



European  
Commission



# Evaluation of EU Cooperation with Central America

## Final Report Executive Summary

July 2015

*Contrat N° EVA EVA 2011/Lot 4  
Specific Contract N° 2013/313729/2*

Development  
and Cooperation  
EuropeAid



Consortium composed by  
ADE and COWI  
Leader of the Consortium: ADE  
Contact Person: Edwin Clerckx  
Edwin.Clerckx@ade.eu

**Contract No EVA 2011/Lot 4  
N° 2013/313729/2**

**This evaluation was commissioned by the Evaluation Unit  
of the Directorate General for Development and Cooperation –  
EuropeAid (European Commission)**

*The opinions expressed in this document represent the authors' points of view  
which are not necessarily shared by the European Commission  
or by the authorities of the concerned countries.*

*Cover picture rights : Delegation of the EC in Nicaragua, Presanca from EU image database, 04 August 2009.*

**This report has been prepared by**



Rue de Clairvaux 40, Bte 101  
B-1348 Louvain-la-Neuve (Belgium)  
Tel: +32 10 45 45 10  
Fax: +32 10 45 40 99  
E-mail: [ade@ade.be](mailto:ade@ade.be)  
Web: [www.ade.be](http://www.ade.be)



# Executive Summary

---

## 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

---

<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.

---

<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

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

protocols should be complemented with 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)*