implementation of its interventions?

The table below illustrates how the eight evaluation questions cover all of the 5 standard DAC evaluation criteria, as well as the 2 EU-specific evaluation criteria (i.e., Coherence and Value Added).

**Table 4: Coverage of Evaluation Criteria by Evaluation Questions**

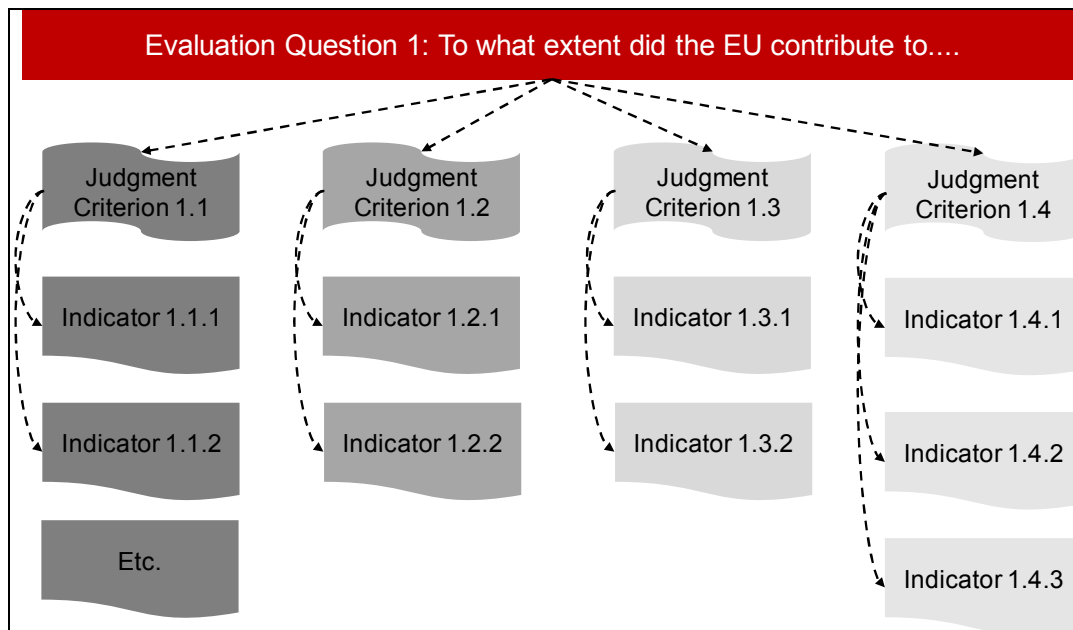
Criteria	EQ 1: Relevance	EQ 2: Institutional Strengthening	EQ 3: Economic Integration	EQ 4: Association Agreement	EQ 5: Regional Security	EQ 6: Disaster Risk Reduction	EQ 7: Food Security	EQ 8: Cross-cutting Issues
<i>Relevance</i>	X				X			X
<i>Effectiveness</i>		X	X	X	X	X	X	
<i>Efficiency</i>		X		X			X	X
<i>Impact</i>		X	X	X	X	X	X	
<i>Sustainability</i>		X	X		X	X	X	
<i>Coherence</i>	X		X	X			X	
<i>Value Added</i>	X			X				

### 3.2.3 Judgment Criteria and Indicators

For each of the 8 evaluation questions, the evaluators developed sets of judgment criteria and indicators, again in cooperation and coordination with the evaluation reference group.

- The judgment criteria were selected to highlight specific aspects of the EU intervention logic and the sought-after results of the cooperation that were deemed to be key determinants of the actual achievements of European cooperation objectives.
- The selection of a set of indicators ensured that the assessment of each of the judgment criteria would be based on clearly identified evidence that would become part of a robust chain of reasoning as the basis for the answer to each evaluation question, as illustrated in the figure on the following page.

**Figure 9 : Increasing the transparency of the evaluation with judgment criteria and indicators**



### 3.2.4 Information Sources and data collection approaches

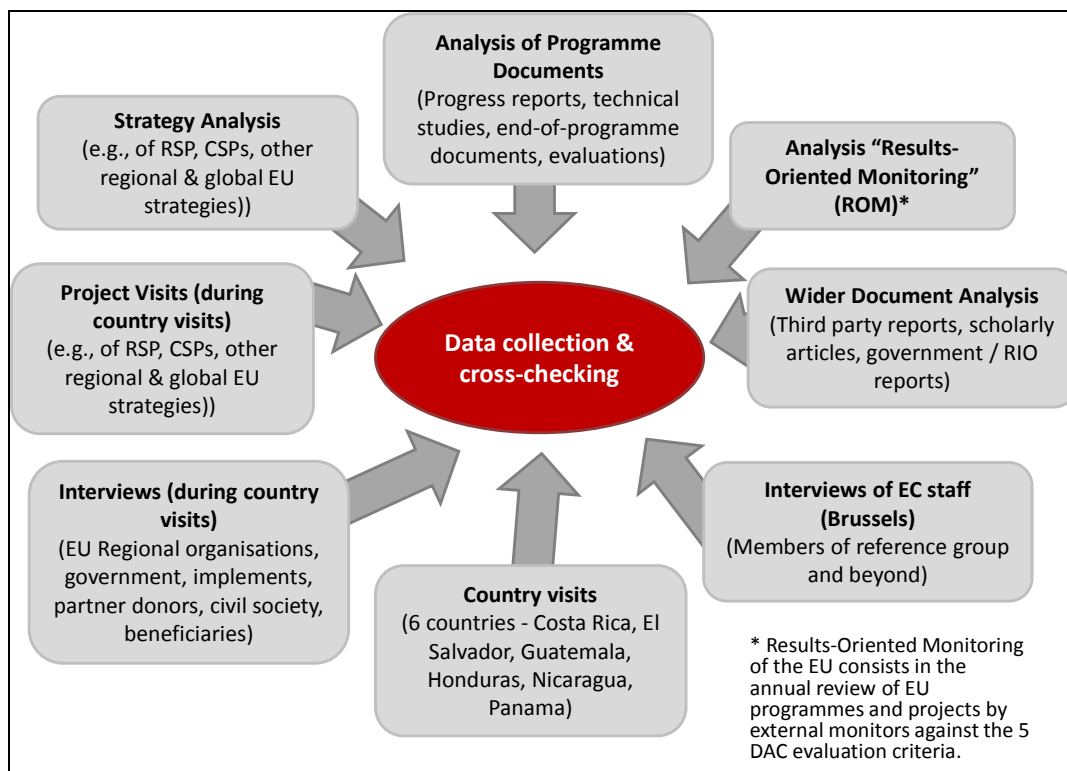
Evaluators collected information for each of the indicators using from a range of different information sources, using a collection of various data collection tools:

- Document reviews allowed the analysis of the EU cooperation strategy<sup>30</sup>, the analysis of EU programme documents, ROM reports and evaluations, as well as third party documents, scholarly articles, etc.
- Visits to 6 Central American countries provided evaluators with access to more information from programme stakeholders and additional documents.
- Evaluators conducted interviews (individual and group) with a broad range of stakeholders, including EU staff in Brussels and in Central America, representatives of regional organisations and national governments, programme staff, civil society, academics and beneficiaries of EU regional cooperation.
- Visits to programme and project sites inside and outside national capitals were used for illustration of the processes and results of EU cooperation.

<sup>30</sup> Drawing on the Regional Strategy Paper (RSP), the Country Strategy Papers (CSPs) of the EU for the evaluation period, and also taking into account other regional and global strategies, such as the 2005 Consensus on Development, among other things.



**Figure 10 : Main information sources and data collection approaches**



### 3.3 Challenges and Limitations

The implementation of the evaluation was subject to certain challenges. The table below lists these constraints and explains how the evaluators have responded to each of the limitations.

**Table 5: Challenges and constraints encountered by the evaluation**

Challenges encountered	Responses by the evaluation team
The organisation and scheduling of the field phase proved challenging, owing in part to the different levels of stakeholders in regional cooperation, i.e. inter-governmental organisations, national governments as their constituents, etc. This necessitated postponing the field phase from its original date; and shortening the phase from its initial four weeks to three.	The evaluators consolidated the schedule of the original field phase, also using weekends for many of the analytical activities. In addition, evaluators conducted a follow-up visit to El Salvador and Nicaragua for more in-person interviews, and carried out additional telephone interviews.
During the last days of the original field phase, Nicaragua was struck by a series of earthquakes and aftershocks, disrupting the schedule of the evaluators, and leading to the cancellation of several interviews, one project visit and the shortening of the field debriefing at the end of the visit to the region.	The evaluators used the follow-up visit (see above) to conduct the interviews that had been cancelled, and also held a more comprehensive debriefing from the premises of the EU Delegation in Managua, with members of the reference group in Brussels attending by videoconference.
The Director General of SG-SICA (SICA's Secretariat General), Hugo Martinez, was nominated as El Salvador's Foreign Secretary at the start of the field phase. This made it impossible to organise and interview him, even during the follow-up visit to Central America.	The evaluators interviewed with Dr. Juan Daniél Alemán, and also conducted in-person interviews with other members of SG-SICA's management.



## 4. Answers to the Evaluation Questions

The sections below present the answers to the eight evaluation questions for this evaluation. For each evaluation questions, the respective section first presents the text of the question, and lists the judgment criteria that further describe the scope of the evaluation question. A summarized answer to the evaluation question is presented in the box below, followed by a more detailed justification of that answer. At the end of each paragraph of the justification, references to the various judgment criteria allow the reader to access more information and supporting evidence in Volume 2 of this report.

### 4.1 Relevance of EU cooperation objectives

Evaluation Question 1	
Question	<i>To what extent has the EU regional support strategy adequately taken into account and reacted to the evolution of interests and needs of Central American stakeholders (SICA, national governments, civil society) in view of the dynamics of the regional integration process?</i>
Judgment Criteria	<p>JC 1.1: EU cooperation objectives are consistent with the policy priorities expressed in EU-Central American Dialogue and Central American policy declarations (2007 – 2013 RSP)</p> <p>JC 1.2: Ownership of regional integration process and concept among national stakeholders (private sector, civil society, national governments)</p> <p>JC 1.3: Responsiveness of EU programming and support to changes in regional priorities</p> <p>JC 1.4: Correspondence between regional support, other EU support to region and policies (including LA thematic programmes, EU environmental policy)</p>

***Answer to Evaluation Question 1***

The EU regional support strategy has adequately taken into account many of the key priorities of Central American Heads of States related to regional and economic integration, disaster risk reduction and security formulated in joint declarations (such as the Panama Declaration of 2006, and the Declaration of San Salvador of 2010) and reflected in the official joint declaration of the Vienna Summit (2006), and the earlier Cooperation Agreement of the EU and Central America (2003). However, in contrast to their concurrence on high level cooperation objectives, the two parties showed less agreement on the intended results of specific cooperation programmes and their key deliverables: Several policy proposals and tools whose production the EU had supported were ultimately not approved by Central America’s national governments. This list included proposals that would have defined key prerequisites for the advancement of economic integration. Both partners also had committed themselves to using their cooperation for the promotion of the more equitable access to “the rewards of economic growth” and for the promotion of an “integrated trade cooperation agenda” (e.g., in the Cooperation Agreement of 2003). In their Vienna Declaration of 2006, the parties reaffirmed their commitment to respond to “the need to promote responsible public policies conducive to a better distribution of wealth and of the benefits of economic growth” and to “to promoting equitable and sustained economic growth”. These bi-regional commitments were coherent with the vision of the European Union, declared in the

European Consensus for Development (2005) to use regional cooperation for facilitating a link of trade and trade-facilitation with the promotion of equitable economic growth and poverty reduction.

In contrast to these commitments, these priorities were not clearly reflected in the EU regional and bilateral development strategies, including, specifically, the vision of linking trade, trade-induced equitable development and poverty reduction in the context of regional cooperation. The RSP did envisage that aid for trade, SME support and the development of productive capacity should be addressed through bi-lateral cooperation with the region. However, this provision did not respond to the specific intention of the EU to address these issues in the context of regional cooperation. Additionally, as only few of the EU's bi-lateral cooperation programmes with Central America actually developed cooperation programmes in this area, the EU did only provide little "wider aid for trade" (such as productive capacity building or the development of trade-related infrastructure) to Central America, at least during the first half of the 2007 – 2013 programme period.

EU cooperation objectives reflect many of the stated priorities of key declarations of the Presidents and Heads of States of Central American states (in 2006<sup>31</sup> and 2010<sup>32</sup>), made in the context of the corresponding special presidential summits. The Heads of States specifically endorsed the launching of negotiations for the Association Agreement with the EU in their 2006 Panama Declaration, and committed themselves to the deepening of economic integration and the completion of a customs union. Central American Presidents re-committed their governments to the regional integration process in 2010 and defined the five pillars of regional integration that have become the major themes of EU regional cooperation ((democratic) security, disaster risk reduction, social & economic integration, and institutional strengthening of SICA). The same declaration also affirms the Central American commitment to develop a regional response to food insecurity. EU cooperation objectives are also largely coherent with the priorities stated in key agreements of the EU-Central American political dialogue, such as the 2003 Cooperation Agreement between the European Community and the Central American countries, and are, by and large, in line with the priorities of the 2006 Vienna Declaration, including the importance of regional integration, economic integration, security, environmental sustainability and climate change and disaster risk reduction. *(JC 1.1, JC 1.2)*

However, in contrast to their concurrence on high level cooperation objectives, the agreement between the two parties was less evident at the level of specific cooperation programmes and their key deliverables: Several policy proposals and tools whose production the EU had supported were ultimately not approved by Central America's national governments. This list included deliverables that would have defined key parameters for the advancement of economic integration, such as a tax restitution mechanism, a regional competition policy, and a common trade safeguards policy. It also includes the regional food security policy and a proposal to reform the Central American Court of Justice (CCJ). The rejection of these technical initiatives raises the question if Central American governments

<sup>31</sup> The Declaración de Panama of March 9, 2006.

<sup>32</sup> Declaración Conjunta, Cumbre Extraordinaria San Salvador, July 20, 2010.

had sufficient ownership of regional cooperation priorities at programme level, in relation to specific cooperation initiatives.<sup>33</sup> **(JC 1.1)**

In addition to the five pillars of regional integration<sup>34</sup> and the other sector mentioned above, the EU and Central America also had committed themselves to using their cooperation for the promotion of the more equitable access to “*the rewards of economic growth*”<sup>35</sup> and for the promotion of an “*integrated trade cooperation agenda*”. Specifically, the Cooperation Agreement of 2003 stated that cooperation should help Central American stakeholders to “*best tap the opportunities that trade implies, broadening the productive base that will benefit from trade, including the development of mechanisms to face the challenges of greater market competition, and building those skills, instruments and techniques required to accelerate the enjoyment of all benefits of trade*”<sup>36</sup>. The agreement also specifically foresaw the promotion of a favourable environment for the development of medium-sized and micro-enterprises, including those in rural areas. The 2006 Vienna Declaration reiterated most of these cooperation principles and objectives. In the Declaration, the partners reaffirm their commitment “*to promoting equitable and sustained economic growth to create more and better jobs and to fighting poverty and social exclusion*”. They also “*recognised the need to promote responsible public policies conducive to a better distribution of wealth and of the benefits of economic growth*”, and underlined “*the importance of setting adequate social protection and fiscal policies to promote equitable economic growth with social justice conducive to quality and productive employment and to seek to incorporate the informal sector into the formal economy*”. **(JC 1.1)**

These bi-regional commitments were coherent with the declared vision of the European Union to use regional cooperation for facilitating a link of trade and trade-facilitation with the promotion of equitable economic growth and poverty reduction. The European Consensus for Development (2005), for example, emphasized that the EU would “*assist developing countries on trade and regional integration through fostering, equitable and environmentally sustainable growth, smooth and gradual integration into the world economy, and linking trade and poverty reduction or equivalent strategies*”<sup>37</sup>. Priorities in this area for the EU should be “*institutional and capacity building to design and effectively implement sound trade and integration policies, as well as support for the private sector to take advantage of new trading opportunities*”<sup>38</sup>. The Consensus also considered that the Community had a “*comparative advantage in providing support to partner countries to integrate trade into national development strategies and to support regional cooperation whenever possible*”<sup>39</sup>. **(JC 1.1)**

In contrast to these clear commitments to linking trade, economic integration and poverty reduction in bi-regional agreements and the EU’s own policies, these priorities were not prominently reflected in the EU regional and bilateral development strategies with Central

<sup>33</sup> This issue will be discussed further under Evaluation Question 2 (on institutional strengthening) and Evaluation Question 3 (on economic integration).

<sup>34</sup> Democratic) security, disaster risk reduction, social & economic integration, and institutional strengthening of RIOs.

<sup>35</sup> Cooperation Agreement between the EU and Central America (2003), Article 6, Paragraph 1 c)

<sup>36</sup> Cooperation Agreement between the EU and Central America (2003), Article 13, Paragraph 2.

<sup>37</sup> European Consensus on Development (2005), Paragraph 72.

<sup>38</sup> European Consensus on Development (2005), Paragraph 72

<sup>39</sup> European Consensus on Development (2005), Paragraph 49

America. The EU did acknowledge the severity of income and wealth inequality in the problem analysis of the RSP, but the response strategy of the RSP did not emphasize these issues; including, specifically, the commitment described in the European Consensus on Development for **linking trade, trade-induced equitable development and poverty reduction** in the context of **support to regional integration** (see previous paragraph). The EU regional cooperation strategy did envisage that aid for trade, support of small and medium enterprises, and the development of productive capacity as issue related to this linkage should be addressed through **bi-lateral cooperation** with Central American countries.<sup>40</sup> However, this proposed division of labour did not take account of the **specific EU vision** formulated by the European Consensus on Development **as it related to regional cooperation**. Also, only few of the EU's bi-lateral cooperation programmes with Central America actually translated the EU commitment to bi-laterally provided "wider aid for trade"<sup>41</sup> into actual productive capacity development programmes. At least during the first half of the 2007 – 2013 programme period, the EU therefore did not provide "wider aid for trade", such as productive capacity building or the development of trade-related infrastructure, to its Central American counterparts.

It needs to be acknowledged that the EU used the second Regional Indicative Programme (RIP) to put a stronger emphasis on the link between trade, regional integration and the development of development strategies for equitable economic development. This includes a programme to help improve the productivity of agriculture<sup>42</sup>, a programme to help diversify economic activities within vulnerable border areas<sup>43</sup>, as well as a programme meant to help improve the knowledge and acceptance of economic and regional integration among Central American small and medium enterprises<sup>44</sup>. The EU also launched several projects under the regional programmes AL-INVEST IV and the Latin American Investment Facility (LAIF) (see evaluation question 4 for more details). *(JC 1.1, 1.3)*

The Association Agreement (signed in 2012) as the new overarching framework for cooperation and dialogue between the EU and Central America, continues to put considerable emphasis on economic equality and social cohesion. Among other things, the signing parties committed themselves to using development cooperation to help promote social development and social cohesion by reducing social and economic imbalances

<sup>40</sup> The Regional Strategy Paper for Central America states that "[a]ssistance to the productive sector will [...] be covered by specific actions at country level, coherently with the regional framework" (RSP 2007 – 2013, p. 23).

<sup>41</sup> The term "Wider Aid for Trade" is used to refer to categories of Aid for Trade such as trade-related infrastructure (e.g. physical infrastructure including transport and storage, communications and energy generation and supply; etc.); building productive capacity (e.g. business development, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism, etc.); or trade-related adjustment (e.g. contributions to government budget for implementation of recipients own trade reforms and adjustments to trade policy measures by other countries). "Wider Aid for Trade" is thus distinguished from so called "Trade-Related Assistance", such as trade policy and regulations (e.g. trade policy and planning, trade facilitation, regional trade agreements etc.); and trade development (e.g. investment promotion, analysis/institutional support for trade in services, market analysis and development, etc.) (see EU Strategy for Aid for Trade (2007).

<sup>42</sup> The Programa Regional de Investigacion e Innovación de Cadenas de Valor Agrícola (PRIICA (2012).

<sup>43</sup> GOLFONSECA; the programme was ultimately cancelled, as Central American Member States could not agree on key parameters of the programme.

<sup>44</sup> The Programa regional de apoyo al desarrollo del sector privado en Programa regional de apoyo al desarrollo del sector privado en Centroamérica (ADESEP).

“between and within the Parties”. This is meant to be achieved among other things by “promoting fair globalisation and decent work for all”, associated with the mobilisation of “significant financial resources, from both cooperation and national resources”. Both the EU and its Central American partners are to promote policies to achieve a better income distribution, trade and investment policies to stimulate fair trade, rural and urban, micro, small and medium enterprises, and employment policies that could help creating decent work and economic opportunities for all, including poorest and most vulnerable groups and the most disadvantaged regions. **(JC 1.4)**

Civil society organisations, including those with membership in SICA’s consultative committee, cautiously supported the project of regional integration throughout the programme period. However, these organisations also had been careful to emphasize that a strong social emphasis was required in the regional integration process to redress economic inequalities, and promote social cohesion along with regional integration. A coalition of European and Latin American/ Central American civil society organisations reiterated this demand in 2011, as a reaction to the publication of the second Regional Indicative Programme (RIP) for EU regional cooperation with Central America for the years 2011 – 2013. It was feared that using EU regional cooperation to facilitate the signing and implementation of the Association Agreement would end up distorting the development of trading capacity of small and medium enterprises in Central America towards international trade, instead of promoting intra-regional trade (which might have had a stronger effect on economic advancement and poverty reduction in the region), and responding to other social challenges related to the implementation of the AA.<sup>45</sup> **(JC 1.2)**

The private sector has broadly supported the Central American regional integration process, often referring to more integration as “essential” for economic advancement, and criticising Central American political leaders for their lack of follow-through on pro-integration political statements. Central America’s tourism industry, for example, has lobbied for promoting a single Central American brand in tourism since 2008, and has also called on Central American political leaders to demonstrate more political will to advance regional integration. The Federation of Chambers of Exporters of Central America, Panama and the Caribbean (FECAEXCA) also called for advancing regional and economic integration as the most important tool for increasing trade in the region and generating the economies of a scale necessary to compete in the global market. **(JC 1.2)**

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<sup>45</sup> No poll data on the attitudes of the Central American population and population groups towards regional integration between 2007 and 2013 have been available during the field phase. Likewise, attitudes of the Central American business community, and treatment of the topic in the Central American press will be examined during the field phase.

## 4.2 Regional integration (institutional framework)

Evaluation question 2	
Question	<i>To what extent has EU support helped to put into place an autonomous capacity of RIOs in Central America that helps to improve their performance in line with their stated organisational mission, objectives and work (results) plans?</i>
Judgment Criteria	<p>JC 2.1: Legal and financial frameworks of SICA system supports its mission</p> <p>JC 2.2: SG-SICA and SIECA meet expected results targets in tandem with national counterparts</p> <p>JC 2.3: Improved coordination among key RIOs and between RIOs and donors in the achievement of regional integration targets</p> <p>JC 2.4: The mechanisms and instruments that were in place to support the development of RIOs were appropriate and timely given their ability to strategically manage them and the existing capability of those organisations</p>

### *Answer to Evaluation Question 2*

As stated in its regional cooperation strategy, the EU intended to support the reform of the SICA integration system by reinforcing the system's capacity, including in particular its ability for coordination, and its ability to rely on effective financing mechanisms, clear mandates, and the improved technical competence of its staff. However, over the course of the programme period, the overall sustainable capacity of the SICA system has improved only little. In this situation, the inflow of EU resources helped to temporarily stabilize certain agencies of the SICA system, but could make only few sustainable contributions to advance the reform of SICA's organisational and financial frameworks. Some progress has been achieved with the support of the EU in the development of management information systems and databases; for the management of information on donors support, and for the development of a system wide statistical system.

A number of factors related to the design and approach of EU cooperation have contributed to the relatively limited results of EU cooperation in this area: In contrast to the originally stated objectives of the RSP, EU capacity development programmes often ended up substituting the missing in-house capacity of their organisational beneficiaries. Programme resources were used to carry out core technical and administrative functions of SICA agencies; and salaries of SICA employees were paid by the EU. Also, programmes that were formally intended to develop SICA's own institutional capacity (e.g., PAIRCA I and II, PRIAA and PRACAMS) ultimately primarily developed capabilities and capacities in third party organisations (such as national customs administrations or national and regional quality assurance organisations and networks through training and other strategies). This emphasis had often already been built into the design of the respective programmes, and EU project managers were not enabled to control or change these aspects of their programmes. As a result, these EU programmes were not able to help SICA to sustainably acquire more of the qualified staff and the financial autonomy that had been the intended goals of EU cooperation in this area.

EU-supported regional organisations did use technical and financial EU resources to prepare proposals for fundamental organisational reforms of the SICA System. However, many of these reforms stalled, in part because the EU had not required to link its capacity development support to clear and comprehensive capacity development strategies of SICA that were jointly agreed by the Member States of SICA. In the end, some of the key EU-financed reform proposals did not receive the endorsement or necessary follow-up financing from Central American political leaders.



According to the Regional Strategy Paper, the objective of EU cooperation in capacity development was to support the reform of SICA, *“by means of reinforced capacity, improved coordination, legal bases, effective financing mechanisms, mandates, organisation and improved technical competence and human resources amongst the various players involved”*<sup>46</sup>. The RSP further stated that cooperation in this could be *“directed towards regional institutions, inter-governmental coordination systems and national entities involved in the integration process”*<sup>47</sup>.

However, a combination of factors has limited progress in the development of sustainable capacity of the SICA system over the course of the programme period. Chiefly among them are several factors external to EU cooperation, including inherent weaknesses in the original institutional design of the SICA system; and also the continued hesitance of SICA’s Member States to develop a joint, coherent vision for the system of regional integration organisations; and to back this system financially in the form of reliable contributions to its budget. Largely as a result, SICA agencies have not been able to achieve considerably greater clarity of mandate, and continue to be faced with important constraints of their capacity for making and executing decisions. Work plans continue to be based on activities, inputs, process, instead of on results. High staff turnover has affected most if not all SICA agencies, which was also linked to the absence of a professional regional civil service in Central America. Coordination has remained a serious weakness in the regional integration process and the corresponding regional institutional framework, whether it has been between donors, between the RIOs and donors or among RIOs. The SICA system remains financially and operationally unsustainable and remains heavily dependent on donor support, including money, staff and technical resources.

In this situation, the inflow of EU resources helped to temporarily stabilize certain agencies of the SICA system, but could make only few sustainable contributions to advance the reform of SICA’s organisational and financial frameworks. Some progress has been achieved with the support of the EU in the development of management information systems and databases; for the management of information on donors support, and for the development of a system wide statistical system. *(JC 2.1, 2.3)*

A number of factors related to the design and approach of EU cooperation have contributed to the relatively limited results of EU cooperation in this areas. Key EU-financed interventions that were formally tasked to help build the capacity of SICA organisations<sup>48</sup> ended up providing much-needed operating resources to allow SG-SICA to execute daily tasks in fulfilment of its mandate, using programme staff and money to make up for capability gaps of the host organisation. In the case of most programmes<sup>49</sup>, these additional resources, including personnel, money and equipment, were organized in structures that were not integrated into the permanent hierarchy and financial and budgetary structure of the host organisation. Project directors were formally accountable to the host organisations’

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<sup>46</sup> Regional Strategy Paper 2007 – 2013, page 20.

<sup>47</sup> Ibidem.

<sup>48</sup> Including, for example, PAIRCA II.

<sup>49</sup> Including PAIRCA I and II, PRACAMS and PRAIAA,

leadership, but in practice operated under shared accountability to the SICA agency and to the EU and the implementing organisations. **(JC 2.4)**

The use of external staff to execute many key functions also prevented SIECA and SG-SICA from developing this expertise in house. A programme aimed at supporting the development of a regional quality infrastructure and systems for the control of sanitary and phytosanitary standards (SPS)<sup>50</sup>, for example, has been using programme staff (i.e. non-SIECA) to develop technical product norms and processes. The expertise gained by these individuals, as well as by staff of other programmes, will essentially disappear when their contracts end. Other examples are the contact points in the Central American Court of Justice (CCJ) and in the regional parliament (PARLACEN) who are meant to coordinate and integrate organisational capacity development efforts. Again, the EU programmes filled these positions with contract agents instead of filling these positions with in-house staff, which means that any acquired expertise will disappear with the end of EU support<sup>51</sup>. It is noted that the managers of the programmes were permanent employees of SICA, even though their salaries were generally paid by the EU. This approach of the EU supported programmes had often already been built into the design of the respective interventions, and EU project managers were not enabled to control or change these aspects of their programmes. **(JC 2.4)**

EU-supported SICA organisations did use technical and financial EU resources to prepare and propose fundamental organisational reforms of the SICA System. At the request of SICA's inter-ministerial committee in charge of economic affairs (COMIECO)<sup>52</sup>, the EU had supported SIECA in developing a vision for advancing economic integration in the region. Also in support of economic integration, EU assistance supported the drafting of a number of proposals that would have defined key parameters for the advancement of economic integration, such as a tax restitution mechanism, a regional competition policy, and a common trade safeguards policy. The EU also supported the development of a reform proposal of the Central American Court of Justice (CCJ)<sup>53</sup>. Among other things, the proposal suggested to provide the Court with the authority to initiate proceedings pro-actively, and not only reactively, in response to request for comments by SICA agencies on already-established provisions.

However, all of the above-mentioned reforms stalled when the national Governments of SICA's Member States could not reach the necessary consensus to approve key deliverables associated with the reform initiatives: The vision for advancing economic integration that SIECA had published in 2013 was eventually not approved by the Central American Governments. At the time of this evaluation, SIECA was preparing a study with a narrower focus, limited to economic models, e.g., to predict the economic costs and benefits of various options for customs integration. Neither the proposed tax restitution mechanism, nor the proposal for a regional competition policy or a common trade safeguards policy were ultimately approved by Central America's national governments. The proposal for a reform

<sup>50</sup> The programme "PRACAMS"

<sup>51</sup> This support is associated with the programme PAIRCA II.

<sup>52</sup> SICA's inter-governmental committee for economic development, consisting of the Ministers of Economy from SICA Member States.

<sup>53</sup> Financed under the EU programme PAIRCA II.

of the Central American Court of Justice reform was also not accepted by SICA's Council of Presidents.

None of the above reform initiatives was guided by a long- or at least medium term institutional development strategy that would have formally committed the Central American Governments as the primary constituents of the regional integration process to the individual reforms; that would have defined the overall direction of reform; and that would have clearly identified, which competencies, abilities and performance targets the EU institutional support was supposed to help the SICA system to acquire.<sup>54</sup> Neither the design of EU-financed institutional development programmes, nor their implementation were made contingent on specific inter-governmental endorsements of the interventions; or on their commitment to co-finance the reforms. This acted as a disincentive for SICA Member States to assume greater ownership and to take on greater long-term financial responsibilities for the viability of the SICA System.<sup>55</sup> **(JC 2.1)**

Under Central America's primarily inter-governmental model of regional integration<sup>56</sup>, SICA Member States are the primary constituents and "owners" of the regional integration process. However, apart from a consultative processes with SICA Member States at the design stage of regional interventions, the level of involvement of SICA Member States was relatively low. The EU supported<sup>57</sup> SG-SICA in the development of a new Strategic Plan for the Secretariat General. The plan defined the five strategic pillars that have guided the Secretariat throughout most of the evaluation period (2009 to 2012). However, the Plan was never officially approved or adopted by the SICA Member States, which limited their incentive to substantially support the implementation of that plan.<sup>58</sup> Also, as the Strategic Plan did not offer a system wide strategic vision, but was limited to the goals of SG-SICA only, it did not address the need to define working protocols between the different SICA bodies, and between the SICA system and the national governments, such as agreements on performance or on financial sustainability. **(JC 2.2)**

EU-financed programmes in food security<sup>59</sup> have been cooperating the closest with both regional organisations as well as representatives of national governments. EU support<sup>60</sup> financed the creation of a coordination mechanism for the region's national agencies and ministries in charge of food security and nutrition, for example (see EQ 7). Another programme<sup>61</sup> was working with national statistical organisations at the time of the evaluation

<sup>54</sup> E.g., neither the activities of PAIRCA I, nor of PAIRCA II were based on a clear identification of the most significant organisational shortcomings of the benefitting agency.

<sup>55</sup> Confirmed in key informant interviews with managers and other high-level staff members of SICA organisations (see JC 2.1 for more details).

<sup>56</sup> See Section above on the details of the institutional framework of SICA.

<sup>57</sup> Under PAIRCA I

<sup>58</sup> A member of the senior leadership circle of the SICA system interviewed during this evaluation maintained that the Strategic Plan did not actually have to be approved by SICA member states.

<sup>59</sup> Such as PRESANCA (I and II), PRESISAN (I and II) and PAIRCA I and II.

<sup>60</sup> Under PRESANCA II.

<sup>61</sup> PRESISAN, together with PAIRCA II

to develop a protocol under which national statistical organisations could enter data for a small set of food security indicators directly into regional databases (in addition to the national statistical systems) (again, see EQ 7). Overall, however, very few of the work plans of major EU programmes<sup>62</sup> had specific components to ensure the harmonisation and alignment of regional work plans with those of SICA's national counterpart organisations, except as broad expressions of intent<sup>63</sup>. This low level of involvement of SICA member states in EU-financed reform efforts also limited the extent of sustainable results of EU capacity development support. **(JC 2.2)**

The Central America RSP 2007-2013 was quite specific about the need to improve the capability of the SICA system for coordination; both intra-system as well as between the system and its national counterparts. In response to this commitment, the EU agreed to lead efforts to increase donor coordination in regional cooperation in 2008. In 2010, the EU supported the Directorate of International Cooperation of SG-SICA in developing a donor matrix, containing basic data on all cooperation projects for the Secretariats, including SIECA. At the time of this evaluation, this database was still in use, although it has been difficult for SG-SICA to properly maintain the tool, and to keep all data up-to-date. EU resources<sup>64</sup> were also used to fund a new position in SG-SICA (at the level of Ambassador), charged with improving coordination between the SICA System and donors. As this initiative had just started at this time of this evaluation, it could not be determined to what extent it had led to tangible improvements. **(JC 2.3)**

The EU has made small contributions to improve the systems and mechanisms for coordination between the organisations of the SICA system and their national counterparts. EU funding<sup>65</sup> was used to support the improvement of national counterpart abilities to monitoring and coordinate regional integration. However, this initiative was not particularly successful, mostly because it was too limited in scope, and was tied to face-to-face training sessions that were not competency-based and that were oriented towards non-skill or ability domains. In addition, the high turnover rate among staff that had been trained means that much of the considerable effort in training in knowledge and skills has dissipated, both at the individual level and within the systems they were trained to master. Ironically, the low level of ownership among Central American governments of institutional reform processes at regional level also reduced the willingness of national governments from substantially participating in efforts to improve the coordination and alignment of national and regional priorities.<sup>66</sup> **(JC 2.3)**

All organisations who benefitted from EU regional cooperation had difficulties dealing with the project modality autonomously, and none of them actually put into place mechanisms to assert ownership over the cooperation, i.e., by defining their needs and the sought after

<sup>62</sup> I.e., those that targeted organisations such as SG-SICA, SIECA, CCJ and PARLACEN.

<sup>63</sup> PRIAA and PRACAMS both had plans that were to be harmonised and synchronised. However, little if any monitoring of this has occurred.

<sup>64</sup> Under PAIRCA II.

<sup>65</sup> Under PAIRCA I.

<sup>66</sup> It must be noted that the responsibility for improving coordination lies with the RIO and the national governments; the EU can only offer to support this objective.

performance changes and by closely supervising the cooperation process. Instead, the capability of RIO to manage EU programmes has remained very weak, especially in terms of the management of EU processes and the parts of the programme cycle dealing with supervision, project or programme management and monitoring. Even though key regional organisations are interested in being certified or eligible for budget support, they are a long way from being able to manage the underlying processes. As a result, the majority of outputs and results of related to institutional development of SICA bodies will not be sustainable.

***(JC 2.4)***

On the one hand, the ongoing financial support of SICA organisations by the European Union (and other donors) has made it possible for SICA organisation to take on a wider range of tasks and responsibilities in fulfilment of their mandates. On the other hand, however, the donor support in general, and EU support in particular has made it much less obvious, how precarious the financial situation of SICA continues to be. SICA remains highly dependent on donor support; most SICA agencies even solicit donor funding independently from coordinated financial plans prepared by SG-SICA, and many can only operate at a very basic level without donor funding. Overall, donor support is one of the factors that made it possible for Central American Governments to avoid stepping up to their responsibilities of ensuring sustainable financing of the regional governance system to which they had committed themselves. ***(JC 2.1)***

### 4.3 Economic integration

Evaluation question 3	
Question	<i>To what extent did EU interventions contribute to restructuring the institutional framework of the Central American Customs Union and to the adoption of other trade related common policies?</i>
Judgment Criteria	JC 3.1: The EU interventions contributed to lay the foundations for a Customs Union JC 3.2: Customs have become more efficient JC 3.3: The EU contributed to the development of a common market JC 3.4: Intra and extra regional trade progressed significantly

#### *Answer to Evaluation Question 3*

EU support aimed at advancing economic integration in Central America helped to develop several technical tools that increased the availability of and access to information on trade requirements and contributed to a reduction of time and costs requirements for exports from most Central American countries. Examples are the *Sistema de Información Aduanera Unificado de Centroamérica (SIAUCA)*, and the *Arancel Informatizado Centroamericano (AIC)*.

In many cases, however, the use, application and implementation of tools developed with EU support was hindered by low political will, lacking consensus for fundamental reforms and low sense of ownership of the delivered solutions and of the overall reform processes among Central American governments. Among these tools were a tax restitution mechanism (developed by ADAPCCA), as well as technical inputs on a regional competition policy. The harmonization of Central America's competition policies was not addressed by the region's political leaders in spite of the fact that this issue is part of the Association Agreement with the European Union. Progress in reducing non-tariff trade barriers has been slow as well, also primarily due to bureaucratic and political interests. The successful *Escuela Centroamericana Aduanera y Tributaria (ECAT)* closed when EU-support ended, as no follow-on financing mechanism could be developed. Even the sustained usefulness of tools such as the AIC (see above) might not be guaranteed, if the issue of ownership and maintenance of these tools cannot be addressed.

Slow progress in economic integration in spite of EU support means that many of the issues tied to the completion of the customs union, and the establishment of a common market in Central America are still outstanding. The harmonization of product norms and regulations among Central American economies, for example, has only met little progress. Between 2007 and 2013, only approximately 80 norms were harmonized out of a total of more than one thousand in each CA country.

Although the EU had intended to help increase intra and extra regional trade in goods, the share of intra-regional trade stagnated around 25 % over the evaluation period. None of the CA countries increased their share of intra-regional exports.

EU cooperation helped to finance, develop and implement several technical tools / technology solutions with the potential to facilitate the roll-out of common customs procedures in Central America. Examples include a regional computer network for customs and tax authorities (*Sistema de Información Aduanera Unificado de Centroamérica-SIAUCA*) that facilitated the intra-regional exchange of customs and tax information. The development of another tool, regional information portal (*Arancel Informatizado Centroamericano -AIC*) had been

initiated prior to 2007<sup>67</sup>, and was finished by a follow-on programme in the period under evaluation<sup>68</sup>. The portal now provides companies with access to information on import requisites, such as duties, taxes, health and other certificates. Unfortunately, AIC was no longer being updated regularly at the time of this evaluation, in particular with regard to changes of non-tariff barriers, which pose the greatest challenge to intra-regional trade at this point (see below). **(JC 3.1)**

The EU also financed and procured a large amount of equipment<sup>69</sup> for the national customs administrations of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, and supported the training of national customs staff in the equipment's use<sup>70</sup>. Devices such as x-ray scanners to control goods passing the outer regional borders allowed national customs administrations to double or in some cases even triple the speed of work. These tools and inputs contributed to more efficient customs procedures at many of the intra-regional borders, in the form of shortened export times and reduced transaction costs in most Central American countries over the evaluation period.<sup>71</sup> Between 2005 and 2012, export times and costs sank significantly in Costa Rica and in Nicaragua, and at least slightly in El Salvador and Honduras. The only country where conditions did not improve over that time period was Guatemala.<sup>72</sup> Conditions remained excellent in Panama over the evaluation period.<sup>73</sup> **(JC 3.2)**

In spite of this progress, several significant procedural bottlenecks remain: Nowhere in the region customs work 24/ 7 hours, for example. In all countries, customs are completely or at least partially closed on weekends. New obstacles to the efficient movement of goods across borders were created even relatively recently: In January of 2014, El Salvador began inspecting goods entering the country with scanners at its border crossings with other Central American countries, charging US\$ 18 for each inspection. In addition to the costs, the practice also added significant backlogs and delays at border crossings into El Salvador. **(JC 3.1, 3.2)**

Beyond the efficiency gains in customs processing, progress in the consolidation of the Central American customs union has been slow. The harmonization of customs procedures and external tariffs has only advanced little, and has even suffered significant setbacks over the evaluation period. In 2003, 96 % of tariffs were harmonized, but this had fallen to 54% by 2010, largely as a consequence of the negotiations that each Central American country

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<sup>67</sup> Under the Programme UAC, launched during the EU programming period that had ended in 2006.

<sup>68</sup> It was finished by CONSUAC.

<sup>69</sup> For a total value of € 1.9 million.

<sup>70</sup> Panama's customs were not supported at that time, since the country had joined the Customs Union only in 2012. However, Panama was assisted by the EU in the design of a national initiative to prepare the national customs administration for its incorporation to the Union, which was successfully achieved.

<sup>71</sup> According to comparative data from the Doing Business Index of the World Bank.

<sup>72</sup> Detailed figures in cost and time are available in Annexes in Volume 2 of this report.

<sup>73</sup> Panama was ranked 11<sup>th</sup> by this WB index in the world for its export and import procedures throughout the evaluation period. The export time and associated costs remained unchanged over these years.

had conducted bi-laterally.<sup>74</sup> At the time of this evaluation (2013 / 2014), the common external tariff (*SAC, Sistema Arancelario Centroamericano*) only covered approximately 76% of customs schedules. The intention was to again expand coverage to 96 % of customs schedules by 2018; however the prospects for this were uncertain. A model for a tax restitution mechanism<sup>75</sup>, a central element of the Customs Union, was ultimately not adopted. In each of these cases, the support of the EU could not overcome a lack of political will among Central American governments for institutional reforms. **(JC 3.1)**

Although no intra-regional tariffs remain in Central America, significant non-tariff barriers continue to affect trade flows. This is particularly true for the slow progress in harmonizing technical norms and SPS standards. EU-supported efforts in this area<sup>76</sup> did not meet their objective of harmonizing 50 percent of SPS measures. The harmonization was limited to few areas only, mostly milk products. Subsequent EU support<sup>77</sup>, which was supposed to continue supporting the harmonization of technical norms and SPS requirements, and the capacity of Central American companies to comply with these standards, started almost a year late, and had not yet achieved significant progress in this area at the time of this evaluation. In 2013, the Consejo de Ministros de Economía de Centroamérica (COMIECO) published a list of around 80 regulations on norms of a great variety of goods. However, this represented less than ten percent of the more than 1000 norms that needed to be harmonized.

The EU supported the training of around 1,500 beneficiaries of the private and public sectors on technical norms and SPS requirements and standards<sup>78</sup>, and also completed the tendering of most of the equipment (around € 6 million) intended to strengthen the regional quality assurance networks and therefore helped companies to comply with non-tariff measures. The *Escuela Centroamericana Aduanera y Tributaria* (ECAT), created in Honduras with the support of the EU<sup>79</sup> successfully trained 5,000 people (civil servants and private sector) over the course of three years. The seminars, diplomas, technical assistance and internships helped to create a large network of alumni that allows networking and the exchange of experiences and ideas among ECAT graduates. However, the EU and its partners were not able to ensure the sustainability of the school, nor did the corresponding programme have clear plans for an exit and handover strategy of the EU. Consequently, ECAT was no longer operating at the time of this evaluation. In 2012, SIECA elaborated a plan for a new “*Centro de Estudios de la Integración Económica*” (CEIE). Taiwan offered 2.2 million US\$ for its construction, but SIECA is still looking for the financial support needed for its operational costs. However, ultimately, training alone will not be sufficient to remove the remaining non-tariff barriers. The slow pace in addressing this more fundamental challenge is for the most part not due to technical issues, but to bureaucratic interests of customs administrations, protectionism and insufficient political will. **(JC 3.1)**

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<sup>74</sup> I.e., with the United States for the free trade agreement DR-CAFTA, and for other free trade agreements with other Central American countries, such as Mexico.

<sup>75</sup> Developed by ADAPCCA.

<sup>76</sup> Under the programme ADAPCCA (2006 – 2011).

<sup>77</sup> Under PRACAMS (2010 – 2017).

<sup>78</sup> Also under PRACAMS.

<sup>79</sup> Under CONSUAC.



EU regional cooperation was not able to facilitate significant progress in the establishment of a common Central American market. Plans for harmonizing trade competition policies, one of the requirements of the establishment of a common market, were discussed thanks to the network RECAC (Red de Coordinación de Agencias de Competencia). The EU also supported the elaboration of common and state of the art competition policies<sup>80</sup>, but the corresponding programme was not able to secure the needed support among Central American Governments to ensure that this issue became part of the inter-governmental agenda of regional economic integration, in spite of the harmonization of competition policies was part of the Association Agreement<sup>81</sup>. As a result, trade competition policies were far from harmonized in the region at the time of this evaluation, and significant intra-regional differences remained: whereas Panama had a strong competition agency, this was not the case for other countries. Only El Salvador and Costa Rica among these countries had a competition policy. Regional cooperation also did not result in the adoption of a common trade safeguards policy in Central America, as had been originally foreseen by the European Union. The beneficiary countries received assistance for revising their national safeguard policies, but this did not lead to the adoption of common trade safeguard policies. The Central American countries slowed down EU cooperation on this subject because they did not want to release their positions while they were negotiating the AA. **(JC 3.3)**

The progress in harmonizing national frameworks for the protection of intellectual property was limited to the issue of geographic indications. However judges, prosecutors and customs officials were trained. Some benefited from an internship in Mexico on the "Tequila" case. The objective to harmonize tax structures across the five Central American countries was also not achieved. **(JC 3.3)**

EU regional cooperation was meant to help increase intra and extra regional trade in goods. However, while total trade of Central America grew by 62 percent between 2006 and 2012, and exports grew by 76 percent, the share of intra-regional trade without free zones stagnated around 25 percent. No Central American country was able to increase its share of intra-regional exports. In 2012, El Salvador was the country with the highest share of goods imported from the region (46 percent).<sup>82</sup> However, this share is likely to go further down in coming years due to the growth of trade with China.<sup>83</sup> The EU support to regional integration also did not result in the growth of the share of intraregional foreign direct investment (FDI). FDI inflows in CA registered a strong fall from US\$ 7.8 million in 2008, to US\$ 4.5 million in 2009, due to the world economic crisis, and picked up again in 2010, 2011 and 2012. However, the level of US\$ 8.9 million reached in 2012 is only a small growth in real terms in comparison to the level of 2007 (US\$ 7.2 million). The share of foreign direct investment from within the Central American region remains minimal.<sup>84</sup> **(JC 3.4)**

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<sup>80</sup> Under the programme ADAPCCA.

<sup>81</sup> Under the commitments of the AA, the region is supposed to have a harmonized regime before 2021.

<sup>82</sup> These calculations are based on SIECA statistics that exclude free zone goods. Considering that free zone activities developed during the time scope of the evaluation and that their destination is not regional, the level of trade integration is even less than calculated above.

<sup>83</sup> The exports of the region to China are still very limited, but grew by 33 % over the period 2001-2011 while its total exports grew only by 14 %. The region does not have data on trade in services.

<sup>84</sup> According to information provided by ECLAC.

Several of the EU programmes in support of economic integration were affected by delays. Both the programmes UAC and CONSUAC started very late, in part as a result of a drawn-out approval process on the part of certain beneficiary countries. The one year delay in the start of CONSUAC meant that not all planned activities could be implemented. As a result, € 7 million of programme resources remained unspent, corresponding to an overall disbursement rate as low as 72 %. PRACAMS, as already mentioned above, also started with a one-year delay.

#### 4.4 Regional integration and the Association Agreement

Evaluation question 4	
Question	<i>To what extent has the EU contributed to supporting the regional integration organisations and their national counterparts in their efforts to take full advantage of the economic developmental potential of the AA?</i>
Judgment Criteria	<p>JC 4.1: EU cooperation support to RIOs and national counterparts has contributed to national and regional economic strategies being put in place in order to leverage the trade provisions and objectives of the AA</p> <p>JC 4.2: EU cooperation support to RIOs and national counterparts has contributed to national and regional social strategies being put in place to leverage the non-economic provisions and objectives of the AA</p> <p>JC 4.3: The provisions of the AA are consistent with the EU's key regional developmental strategies and priorities, including the Central America and Latin America RSPs</p>

*Explanatory note on the scope of this evaluation question: This question does not evaluate the provisions of the Association Agreement, the negotiation process that led to its signature or any other aspects of the AA as such. Instead, it examines the complementary role that EU regional cooperation has played in preparing the region for the signature of the Agreement<sup>85</sup>*

#### **Answer to Evaluation Question 4**

While the EU has offered substantial trade-related assistance, along with support for economic integration, it has financed markedly less in the area of “wider aid for trade”, in categories such as trade-related infrastructure (e.g., transport and storage, communications), or the building of productive capacity (business development, improvements of business climate, assistance to banking/ financial services, etc.), at least at regional level. This is in spite of the fact that key development strategies of the EU, such as the 2005 Consensus for Development, or the 2007 Aid for Trade Strategy created represented a clear commitment of the EU to ensure that poor and socio-economically marginalized parts of the population will be adequately prepared to take advantage of economic benefits from trade-induced growth expected to result from the implementation of the Association Agreement. In the absence of changes in the structure of the Central American economy, factors like the high degree of informality in the region’s labour markets, the ownership structure of Central America’s exporters, and the low comparative productivity of Central American SMEs are likely to limit the beneficial effects of the increased international trade on those groups, at least in the medium term.

Towards the end of the 2007 – 2013 programme period, the EU did launch several regional programmes to address some of these issues, including ADESEP (working with CENPROMYPE at regional level) and several interventions financed by AL-INVEST and the Latin American Investment Facility (LAIF). The EU did put a clearer emphasis on wider aid for trade in its bi-lateral Country Strategy Programmes in Central America, but did not translate these commitments into actual support programmes (see EQ1).

<sup>85</sup> The Association Agreement was signed in 2012.

EU policy commitments, including the 2006 Vienna Declaration, also emphasize the social cohesion as a shared goal of the EU and Central America, linking social cohesion specifically to issues such as “access to employment” and the enjoyment of “benefits of economic growth with equity and social justice”. In spite of this, the EU has largely not examined the link between social cohesion, and the effect of other policies, such as trade, investment and finance in its Regional Strategy Paper, the two corresponding RIPs or EuroSocial, the main regional programme addressing social cohesion.

Global development strategies of the European Union, such as the EU Consensus for Development (2005) or region-specific documents like the 2003 EU-Central American Cooperation Agreement or the 2006 Vienna Declaration commit the EU to using development cooperation to ensure that Central American countries can make better use of the benefits of the projected increases in intra-regional and international trade, and to achieve a more equitable distribution of the rewards of economic growth<sup>86</sup> (see evaluation question 1). The commencement of negotiations for a comprehensive Association Agreement (AA) (including a free trade agreement) between the European Union and the Central American States in 2006/ 2007 increased the potential relevance of this approach for Central America, as the EU considers “aid for trade” to be an “*important complement to trade negotiations*”, “*amplifying the potential benefits for developing countries*”.<sup>87</sup> Even prior to the drafting and approval of the EU’s Aid for Trade Strategy, the European Consensus for Development (2005) emphasized that the EU would “*assist developing countries on trade and regional integration through fostering, equitable and environmentally sustainable growth, smooth and gradual integration into the world economy, and linking trade and poverty reduction or equivalent strategies*”.<sup>88</sup>

This commitment was relevant for EU regional cooperation with Central America, as certain characteristics of the Central American economies will likely influence the effects of the AA on the inequality and persisting poverty in the region: Companies in Central America with the capacity to export are either family-owned or otherwise closely-held. Also, exports tend to be primary products or products of low value-added. Both of these factors mean that increased export volumes will provide benefits to only a small portion of society. At least until 2012, rural areas in Central America had seen steadily decreasing agricultural sectors, creating a need to stimulate new agricultural or even industrial activity in rural areas to replace the loss of employment opportunities. Additionally, the domestic labour markets of the region exhibit high and rising rates of informality, characterized by higher volatility, lower wages, and decreased job security, and also decreased opportunities for those working in the

<sup>86</sup> Specifically, the Cooperation Agreement of 2003 stated that cooperation should help Central American stakeholders to “*best tap the opportunities that trade implies, broadening the productive base that will benefit from trade, including the development of mechanisms to face the challenges of greater market competition, and building those skills, instruments and techniques required to accelerate the enjoyment of all benefits of trade*” (Cooperation Agreement between the EU and Central America (2003), Article 13, Paragraph 2).

<sup>87</sup> EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries - Conclusions of the Council and of the Representatives of the Governments of the Member States meeting within the Council (October 2007). Although this strategy was formally approved after the adoption of the 2007 – 2013 RSP, several preparatory documents of the strategy had already asserted the same cooperation principles. Moreover, the mid-term review of the RSP would have presented the opportunity for adjusting the regional cooperation strategy in Central America to the provisions of the Aid for Trade Strategy.

<sup>88</sup> European Consensus on Development (2005), Paragraph 72.

informal sector, often the poor and the socially vulnerable, to enjoy the benefits of increased trade- or otherwise induced economic growth. Finally, while micro-, small and medium enterprises (MSMEs) account for between 95 and 99 percent of businesses in Latin America (similar to countries like Germany or France), and on average employ around 67 percent of employees, they lag significantly in productivity, compared to larger firms in the region, but also compared to small and medium enterprises (SMEs) in OECD countries. On average, small firms in Latin America reach between 16 percent and 36 percent of the productivity of large firms in the region. In comparison, European SMEs reach between 63 percent and 75 percent of the productivity of European large firms. This large discrepancy in productivity adds to the income inequality in Central America, and also contributes to the relatively low internationalization of Central American SMEs. **(JC 4.1)**

Several studies suggested that these and other related characteristics of the Central American economies likely mean that increased trade and associated economic growth will not automatically translate into a reduction of poverty among the poorest and most vulnerable section of the Central American population.<sup>89</sup> The EU-commissioned Trade Sustainability Impact Assessment of the Association Agreement, an independent study carried out in 2009, forecasted a 0.6 percent reduction of poverty across Central America as a result of the AA. However, the study also predicted that these benefits would likely not automatically and immediately benefit all countries and groups of the Central American population to the same extent. The extent to which economic benefits would accrue to marginalised groups was expected to be dependent on the extent to which investments could be dispersed into more domestically focused SMEs, instead of an exclusive focus on large export-oriented firms. Effects of the Association Agreement on labour, wages and labour conditions (and thus social welfare, income and poverty reduction) in Central America were predicted to depend in large part on accompanying labour policies, uniform labour standards and other measures. The assessment also suggested using EU cooperation and other instruments to promote intra-regional trade opportunities particularly for less internationalized smaller firms. Overall, in spite of the expected long-run benefits for Central American societies, many population groups, and in particular vulnerable groups (including women) were expected to incur adjustment costs in the short-run, suggesting the need for EU development cooperation to pay particular attention to these possible short-run implications and adjustment costs associated with the Agreement. **(JC 4.3)**

Although the EU acknowledged the severity of income and wealth inequality in the problem analysis of the RSP, the EU's response strategy for that period did not emphasize the possibility link trade and poverty reduction in the context of support to regional economic integration (see evaluation question 1). As a result, the EU has offered substantial trade-related assistance that helps build the capacity for trade of established producers and products, along with support for economic integration (see evaluation question 3). Meanwhile, it has financed markedly less in the area of "wider aid for trade", in categories such as trade-related infrastructure (e.g., transport and storage, communications), or the building of productive capacity (business development, improvements of business climate,

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<sup>89</sup> E.g., World Bank (2004), "Drivers of Sustainable Rural Growth and Poverty Reduction in Central America"; Hammil, M. (2007) "Growth, poverty and inequality in Latin America", ECLAC; OECD (2013), Latin American Economic Outlook 2013 – SME Policies for Structural Change.

assistance to banking/ financial services, etc.), to support the development of regional strategies to broaden the productive base that is likely to benefit from increased regional and international trade.<sup>90</sup> **(JC 4.1)**

This is noteworthy, since economic actors, such as SMEs or those in rural areas of Central America, could benefit greatly from regional and national strategies to build their productive capacity (see above). Also, governments of the region have begun to note that this is an area where targeted economic development strategies are needed. **(JC 4.3)**

Increased assistance in this area is also in line with the EU's own commitments: The Council of the European Union pledged in 2007 to ensure that by 2010, the increase in total EU expenditure on trade development was not “undertaken at the expense of the overlapping aid-for-trade category ‘building productive capacity’”, a commitment that should be monitored “by tracking the parallel evolution of these two categories”<sup>91</sup>. **(JC 4.3)**

In line with the division of responsibilities envisioned in the Regional Strategy Paper, the EU did put a clearer emphasis on wider aid for trade in its bi-lateral cooperation strategies for the region. The EU pledged to provide, among other things, SME support and the development of productive capacity in the bilateral Country Strategy Papers. The CSPs for Guatemala and Nicaragua, for example, defined “economic and trade issues” as one of the focal sectors, albeit with differing emphases.<sup>92</sup> Many of the CSPs also indicated the intent of fine-tuning their related strategies based on the findings of national “Trade Needs Assessments” (e.g. Costa Rica, El Salvador, Guatemala, and Honduras).<sup>93</sup> However, only few of the EU's country programmes translated these strategic commitments into actual bi-lateral productive capacity development programmes (see evaluation question 1). At least during the first half of the 2007 – 2013 programme period, the EU therefore did not provide “wider aid for trade”, such as productive capacity building or the development of trade-related infrastructure, to its Central American counterparts.<sup>94</sup> **(JC 4.3)**

In 2012, the EU eventually signed a regional financing agreement for a € 7 million regional project (ADESEP<sup>95</sup>) in 2012, aimed at improving the business environment and the

<sup>90</sup> See [http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/trade/aid-for-trade\\_en.htm](http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/trade/aid-for-trade_en.htm) for a description of the different categories for “aid for trade”.

<sup>91</sup> Conclusions of the Council and of the Representatives of the Governments of the Member States meeting within the Council on the EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries (Brussels, 29 October 2007, 141470/07).

<sup>92</sup> In Guatemala, the EU initially focused on “long-term and inclusive rural economic growth and food security”, with an emphasis on the more depressed and isolated areas of the country and only under NIP II shifted its focus to the development of the productive capacity and decent work conditions in the countries SMEs. Nicaragua's only NIP (covering the entire 2007 – 2013 period) committed the EU to a relatively broad strategy of “ensuring policy coherence & effective redistribution mechanisms”, “contributing to equitable economic growth”; “facilitating national pro-poor policies”, including also support to SMEs through national trade exchanges.

<sup>93</sup> In addition DG Trade provided funds to national governments to enable them to provide support of SMEs and their NSA for the development of their positions for upcoming negotiations.

<sup>94</sup> Also, no bi-lateral programmes to facilitate the development of productive capacity at national level were referenced in the 2012 Action Fiche of the regional project ADESEP, although this project also specifically aims at strengthening the business environment for Central American SMEs.

<sup>95</sup> Apoyo al desarrollo del sector privado en Centroamérica (ADESEP)

productive and trade capacities of micro, small and medium-sized enterprises in Central America. In addition, at Latin American level, AL INVEST-IV and LAIF (KfW-CA-BEI, Programme for Entrepreneurial and Promotion of MSME in Central America, which was due to start in 2013) are meant to offer aid for trade (beyond trade-related assistance, i.e., Categories 1 and 2 of aid for trade<sup>96</sup>), also in part focusing on Central American SMEs. Finally, the EU also financed the *Programa Regional de Investigación e Innovación de Cadenas de Valor Agrícola (PRIICA)*, aimed at strengthening the productive capacity of small agricultural producers in Central America, through the development and dissemination of innovative methods for the cultivation of four key crops (yucca, potato, avocado and tomato). The project effectively started in 2012. Not much documentation was available for either of these programmes at the time of this evaluation, due to their recent start date.<sup>97</sup> **(JC 4.1)**

EU policy commitments, including the 2006 Vienna Declaration, also emphasize the social cohesion as a shared goal of the EU and Central America. The Declaration links social cohesion specifically to issues like “more inclusive societies”, “access to fundamental rights and employment” and the enjoyment of “benefits of economic growth with equity and social justice”. Although this delineation clearly suggests a link between social cohesion, inclusive growth, and ultimately the prospect of increased intra-regional and international trade, the EU has by and large not examined the link between social cohesion, and the effect of other policies, such as trade, investment and finance in its Regional Strategy Paper, or the two corresponding RIPS. Instead, the treatment of social cohesion was largely confined to the bilateral cooperation with individual Central American countries, where the concept has been interpreted and operationalized in a number of different ways, ranging from support to education or health (e.g., in Honduras) to justice and security.<sup>98</sup> EuroSocial, the main regional programme dealing with social cohesion in Central America and the rest of Latin America, also developed a very broad definition of the concept, including areas such as “decentralization”, “social dialogue”, “education” and “health”, as well as “justice” and “security”.<sup>99</sup> Although EuroSocial commits to working in the area of “employment”, it restricts its activities to employment policies and support of national training systems, but stops short of expanding its scope to issues like productive capacity and trade. **(JC 4.2, 4.3)**

<sup>96</sup> See [http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/trade/aid-for-trade\\_en.htm](http://ec.europa.eu/europeaid/what/development-policies/intervention-areas/trade/aid-for-trade_en.htm) for more information.

<sup>97</sup> In contrast, the German-funded project “Sustainable Economic Development in Central America” began working on strengthening the commercial and technological expertise of Central American SMEs already in 2007, in parallel to the ongoing negotiations of the EU-Central American Association Agreement.

<sup>98</sup> The evaluation of the 2002 – 2006 RSP also identified “vagueness of concept” regarding social coherence as a major problem, while noting that the EU LA programme did not define the indicators for social cohesion in a way that it could be measured.

<sup>99</sup> The thematic areas of EuroSocial are “Decentralization”, “Social Dialogue”, “Education”, “Employment”, “Public Finance”, “Democratic Institutions”, “Justice”, “Health”, and “Security”. See <http://www.eurosocial-ii.eu/en>.

## 4.5 Regional security

<b>Evaluation question 5</b>	
Question	<i>To what extent has EU support helped to establish and improve the capacity of Central America's national institutions and regional integration organisations (RIOs) to initiate, coordinate and implement a regional response to security concerns in Central America, in particular relating to cross-border security and social prevention of violence?</i>
Judgment Criteria	<p>JC 5.1: Improved information exchange systems<sup>100</sup>, and coordination capacity of SICA security bodies<sup>101</sup> enhance strategic and operational planning and implementation of regional security measures and the regional security strategy</p> <p>JC 5.2: Improved harmonization and coordination of policy, norms and procedures for regional security, particularly border security, among the SICA Member States supports regional integration and improved security</p> <p>JC 5.3: Strengthened human capacity, improved technology and infrastructure of RIOs and national institutions in the security sector</p> <p>JC 5.4: Social prevention of violence mechanisms or community policing designed to facilitate greater cooperation and trust between citizens and law enforcement authorities and improved citizen security</p> <p>JC 5.5: EU support facilitates greater participation of civil society organisations and other social sectors (i.e., women, youth, indigenous, ethnic minorities etc.), and gender equity in planning and implementation of security policy and programmes</p>

### *Answer to Evaluation Question 5*

The EU has supported the Central American Security Strategy through assistance to SICA security bodies and national security institutions. The Commission's contribution has mainly been at the level of institutional strengthening aimed at developing coordinated, cooperative and integrated action towards the prevention and combat of regional crime. National focal points, national multidisciplinary commissions and a sub-commission on border security have been established with EU assistance to further these aims specifically in the areas of arms control and the adopted concept of integrated border management.

Also, the EU provided capacity building support to security sector actors as well as state and regional authorities in the areas of harmonized regional policy, procedures and norms relating to these areas. The assistance facilitated the coming together of key institutions, the definition of implementation strategies, the commencement of integrated border management and the adoption and implementation of arms control policy. However, contextual factors, such as scarce institutional resources, lacking consensus between governments, friction between the regional integration organisations and the frequent rotation of government officials have hindered the implementation of many formal inter-governmental commitments that had been achieved with the help of the EU.

Projects relating to social prevention of violence aim to coordinate security officials and civil society at the grass roots level in analysing local problems and jointly devising strategies to improve security. EU assistance to DIAKONIA in this field has brought civil society networks together with national and regional authorities to define policies and guidelines for the prevention of violence against women. Although civil society organisations face challenges to fully participate in security discussions and strategy development, EU support is facilitating the creation of forums for inter-institutional collaboration that include these organisations

<sup>100</sup> Among national institutions and between national and regional levels.

<sup>101</sup> Central American Security Commission, Democratic Security Unit.



The Central American region is facing extreme violence inflamed by transnational organized crime and drug trafficking. El Salvador, Guatemala and Honduras experience some of the highest homicide rates in the world and the opinion is widely held that in order to effectively combat this situation it is necessary for Central America to respond as a region. Citizens in Guatemala, Honduras and El Salvador identify ‘delinquency / public security’ as the most important problem faced by their countries, and in Costa Rica delinquency / public security is second only to corruption. **(JC 5.1)**

The EU has supported the Democratic Security Framework Treaty (1995) and the Central America Security Strategy (2007) with the implementation of regional arms control (CASAC) and integrated border management projects (SEFRO) within a regional integration framework. Since the Guatemala Conference (2011) the EU has been a member of the Group of Friends for the revised and prioritized Central America Security Strategy (ESCA). EU support has helped to increase awareness and appreciation for the need and methods to control small arms, and to integrate border management among the police, customs and immigration services. The assistance has also helped to establish and strengthen fora for discussion, information exchange, and strategy and operational planning. These structures have facilitated communication and coordination among the regional and national institutions that address security concerns in the region. The SEFRO Direction Committee, the Sub-Commission for Border Control, the National Multidisciplinary Committees and national Focal Points have been established to support, supervise and coordinate actions between national and regional levels for improved systems of small arms control (SALW<sup>102</sup>) and integrated border management. **(JC 5.1)**

A newsletter, the International Bulletin, on the progress and activities of the integrated border-crossings is available for the regional community involved in the project. Another document on consolidated contributions of the border authorities (customs, immigration and police) has been published and shared with the participating institutions in order to maintain awareness of the activities and advancement of border management. Also the SG SICA has recently set-up a webpage for ESCA that deals with the advances and challenges for democratic security in the region. **(JC 5.1)**

The ESCA is designed to promote an integrated regional approach to crime reduction and increased citizen security. According to the SG SICA, “...if there is organized crime that does not respect borders, does not respect laws we must respond *as a region* to be able to combat it.” A revision of the 2007 regional security strategy, approved by the SICA member states and the SG SICA in April of 2011, resulted in the identification of four pillars for specific attention: 1. Crime Reduction, 2. Rehabilitation, social reinsertion and penitentiary security, 3. Social Prevention of Violence, 4. Institutional Strengthening. The strategy was presented and discussed during the subsequent Guatemala International Conference (June 2011) and was officially endorsed by the international community. The EU as a member of the core group of the Group of Friends for ESCA has agreed to help coordinate and share responsibility for the promotion of social wellbeing in Central America. The EU focuses its assistance on pillars one, three and four and co-chairs the working group for pillar four – institutional strengthening. While the EU is contributing to these goals it must be recognized that adequate political will of the regional authorities is fundamental to the success of these

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<sup>102</sup> Small Arms and Light Weapons.

policies, and in order to measure positive impacts and improved security, prolonged support and medium and long-term strategies are essential. *(JC 5.1, JC 5.2, JC 5.3)*

Increased awareness and communication resulting from the new structures promoting regional cooperation in security matters have not yet resulted in fluid decision-making or sufficient consensus, as demonstrated by the lack of definition and consolidation of a model for integrated border management. The European model, provided by EUROPOL, FRONTEX and the Schengen system, has been shared and studied to understand its possible relevance and applicability to a Central America context<sup>103</sup>; however a common vision for integrated border management for Central America is yet to be identified. The harmonization of trainings, improvements of communication, procedures, and better access to information services (INTERPOL) are steps towards the integration of border management operations in the region. However, with no defined model yet in place, it has not yet been possible to consolidate an action plan or an internal monitoring system for the full implementation of this concept. The difficulty of building consensus among Central American Governments is mirrored by the hesitancy of some of the Group of Friends to honour regional support commitments to the ESCA. As of December 2013 only about 20% of the funds for the initial 8 projects have been forthcoming, or less than 3% of money that would be required for the defined 22 projects, putting in jeopardy the full implementation of ESCA. *(JC 5.1, JC 5.2)*

A diagnostic analysis has been undertaken on the conditions at 19 border posts as well as on the situation of SALW in the region, leading to targeted strategies to respond to identified needs such as human resources and infrastructure requirements for integrated border management (i.e. buildings, technical connectivity and electricity). EU support has led to the production of practical guides on arms control for Guatemala, Nicaragua, Panama and Honduras and to the establishment of a regional forum between Central America and the European Union to analyse a code of conduct for Central American States on the transfer of arms, munitions, explosives and other related materials. Progress has also been made in the application and implementation of the International Treaty on Arms Trade (ATT). The Inter-American Convention against the Fabrication and Illicit Traffic of Firearms, Munitions, Explosives and other related materials (CIFFA) has been ratified and adopted by all Central American countries. However, even in light of the advances made it is recognized that none of the countries of the region yet have an effective system for the control of arms. *(JC 5.2)*

Financed with EU resources, INTERPOL expertise is facilitating technological transfer and access to INTERPOL databases by connecting border posts to the national central offices of the police, customs and immigration services and then to central INTERPOL databases. This highly acclaimed advancement, although delayed in implementation, will provide border officers with almost immediate access to information for the verification of personal documents and vehicle registrations among other things. *(JC 5.1)*

The Conference of Ministers of Justice of the Ibero-American countries (COMJIB) is collaborating with the Judicial Council for Central America and the Caribbean (CJCC) and SICA (facilitated by EU support) to promote the harmonization of legislation in order to offer the necessary legal instruments to fight organized crime and impunity. The national Supreme Courts, Attorney Generals Offices and Ministers of Justice and Security are participating to define the types of crime and the legal instruments to be incorporated, and

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<sup>103</sup> Under the SEFRO project.

each country will elaborate a national reform proposal, with technical assistance from COMJIB, to harmonize their national legislation to regional parameters. *(JC 5.2)*<sup>104</sup>

EU support<sup>105</sup> of institution strengthening, capacity building and training activities for border security personnel, as well as state and regional authorities, have contributed to progress in the harmonization of border-control norms and procedures throughout the region and have helped to strengthen the integrated approach to crime prevention and response among the border police, immigration and customs officials. However, full integration of border management has not yet occurred largely due to a reticence to share sensitive information. The customs agencies are seen to be the least integrated and continue to withhold institutional technology and important databases, such as those relating to international travellers and vehicle licences. The frequent rotation of border personnel, if continued, may jeopardize the formation of a corps of trained personnel with accumulated experience and strong professionalization. *(JC 5.2, 5.3)*

The EU has also provided technical assistance on national legislation to Member States<sup>106</sup>, technical training for police investigations and it has planned and conducted, with INTERPOL and regional security forces, two highly lauded operations to collect and destroy small and lightweight arms (ORCA I/ORCA II<sup>107</sup>) resulting in the destruction of nearly 20,000 weapons. It has also presented and approved, in a participatory manner with police and military units, a mapping and modus operandi methodology that provides information for identifying the routes for trafficking illicit firearms along with the ten crimes with greatest impact in each country. These joint operations of national security institutions and governments of the region represent a major achievement of EU cooperation in this area. These operations, along with three other joint operations related to car robbery, anti-narcotic and trafficking<sup>108</sup>, have resulted in high levels of collaboration and information sharing which helped in the development of trust among the partners – an essential element for regional integration. *(JC 5.2, JC 5.3)*

Scarce institutional resources, the continued lack of trust between governments, territoriality between institutions and the frequent rotation of government officials continue to hinder the prompt achievement of goals and supranational commitments. This difficulty to build consensus is among other things demonstrated by the delay of the EU financed and AECID managed project - ‘Social Prevention of Violence by Local Government’. The design foresees a grass roots approach and utilizes community diagnostic studies to form the basis for concrete municipal policy and plans to promote citizen security. The methodology is participatory and includes civil society organisations, youth, women and indigenous peoples working alongside municipal authorities and security sector actors. The programme is meant to provide training and technical assistance to local committees in the prevention of violence

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<sup>104</sup> The EU also supports the COPOLAD (2010) initiative throughout Latin America, which complements the security projects in Central America. Costa Rica is an associate partner in this project that aims to facilitate cooperation among national agencies involved in the development of anti-drug policy. Improved bi-regional dialogue between the European Union and Latin America aims to strengthen the drug policies of LA and cooperation between national coordinating agencies from both regions.

<sup>105</sup> Under SEFRO

<sup>106</sup> Under “CASAC”, the Central American Small Arms Control project.

<sup>107</sup> Operations Reliability Coordination Agreement.

<sup>108</sup> Financed by SEFRO.

strategy, and facilitate the coordination between government and police agencies. However, the project has been significantly delayed due to the inability of Central American governments to agree which 36 municipalities will participate. The project was intended to provide synergy with the SEFRO project by working in border municipalities, and is based on the notion that working from the bottom up will improve security. A key assumption of the project is that ownership and participation at the local level can lead to influence at institutional and national levels, and ultimately support regional integration and improved security. *(JC 5.4)*

Social prevention of violence activities supported by the EU outside of the ESCA framework include assistance to DIAKONIA to bring civil society networks together with national and regional authorities in defining policies and guidelines for the prevention of violence against women. The DIAKONIA regional network has produced a regional women's security agenda. Other efforts focus on the eradication of child labour (RETE), and strengthened restorative justice programmes for youth (JURCA). *(JC 5.4, JC 5.5)*

The integration of civil society organisations into the political process of regional integration is officially established within the SICA structure. The Consultative Committee (CC-SICA) is the independent and autonomous body for civil society with a mandate to promote the participation of civil society and to ensure that integration reflects the reality, the needs and the interests of the population within the framework of the Tegucigalpa Protocol. However, entry into CC SICA is perceived as being difficult by CSOs and there is no invitation mechanism that elicits participation of the CSOs. In reality, however, the participation and influence of civil society has been minimal in the area of security. There are complaints that some governments do not want the involvement of CSOs, many of which have presented opposition to State policy and behaviour. On the other hand some CSOs also prefer not to work with state institutions. *(JC 5.5)*

The EU also has promoted the participation of civil society in the preparation and implementation of all aspects of regional integration; and encourages the social ownership of this process. However, although the inclusion of civil society is a required crosscutting issue in EU policy, clear budget and activity lines have not been included in a consistent manner in project profiles. The participation of CSOs with EU supported activities is now increasing and collaboration has been achieved between the SEFRO and CASAC projects on border security and small arms control with REDCEPAZ, a network of Central American organisations that promotes the construction of peace and human security. The EU support to REDCEPAZ, managed by IEPADES, has facilitated the formulation and presentation of reports on an integrated perspective on armed violence, arms trafficking and the CNM (national multidisciplinary commissions), implementation of international instruments, and best practices for the prevention of armed violence and trafficking in SALW in border areas. *(JC 5.5, 5.1)*

A comprehensive gender policy (PRIEG) has recently been adopted by SICA, with EU support. The Directorate of Democratic Security now has an on-staff expert, and implementation by all RIOs and member States is obligatory. Although the EU also has a well-established policy a gender perspective and human rights have been included in the security projects in a limited and unbalanced manner. *(JC 5.5)*

## 4.6 Disaster risk reduction

Evaluation question 6	
Question	<i>To what extent has European Union support helped to strengthen the capacity of RIOs and other relevant stakeholders at regional, national and local levels to develop a regionally consistent legal and institutional framework for disaster risk reduction, including for the integrated management of risks linked to environmental degradation?</i>
Judgment Criteria	<p>JC 6.1: SICA bodies expand portfolio (vis-à-vis national level) in governance of disaster risk reduction, integrated risk management, and environmental protection</p> <p>JC 6.2: Harmonization of national policies, frameworks and practices with regionally promoted approaches and frameworks for disaster risk reduction and integrated risk management at national/ local level (legislative and executive)</p> <p>JC 6.3: Change of local practices with regard to resource management/ use of natural resources (e.g. for productive activities) in targeted areas</p> <p>JC 6.4: Vulnerability of beneficiaries to effects from disasters reduced, in particular women, indigenous communities, minorities</p> <p>JC 6.5: Logical consistency of strategies and interventions from different funding mechanisms, and donors (incl. ECHO, EU Member States) (Coherence, 3Cs)</p>

### *Answer to Evaluation Question 6*

EU cooperation has helped to strengthen the leadership, planning, management, technical and coordination capacities of the SICA agencies for disaster risk reduction, and water and environmental management. EU support also has facilitated the development of a regional strategic and planning framework on disaster risk reduction that today is a solid reference for most of the stakeholders working on disaster risk reduction in Central America across different levels. Thanks to EU efforts, these organisations and their national counterparts have internalized the importance of working together through regional trans-border, multi-sectorial integrated approaches built on shared risk analysis, coordinated management of shared river basins and joint planning and implementation of common policies and strategies. However, the existing institutional fragility, both at regional and country levels that is characterized by various financial, institutional and political constraints compromises the consolidation, institutionalization, implementation, and management of most of the EU achievements. In the absence of a commitment from SICA Member States for follow-on funding for the members of the Environmental Subsystem, the sustained functioning of the Subsystem is not likely.

At local level the influence and achievements of EU cooperation have been uneven. Some of the thematic projects implemented within the country strategy have achieved the stabilization of vulnerability conditions in target communities. However, overall, the initiatives implemented under the Regional Strategy had a limited impact at local level, as efforts had focus on the regional and national levels. In addition, the programmes were also subject to some strategic and implementation constraints, related mainly to the centralised management, limited presence and interaction with local stakeholders and the short implementation period that in most cases did not favour the consolidation of the initial outcomes.

EU cooperation in Central America has helped to improve communication and coordination among SICA bodies related to disaster risk reduction, water and environment and has led to an increase in the number of actions and initiatives they developed jointly, in particular

between 2009 and 2011. However, most of these were discontinued once EU support ended. The most important achievement of EU support at regional level has been the contribution to the creation of the Environmental Subsystem (SSA) with a shared agenda of the three Secretariats to promote the integrated management of risk, water and environment<sup>109</sup>; and moreover the opportunity for the Secretariats<sup>110</sup> to meet and share their individual agendas in relation to climate change adaptation and other arising priority topics with each other. Currently, most stakeholders, government and non-governmental, consider the integrated management of risk, water and environment as highly pertinent. They see the Environmental Subsystem as an important space to further strengthen coordination and communication amongst the three Secretariats, and to integrate other relevant SICA agencies related to Disaster-Risk Reduction and Climate Change Adaptation<sup>111</sup>. **(JC 6.1)**

EU support<sup>112</sup> helped to improve the institutional capacities of the targeted SICA agencies<sup>113</sup>, in particular with regard to internal management and coordination procedures, equipment for monitoring and information collection, training and qualification programmes for key staff and stakeholders, and the development of systems and mechanisms to manage information and decision-making processes. **(JC 6.1)**

Thanks to the development of these capacities the mentioned SICA bodies were able to develop and update regional policies, strategies and plans related to disaster risk reduction and the integrated management of risk, water and environment. This included the development of the Central American Policy for Comprehensive Risk Management<sup>114</sup>, the update of the Environmental Plan for the Central American Region (PARCA) by developing PARCA III (2010-2014) and the writing of the Central American Strategy for Comprehensive Management of Water Resources 2010-2020<sup>115</sup>, together with the Central America Plan for Integrated Water Resources Management<sup>116</sup>. The elaboration of these instruments has contributed to the development of the Environmental Subsystem within SICA and has helped to raise the profile of disaster risk reduction and climate change in the region. As a result, disaster risk management and climate change adaptation and mitigation were formally defined as one of the five priorities for the process of regional integration in Central America<sup>117</sup>. **(JC 6.1)**

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<sup>109</sup> *Gestión Integrado de Riesgos, Agua y Ambiente (GIRAA)*.

<sup>110</sup> SE-CEPREDENAC, SE-CCAD and SE-CRRH.

<sup>111</sup> Such as the Consejo Centroamericano Agropecuario (CAC) and the Consejo de Ministros de Salud de Centroamérica (COMISCA).

<sup>112</sup> Through programmes like PREVDA.

<sup>113</sup> CEPREDENAC, CCAD and CRRH.

<sup>114</sup> *Política Centroamericana para la Gestión Integral del Riesgo (PCGIR)*.

<sup>115</sup> *Estrategia Centroamericana de Gestión Integrada de Recursos Hídricos (ECAGIRH)*.

<sup>116</sup> *Plan Centroamericano para la Gestión Integrada de Recursos Hídricos (PACAGIRH)*.

<sup>117</sup> During the XXXVII Ordinary Summit of Presidents and Head of States of SICA in 2011

However, the institutional weakness of the involved SICA agencies<sup>118</sup> compromised the consolidation, institutionalization and sustainability of the above-mentioned achievements. Factors such as the limited political weight and capacity for leadership of the three organisations within SICA, the poor assignation of resources by national governments and their dependence on external cooperation therefore have effectively constrained the longer-term impact of regional integration in this area. Consequently, the Environmental Subsystem (SSA) has to date not reached the strength and official recognition that had originally been expected, despite the institutional efforts, mainly of CEPREDENAC, to keep the sub-system alive and adjusted to the new challenges and priorities of SICA, particularly in the framework of climate change adaptation. **(JC 6.1)**

EU cooperation<sup>119</sup> supported and encouraged the identification, design and implementation of funding mechanism to improve resource assignment to the three Secretariats; however these efforts did not get enough political and institutional support. The financial sustainability, independence and implementation capacity of the above-mentioned Secretariats remains a critical pending issue and one of the main constraints to move one step forward in the process of building regional integrated approaches on DRR under the leadership of strong regional organisations. **(JC 6.1)**

The adaptation of national legislation and instruments to the regional frameworks approved/proposed by SICA bodies has been uneven. All the Central American countries already ratified the Central American Policy on Comprehensive Disaster Risk Management (PCGIR) and have already developed national policies and/or instruments. However in relation to water and environment management and climate change matters the adoption of regional frameworks and adaptation of national instruments has been quite limited, due mainly to the limited engagement of the public institutions in most countries, inconsistencies amongst various legal instruments and in some cases incompatibilities between regional/national instruments and natural resources extractive activities. The EU supported SICA agencies in facilitating the implementation and dissemination of regional instruments at country level and SE-CEPREDENAC played a key role in the process by providing training and advice to key stakeholders at country level. Other national stakeholders, such as NGOs and civil society have also adapted their strategies and plans to the strategic axes and priorities of the regional disaster risk management strategy, so that it has become the main reference on disaster risk reduction for the Central American countries along with the global Hyogo Framework for Action (HFA). The support provided by the EU<sup>120</sup> has been crucial to the development and success of the PCGIR and EU key stakeholders such as DG-ECHO<sup>121</sup> and the Spanish Government have played a crucial role in the dissemination and promotion of the strategy as a reference to all stakeholders working on DRR in Central America<sup>122</sup>. **(JC 6.2)**

<sup>118</sup> CCAD, CRRH and CEPREDENAC.

<sup>119</sup> Through PREVDA.

<sup>120</sup> In large part through PREVDA.

<sup>121</sup> Through its DIPECHO programme.

<sup>122</sup> As DG ECHO pointed out, the concrete example of PREVDA, and the work on the PCGIR that continued to be utilized by DG ECHO is a good example of the benefits of joint planning, as services the EU were able to coordinate their actions.

The level of engagement and commitment of National Governments to adopt joint regional positions and decisions, and adapting their national frameworks and instruments accordingly, has been quite limited. The initial implicit assumption underlying the EU regional programme, that supporting RIOs would trigger cascading complementary actions at national and local levels did not hold as expected. The involved SICA agencies<sup>123</sup> did not have the mandate or formal mechanisms to enforce the fulfilment and implementation of regional agreements, and their translation into instruments and frameworks at country level. Their decisions and actions are not binding for national governments, whose priorities did not always harmonize with the regional processes. *(JC 6.2)*

Most of key stakeholders, governmental and non-governmental, recognise that actions on disaster risk reduction, climate change, water and environmental management in Central America should be based on joint analyses and joint efforts that are guided by multi-sectorial and trans-border river basin management strategies. Natural hazards and disasters do not recognize political borders. However, although EU cooperation programmes and projects in disaster risk reduction and the related fields were in principle designed and implemented based on this premise, they did not have the intended impact because of geopolitical factors<sup>124</sup>, bilateral rifts<sup>125</sup>, and differing national priorities and political interests. These issues seriously constrained building and consolidating the national commitments that would have been required for the EU programmes to attain their sought after trans-national impact. *(JC 6.2)*

At local level, EU cooperation helped to effect changes of practice, behaviour and knowledge in relation to the enhanced management of risk, water and the environment, following a river basin management approach. In selected communities and municipalities, key local stakeholders, such as authorities, technical public servants and local producers / families benefitted from several types of trainings according to their needs and responsibilities and participated in a variety of forums and events gaining know-how and exchanging experiences to better plan and manage disaster risk reduction efforts in their respective municipalities. Local authorities improved their planning and regulatory instruments with the establishment of disaster risk reduction related local ordinances, the strengthening of municipal development plans and the conformation of river basin councils and river basin management plans. As a result, stakeholders in the targeted geographical areas (river basins) were able to change and adapt their attitudes and practices in relation to the GIRAA. EU cooperation helped to introduce new sustainable agricultural practices to communities and families, to better protect water sources and to recharge aquifers by influencing the actions of local producers and their families. Significant changes to regulations, planning mechanisms and local practices to integrate disaster risk reduction and resources management approaches have been achieved in targeted geographical areas. *(JC 6.3)*

Unfortunately, these achievements had a limited geographic coverage and their sustainability still represents a critical challenge in some countries. The changes happened in specific

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<sup>123</sup> CRRH, CCAD and CEPREDENAC.

<sup>124</sup> I.e., the Coup d'État in Honduras, the strategic value and conflict over the Gulf of Fonseca.

<sup>125</sup> I.e. tensions in Rio San Juan between Nicaragua and Honduras, conflict about Isla Zapatera between El Salvador and Honduras, etc.)



targeted areas, selected because of the strategic value in terms of the sustainable management of environmental resources and their level of vulnerability, and it was expected that national and local governments and public institutions would sustain and replicate the changes in other geographical areas. However, the expected continuity and replication did not happen in most cases, mainly due to factors such as the instability of public institutions and the lack of continuity of the authorities; very high turn-over of public servants already trained and sensitized after each governmental transition; the scarcity of resources allocated to disaster risk reduction and climate change actions from ordinary public budgets; and, in some cases, the limited interest and poor prioritization of GIRAA themes amongst public stakeholders and decision-makers at national and local level. **(JC 6.3)**

Thanks to the above-mentioned change of behaviour and practice, EU programmes/projects were expected to help reduce some of the negative effects from natural events, although limited to targeted geographical areas. Overall, regional cooperation programmes<sup>126</sup> had only limited success in changing the conditions of vulnerability at community level, apart from some isolated good examples. The main reason is that most of the EU resources were allocated to regional and national levels, and only to lesser extent to associations of municipalities, so-called “mancomunidades”. Actions at community level had in most of cases only demonstrative purposes and were implemented within very tight timeframes and with limited involvement of key local stakeholders. This affected the ownership felt by the benefitting communities and limited the follow-up that would have been required to guarantee the sustainability of any results. In contrast, some of the projects implemented at national level or in trans-border areas that had been financed under the EU’s thematic budget lines had developed stronger linkages with communities and therefore were able to establish more sustainable, community-owned processes and mechanisms that locally reduced vulnerability levels<sup>127</sup>. **(JC 6.4)**

A significant number of EU cooperation programmes and projects did neither include nor implemented strategies that specifically targeted vulnerable groups. The initial strategy of the EU-funded programme PREVDA, for example, neither included objectives and/or results aimed specifically at groups such as indigenous communities, nor appropriately integrated the needs and perspectives of women. On the positive side, a number of projects, financed by thematic budget lines, such as ECOPECA integrated specific elements that targeted vulnerable groups and actions to promote gender equity and that resulted in some good achievements, such as training and organizational strengthening of women organised groups in targeted communities, resulting in the arising of new female leaders who are currently involved in public advocacy initiatives and the consolidation of some women producers organizations managing incipient micro-credit initiatives. **(JC 6.4)**

Teams of EU funded interventions repeatedly sought collaborations with other EU teams, and with those of other donors to exploit synergies and to avoid the duplication of efforts. Most of these examples resulted from opportunities identified during the implementing phase rather than from joint integrated strategic planning. Only in few cases they were the

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<sup>126</sup> Such as PREVDA.

<sup>127</sup> According to DG ECHO, best practices from other EU funded programmes (such as the DIPECHO) could have been better integrated in the planning of these interventions.

result of planned strategic efforts.<sup>128</sup> Coordination and information sharing between the EC Regional Programme and DG-ECHO has also improved progressively. A good illustration of this improvement is the fact that both sides agreed to establish mechanisms of information exchange and collaboration around the planning process of Humanitarian Implementation Plans (HIPs). Most recently, technical experts from DG-ECHO were involved in the development of the new RSP for the period 2014-2019. Another good example of internal coordination is the information exchange and implementation of joint activities of some thematic projects implemented in similar geographical areas that sought to optimise resources and to avoid duplications. *(JC 6.5)*

However, all of these examples were made possible by the initiative and commitment of individuals. The lack of formal mandatory mechanisms within the EC for joint planning, coordination and complementarity limits the scope and number of opportunities for these kinds of synergies to be realized, and for the institutionalization of the corresponding coordination mechanisms at regional and country levels. Most sources identified the limited internal coordination and communication between the EU regional office and bi-lateral offices as a critical constraint to guarantee the coherence and complementarity of EU cooperation in disaster risk reduction, and to avoid duplications. *(JC 6.5)*

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<sup>128</sup> Some good examples of collaboration between regional programmes were the different agreements of coordination and synergies between PREVDA and the DIPECHO programme of DG-ECHO, PRESANCA, FORCUECAS and URBAL amongst others in Nicaragua Honduras, El Salvador and Guatemala.

## 4.7 Food security

Evaluation question 7	
Question	<i>To what extent has European Union support contributed to the consolidation of a regional political, legal and institutional framework and the corresponding organisational capacities to facilitate the harmonized planning and implementation of food security and nutrition interventions in Central America?</i>
Judgment Criteria	<p>JC 7.1: Increased harmonization of food security policies between regional and national level</p> <p>JC 7.2: Improved exchange and use of data and information from national and regional level for forecasting and management related to food security</p> <p>JC 7.3: Increased participation of civil society (e.g., PRESANCA (I&amp;II); PECOSOL &amp; CONSUACCION<sup>129</sup>) in policy/ political process with regard to food security</p> <p>JC 7.4: Policy framework facilitates improvements in the food security situation of women, indigenous communities, minorities</p> <p>JC 7.5: Consistency between regional and bilateral EU support to food security (coherence, 3Cs) (also with DG ECHO's food aid / assistance interventions)</p> <p>JC 7.6: Adequacy of EU implementation methods and mechanisms for delivery of regional food security-related assistance and cooperation</p>

### *Answer to Evaluation Question 7*

EU support has facilitated some significant advances in the consolidation of a Central American regional food security framework. At regional level, EU support helped to centrally situate the mandate for the regional coordination of food security interventions in SICA's Secretariat General. From this position, the EU helped develop a series of tools and mechanisms to support this coordination function; including a mechanism to facilitate the exchange and coordination between national food security agencies and regional stakeholders, and a regional food security database. EU support has also helped found a new class of food security professionals (MARSAN, TECNISAN) trained in food security, and familiar with regional aspects of food insecurity. Finally, the EU has also helped to establish resources, tools (including food security information systems) and mechanisms in selected border municipalities to facilitate evidence-based, participatory and cross-sectoral planning of local food security interventions.

The development of other important building blocks of a consolidated region-wide food security framework has proven to be more elusive, in spite of EU support. EU cooperation has facilitated the development of regional policies in agriculture, environment and climate change; however, it has so far not yet resulted in a regional policy on food security. EU support was able to install new planning processes and related tools for food security in selected communities (such as local food security databases) - but there was no plan in place for ensuring that these models would be replicated by national and local governments in other localities. No monitoring data is actually available to illustrate to donors or national governments if and how the changed planning and management processes at local level have actually led to improvements in the food security situation in the supported municipalities and communities.

<sup>129</sup> *La Red Consumidores en Acción de Centroamérica.*

The EU made some limited progress in the facilitation of increased harmonization of food security policies in Central America. EU support<sup>130</sup> contributed to the formulation of regional policies on agriculture, the environment and health (ERAS)<sup>131</sup> and for climate change (ERCC)<sup>132</sup>. However, overall, the programme did not have sufficient staff; or staff with the correct professional profile to become engaged in the complex political landscape in FNS<sup>133</sup>/SAN<sup>134</sup> in the four targeted countries.<sup>135</sup> This was also linked to the underestimation of the complexity and difficulty of the task of affecting FNS policy at national level. **(JC 7.1)**

In 2008, EU assistance<sup>136</sup> was used to facilitate the creation of the *Comité Consultivo Regional para la SAN* (CCR-SAN), based on a mandate from the Central American Presidents. CCR-SAN was meant to help revitalize policy making at regional level in food and nutrition security. However, even with CCR-SAN as a partner, it proved difficult for the regional counterparts of the EU within SICA to reach agreements with national Governments on the harmonization of food security and nutrition policies, and the establishment of common food security institutions, namely the national level food security observatories (OBSAN-N) and corresponding information systems. National governments considered the specific institutional model, framework and policy options promoted by CCR-SAN with the assistance of the EU to be at odds with existing national frameworks, including specifically the role of the already existing cross-sectoral food security secretariats.<sup>137</sup> **(JC 7.1)**

This disagreement also affected the political process surrounding the drafting of a proposal for a regional policy for food security and nutrition. This process was driven by a coalition consisting of former members of the CCR-SAN and former partners of the EU<sup>138</sup>, such as SISCA, CAC and INCAP. Although a new EU-funded cooperation programme had formally started in March of 2010<sup>139</sup>, the programme initially did not participate in drafting the policy. **(JC 7.1)**

With the beginning of the new programme (PRESANCA II), the programme was formally placed in SG-SICA, and CCR-SAN ceased to exist. From this new position, PRESANCA II eventually facilitated a review of the draft regional food security policy developed by the former members of the (by then defunct) CCR-SAN. The forum used for this exchange was

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<sup>130</sup> Under PRESANCA I.

<sup>131</sup> The “*Estrategía Regional Agroambiental y de Salud*”

<sup>132</sup> The “*Estrategía Regional de Cambio Climático*”

<sup>133</sup> Food and Nutrition Service.

<sup>134</sup> *Seguridad Alimentaria Nutricional*.

<sup>135</sup> Guatemala, El Salvador, Honduras, and Nicaragua. The first specific objective of PRESANCA (I) clearly expressed the expectation that the programme would influence /strengthen the national policies in FNS: “RE1: Orientaciones regionales y políticas nacionales y locales de seguridad alimentaria y nutricional, reforzadas”; the intervention logic of Presanca I specifically states that the programme was to provide “institutional support for the development of policies at the level of countries” (Apoyo institucional para el desarrollo de políticas en SAN a nivel de los países).

<sup>136</sup> Also under PRESANCA I.

<sup>137</sup> Such as those that exist in Guatemala, Honduras or El Salvador.

<sup>138</sup> The process began formally after the end of PRESANCA I.

<sup>139</sup> I.e, PRESANCA II, as the successor of PRESANCA I.

the the *Foro de Secretarías e Instancias Nacionales Coordinadoras de la Seguridad Alimentaria y Nutricional en los Estados Miembros*, whose creation the EU had supported.<sup>140</sup> During these consultations, several national governments called for the policy to be simplified, and to better respect the nature and competencies of the national food security coordinating institution<sup>141</sup>. Ultimately, the Presidential Summit (Cumbre de Presidentes) of December 2013 did not approve the regional policy on food security, due to opposition from various national Governments, including those with inter-sectoral food security secretariats, such as Guatemala. Different opinions on the function and purpose of the regional food security policy and on the relative importance of specific sectors (such as health and agriculture) vs. a more cross- and multi-sectoral interpretation of food security (and the corresponding organisational set-up) had informed the opposition of national governments to the policy proposal. **(JC 7.1)**

EU-supported efforts to increase the exchange and use of food security data among Central American countries encountered similar challenges: At regional and local levels, the EU was able to help establish key building blocks of food security observatories at regional and local levels<sup>142</sup>. At regional level, the EU-funded programme again cooperated with the CCR-SAN to establish the FNS observatory (OBSAN-R<sup>143</sup>). At local level, the programme was able to raise awareness among local stakeholders of the importance of evidence-based decision-making in food security, and was able to facilitate the creation of food security observatories in targeted communities. However, the programme's efforts to establish similar common structures at national level (OBSAN-N), however, were met with hesitation by national government stakeholders. CCR-SAN members, including those whose national offices had been proposed as hosts of the OBSAN-N function for the most part, represented primarily the health and agricultural sectors. As in the case of the proposed food security policy, the opposing parties considered this set-up to be at odds with the concept and mandates of the existing food security secretariats, whose mandates foresaw a much wider cross-sectoral coordination of food security initiatives. As a result, EU cooperation only helped to made little headway in promoting the establishment of food security observatories at national level. **(JC 7.1, 7.2)**

In contrast to their predecessor, EU-funded PRESANCA II and PRESISAN (I)<sup>144</sup> immediately approached the national-level FNS coordinating secretariats<sup>145</sup> to win them as hosts of national level food security observatories, complementing the local food security observatories whose establishment EU assistance had helped to pilot in 84 border municipalities. At the time of the evaluation, national level food security observatories were formally situated in the national coordinating secretariats in Guatemala, El Salvador and

<sup>140</sup> In addition to food security coordinating Secretariats from El Salvador, Guatemala and Honduras (as well as Belize, which is not covered by PRESANCA II), and the Ministry of Health of Costa Rica, as well as the Ministry of Agriculture of the Dominican Republic, the Foro also included representatives of those regional organisations that had initiated the process of drafting the policy.

<sup>141</sup> Such as UTSAN in Honduras, SESAN in Guatemala, CONASAN in El Salvador

<sup>142</sup> Through PRESANCA I.

<sup>143</sup> *Observatorio Regional de Seguridad Alimentaria y Nutricional*.

<sup>144</sup> The successor of Component III of PRESANCA I, after the cooperation agreement with the FAO had been cancelled)

<sup>145</sup> E.g., SESAN in Guatemala, UTSAN in Honduras and CONASAN in El Salvador

Honduras<sup>146</sup>. In the case of Guatemala, PRESISAN helped to design and implement the national “*Sistema de Información Nacional de Seguridad Alimentaria y Nutricional*” (SIINSAN). **(JC 7.1)**

In order to advance the consolidation of the food security observatory at regional level (OBSAN-R), the EU-funded programmes<sup>147</sup> began to cooperate closely with CENTROESTAD. Together with the Directorate for Planning and Analysis of SG-SICA (which functions as the technical and administrative secretariat of CENTROESTAD) the programme helped to develop the “Estrategia Regional de Desarrollo Estadístico” (ERDE). An EU-financed staff member of the Directorate assisted with the development of this strategy, as well as with the integration of a regional food security database that had been developed with EU support (SIRSAN) into the structure and design of the future common statistical system of SG-SICA (Si-ESTAD). In 2011, EU resources helped CENTROESTAD and SG-SICA to develop and started implementing a joint action plan to eventually achieve automatic updates of the SG-SICA database with official statistics from the national statistics offices of Central American countries, based on a jointly agreed calendar. SIRSAN, the database developed with the help of the EU, is meant to eventually be linked to and published through the future *Sistema de Estadísticas Centroamericanas e Indicadores Comunes de la SG-SICA*.<sup>148</sup> At the time of this evaluation this initiative was still developing, and thus it was not possible to gauge to what extent the sharing of information occurred reliably and regularly. **(JC 7.1, 7.2)**

At local level, the EU-supported development of food security information management systems in pilot municipalities in El Salvador, Guatemala, Honduras and Nicaragua<sup>149</sup> started with some delay, and progressed only little during 2011. Beginning in 2012, however, PRESISAN was able to make some progress in initiating the development of pilot databases in the 8 selected municipalities. At the time of the evaluation, the databases had been set up and were at least partly populated with data. **(JC 7.2)**

However, a number of factors pose a threat to the sustained maintenance and upkeep of the pilot databases after the end of EU assistance. The scope of the information contained in the current version of the databases is very wide. Each of the pilot databases includes information on a wide range of sectors, in reflection of the fact that food security and nutrition is approached as a “cross-cutting” issue. Most SIMSAN databases contain information on at least 8 different sectors, ranging from overall demographic information, economy, education and health to housing, water and sanitation and infrastructure. Updating and maintaining a database with this wide range of information is a very time-consuming proposition, which already led some municipalities to seek more resources for database maintenance. Additionally, the integration and harmonization of the SIMSAN databases with

<sup>146</sup> I.e., UTSAN, SESAN, and CONASAN. PRESANCA II / PRESISAN also provided some assistance to strengthen the organisational capacities of these secretariats (El Salvador, Guatemala)

<sup>147</sup> PRESANCA II and PRESISAN (I and II).

<sup>148</sup> At the time of the evaluation, the SIRSAN platform had been established and installed on SG-SICA servers as part of the PRESANCA II “OBSAN-R” model. Out of the 74 indicators of SIRSAN, 28 are supposed to be generated by the national statistical organisations (ONEs), who also committed themselves to entering the data directly to SIRSAN.

<sup>149</sup> Sistemas de Información Municipal en SAN (SIMSAN).

other existing databases at local and, more importantly, at national level in each of the benefitting countries had not yet been achieved. At the time of this evaluation, there were no apparent links between the SIMSAN pilot initiative and existing national database systems in Guatemala and El Salvador. **(JC 7.2)**

In order to strengthen the capacity at regional, national and local level for evidence-based food security programming, the EU<sup>150</sup> had supported the “*Maestria Regional en Seguridad Alimentaria y Nutricional*” (MARSAN), also ensuring the mutual recognition of this degree across Central American countries.<sup>151</sup> The same programme also facilitated the placement of Masters students and programme graduates in subsequent professional positions. At least some of these graduates<sup>152</sup> transitioned into positions in the national coordinating secretariats or the line ministries responsible for food security<sup>153</sup>, reinforcing the technical and analytical capacities of these organisations. Four graduates started working in local authorities in the region. Along with trainees of the technical training programme TECNISAN, that trained staff of local administrations in food security and nutrition, EU support thereby helped to reinforce the FNS-related capacity at this level, as well, albeit only in subset of all border communities in Central America.<sup>154</sup> **(JC 7.2)**

EU support has helped to develop opportunities for civil society participation in food security programming at local level, but also supported national food security campaigns led by private sector stakeholders, such as the “Tengo Algo Que Dar” campaign in Guatemala. At local level, the EU supported the establishment of local food security observatories 84 border municipalities facilitated civil society participation in the development of FNS interventions at local level. The structures of these local observatories were adapted to the specific institutional framework in the different Central American countries. In Guatemala, for example, PRESANCA II designated already existing municipal planning committees for food security (so called COMUSANs, created through Guatemala’s food security law) as local food security observatories and supported these bodies through training and technical assistance. Under the right, enabling conditions, such as supportive local leadership, and favourable national political conditions, these committees allow civil society to participate in food security planning and decision making. The consistent presence of EU-funded food security experts and professionals<sup>155</sup> and of the trainees and graduates of MARSAN and TECNISAN in all target communities further facilitated participatory practices, and the inclusion of local civil society in programme activities. **(JC 7.3)**

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<sup>150</sup> Under both PRESANCA I and II.

<sup>151</sup> In a cooperation between the Consejo Superior Universitario Centroamericano (CSUCA) and universities in four Central American countries.

<sup>152</sup> I.e., 9 out of 51 graduates from the first and second class of the programme, based on information from programme documents.

<sup>153</sup> Including CONASAN in El Salvador, UTSAN in Honduras or the Ministry of Health in Costa Rica.

<sup>154</sup> It needs to be noted that the largest individual share of the first two classes (i.e., 15 out of 51 graduates) of MARSAN (the only classes for which tracking data was available), was eventually employed by the EU-financed programmes (i.e., PRESANCA and PRESISAN) themselves.

<sup>155</sup> I.e., staff of PRESANCA II and PRESISAN

Another project to facilitate the participation of civil society at national and regional level has only begun relatively recently, through the project “*Desarrollo de la Plataforma PECOSOL – CONSUACCIÓN*”, which started only in December of 2012.<sup>156</sup> No information on results of this project was available at the time of this evaluation. The EU-financed project, the *Programa Regional de Investigación e Innovación de Cadenas de Valor Agrícola (PRIICA)* aimed at strengthening the productive capacity of small agricultural producers in Central America, through the development and dissemination of innovative methods for the cultivation of four key crops (yucca, potato, avocado and tomato), and through the development of a regional strategy for agricultural innovation among small producers. The project effectively started in 2012<sup>157</sup>, and no information on results was available when this report was written. **(JC 7.3, 7.4)**

The European Union has been supporting food security not only at regional level, but also bi-laterally, through its country programmes. Additionally, the humanitarian office of the EU (ECHO) has financed food aid / assistance interventions. Key strategic documents guiding EU regional support, bilateral assistance and humanitarian aid (DG ECHO) all make reference to the food security-related priorities of the respective other programmes. However, no specific operational coordination mechanisms were found to be in place to ensure operational coordination and synergies between EU regional support, bi-lateral support or assistance offered by DG ECHO. In the absence of these mechanisms and procedures, coordination between EU-financed regional and bi-lateral food security interventions relied on individually initiated contacts and exchanges between regional food security staff, and their colleagues in the other EU Delegations and offices in the region. The resulting coordination and coherence were weak, at least in the first half of the evaluation period (2007 – 2010), as EU and project staff at regional and national levels only contacted each other sporadically. Regional level project staff liaised with the relevant SICA agencies, but did not engage with national authorities (and with the donors, including EU, who supported them). Similarly, staff of EU Delegations in charge of bi-lateral cooperation generally did not reach out to stakeholders of regional programmes. Contact between staff associated with regional and national programmes has increased during the second half of the evaluation period. Operational planning for PRESANCA II included an inventory of all bilateral EU-financed food security projects. At the same time, PRESANCA II staff has been directly participating in and supporting (technically) FNS initiatives of Central American countries; and has also foreseen to support FNS initiatives/ interventions at local level. **(JC 7.5)**

Using delegated cooperation with UNDP and FAO to implement food security interventions has had both advantages and drawbacks. On the one hand, delegated cooperation made it possible to disburse EU funds according to the more flexible fiduciary rules of the programme partners, allowing these programmes to spend their resources in response to concrete funding opportunities, instead of on the basis of fixed three-year funding cycles (in line with the N+3 rule). The UNDP rules also permitted the programme to fund relatively

<sup>156</sup> The project is meant to reach out to different civil society stakeholders to foster their involvement in food security-related policy making, the strengthening of analytical capacity for food security interventions at different levels (regional, national, local), and the fostering of a political debate on the topics to increase the awareness and commitment of political stakeholders to food security interventions.

<sup>157</sup> The kick-off had been postponed from the originally foreseen starting date in 2010.



small-scale projects<sup>158</sup>, which would have been more difficult under EU rules. Finally, UNDP was able to advance resources for certain activities if funds from the EU were delayed for one reason or another. Using the more flexible UNDP fiduciary rules also allowed PRESANCA II to align projects that were financed through FONSAN more closely with the administrative structures of the local administrations, thus enabling these administrations to better respond to existing needs of their constituents. The leadership of municipal associations were able to directly request funding from FONSAN for projects that had been designed locally, with EU-financed technical support<sup>159</sup> **(JC 7.6)**

However, the use of intermediaries always increases the risk for loss of resources, for example due to poorly managed operations. In the case of PRESANCA I, the third component of the programme (related to the development of food security information systems at national level) had to be cancelled after it became evident that no or very little progress had been made by FAO, the cooperation partner in question. The money intended for the implementation of Component 3 had already been paid to FAO, and could not be recuperated. **(JC 7.6)**

Overall, the food security situation across Central America characterised by diverse set of challenges over the evaluation period, both in terms of magnitude of the problem, and trends of some key food security indicators. Panama and Honduras have seen significant improvements in the adequacy of the national food supply, along with significant reductions in the prevalence of undernourishment (among adults) over the last 10-12 years, including the evaluation period from 2007 until 2013.<sup>160</sup> In Costa Rica and El Salvador, on the other hand, the depth of food insecurity increased over the evaluation period, as did the prevalence of undernourishment among adults. In this situation EU-supported food security programmes may have helped to improve or at least stabilize the food security-related situation in the selected communities along the intra-regional borders that programmes financed by the EU have targeted. However, as the monitoring system of the supported programmes<sup>161</sup> do not allow tracking changes in the food security planning practices and capacities of municipalities, nor collect data to help examine the effect of changed practices on the food security situation in the target communities, it was not possible to verify if this had in fact occurred<sup>162</sup>.

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<sup>158</sup> In particular projects at local level, resourced by FONSAN.

<sup>159</sup> From PRESANCA II and PRESISAN staffs, which includes trainees and graduates of the EU-financed MARSAN and TECNISIAN training / post-graduate courses of study.

<sup>160</sup> Panama having reduced the percentage of undernourished adults from 25 percent in 2000 – 2002 to 8.7 percent for the period 2011 – 2013; and Honduras having reduced the percentage of undernourished adults in the same period from 16.6 percent to 8.7 percent.

<sup>161</sup> PRESANCA II.

<sup>162</sup> PRESANCA's contribution to target communities was considered to consist in the facilitation of changes of the planning processes at local level, to mainstream food security into all planning decisions at local level; and not in the direct easing of food insecurity at local level. Monitoring the actual changes in the food security situation in target communities was therefore considered to be unrelated to the intended scope and purpose of the programme. PRESISAN was piloting the development of local food security information systems (SIMSAN), based on customized indicators to track changes in local food security conditions. At the time of this evaluation, however, these pilots had not yet progressed enough to have yielded operational food security monitoring systems in the 8 targeted communities.

In some cases, technical assistance provided by the EU<sup>163</sup> has encouraged local administrations to submit applications for additional food security projects. This was the case, for example, for the project “Hambre Cero” (contracted in 2012) in the area of the Mancomunidad Trinacional Fronteriza Rio Lempa (MTFRL) (El Salvador, Guatemala, Honduras). In the particular case of Hambre Cero, no results data were yet available, as the project had only started shortly before this evaluation. EU cooperation also allowed SG-SICA to work directly with national governments<sup>164</sup> to help revise their national food security frameworks, such as was the case for the “Hambre Cero” policy in Guatemala<sup>165</sup>. This long-term strategy to reduce the incidence of generational stunting in Guatemala was developed with the help of technical inputs and evidence financed with EU support.<sup>166</sup> As Guatemala had only launched this policy in 2012, it could not be expected to observe any of the potential changes in generational stunting at the time of this evaluation. *(JC 7.4)*

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<sup>163</sup> Through PRESANCA II.

<sup>164</sup> Financed by PRESANCA II.

<sup>165</sup> This national policy is not to be confused with the cross-border project “Hambre Cero” of the Mancomunidad del Trifinio (see above). According to information from the EU Delegation in Managua, the goal of the Hambre Cero strategy is to reduce the incidence of generational stunting in Guatemala, a country with the fifth-highest rate of stunting in the world.

<sup>166</sup> Under the PRESANCA II programme.

## 4.8 Treatment of cross-cutting issues

Evaluation question 8	
Question	<i>To what extent has the EU appropriately integrated key cross-cutting issues into the design and implementation of its interventions?</i>
Judgment Criteria	JC 8.1: Defining human rights, exclusion and gender equity as cross-cutting issues identifies the intrinsic value of these issues to development processes JC 8.2: The classification of strategic priorities as ‘cross-cutting issues’ allows for the prioritizing of human rights, exclusion and gender equity in project programming

### *Answer to Evaluation Question 8*

The EU has clearly specified in its Regional Strategy Paper for Central America (2007 – 2013) that the cross-cutting issues of human rights, gender, civil society participation, environment, youth and indigenous peoples must be taken into consideration, or mainstreamed, throughout its regional interventions in Central America. This position is guided by the EU’s well-defined global policies and strategies, as expressed in the European Consensus on Development, for development cooperation with targeted support to the areas of human rights, gender and the participation of civil society. These policies are pertinent to EU support to the Central American regional integration process. Similar principles on cross-cutting issues are reflected in the policies of the regional integration institutions (i.e. SG-SICA, CC-SICA, COMMCA).

In reality, most EU interventions with regional institutions mention cross-cutting issues in their project designs, but only four out of 17 projects had actually specified budget items devoted to addressing these issues and only seven of the projects had identified specific activities to deal with cross-cutting issues. Subsequently implementation of the stated policy with regional integration institutions has been weak. On the other hand, out of ten projects managed by civil society organisations (CSOs), five had identified specific budget items for cross-cutting issues while the budgets of the other three projects had been devoted entirely to these issues. The mechanism of mainstreaming specific cross-cutting issues only had an effect on these areas of concern when specific project activities were identified, budgeted for and then implemented. To date, this prioritizing of cross-cutting issues has not been consistently demonstrated.

By defining human rights, exclusion of marginalized social groups (i.e. poor / indigenous), gender equity, environmental protection and civil society participation as cross-cutting issues that need to be taken into consideration (RSP for Central America 2007 – 2013), the EU has acknowledged the intrinsic value of these issues to democratic development processes in the region. This position is guided by the EU’s well-defined global policies and strategies, as expressed in the European Consensus on Development<sup>167</sup>, for development cooperation with targeted support to the areas of human rights, gender and the participation of civil society. These policies are pertinent to, and reflected in, EU support to the Central American regional integration process. The mechanism of mainstreaming used to introduce these cross-cutting issues into the design and implementation of all EU interventions in the region is meant to maximize their visibility and to prioritize their importance. The EU thematic funding provides resources for projects that target many of the same issues deemed as cross-

<sup>167</sup> *European Consensus on Development, 2005; [http://ec.europa.eu/development/icenter/repository/european\\_consensus\\_2005\\_en.pdf](http://ec.europa.eu/development/icenter/repository/european_consensus_2005_en.pdf)*

cutting, however by identifying issues as cross-cutting one understands that these issues, in principle, are relevant, pertinent and important to all development activities and therefore need to be included in all interventions. **(JC 8.1)**

Policies and institutions of key RIOs, such as SG-SICA, CC-SICA or COMMCA show SICA's formal commitment to the mainstreaming of gender, human rights and other cross-cutting issues in regional initiatives, in principle providing a favourable policy environment for the integration of these issues into EU regional cooperation. CC-SICA's primary mission is to promote the active participation of civil society in the integration process so that integration responds to the reality, necessities and interests of the population, and observes the propositions of the Tegucigalpa Protocol. The regional gender policy (PRIEG<sup>168</sup>) targets equality and equity for men and women. SG-SICA's nine principles include the promotion of peace, democracy and the protection, respect and promotion of human rights as the fundamental basis for Central American integration. The principles of democratic security are founded on respect for human rights **(JC 8.1, JC 8.2)**.

However, in spite of this formal commitment of both the EU and the partnering SICA organisations, mainstreaming of cross-cutting issues has not been consistently demonstrated in EU regional cooperation. Instead, it appears that most EU-funded regional programmes have paid little attention to the mainstreaming approach. While many of the EU-financed regional programmes mention cross-cutting issues in their designs, only four out of 17 projects and programmes have actually specified budget lines devoted to addressing these issues; only seven of them identify specific activities. By not budgeting for or identifying specific activities, these programmes have reduced the potential effects on the identified cross-cutting issues, and the corresponding target groups. For example, the SEFRO integrated border management project had identified women and youth as *implicit* beneficiaries, stating that the situation and security of these groups, who are primary victims of human trafficking, would improve when and if the overall security situation in the region improved. The programme had not defined any specific activities to address the particular needs of, or to direct attention to, women and youth in relation to border management. The mechanism of mainstreaming specific cross-cutting issues has consequently not produced the intended impact on these areas of concern, as the prioritizing and implementation of cross-cutting issues has not been consistently carried out. **(JC 8.2)**

To date, the objective of mainstreaming cross-cutting issues is most apparent in the work of EU-supported CSOs in Central America, often funded through instruments like the European Instrument for Democracy and Human Rights (EIDHR) and the Thematic Programme for Environment and Sustainable Management of Natural Resources (ENRTP). Among other things, Civil Society Organisations have recognized that they are more likely to secure funds in a competitive process from funding sources when cross-cutting issues are clearly included as specified activities with budget lines in their project designs, and have mainstreamed specific cross-cutting issues even when these are not an integral part of their

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<sup>168</sup> PRIEG (*Política Regional de Igualdad y Equidad de Género del Sistema de la Integración Centroamericana (PRIEG/SICA)*), Dic. 2013

project objectives.<sup>169</sup> Out of ten regional projects managed by civil society organisations (CSOs) between 2007 and 2013 in Central America, five had identified specific budget items for cross-cutting issues. The IEPADES project that promotes small arms control and prevention of armed violence, for example, has been working directly with national and regional authorities on security issues while strengthening the capacity of civil society organisations to influence national and regional policy on security. Three other projects devoted their budgets entirely to issues otherwise considered to be cross-cutting. In the EU-financed DIAKONIA project, for example, the entire budget and all activities had been dedicated to preventing violence against women, with the participation of CSOs, women, youth, the poor and indigenous populations. By channelling funds through CSOs, the EU therefore has not only ensured greater attention to cross-cutting issues but did also formally recognize the participatory role of civil society in regional integration, and has enabled these CSOs to operate and become involved at the regional level *(JC 8.2)*.

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<sup>169</sup> I.e., environmental projects are mainstreaming gender and human rights; gender projects are mainstreaming gender aspects.



## 5. Conclusions

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This chapter presents a brief overall assessment of EU – Central American regional cooperation, followed by a set of strategic, cross-cutting conclusions; and a second set of sector-specific conclusions that provide more detail on the main points of the overall assessment.

### 5.1 Overall assessment

With support to Central American regional integration the primary goal of regional cooperation, the European Union intended to provide assistance across a range of different sectors, including economic integration, democratic security and migration, food security, environment and disaster risk reduction and human rights, gender and other crosscutting issues. Across these sectors, the common factor was the intent to help strengthen the Central America's institutional system for regional integration, by reinforcing its capacity to fulfil stated mandates, improve coordination, help to put in place effective financing mechanisms for the system, help to clarify mandates and by assisting in the improvement of technical competences among staff of the different regional agencies. The EU approached this agenda with relatively limited financial means, and with a comparatively small contingent of staff in the EU Delegation in relation to the ambitious goals of its cooperation.

At the end of the programme period, EU regional support had helped to stabilize and to give a certain continuity to the Central American regional integration system and institutional framework. The European Union has demonstrated political commitment to Central American integration, and has backed up this commitment with significant operational support. In this way, the EU has helped to put into place potentially important tools and mechanisms that could help the key regional integration organisations of SICA in defining the regulatory and legal frameworks and to advance regional integration. Overall, these actions have lent additional legitimacy to the Central American integration project and have established the European Union as a stakeholder in Central American integration that cannot easily be replaced.

At the same time, divergent political interests prevented SICA Member States from supporting many of SICA's integration initiatives that the EU had supported technically and financially. In many cases, this prevented the approval and application of many of the tools, integration proposals and other deliverables that had resulted from EU regional cooperation, keeping them so far from realizing their intended effect. As a consequence, the results achieved by EU institutional development support so far have lagged behind the potential of this cooperation.

The design of the original regional cooperation strategy of the EU did not fully respond to the commitment of the EU to combine support to regional economic integration with help to regional and national stakeholders for designing and implementing sound trade, integration and economic development policies to foster trade-induced equitable development and help to reduce poverty. The regional strategy had assigned the task of

providing “wider aid for trade”, SME support and the development of productive capacity primarily to bi-lateral cooperation with countries in the region. As only some of the EU’s bi-lateral cooperation programmes actually financed cooperation in this area, the EU provided only little “wider aid for trade” to the region, at least during the first half of the programme period.

## **5.2 Strategic conclusions**

This section presents the strategic conclusions developed on the basis of the findings of this evaluation. The strategic conclusions are based on findings from several evaluation questions, and therefore represent a cross-sectoral assessment of EU cooperation. They also elaborate on many of the points mentioned in the above overall assessment. The subsequent section (Section 3.3) presents the sector-specific conclusions.

The table on the following page provides an overview of the 7 strategic conclusions and their relationship to the strategic recommendations that are presented in the following chapter; as well as of the sector-specific conclusions and recommendations and their relationships.



**Table 6: Overview of strategic conclusions and the corresponding strategic recommendations**

		Strategic Conclusions						Specific Conclusions					
		C1: Relevance of EU regional integration support	C2: Needs in relation to poverty / inequality	C3: Results of EU regional cooperation	C4: Inter-governmental structures	C5: Choice of cooperation modalities	C6: Mainstreaming of cross-cutting issues	C7: Institutional Strengthening	C8: Use of technical assistance	C9: Economic Integration	C10: Regional security – Trust	C11: Disaster Risk Reduction	C12: Food Security
Strategic Recommendations	R1: Future support to Regional Integration	X											
	R2: Poverty reduction as main purpose of EU support		X	X	X		X						
	R3: Ensuring commitment and ownership of regional integration by Central American States	X		X	X			X		X		X	
	R4: Intensifying real-time political dialogue to accompany cooperation		X	X	X	X		X	X	X		X	X
	R5: Intensifying supervision of EU regional cooperation			X	X	X		X	X	X			
	R6: Choosing flexible, client-oriented cooperation modalities	X		X	X	X		X	X	X			
	R7: Deepening mainstreaming		X				X						
Specific Recs.	R8: Programme design & management			X	X			X	X				
	R9: Economic Integration			X	X				X				
	R10: Regional Security			X	X					X			
	R11: Disaster Risk Reduction			X	X						X		
	R12: Food Security			X	X							X	

## 5.2.1 On the purpose and rationale of regional integration support

### Conclusion 1: On the relevance of EU regional integration support to Central America

Between 2007 and 2013, EU regional support has been a significant external factor that helped to stabilize and give a certain continuity to the Central American regional integration system and institutional framework. In those years, the European Union has demonstrated a clear political commitment to Central American integration, which, backed up by significant operational support, has lent added legitimacy to the Central American integration project. In this role, the European Union could not easily be replaced.

*Based on EQs 1 (Relevance), 3 (Economic Integration), 5 (Security), 6 (DRR) and 7 (Food Security)*

EU support allowed SICA to operate at a higher level than it would have been able without, and enabled SICA organisations to deliver services to its constituents that increased SICA's visibility and illustrated the potential added value of regional integration and regional governance. Examples include interventions in economic integration (where SIECA worked on the harmonization of SPS measures and the training of border personnel), food security (where SG-SICA/SISCA<sup>170</sup>, and SG-SICA<sup>171</sup> delivered technical and financial support to municipalities along the borders and technically supported national food security secretariats), disaster risk reduction (where the Environmental Subsystem provided new standards for risk management) and security (where joint operations of police and border control across Central American countries impounded and destroyed 20,000 weapons).

The European Union also supported democratic institutions of the SICA system, including PARLACEN, CC-SICA and the Court of Justice, hereby emphasizing the importance of the democratization of the regional integration process in Central America. All of these factors have made the EU into an important partner for regional integration in Central America, in particular in the face of other developments in the region that tend to emphasize bilateralism over a regional approach.

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<sup>170</sup> Through PRESANCA I.

<sup>171</sup> Through PRESANCA II and PRESISAN.

## Conclusion 2: On the link between support to Central American regional economic integration and support for drafting regional economic development strategies for equitable economic growth

In contrast to its corresponding policy commitments, EU regional cooperation has not consistently accompanied support to Central American regional economic integration with assistance for the formulation of regional economic development strategies and capacities to increase the chance that increased trade translates into equitable economic growth as a contribution to poverty reduction in the region.

*Based on EQs 1 (Relevance), 3 (Economic Integration), 4 (Association Agreement), 5 (Security), 8 (Cross-cutting Issues)*

The EU's own development-related strategies, such as the 2005 Consensus for Development, the 2007 Aid for Trade Strategy; but also key bi-lateral agreements, such as the 2003 Cooperation Agreement between the EU and Central America, and the 2006 Vienna Declaration expressed a commitment of EU development cooperation to complement support to regional economic integration and trade-facilitation with support to make any trade-induced economic development more equitable, with the aim of contributing to the reduction of poverty. The 2003 Cooperation Agreement, for example, states that EU and Central America “agree to implement an integrated trade cooperation agenda to best tap the opportunities that trade implies, broadening the productive base that will benefit from trade, including the development of mechanisms [...] to accelerate the enjoyment of all benefits of trade.”<sup>172</sup> The negotiations of the Association Agreement (see EQ 4) that were envisaged already in the 2003 Cooperation Agreement, and that began during the 2007 – 2013 programme period further emphasized this commitment of EU development cooperation, both at regional and bi-lateral levels.

However, under the first Regional Indicative Programme, the EU used regional development cooperation with Central America primarily to help build the capacity for trade of established producers and products (i.e., trade facilitation that focused on technical policies, norms and systems). EU regional cooperation did not emphasize to the same extent the so-called “wider aid for trade”<sup>173</sup> aimed at ensuring that an ever greater share of the region's producers can participate in international and intra-regional trade and thereby make a contribution to the reduction of poverty across the region. This includes in particular Central America's small and medium enterprises whose productivity and international competitiveness has lagged behind that of the region's larger producers and also that of European SMEs (see EQ 4 for more details).

The regional strategy of the EU had assigned the task of providing “wider aid for trade”, SME support and the development of productive capacity primarily to bi-lateral cooperation with countries in the region<sup>174</sup>. However, only few of the EU's bi-lateral cooperation

<sup>172</sup> 2003 EU-Central American Cooperation Agreement, p. 17

<sup>173</sup> This type of assistance could have included, for example, support to broaden the productive base in Central America through the development of productive and trade capacity of Central American small and medium enterprises.

<sup>174</sup> See page 23 of the Regional Strategy Paper 2007 – 2013: “Assistance to the productive sector will thus be covered by specific actions at country level, coherently with the regional framework.”

programmes actually financed cooperation in this area. During the first half of the programme period, the EU therefore provided only little “wider aid for trade” to the region.

The second Regional Indicative Programme (RIP) put a stronger emphasis on the link between trade, regional integration and the development of development strategies for equitable economic development, and the EU launched corresponding programmes towards the end of the programme period<sup>175</sup>.

## 5.2.2 On the results of EU regional cooperation

### Conclusion 3: Results of EU regional cooperation

The EU regional cooperation has helped to put into place potentially important tools and mechanisms that could help the key RIO of SICA in defining the regulatory and legal frameworks and to advance regional integration. However, resistance and conflicting political interests of SICA Member States prevented the approval and application of many of these tools, and kept them realizing their intended effect. As a consequence, the results achieved by the EU at regional level lagged behind the potential of this cooperation.

*Based on EQs 2 (Institutional Strengthening), 3 (Economic Integration), 5 (Security), 6 (DRR), 7 (Food Security)*

In virtually all sectors the EU has supported regionally in Central America, cooperation developed a range of potentially valuable tools and other assets and made them available for adoption by the SICA system and, more importantly, by the region’s political leaders as the main constituents of Central America’s regional integration process. In economic integration, EU-funds helped to develop proposals for the region-wide harmonization of competition policies and a tax restitution mechanism (see EQ 3 on economic integration for more details). EU cooperation also supported the drafting of a vision for greater economic integration, which also was seen as a way of guiding the organisational development of SIECA, SICA’s secretariat in charge of coordinating regional economic affairs (see EQ 2 on institutional strengthening). Additional examples of tools and other deliverables of EU regional cooperation can be found in the sections on disaster risk reduction (EQ 6) and (democratic) security (EQ 5).

A number of these tools and deliverables were ultimately not approved by the region’s political leaders; and therefore could not be adopted and integrated into the institutional and administrative regional framework of SICA. The harmonization of competition policies was not taken up by the Central American Presidents, in spite of the fact that this was an issue that is emphasized in the Association Agreement between Central America and Europe. The vision on advancing economic integration that had been developed with EU resources at the request of COMIECO was eventually abandoned, as the national governments did ultimately not approve the final draft of the vision. A tax restitution mechanism (developed by ADAPCCA) was eventually not approved by national political leaders, and progress in reducing non-tariff trade barriers has been slow as well.

<sup>175</sup> Due to the late start of ADESEP, there was not yet sufficient information for assessing the results of this programme as part of this evaluation.

It needs to be acknowledged that the approval and implementation of these proposals and deliverables was hindered in large part by low political will, linked to a lack of consensus amongst SICA Member States on the fundamentals of institutional reforms and a low sense of ownership of the delivered solutions. While low political commitment and bureaucratic obstacles were not the responsibility of the EU, these factors were important contextual factors and risks of EU regional cooperation that were known when the cooperation strategy for the 2007 – 2013 programme period was developed. This suggests that they could have been taken into account in the design of these programmes, in their implementation arrangements, and in the amount of complementary resources made available in the regional Delegation as well as, where appropriate, bi-lateral Delegations to manage their implementation, and to facilitate complementary political dialogue. This consideration is in line with the findings of the Court of Auditors on the EU approach to capacity development<sup>176</sup> that while factors such as weak institutional environments of capacity development interventions are outside of the direct control of the European Commission, “it should nevertheless better anticipate them”<sup>177</sup>.

Moreover, the Regional Strategy Paper specifically acknowledged the need to take into account the vagaries of the inter-governmental process in Central America when preparing and designing the cooperation programmes. According to the document, one of the lessons-learned from regional cooperation between 2002 and 2006 was that “*the effectiveness of inter-state cooperation through regional integration bodies could be improved by the prior requirement to establish common regulations and legislation*”; and furthermore that “*any initial verification of the relevance of regional cooperation should give fuller consideration to the capacities and willingness of all the players, national and regional, private and public*”<sup>178</sup>. Finally, the RSP also specifically acknowledges the “*low capacity [and] effectiveness of inter-state cooperation and of regional institutions*”<sup>179</sup> as one of the main risks associated with the response strategy for the period from 2007 to 2013.

One important question therefore is if it was an appropriate choice of the European Union to assume that the existing, weak inter-governmental coordination mechanisms of the SICA system would be sufficient to ensure that political approval would follow the development of EU-financed technical inputs to the economic integration process; or if it might have been necessary to more proactively anticipate and manage the risks associated with the weakness of these structures. This question will be examined further in Conclusions 4 to 7.

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<sup>176</sup> See “Special Report No 6/2007 on the effectiveness of technical assistance in the context of capacity development together with the Commission’s replies; Brussels, 2007.

<sup>177</sup> See Special Report No 6/2007, paragraph VII.

<sup>178</sup> RSP 2007 – 2013, page 16 (emphasis added).

<sup>179</sup> not

### 5.2.3 On the EU's strategic approach to regional support

#### Conclusion 4: Low emphasis on inter-governmental coordination mechanisms in EU regional cooperation

The EU did not sufficiently emphasize in its approach to regional cooperation that SICA Member States as owners of the overall regional integration process in Central America also needed to own and commit to any institutional reform initiative or technical reform proposal of this process. This limited the long-term benefits of regional capacity development support of the EU.

*Based on EQs 1 (Relevance), 2 (Inst. Strengthening), 3 (Economic Integration), 5 (Security), 6 (DRR), 7 (Food Security)*

As explained in the overview of the SICA system, the executive organs of the SICA system were not set-up to yield any significant amount of executive power, in spite of being formally charged with executing or coordinating the execution of mandates emanating from the Meeting of Presidents, the Council of Ministers and the Executive Committee. In addition, the continued underfunding of SICA, and the unclear hierarchy between the General Secretariat of SICA as coordinating body and other SICA agencies made it difficult for the System to effectively and continually harmonize the implementation of the ambitious regional integration agenda of the Tegucigalpa Protocol with the evolving national interests of SICA Member States.

In spite of this, EU programmes and the associated cooperation processes were aligned primarily with the regional organisations of the SICA system. As intended primary counterparts of EU regional cooperation, the identification and formulation of interventions were carried out in coordination with those organisations, and also during implementation of EU-financed programmes, these organisations remained the primary counterparts of EU regional cooperation.

The EU clearly did consult with Central America's national governments on its regional cooperation portfolio and approach; during regular high-level political dialogue, and also during the identification of specific regional programmes and projects. However, this high-level dialogue was not designed to accompany any of the individual EU-supported reform proposals<sup>180</sup> with real-time political support or any other measures to counteract the "low capacity for inter-state cooperation" that the EU itself had identified as one of the main risks of its regional cooperation strategy<sup>181</sup>. Instead, the EU by-and-large continued to rely<sup>182</sup> on SICA's weak inter-governmental coordination mechanisms for achieving the endorsement and official approval of EU-supported proposals to reform the SICA system, in spite of the low capacity of these mechanisms and without using regional cooperation to help strengthen these inter-governmental coordination mechanisms over time.

<sup>180</sup> Such as the proposed new tax restitution mechanism, a proposal for a new regional competition policy, for a common trade safeguards policy, and the proposal for reforms of the Central American Court of Justice (CCJ) (see EQ 2).

<sup>181</sup> RSP 2007 – 2013, page 16.

<sup>182</sup> As the EU had done in the previous programme period (2002 – 2006).

This was not necessarily the only one available choice of the EU. The Regional Strategy Paper specifically stated that cooperation to support reform of the Central American integration system may have been “*directed towards regional institutions*”, but also towards “*inter-governmental coordination systems*” and even *national entities involved in the integration process*”<sup>183</sup> (emphasis added). Also, policy of the European Union, as well as high-level agreements between the EU and Central America did in principle allow for political dialogue between the “European Community and its Member States” and the Central American States to complement technical cooperation at regional level, to “prepare the way for new initiatives for pursuing common goals and establishing common ground” for regional cooperation and a wide range of other, related issues<sup>184</sup>. At least in principle, it therefore would have been consistent with the EU’s own stated strategy to direct its cooperation at counterparts other than the SICA executive agencies<sup>185</sup>, and to base technical cooperation in support of regional integration (and other areas) more stringently on the prior or ongoing establishment of political “common ground”.

Admittedly, arguments can be made for either of these strategic choices; i.e. to cooperate primarily with the existing institutions of the SICA system, and to rely on existing (albeit weak) institutional coordination mechanisms of SICA to achieve the approval of any technical proposals that may result from this cooperation; or to bring the role of regional cooperation to bear more at the inter-governmental level itself, e.g., to help strengthen SICA’s weak inter-governmental institutions, or to base any subsequent technical assistance of SICA institutions on specific inter-governmental endorsements by Central America’s sovereigns.

It needs to be acknowledged that the chosen approach did allow the EU to establish overall close working-relationships with the organisations of the SICA system, to agree on specific cooperation programmes that helped to temporarily stabilize and give continuity to the regional integration system (see Conclusion 1) and to produce numerous tools, policy proposal and other technical inputs that provided new perspectives on the possibilities of Central American regional integration.

On the other hand, however, choosing to focus regional cooperation primarily on SICA did increase the risk that outputs from this cooperation were eventually not endorsed by SICA Member States. As mentioned above, this occurred several times between 2007 and 2013. In these cases, the development of these outputs consumed EU resources without significantly advancing the status of regional integration. Moreover, the low level of their involvement reduced the ownership that national governments felt towards the achievements of EU cooperation. This may have affected their willingness to provide follow-up funding after EU programmes end; and to otherwise maintain and build on programme achievements. This is

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<sup>183</sup> RSP 2007–2013, Section 5.2, subsection i

<sup>184</sup> Including poverty reduction and social cohesion, sustainable development, regional security and stability, conflict prevention and resolution, human rights, democracy, good governance, migration, and the fight against corruption, counter-terrorism, drugs, and small arms and light weapons” (see the “2003 Cooperation Agreement between the European Community and its Member States of the one part and the Republics of Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama, of the other part”, p. 9).

<sup>185</sup> Such as the inter-governmental coordination bodies COMIECO (economic integration) or COMISCA (health), for example.

illustrated, among other things, by examples such as the unsuccessful efforts of the EU to secure follow-on funding for the three main secretariats in the environmental and risk management sectors (CCAD, CRRH and CEPREDENAC) at the end of the disaster risk reduction programme PREVDA. The lack of follow-on funding for these agencies had serious consequences for the viability of these organisations, and also for the viability of the entire Environmental Subsystem, which had been one of the greatest achievements of EU cooperation in this area (see EQ 6 on disaster risk reduction).

Over the last few years, ownership has emerged as one of the most critical determinants of the success of capacity development interventions. As mentioned above, this was pointed out by European Court of Auditors; and was emphasized subsequently by the Backbone Strategy for Reforming Technical Cooperation of European Commission, and the associated guidelines for technical cooperation.<sup>186</sup> As pointed out by most if not all stakeholders of the European cooperation process with Central America, it is ultimately the Central American national governments who “own” the regional integration process; and who have to determine its direction and speed. It is the governments that eventually decide if to follow-up on reform initiatives that might have been kicked off by EU regional cooperation and that ultimately need to endorse and own the EU-funded capacity development programmes at regional level.

#### **Conclusion 5: Choice of cooperation modalities, monitoring and oversight arrangements, donor coordination**

Cooperation modalities and oversight arrangements, as well as insufficient staffing levels in the Regional Unit of the EU Delegation in Nicaragua have made it difficult for the EU to consistently collect sufficient information on; and to appropriately manage the details of the cooperation process. This includes, for example, the anticipation and response to political / administrative bottlenecks that resulted from low levels of ownership of regional cooperation programmes among SICA member states. This has reduced the EU’s capability to mobilize required resources when the cooperation process required, such as through partnership with other actors / donor coordination.

*Based on EQs 2 (Inst. Strengthening), 3 (Economic Integration), 5 (Security)*

The implementation set-up of most cooperation programmes<sup>187</sup> separated programme resources and many of programme processes from those of their host organisations. The majority of programme personnel were contract agents.<sup>188</sup> Programme managers were permanent employees of SICA, but their salaries were paid for by the EU. Some programmes were more successful than others in counteracting this separation, by consulting and coordinating actions with SIECA and SG-SICA’s leadership.

However, overall, the interventions established at least partially autonomous internal organisational structures that allowed the programmes to operate somewhat independently

<sup>186</sup> “Making Technical Cooperation More Effective”, Guidelines No.3 of Tools and Method Series, March 2009.

<sup>187</sup> Including PAIRCA I and II, PRACAMS and PRAIAA.

<sup>188</sup> The programmes also had to contract additional experts to acquire the technical and sector expertise required and to comply with EU contract and administrative procedures.



of SICA's internal administrative processes. As a result, programmes were not subject to the same political and operational limitations and challenges as their organisational hosts, which limited the programmes' insights into and knowledge of the dynamics that influenced and constrained the functioning of the respective SICA agency.

This situation was exacerbated by the fact that no capacity development strategy existed that could have focused the attention of both parties on the same organisational challenges or tasks. Instead, EU programmes worked towards the achievement of their own agreed programmatic goals. Programme staff monitored the progress of the programme itself, but neither the progress of the beneficiary organisation towards wider organisational objectives, nor the policy-related or administrative hurdles that constrained this progress (see Conclusion 7 on the development of autonomous capacity of SICA agencies).

### **Conclusion 6: Mainstreaming of cross-cutting issues, including gender and environment**

The EU has prioritized specific issues as worthy of mainstreaming throughout all their projects and interventions. To date the policy of mainstreaming has not been adequately translated into practice. Implementation has been both inconsistent and limited; therefore the potential effect of this policy and practice of mainstreaming in areas such as gender, environment, human rights, marginalized groups, etc. has not been realized.

*Based on EQs 1 (Relevance), 4 (Association Agreement), 5 (Security), 8 (Cross-cutting Issues)*

Across all sectors of EU regional cooperation, mainstreaming of gender, environment, human rights, and indigenous populations has been incomplete. For the most part, programme documents stated the EU commitment to these cross-cutting issues without following through, and integrating them into the design of the programme. Scope, target groups and intervention logic were developed without specifically defining the programmatic implications of mainstreaming. The result was that for the most part, programme work plans and budgets did not include activities or budget items that would have focused the intervention on the specific needs and challenges associated with the different cross-cutting issues. While EU funds have been used to support particular programmes and projects associated with environment, women or marginalized groups (drawing from the thematic budget lines of the EU), the practice of mainstreaming these concerns into all EU regional programmes has largely not been applied.

## 5.3 Sector-specific conclusions

### 5.3.1 Conclusions on institutional strengthening

#### Conclusion 7: On the development of autonomous capacity of Regional Integration Organisations of the SICA System

EU capacity development programmes were not primarily designed for the development of sustainable organisational capacity in SICA agencies, but instead to develop capabilities and capacities in third party organisations and individuals. Accordingly, monitoring and supervision of these programmes focused on the delivery of these services, and not on bringing about sustainable capacity improvements in the programme's host organisations.

*Based on EQ 2 (Autonomous sustainable capacity); EQ 3 (Economic Integration); EQ 5 (Security), and EQ 7 (Food Security)*

In contrast to their stated objectives and rationales, EU-financed capacity development programmes were not primarily designed to develop sustainable and autonomous capacities in the benefiting SICA organisations, but instead primarily developed capabilities and capacities in third party organisations, such as national customs administrations or national and regional quality assurance organisations and networks through training and other strategies (see EQ 2 on institutional strengthening). Moreover, none of the EU-financed programmes or programme components that formally aimed at the development of autonomous organisational capacity within SICA agencies were aligned with comprehensive change or capacity development strategy that were officially endorsed by both the SICA agency and with SICA Member States; and that that would have identified which competencies, abilities and performance targets EU institutional support was supposed to help the SICA system to acquire. This meant that neither the activities of PAIRCA I, nor of PAIRCA II were based on a clear identification of the most significant shortcomings of SG-SICA that these programmes could have helped to address.

Without clear programmatic goals related to the development of SICA organisational capacities, the monitoring systems of these programmes were in consequence not equipped to recognize and capture advances or delays in the development of SICA's organisational capacity. Instead, programme progress was largely equated to the production of programme deliverables, and monitoring systems focused on tracking the development and delivery of these products, and on controlling the inputs used to produce them. Systems were neither designed to relate these deliverables to any performance measures of the overall organisation, nor were they set-up to track risk factors that might have impeded the programmes' contributions to the development of organisational capacities of the host agency.

Programme supervision with a view to optimizing the performance of these programmes was difficult under these conditions. As mentioned above, programme monitoring systems provided EU task managers with information on the development and timing of programme deliverables; however, as these deliverables were often not linked to specific performance goals of the host organisation, task managers did not always have the required information to see the capacity building programmes in context of the overall goals and organisational dynamics of the host organisation, and to formulate a response to emerging problems during

implementation. Moreover, the severe understaffing of the EU Delegation, i.e. the unit in charge of regional cooperation meant that task managers were not able to spend the time that would have been required to supervise these complex programmes adequately.<sup>189</sup>

Several contextual factors also constraint the development of autonomous organisational capacity in supported SICA agencies. This includes the high level of turn-over of the personnel of SICA organisations (linked to the reluctance among Central American Governments to commit themselves to reducing staff changes), and to the absence of an independent civil service. These factors have created a challenging environment for EU-financed capacity development programmes. At the same time, however, these challenging contextual conditions would have made it even more relevant to design and implement these interventions with reference to formally endorsed organisational performance goals<sup>190</sup>, to ensure timely monitoring of programme progress as well as programme and contextual risks, and to assign sufficient staff numbers to allow the appropriate supervision of these programmes.

#### **Conclusion 8: On the effective use of technical assistants and other manifestations of EU technical cooperation**

A sizeable share of the resources of two key EU-funded capacity development programmes were used for consumables and the financing of process-related events (conferences, meetings, etc.), without sufficient consideration of their contribution to the achievement of results, or the development of identified knowledge, skills or aptitudes.

*Based on EQ 2 (Institutional Strengthening); EQ 3 (Economic Integration)*

A large share of programme expenditures of PAIRCA I and II were not geared towards the achievement of sustainable results, but instead, were spent on consumables, process-related interactions (conferences, meetings, etc.) and on developing products and outputs that, while important in themselves, were not indented to bring about sustainable improvements of organisational capacity of the benefitting agencies.

Once these funds had been allocated to specific organisations and units of SICA agencies, the fund managers were not allowed to re-allocate these resources, not even when organisational priorities had evolved in the meantime, or when monitoring showed that the original allocation would not lead to the achievement of any sustainable results, e.g., because it had become clear that Central American governments were unlikely to approve and use the respective technical products.

<sup>189</sup> According to information from the EU Delegation in Managua, and as mentioned elsewhere, staffing in the Regional Unit was reduced from 11 to 4 over the 2008 – 2013 period. During the same period, the size of the EU regional cooperation portfolio has remained more or less the same.

<sup>190</sup> Also see Conclusion 3 on the inter-governmental dimension of facilitating the agreement on these kinds of goals for institutional development.

### 5.3.2 On economic integration processes

#### Conclusion 9: On the achievement of basic requirements for economic integration mechanisms and processes

The EU support contributed to the development of technical solutions in many areas of the progress towards a Customs Union, mainly duties, tax and norms. The EU contributed to reducing export times through efficiency measures such as the use of technology at border crossings. However, so far, little was adopted or implemented in the way of policies, regulation, processes or mechanisms due to bureaucratic obstacles and insufficient political will.

*Based on EQ 3 (Economic Integration)*

Although EU programmes were able to develop most of the originally foreseen technical outputs, a large number of these products (prepared by TA or other means) were either not approved by regional leaders, or were not fully implemented. Their approval and implementation was hindered in large part by low political will, linked to a lack of consensus amongst MS on the fundamentals of institutional reforms and a low sense of ownership of the delivered solutions. Examples include a tax restitution mechanism (developed by ADAPCCA), as well as technical inputs on a policy for regional competition. Progress in reducing non-tariff trade barriers has been slow as well, also primarily due to bureaucratic and political complications and a lack of national leadership. The successful *Escuela Centroamericana Aduanera y Tributaria* (ECAT) closed when EU-support ended, as no follow-on financing mechanism could be developed, in spite of the criticality of ensuring commonality of interpretation on the complex regulatory environment that is typical of this domain.

As mentioned earlier<sup>191</sup>, while low political commitment and bureaucratic obstacles were not the responsibility of the EU, these factors were important contextual factors and risks of EU regional cooperation that could have been taken into account in the design of these programmes, in their implementation arrangements, and in the amount of complementary resources, including staffing of the regional EU Delegation.

As result of the low approval of EU-funded proposals and other deliverables, EU-facilitated advances in economic integration have been minimal. The contribution of EU regional cooperation towards the development of a common market was equally limited, for the same reason.

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<sup>191</sup> See Conclusion 3 on the results of EU cooperation.

### 5.3.3 Conclusions dealing with regional security

#### Conclusion 10: On the need to develop trust and commonality of approaches in regional security

EU support in the security domain has shown the importance of developing trust and commonality of approaches between the security institutions and governments; the trust has been improved by providing access to information to all concerned and by practical and hands-on joint operations.

*Based on EQ 5 (Security) and EQ 6 (DRR)*

#### Justification:

EU support in democratic security has demonstrated how joint activities, and the establishment of use of joint institutions and information sharing platforms can help to build trust among security institutions and governments of the region.

The EU has contributed in an important way to institutional strengthening of the bodies involved in the CA Security Strategy (SICA security bodies and national security institutions) and to the development of coordinated and integrated action for the prevention and combat of crime. The establishment and use of these joint institutions by national stakeholders from national security sectors has also helped to establish trust, as has the EU cooperation with state and regional authorities in the areas of harmonized regional policy, procedures and security-related norms.

### 5.3.4 Conclusions dealing with disaster risk reduction

#### Specific Conclusion 11: On the EU contribution to Disaster Risk Reduction in Central America

The EU's contribution to disaster risk reduction has made available a highly pertinent model for improved coordination and access to information among the concerned organisations of the SICA System. It has also helped to more firmly establish a multi-sectoral and integrated approach for disaster risk reduction. Main constraining factors were nevertheless the use of a "top-down" approach, the complex geopolitical context and diverging national priorities.

*Based on EQ 6 (DRR)*

#### Justification:

EU cooperation has helped to enhance the understanding of and to develop models for joint regional analysis and joint actions on disaster risk reduction, climate change and water and environment management in Central America. This support yielded a catalogue of strategies for concerted actions, such as multi-sector and trans-border river basin management strategies that were being adopted by government and non-governmental actors in these sectors.

However, the expectation that strengthening the relevant SICA agencies<sup>192</sup> would trigger more fundamental institutional changes at national and local levels did not work as expected. The regional organisations neither had the required mechanisms, nor the mandate to ensure the fulfilment and implementation of regional disaster risk reduction agreements, instruments and frameworks at country level. The institutional fragility of the regional organisations, their reduced “political weight” and leadership capacity in comparison to other SICA organisations, coupled with their precarious financial situation also contributed to this challenge. At the end of the evaluation period, little progress had been made in defining common visions, especially those dealing with extractive or agricultural activities such as mining, sugar cane, African palm, and shrimp aquaculture.

### 5.3.5 Conclusions dealing with food security

#### Specific Conclusion 12: On the EU intervention strategies in food security

EU-financed food security programmes have successfully partnered with stakeholders at regional, local and national level to put in place and reinforce components of a regional food security institutional framework. Short of additional EU or donor support to the sector, the sustainability of these achievements depends on willingness of Central American governments to commit themselves financially to the continuation of the work started with EU support.

*Based on EQ 7 (Food Security)*

#### Justification:

The experiences of EU-financed initiatives in food security show how sector-specific and cross-sectoral partnerships can help to advance the development a regional food security institutional framework. EU support allowed SG-SICA to successfully reach out to national food security secretariats (and other national stakeholders) to introduce SICA as a valuable partner with relevant food security expertise. The same was accomplished at local level, by supporting municipalities in border regions and their often cross-border associations in mainstreaming food security in plans and activities across sectors. As a result of this, SG-SICA was able to start fulfilling its mandate for the coordination of regional food security policy across several thematic areas.

However, EU support so far has not helped SG-SICA to build-up the required organisational capacity necessary to this work independently of EU cooperation. The salaries of staff working on food security was still being paid by the European Union and its partners; equipment and operating costs were also paid by the EU. Short of additional EU-funding or funding from other donors, SG-SICA will only be able to continue its engagement in food security if Central American governments decide to commit themselves financially to the continuation of the work started with EU support.

As already mentioned, EU-support has helped SG-SICA to start assuming its mandated coordination function in food security. However, enabled by EU cooperation, the General Secretariat also assumed responsibilities that exceed the task of coordination in the stricter

<sup>192</sup> CRRH, CCAD and CEPREDENAC

sense: SG-SICA implemented very detailed projects at local level; it directly administered a post-graduate programme for food security; and also piloted the installation of food security information systems in selected municipalities. At some point in the future, the constituents of regional integration in Central America need to consider if these kinds of tasks should usefully remain the direct responsibility of SICA's General Secretariat, or if at least parts can be delegated to other appropriate specialized agencies of the SICA system.<sup>193</sup>

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<sup>193</sup> Such as the Institute of Nutrition of Central America and Panama (INCAP), the Consejo Agropecuario Centroamericano (CAC), or even (in the case of the post-graduate programme MARSAN) to the Consejo Superior Universitario Centroamericano (CSUCA).





## 6. Recommendations

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This chapter presents the recommendations that were developed to suggest a set of possible responses of the European Union to the findings and conclusions of this evaluation. The recommendations are addressed to different services of the European Commission, at different levels, such as EU Headquarters and the EU Delegation. Each recommendation specifies its intended addressees.

The recommendations are divided into two main categories: Strategic level recommendations (Section 6.1) propose responses that cut across individual sectors; and that thus suggest revisions of more fundamental aspects of EU cooperation. Sector-specific recommendations discuss possible changes to the cooperation approach for particular sectors (Section 6.2).

### 6.1 Strategic Level Recommendations

The strategic recommendations in this section suggest revisions of the overall cooperation approach of the EU, of the purpose and rationale for future regional cooperation with Central America. Most of these recommendations suggest changes to the overall EU strategy; or to procedural aspects of EU development cooperation. Acting on these recommendations will therefore require the leadership of the relevant Departments of the EU headquarters in Brussels. The EU Delegation in Managua accompany and support the required changes.

#### 6.1.1 On purpose and rational of future regional integration support

##### Strategic Recommendation 1 (Priority: High)

<b>Recommendation deals with:</b>	Future support to Regional Integration in Central America
<b>Recommendation is directed at:</b>	HQ and Regional EUD

*Based on: (Strategic) Conclusion #1*

##### **Statement of overall recommendation:**

*The EU should continue to support the regional integration effort in Central America, both through its regional cooperation and its bi-lateral cooperation; albeit with a stronger emphasis on facilitating ownership and support of the integration effort among Central American governments.*

##### **Short-term actions to be taken:**

- Couple EU cooperation more closely with accompanying, real-time and specific political dialogue, driven by the EU and by EU Member States (see Strategic Recommendation 4)
- Develop a strategy to respond to the serious under-financing and unsustainable processes for financing the SICA system. This should include a series of political consultations of the EU and SICA Member States focused on this issue, with the possible

participation of partner donors. The goal of these consultations should be to arrive at concrete, joint political and financial commitments of the SICA Member States for advancing regional integration that can be supported by the EU and other external partners.

- Choose more flexible, client oriented cooperation modalities (see Strategic Recommendation 6)

### Strategic Recommendation 2 (Priority: High)

<b>Recommendation deals with:</b>	Poverty reduction as the main purpose of EU regional support
<b>Recommendation is directed at:</b>	HQ, Regional EUD, EUDs (bi-lateral cooperation)

Based on (Strategic) Conclusions # 2, #3, #4, #6

#### **Statement of overall recommendation:**

*The EU should offer to complement regional European “trade-related assistance” with increased “wider aid for trade”<sup>194</sup> to maintain the poverty-orientation of EU regional development cooperation. The goal should be to aid Central America in the development of a regional vision for inclusive and equitable trade-based economic development that emphasizes the comparative economic advantages of the entire region, and that facilitates the development of productive capacity as part of cross border / regional value chains.*

#### **Short-term actions to be taken:**

- Utilize the provisions of the Association Agreement between the European Union (EU) and Central America (CA); in particular the objectives of Part III of the Agreement (on Cooperation) to support the formulation of a regional vision for inclusive and sustainable economic development in CA.
- Discuss and negotiate the scope, scale and approach of EU regional cooperation programmes in this area with the *Consejo de Ministros de la Integración Económica* (COMIECO) (a SICA body representing the interests of Central American national governments), or with the corresponding platforms for inter-governmental dialogue associated with the EU-CA Association Agreement.
- Make the start of any specific EU-financed programmes in this area dependent on the joint endorsement of these programmes by SIECA member states.

<sup>194</sup> The EU Strategy for Aid for Trade (2007) distinguishes two types of assistance: a) “Wider Aid for Trade” such as trade-related infrastructure (e.g. physical infrastructure including transport and storage, communications and energy generation and supply; etc.); building productive capacity (e.g. business development, assistance to banking and financial services, agriculture, forestry, fishing, industry, mineral resources and mining, tourism, etc.); or trade-related adjustment (e.g. contributions to government budget for implementation of recipients own trade reforms and adjustments to trade policy measures by other countries); and b) so called “Trade-Related Assistance”, such as trade policy and regulations (e.g. trade policy and planning, trade facilitation, regional trade agreements etc.); and trade development (e.g. investment promotion, analysis/institutional support for trade in services, market analysis and development, etc.) (see EU Strategy for Aid for Trade (2007).

- Adjust ongoing regional and bi-lateral support to SMEs (e.g. ADESEP, AL INVEST-IV and LAIF) and other wider aid for trade based on the priorities emerging from this inter-governmental dialogue.
- Coordinate with other donors to ensure that regional and bi-lateral cooperation with Central America also facilitates the development of the appropriate development of tools for social policy to accompany the regional development of the private sector.

*This recommendation is coherent with Recommendations 2 of the previous Evaluation of EU Regional Cooperation with Central America (2007). The recommendations suggested to use EU cooperation to “promote common policies to increase the competitiveness of Central American economies and to face asymmetries between the partners”, in view of the “liberalization requirements of both the EU-CA Association Agreement and the CAFTA-DR” (see Table 1 in this report).*

### 6.1.2 On the EU’s strategic approach to regional cooperation

#### Strategic Recommendation 3 (Priority: High)

<b>Recommendation deals with:</b>	Supporting the strengthening of inter-governmental mechanisms for the alignment of regional priorities and interests of Central American States
<b>Recommendation is directed at:</b>	HQ, Regional EU Delegations, Bi-lateral EU Delegations

*Based on (Strategic) Conclusions # 1, #3, #4; (Specific) Conclusions #7, #9, #11, #12*

#### **Statement of overall recommendation:**

***The EU should continue developing the capacity of the SICA system to define and implement regional-level policies and frameworks based on clear and specific endorsements of each individual initiative by SICA’s inter-governmental institutions.<sup>195</sup> Primary counterparts for these efforts should be inter-governmental oversight bodies, made up of representatives of Central American national governments.***

#### **Short-term actions to be taken:**

- Make new regional cooperation programmes for institutional strengthening of the SICA System contingent on specific, detailed and clear inter-governmental endorsements of the interventions and of their goals; including also the clear commitment to joint financing. Programme design should incorporate political economy analysis.
- Institutional owners of these interventions should be individual inter-governmental oversight bodies of the SICA system, such as the SICA Executive Committee, COMIECO, etc. As such, the EU should consider these bodies also as possible recipients (i.e., beneficiaries) of EU cooperation and technical assistance, if it can be established that this support has the potential of improving their functioning in line with their inter-governmental mandate.

<sup>195</sup> Primarily SG-SICA, SIECA, CCJ, CC-SICA, CCAD and PARLACEN as well as the key oversight bodies such as COMIECO and the Executive Committee.

- Support SG-SICA, SIECA and other executive bodies only in response to specific requests for this support from these inter-governmental oversight bodies. These requests should be accompanied by financial and political commitments of SICA / SIECA Member States to the institutional development of these regional organisations.
- This cooperation can also include technical cooperation with the Central American Court of Justice (CCJ) and the Central American Parliament (PARLACEN) if it occurs in response to specific requests or endorsements of the corresponding interventions by SICA Member States. Cooperation also should be backed by realistic and clear commitments for the follow-on financing of any newly established or strengthened structures; and should be part of comprehensive capacity development plans for these institutions that are jointly agreed and backed by Central American Member States.

**Strategic Recommendation 4 (Priority: High)**

<b>Recommendation deals with:</b>	Intensifying political dialogue to accompany regional cooperation
<b>Recommendation is directed at:</b>	HQ, Regional & Bi-lateral EU Delegations (political and cooperation sections)

*Based on: (Strategic) Conclusions #2, #3, #4, #5, (Specific) Conclusions #7, #8, #9 #11, #12*

**Statement of overall recommendation:**

*Utilize the structures and dialogue platforms foreseen by the Association Agreement to closely accompany regional EU technical support and cooperation programmes with real-time political dialogue. The aim should be to support SICA’s own inter-governmental coordination mechanisms (see Recommendation 3) in concretely and promptly addressing bottlenecks of technical cooperation that may result from diverging political interests among national stakeholders.*

**Short-term actions to be taken:**

- Assign more staff to the Regional Unit of the EU Delegation in Managua. The complex nature of the EU’s regional strategy, and nature of the context in which it is implemented requires appropriate staffing levels if the EU is to meet its objectives. The sought-after outcomes and results of the RSP will be difficult to achieve with the current staffing levels of the Regional Unit in the EU Delegation.
- Establish EU-internal mechanisms and processes for the coordination of EU technical support and accompanying political dialogue under the provisions of the Association Agreement. These coordination mechanisms must be backed by the allocation of adequate resource levels and staffing by the European Commission headquarters.
- Certain issues that are currently addressed by EU regional cooperation (e.g., democratic security, economic integration, food security) have both a regional and a national dimension. As the EU is present both at regional and national levels, the EU should act on this added value by addressing these issues at both levels. Ideally, the EU representations at regional level (currently situated in Managua) and at national level

should support this coordinated approach, under the leadership of the Regional Delegation of the EU.<sup>196</sup>

- Consider moving the regional political and technical representation of the European Union to El Salvador. Otherwise, allocate sufficient funding to allow the EU to proactively participate in all new coordination platforms, mechanisms and processes, both at technical and at political level.
- Improve the coordination mechanisms and processes between the EU and those of its Member States who are still present in Central America, either at regional or at national level.

*This recommendation is coherent with Recommendations 1 and 4 of the previous Evaluation of EU Regional Cooperation with Central America (2007). The recommendations suggested to intensify policy dialogue (in support of economic integration), and to tie cooperation to the effective participation of Central American States in the financing of their regional bodies (see Table 1 in this report).*

**Strategic Recommendation 5 (Priority: High)**

<b>Recommendation deals with:</b>	Intensifying supervision of EU regional cooperation
<b>Recommendation is directed at:</b>	HQ, Regional EU Delegation, bi-lateral EU Delegations

*Based on (Strategic) Conclusions #3, #4, #5, (Specific) Conclusions #7, #8, #9*

**Statement of overall recommendation:**

***The EU should intensify the supervision of its regional cooperation with Central America by the Delegation in charge of regional cooperation, in particular to its institutional development programmes. Supervision needs to cover both the technical and political aspects of cooperation.***

**Short-term actions to be taken:**

- Analyse the implementation of key programmes such as PAIRCA II, PRESANCA II, PRAIAA, and PRACAMs in cooperation with the beneficiary organisations to identify specific instances in which supervision (and corresponding corrective action) helped to advance the programme implementation; or where the lack of appropriate supervision delayed programme implementation and the achievement of results (i.e., identifying both positive examples, as well as room for improvement).
- Using the findings of this review as a basis, develop protocols for programme supervision or revise existing protocols, detailing a) information required to ensure appropriate supervision; b) types of supervision activities required; c) EU units and staff who should be involved in regular programme supervision / programme reviews.
- Translate additional supervision tasks in staff hour equivalencies, and adjust staff assignments accordingly. Use this information to estimate the staffing requirements for the Regional Unit of the EU Delegation in Managua (see Strategic Recommendation 4).

<sup>196</sup> In other EU regional cooperation programmes, such as those in support of ECOWAS, IGAD or ASEAN, the role of coordinating the “combined” EU effort is assumed by the regional programme.

*This recommendation is coherent with Recommendation 7 of the previous Evaluation of EU Regional Cooperation with Central America. The evaluation suggested to “follow the more complex regional programmes [...] through a close and permanent monitoring from the Delegation, to allow their reorientation and adaptation to changes in context, and to ensure impact” (see Table 1 in this report).*

### **Strategic Recommendation 6 (Priority: High)**

<b>Recommendation deals with:</b>	Choosing flexible, client-oriented cooperation modalities for regional cooperation
<b>Recommendation is directed at:</b>	HQ, Regional EU Delegation

*Based on (Strategic) Conclusions #1, #3, #4, #; (Specific) Conclusions #7, #8, #9*

#### **Statement of overall recommendation:**

***The EU should develop more flexible, beneficiary-oriented financing modalities for regional cooperation, and in particular for the delivery of capacity development / institutional development support. Rather than emphasizing the disbursement of large amounts of funds, the modalities should be oriented to the capacities and needs of the beneficiaries, in that they allow the demand-driven provision of specific technical inputs or support, in response to concrete, results-driven requests for support by the benefitting organisations.***

#### **Short-term actions to be taken:**

- Review and assess the suitability of existing cooperation modalities for the requirements, conditions and the fiduciary requirements of the EU. Models in Central America that should be included in this review are the *Fondo España-SICA*, and the *Centro Regional de Asistencia Técnica de Centroamérica, Panamá y República Dominicana* (CAPTAC-DR). The review of possible models should not be limited to Central America; or the portfolio of the European Union, but should include models of other donors; used in other regions as well.
- The eventual modality should have the following attributes:
  - It should allow the allocation of relatively small amount of resources to client-led institutional development initiatives
  - The modality should allow the money to be administered on the basis of client procedures, albeit with European technical support if required.
  - Commitment of new money should be possible on an annual basis; i.e. the modality should follow an annual planning cycle.
  - Unused funds should not need to be decommitted automatically after a set period (such as N+3).
  - The modality should allow the pooling of funds from different donors.

### **Strategic Recommendation 7 (Priority: High)**

<b>Recommendation deals with:</b>	Deepening mainstreaming of cross-cutting issues
<b>Recommendation is directed at:</b>	HQ

*Based on Strategic Conclusion #2, # 7*

**Statement of overall recommendation:**

*The European Union should develop procedures and guidelines to ensure the more consistent mainstreaming of cross-cutting issues, in particular for its geographic cooperation instruments. The procedures and guidelines needs to include stricter and more complete mainstreaming requirements for the planning process; better guidance for taking into account mainstreaming during programme reviews, and guidelines for supervising mainstreaming during implementation.*

**Short-term actions to be taken:**

- Review evaluations and other documents that have identified inconsequent and incomplete mainstreaming as a continuing problem of EU development cooperation over the past 5 to 10 years. Compile and analyse the findings of these evaluations and studies on the underlying causes of this persistent weakness.<sup>197</sup>
- Conduct an assessment of the adequacy of the existing EU-internal guidance on mainstreaming, i.e. regarding its completeness, its specificity, its relevance. Initiate an amendment of this guidance, where necessary.
- Initiate a review of the extent to which the guiding principles of mainstreaming are appropriately reflected in the programming guidelines and procedures of the EU (in particular for regional and for bilateral geographic cooperation); adjust the programming guidelines where necessary.

*This recommendation is coherent with Recommendation 8 of the Evaluation of EU Regional Cooperation of 2007 that suggested to strengthen mainstreaming of cross-cutting issues, including at operational level (see Table 1 in this report).*

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<sup>197</sup> Including, for example, the ongoing thematic evaluations on gender and environment commissioned by EuropeAid's Evaluation Unit

## 6.2 Specific Recommendations

### 6.2.1 On the design and management of Institutional Development or Capacity Development (ID/CD) interventions

#### Recommendation 8 (Priority: High)

<b>Recommendation deals with:</b>	On the specific requirements of designing and managing ID/CD interventions
<b>Recommendation is directed at:</b>	HQ, Regional EU Delegation, All EU cooperation partners in region

*Based on Strategic Conclusion #3, # 4; (Specific) Conclusions #8, #9*

#### **Statement of overall recommendation:**

*Whenever capacity (capability) development is an objective of an EU intervention, ensure that the design and implementation structures of the intervention enables stakeholders to manage on the basis of expected performance targets and results, having clearly defined targets for new abilities, skills and competencies as well as non-personnel requirements such as finance, systems, space and delegations. In all cases, and in keeping with the EU's Backbone Strategy and other policies on capacity development, the EU must secure and maintain the commitment (including political will) of all partners involved.*

#### **Short-term actions to be taken:**

- The experts and officials assigned to design Institutional Development or Capacity Development projects should be directed to consider a “capability” approach focused on the required performance of the institution to meet its targets. An outline of such an approach is found in the EUs Policy and Project Management Manual. The investment in capacity improvement must be analysed to ensure that all the links to the “business ecosystem” involved will also enable the improvement to be realised.
- Ensure the commitment to Institutional Development and Capacity Development (as much as possible) before engaging the investment. Counterpart funding, the assignment of personnel to the CD effort, and the pro-active participation of senior managers in supervision (based on monitoring), for example, must be secured.
- Institutional Development and Capacity Development investments should be undertaken only if the managers involved have the resources and authority to adjust the process as it evolves. The EU needs to select its instruments, protocols and modalities to allow for these adjustments.

*This recommendation is coherent with Recommendations 3 and 4 of the Evaluation of EU Regional Cooperation of 2007. The recommendations suggested to pay more attention to the institutional dimension of integration; and to strengthen intra- and inter-sectoral coordination in SICA agencies. Also, cooperation should be tied to comprehensive regional plans and programmes, and to the commitment of Central American States for their participation in the financing of their regional organisations.*



## 6.2.2 On Economic Integration

### Recommendation 9 (Priority: High)

<b>Recommendation deals with:</b>	Support to economic integration
<b>Recommendation is directed at:</b>	HQ

*Based on Strategic Conclusion #2, #3, #4; (Specific) Conclusion #9*

#### **Statement of overall recommendation:**

*Make future cooperation on economic integration contingent on the establishment of common ground for and the clear commitment to this cooperation by Central American governments. In coordination with EEAS and DG Trade, use the dialogue structure of the Association Agreement to engage in political dialogue on these issues, in reference to the commitments of Central American countries under the Agreement. Encourage the involvement of the relevant inter-governmental bodies of SICA / SIECA in this dialogue, in addition to the national governments.*

#### **Short-term actions to be taken:**

- In the context of the new Regional Strategy Paper for regional cooperation with Central America; discuss with EEAS and DG Trade opportunities for DG DEVCO to accompany trade-facilitation with “wider aid for trade”, referencing also the primary policies that guide EU development cooperation in this area (including the EU Consensus on Development, the Aid for Trade Strategy of the EU).  
Start a joint dialogue with Central American counterparts to find common ground for cooperation on economic integration. Where possible, this dialogue should use the mechanisms of the Association Agreement; and refer to the commitments of Central American partners and the EU as starting points for the exchange. If not already foreseen, it is important to suggest to involve the inter-governmental bodies of SICA / SIECA in the dialogue.  
In line with Strategic Recommendation 2, the dialogue and any resulting cooperation programmes should also respond to the commitment of the EU to help Central America with the development of sustainable and equitable economic development strategies in connection with its support to regional economic integration and trade facilitation.
- Any cooperation programmes should realistically assess the degree of commitment of Central American partners to the cooperation, and the intended goals; and should adapt their ambitiousness accordingly. Any risks to the achievement of the objectives of the cooperation should be clearly identified. Programme design should also be coupled with political economy analysis, make sure the interventions take into account the complexities of the political process surrounding them. The design of the corresponding intervention programmes contain a clear and operational strategy to monitor, manage and respond to these risks.

*This recommendation is coherent with Recommendation 1 of the 2007 evaluation of EU regional cooperation (see Table 1). It advised to intensify support to regional integration; complementing technical regional cooperation with political dialogue.*

### 6.2.3 On Regional Security

#### Recommendation 10 (Priority: High)

<b>Recommendation deals with:</b>	Support to security sector
<b>Recommendation is directed at:</b>	HQ, EU Delegations (regional & bi-lateral), Key SICA System security organisations at national and regional levels

*Based on Strategic Conclusion #3, #4; (Specific) Conclusion #10*

#### **Statement of overall recommendation:**

*Continue to support the security sector in the region by focussing on products and systems that are requested by all SICA Member States and the regional organisations, and by linking that support to specific and joint requests that come from the Member States, along with some form of counterpart contribution to demonstrate commitment.*

#### **Short-term actions to be taken:**

- The EU should considerably strengthen ongoing consultation and continued inter-governmental dialogue processes with Member States at both the political and technical levels in order to promote greater consensus amongst SICA Member States and with the EU. Action should not commence on the assumption of consensus, but only in response to the clear and specific endorsement of individual interventions; and the commitment to joint financing.
- The EU should continue to strengthen and support activities, like those under CASAC, aimed at building trust among security institutions and governments in the region.
- The EU should strengthen anti-corruption safeguards within its institution-building initiatives in this sector.

*This recommendation is coherent with Recommendation 6 of the 2007 evaluation of EU regional cooperation. It shows that the EU has in fact “defined new approaches to include more recent issues (migration and security) into the regional cooperation” (see Table 1 in this report).*

## 6.2.4 On Disaster Risk Reduction

### Recommendation 11 (Priority: Medium)

<b>Recommendation deals with:</b>	Support to disaster risk management
<b>Recommendation is directed at:</b>	HQ, EU Delegations (regional & bi-lateral)

*Based on Strategic Conclusion #3, #4; (Specific) Conclusion #11*

#### **Statement of overall recommendation:**

***Commit EU resources to support the roll-out and consolidation of the approaches and models for joint, coordinated and harmonized actions in disaster risk management that had been developed with EU assistance<sup>198</sup>***

#### **Short-term actions to be taken:**

- Encourage and support the consolidation and expansion of multi-sectoral and integrated approaches/strategies<sup>199</sup> that seek to create spaces where risk reduction, climate change, water management, environment and food security/livelihoods are addressed holistically and where coordination amongst them is encouraged at different levels. The strengthening and expansion of the Environmental Sub-System (SSA), integrating CAC, COMISCA and other SICA bodies, may help to improve and encourage integrated approaches and therefore can help to improve the impact of disaster risk management.
- Improve the coherence and complementarity of EU support of regional and national strategies in the sector by strengthening internal mechanisms of coordination, synergy and information sharing among regional and bilateral cooperation programmes.
- Support programmes to strengthen the leadership and ownership of regional disaster risk management efforts by national institutions, to facilitate top-down, as well as bottom-up planning. Also link these efforts to increased joint planning with DG ECHO, including for the scale-up of good practices developed under the DIPECHO or DG ECHO's Drought Resilience Programme.
- Support initiatives for effective integration and implementation of regional policies and strategies at national and local levels with initiative centred on people. Target the strengthening of civil society and community structures working on disaster risk reduction and climate change adaptation with a holistic longer term vision.
- Support the development of binding regional legislation, such as framework laws, related to sustainable environment land use and natural resources management to enable the region to progressively overcome inconsistencies between regional and national environmental management and legal frameworks and the harmful current practices for the exploitation of natural resources and use of land in some countries (i.e. mining, sugar cane, African palm, shrimp, melon industry, etc.).

<sup>198</sup> Mostly under PREVDA

<sup>199</sup> Around GIRAA

## 6.2.5 On Food Security

### Recommendation 12 (Priority: High)

<b>Recommendation deals with:</b>	Food Security
<b>Recommendation is directed at:</b>	HQ, Regional EU Delegation

*Based on Strategic Conclusion #3, #4; (Specific) Conclusion #12*

#### **Statement of overall recommendation:**

*Propose additional support in food security to start developing the autonomous capacity of the SICA system for taking over the coordination and facilitation of a regional approach to food security after the end of EU support. Future support should be made conditional on a clear commitment of Central American governments for joint financing of the sector.*

#### **Short-term actions to be taken:**

- Use the remainder of PRESANCA II to support the facilitation of an agreement among Central American countries on the division of responsibilities between SG-SICA as the coordinating entity and other relevant SICA agencies (including, among other things, INCAP, CAC, CSUCA (with respect to MARSAN)). The agreement should clearly stipulate, which responsibilities will fall within the mandate of SG-SICA for the cross-sectoral coordination of a regional response to food insecurity, and which tasks and services should be delegated to other appropriate agencies of the SICA system.
- The agreement should also clarify, which oversight bodies (such as *COMISCA*, *Consejo de Ministros del CAC*, *Foro de Secretarías e Instancias Nacionales Coordinadoras de la Seguridad Alimentaria y Nutricional en los Estados Miembros*) will be in charge of food security as a cross-sectoral issue.
- Design the follow-up programme to align with the chosen supervisory body (see above); and to build the capacity of this body as a coordination platform for national food security secretariats / other respective national authorities in charge of food security (also see Strategic Recommendation 3 on the development of mechanisms to ensure commitment and ownership of regional integration by Central American States)
- Use the programme's partnership with the chosen supervisory body to develop a process to ensure that achievements (i.e., the tested models and approaches) of the projects financed by FONSAN can be assessed and adopted by other "mancomunidades" in Central America; possibly aided by their endorsement by national-level stakeholders in food security. The goal should be to ensure the eventual ownership of pilot initiatives by the different national governments.