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## **ACTIVITIES OF THE ECLAC SYSTEM TO PROMOTE AND SUPPORT TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES AND REGIONS DURING THE 2002-2003 BIENNIUM**

**Note by the secretariat**

This document essentially reproduces part II (B), Cooperation activities, of the Report on the activities of the Commission since May 2002 (LC/G.2237(SES.30/5)).

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## **INTRODUCTION**

This report is being submitted as a working document for consideration, at the thirtieth session of ECLAC (San Juan, Puerto Rico, 28 June-2 July 2004), by the Committee on Cooperation among Developing Countries and Regions. It outlines the main activities in this area carried out by the ECLAC system since the twenty-ninth session.

The report begins with a brief overview of international cooperation at the global level, which forms the backdrop against which TCDC activities are carried out at the regional level, and describes the role of ECLAC in this regard.

The second section of the report refers to the legislative mandates governing the Commission's cooperation activities, especially those involving TCDC.

The third section gives a fairly detailed account of the cooperation activities carried out by the ECLAC system in the 2002-2003 biennium, including technical assistance missions and projects financed with extrabudgetary resources, with specific reference to those involving the promotion and support of TCDC among the countries and subregions of Latin America and the Caribbean.

The report concludes with a few final remarks.

## COOPERATION ACTIVITIES

### 1. Overview and general trends of international cooperation

This chapter reviews the cooperation activities conducted by ECLAC in the wider international context of cooperation for development and the United Nations system's approaches and reforms with respect to technical cooperation, with emphasis on technical cooperation among developing countries and regions (TCDC). This first section provides a general overview of international cooperation, while the second describes the legislative mandates that govern the Commission's TCDC activities. The third section, which constitutes the core of this chapter, reports on the full range of cooperation activities carried out by the Commission in the 2002-2003 biennium, with special reference to TCDC. The fourth and last section offers a few final remarks.

The overall context for international cooperation in 2002-2003 was marked by a number of changes with regard to the amount of resources made available, the modalities and new trends of cooperation efforts and their implementation by the United Nations system.

During the period there was a change of direction in the aggregate flow of official development assistance, which for the past decade had been stagnant in absolute terms while declining slightly in relation to world GDP. The total amount of such assistance increased from US\$ 52.3 billion in 2001 to US\$ 58.3 billion in 2002 and US\$ 68.5 billion in 2003,<sup>1</sup> a record high in both nominal and real terms. Nevertheless, the net contribution of donor countries as a proportion of their GDP, at about 0.25%, is still far from the United Nations target of 0.7%. It is estimated that, even if the commitments to increase contributions undertaken at the International Conference on Financing for Development (Monterrey, March 2002) are honoured to the letter, in 2006 the total will amount to some US\$ 75 billion, meaning that contributions as a percentage of GDP will barely exceed their current level.<sup>2</sup>

The projections of the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD)<sup>3</sup> indicate that, despite this significant improvement, it will be very difficult to meet many of the Millennium Development Goals which the international community, under the leadership and coordination of the United Nations, aspires to achieve by 2015. Hence the vital importance of further efforts on the part of the world's developed and developing countries to increase the effectiveness of cooperation resources and activities. To this end, significant improvements are needed in terms of the harmonization of donor practices, in addition to a more clearly defined focus on the attainment of the Millennium Development Goals at every level. Among other things, this will entail making more intensive and efficient use of specific instruments at the national level, such as poverty reduction plans and national development strategies.

In Latin America and the Caribbean this overall state of affairs is manifested in ways that are specific to the region, but are still in keeping with the same general assessment. Consequently, the region

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<sup>1</sup> Organisation for Economic Co-operation and Development (OECD) (2004), "Development Co-operation Report 2003", *The DAC Journal*, vol. 5, No.1, 2004; and <http://www.oecd.org>, "Modest Increase in Development Aid in 2003", 19 April 2004.

<sup>2</sup> Organisation for Economic Co-operation and Development (OECD) (2004), "OECD report shows rising aid flows but more effort needed to reach Monterrey goals", on <http://www.oecd.org>.

<sup>3</sup> The countries members of the Development Assistance Committee provide about 95% of official development assistance worldwide.

also needs to increase its resources and make more effective use of them in economic and social programmes, particularly those geared to reducing poverty and promoting sustainable development. Cooperation among the less developed countries and regions can also play an important role in this area.

As part of the reform process launched by the Secretary-General, the United Nations system has embarked on a review of its entire array of technical cooperation activities in an effort to provide greater clarity, increase the flow of information and improve coordination within the system. To this end, steps are being taken to determine how responsibilities should be apportioned and to define the role and activities of the Department of Economic and Social Affairs, the regional commissions and operational funds and programmes such as the United Nations Development Programme (UNDP), the United Nations Children's Fund (UNICEF) and the United Nations Population Fund (UNFPA). ECLAC, together with the other regional commissions, has been actively collaborating with the United Nations Secretariat in the deliberations of the Executive Committee on Economic and Social Affairs concerning the programme of work and institutional responsibilities with a view to achieving greater coherence among cooperation activities at the regional, subregional and national levels.<sup>4</sup>

Against this backdrop, ECLAC and the other regional commissions play a fundamental role in regional technical cooperation by providing analytical and institutional support for the establishment of economically, socially and environmentally sustainable development patterns. They perform an equally important function in promoting regional cooperation and helping to build the political consensus needed to ensure that the international commitments undertaken at global summits and conferences are fulfilled at the regional, subregional and national levels. This is particularly the case of the commitments set forth in the Millennium Declaration, which are the focal points towards which the work of the entire United Nations system converges. In Latin America and the Caribbean, the main spheres of action in this regard are the harmonization and creation of macroeconomic policy networks, the design and implementation of fiscal policies and measures focusing on sustainable development and rational resource use, regional cooperation in statistical matters, action plans on issues of population and population ageing, the further advancement of women and gender equity in public policies and specific subregional integration initiatives, such as the Puebla-Panama Plan and the Initiative for Regional Infrastructure Integration in South America (IIRSA). The following section provides further details on the subject areas and specific projects on which the Commission has been working over the past biennium.

Technical cooperation among developing countries (TCDC) within the United Nations system receives its mandate and general direction from the meetings of the High-level Committee on the Review of Technical Cooperation among Developing Countries. In the 2002-2003 biennium, States Members of the Organization undertook initiatives and adopted agreements for moving forward with TCDC within the system. At its thirteenth session, held at United Nations Headquarters in New York from 27 to 30 May 2003, the High-level Committee assessed the progress made by United Nations organizations and by Governments in implementing the Buenos Aires Plan of Action and the decisions of the High-level Committee itself. The participants reaffirmed the validity and continued relevance of the Buenos Aires Plan of Action, 25 years after its adoption, as an instrument for the promotion and implementation of TCDC. South-South cooperation has continued to be a useful and necessary tool, as has been demonstrated in the deliberations and resolutions of the Group of 77 South Summit (Havana, Cuba, April 2000), the Third United Nations Conference on the Least Developed Countries (Brussels, Belgium, May 2001), the International Conference on Financing for Development (Monterrey, Mexico, March 2002)

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<sup>4</sup> Those exchanges served as inputs for a report of the Secretary-General to the General Assembly, entitled "Review of technical cooperation in the United Nations" (A/58/382).

and the World Summit on Sustainable Development (Johannesburg, South Africa, August-September 2002).

The High-level Committee considered that TCDC in Latin America and the Caribbean had made significant progress, both in the framework of regional and subregional integration and in the establishment of networks and forums on specific issues, in which government representatives, non-governmental organizations, civil society and the private sector took part. Regarding TCDC modalities, the Committee stressed the promotion of triangular cooperation and partnerships with governmental and non-governmental entities, including the private sector. The Committee also urged the international community to intensify its efforts to support South-South cooperation.

To fully understand the work of ECLAC with respect to TCDC at the regional level, it must be borne in mind that the countries members of the Latin American Economic System (SELA) have designated that body as the regional coordinator for the activities carried out by national TCDC focal points. This is the institutional context in which annual meetings are held for these focal points, which are located within national divisions or agencies for international cooperation. These meetings are now the foremost operational mechanism for the exchange of information and ideas and for hearing the views of the countries in the region on sectors and matters of interest. The periodicity of these meetings, which are convened by the permanent secretariat of SELA, makes it possible to obtain appropriate feedback from the technical agencies that coordinate cooperation at the national level.

During the 2002-2003 biennium, the fifteenth and sixteenth Meetings of Directors of International Technical Cooperation were held. The ECLAC secretariat has participated in such meetings on a regular basis, reporting on the Commission's activities in support of TCDC and collaborating with the SELA permanent secretariat and the UNDP Special Unit for TCDC, which has furnished the necessary financial support to the countries. The meetings were held in Montevideo, Uruguay, in March 2002 and in Panama City, Panama, in July 2003, respectively. (The issues discussed and the main conclusions drawn at each meeting are summarized in annex 1).

## **2. The legislative mandate for the Commission's TCDC activities**

The Commission's legislative mandate to implement TCDC activities arises from specific resolutions adopted following the establishment of SELA in 1975, the adoption of the Buenos Aires Plan of Action in 1978 and the creation of the Committee on Cooperation among Developing Countries and Regions as the principal policy-making body of ECLAC in such matters. They include General Assembly resolutions, as well as resolutions adopted at sessions of the Commission, following their endorsement by the Economic and Social Council. The outcomes of the other meetings, reports and agreements that are listed in annex 2 round out the framework within which ECLAC carries out its activities in this area.

At the twenty-ninth session of ECLAC (Brasilia, Brazil, May 2002), the Committee on Technical Cooperation adopted a draft resolution that was later adopted in plenary session as resolution 591(XXIX) on technical cooperation among developing countries and regions. That resolution, which guided the secretariat's activities during the biennium, refers to various areas in which the ECLAC system can help promote TCDC in the region. These include: (i) intensifying activities aimed at incorporating modalities of technical cooperation among developing countries into the various areas of the secretariat's programme of work; (ii) strengthening the exchange of national and subregional experiences and best practices in technical cooperation projects; the identification of successful strategies for promoting small and medium-sized enterprises; trade, environmental, scientific and technological development, tourism,

investment, macroeconomic management and gender policies; and disaster prevention and mitigation; (iii) identifying priority areas for technical cooperation among developing countries in close coordination with the Latin American Economic System and continuing to collaborate with that organization in all relevant activities; and (iv) promoting joint activities with countries in the various developing regions in coordination with the competent organizations of the United Nations system.

As indicated in the following section, the cooperation activities carried out by ECLAC during the biennium, including those focusing on TCDC, have been financed both from its regular budget and with extrabudgetary resources obtained through the negotiation of agreements with bilateral and multilateral donors for the execution of cooperation programmes and specific projects. Such negotiations are particularly important in the case of TCDC, as most of the activities conducted by ECLAC in this area are financed with extrabudgetary resources.

### **3. Cooperation activities during 2002-2003**

#### **(a) Technical assistance missions**

Part II, section A, of the Report on the activities of the Commission since May 2002 (LC/G.2237(SES.30/5)) describes the work carried out under each of the Commission's subprogrammes, including those that comprise technical advice to countries in the region. The present subsection briefly, albeit more specifically, details the cooperation activities related to the technical assistance missions carried out by ECLAC experts and consultants during the biennium.

A total of 753 technical cooperation missions to 17 Latin American and 19 Caribbean countries were conducted in 2002-2003 (see figure 1, which shows the number of ECLAC technical cooperation missions in each country). A wide array of issues were addressed, such as the processing and analysis of information gathered in population and housing censuses, international trade and treaty negotiations, natural resource regulations and policies, environmental indicators and policies, State modernization and planning, refinement of household surveys and economic and social statistics, assessment of natural disasters and gender mainstreaming in government policies and programmes (see figures 2, 3 and 4, which show the number of ECLAC technical cooperation missions in each country by subject area: economic, social and environmental and sustainable development). These missions are carried out at the request of the Governments of member countries in the region and are coordinated with related activities or programmes carried out by other international organizations and with national entities at various levels (subregional, national and local).

Technical advisory services almost always involve an in-service training component when the mission does not specifically involve workshops or training courses. In a large and growing number of cases, however, advisory missions are taking the form of substantive collaboration with national authorities, professionals and technical experts.

Technical assistance missions play a pivotal role in the Commission's work. They are a form of direct collaboration with member States in specific areas of interest, through which ECLAC can learn about specific experiences that it can then systematize through more general analysis. This provides a better empirical basis for the Commission's diagnostic assessments, conclusions and recommendations.

Figure 1  
ECLAC TECHNICAL COOPERATION MISSIONS, 2002-2003 BIENNIUM



Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.



Figure 2  
**ECLAC TECHNICAL COOPERATION MISSIONS, 2002-2003 BIENNIUM  
 ECONOMIC ISSUES**



Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

Figure 3  
**ECLAC TECHNICAL COOPERATION MISSIONS, 2002-2003 BIENNIUM  
 SOCIAL ISSUES**



Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

Figure 4  
**ECLAC TECHNICAL COOPERATION MISSIONS, 2002-2003 BIENNIUM**  
**ENVIRONMENTAL AND SUSTAINABLE DEVELOPMENT ISSUES**



Note: The boundaries and names shown on this map do not imply official endorsement or acceptance by the United Nations.

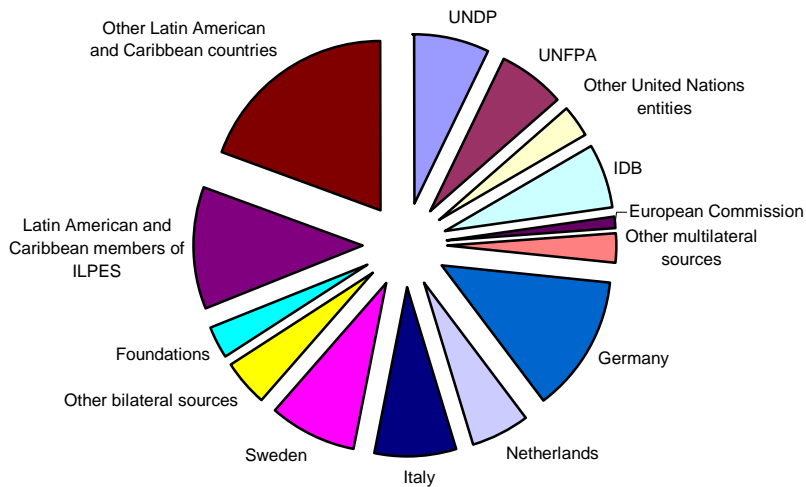
**(b) Projects financed with extrabudgetary resources**

*(i) Total expenditures by donor*

During the 2002-2003 biennium, ECLAC executed a total of 176 technical cooperation projects financed wholly or partly with extrabudgetary resources. The subject areas and outputs of these projects are described at the end of this report. Total estimated expenditure for the period was US\$ 18,293,182, which was slightly lower than the total for 2000-2001. Nonetheless, this figure is higher than it was in any biennium of the 1990s and is equivalent to 26% of the regular budget of ECLAC.

As shown in figure 5 and the table that follows, the source of such funds continues to be predominantly bilateral, with a considerable proportion provided by European countries (France, Germany, Italy, Netherlands, Spain and Sweden). These contributions, along with those of Japan and Canada, covered 39% of these expenditures. Among the countries of the region, which together provided 31.3% of the financing for these expenditures, the biggest contributions came from the Governments of Argentina, Chile, Colombia and Uruguay and from other countries members of ILPES.

Figure 5  
**FINANCING SOURCES FOR ECLAC EXTRABUDGETARY EXPENDITURE, 2002-2003 BIENNIUM<sup>a</sup>**



**Source:** Economic Commission for Latin America and the Caribbean (ECLAC), on the basis of official figures.

<sup>a</sup> Total estimated expenditure in the biennium amounted to US\$ 18,293,182.

Table  
**ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN: EXTRABUDGETARY  
 EXPENDITURE, BY SOURCE OF FINANCING, 2002-2003 BIENNIUM**

<b>Source of financing</b>	<b>Amount (dollars)</b>	<b>Percentage</b>
<b>MULTILATERAL</b>		
<b>United Nations system</b>	<b>3 043 937</b>	<b>16.6</b>
United Nations Development Programme	1 338 931	7.3
United Nations Population Fund	1 156 782	6.3
United Nations Foundation	238 300	1.3
Other	309 924	1.7
<b>Specialized agencies of the United Nations</b>	<b>1 851 831</b>	<b>10.1</b>
Inter-American Development Bank	1 108 015	6.1
European Commission	213 793	1.2
World Bank	86 170	0.5
Central American Integration System	319 334	1.7
Other multilateral agencies	124 519	0.7
<b>BILATERAL</b>		
<b>Developed countries</b>	<b>7 129 257</b>	<b>39.0</b>
Germany	2 378 012	13.0
Netherlands	1 009 549	5.5
Italy	1 432 672	7.8
Sweden	1 526 011	8.3
Spain	416 821	2.3
France	131 505	0.7
Japan	157 565	0.9
Canada	25 338	0.1
Other	51 784	0.3
<b>Latin American and Caribbean countries</b>	<b>5 682 136</b>	<b>31.1</b>
Argentina	2 510 541	13.7
Chile	651 007	3.6
Colombia	114 653	0.6
Uruguay	136 061	0.7
Other Latin American and Caribbean countries	154 554	0.8
Latin American and Caribbean members of ILPES	2 115 320	11.6
<b>Foundations, universities, private sector</b>	<b>586 021</b>	<b>3.2</b>
Ford Foundation	381 604	2.1
University of Minnesota	82 019	0.4
Kellogg Foundation	83 497	0.5
Other	38 901	0.2
<b>Total</b>	<b>18 293 182</b>	<b>100.0</b>

Source: Economic Commission for Latin America and the Caribbean (ECLAC).

The second largest source of project funding has been international organizations, including those that belong to the United Nations system (UNDP, UNFPA, UNFIP and others). These organizations contributed about 16.6% of the resources used for extrabudgetary expenditure. In addition, some of the technical cooperation projects executed by ECLAC were financed with resources from the Development Account. This account, which is part of the United Nations regular budget for operational activities,

provided a total of US\$ 1,058,360 during the 2002-2003 biennium.<sup>5</sup> Other multilateral institutions, principally the Inter-American Development Bank, the European Commission and the Central American Integration System (SICA), financed 10.1% of these extrabudgetary expenditures.

In comparison to the preceding biennium, the most significant change was the relative increase in the contributions made by developed countries, which partially offset the decrease in contributions from countries of the region. In fact, the relative shares of the two groups of countries were practically reversed, largely because of widespread economic difficulties and, in particular, the depreciation of the local currencies of Latin American and Caribbean donor countries over the past few years. Contributions from international organizations have remained relatively stable, with decreases in both absolute and relative terms being registered in the level of financing provided by United Nations entities and an increase in the share contributed by IDB and the World Bank. The share of extrabudgetary resources provided by foundations, universities and other private-sector organizations increased from 1.2% to 3.2% and is likely to remain at this level or increase further in the future.

*(ii) Technical cooperation projects*

During the biennium, the Project Management Unit of the Programme Planning and Operations Division continued to support the execution of numerous technical cooperation projects with extrabudgetary financing. Such operations are overseen, as appropriate, by ECLAC headquarters in Santiago, Chile, the subregional headquarters in Mexico and the Caribbean, country offices in Buenos Aires, Brasilia, Montevideo and Bogotá and the liaison office in Washington, D.C.

Technical cooperation projects are designed in response to requests from Governments in Latin America and the Caribbean and pursuant to the guidelines of donor agencies. These projects enabled the ECLAC secretariat to strengthen and expand the scope of some of the activities included in the programme of work of the ECLAC system for the 2002-2003 biennium.

The projects implemented in the period under review included subregional or regional research and comparative studies, technical advisory services to individual countries, collaboration with subnational entities, training courses and workshops or seminars at the national, subregional and regional levels. An ongoing effort was made to disseminate information in the form of books and series published by ECLAC, co-publications and postings on the ECLAC web site in which the contributions of donors are duly acknowledged. The substantive outputs of these projects were also included in several of the Commission's flagship publications.

Annex 3 provides an overview of technical cooperation projects, grouped thematically, taking into account such factors as their substantive importance, their multisectoral scope and what impact they have had on ECLAC subprogrammes and divisions. The multidisciplinary, interdivisional work carried out under these projects, with the support of extrabudgetary resources, is a highly productive facet of the Commission's work and provides a different perspective on the regular activities conducted under the subprogrammes from that provided in part II, section A, of the activities report (LC/G.2237(SES.30/5)) and in the following subsection on TCDC.

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<sup>5</sup> As these resources come from the United Nations regular budget, they have not been included in the figure and table on extrabudgetary contributions.

*(iii) TCDC projects and activities*

As mentioned earlier (see point 2 above), ECLAC carries out activities that support and promote technical cooperation among developing countries and regions within the general legislative framework of the United Nations on cooperation activities, and more specifically according to the recommendations formulated by member countries through the Commission's sessional Committee on Cooperation among Developing Countries and Regions. In carrying out these activities, the ECLAC secretariat takes into account the regular programme of work and its complementarity with projects financed with extrabudgetary resources.

During the biennium 2002-2003, ECLAC carried out numerous activities with significant TCDC components, such as comparative studies to broaden countries' awareness of the experiences of countries with a similar or higher level of development; the promotion of exchanges of experiences, best practices and new methodologies through discussion seminars and training workshops; and the establishment and broadening of formal and informal networks of government representatives or experts to facilitate more ongoing, longer-term contacts.

The range of issues covered was broad and spanned all the subprogrammes of work of the Commission. The ECLAC web site on cooperation<sup>6</sup> provides detailed information, in tabular format, on projects with significant TCDC components. The information below was taken from that web site.

In terms of linkages with the global economy, regional integration and cooperation, two projects stand out. The first, financed by the Government of Japan, concerns free trade agreements in the Americas. The project involved the wide dissemination of experiences with negotiation processes, including the North American Free Trade Agreement (NAFTA) and a number of bilateral agreements of special relevance to the Central American countries. The second project, also financed by the Government of Japan, compared the development of industries linked to information technologies. Although the study included only a few countries in the region, its benefits are broader in scope, since it provides information and analytical tools regarding policies and best practices for all interested countries. Furthermore, the project helped set up a web site open to all countries members of the Asia-Pacific Economic Cooperation (APEC) forum.

In the area of productive, technological and entrepreneurial development, several projects supported by cooperation funds from the Governments of Germany and Italy were carried out on issues ranging from technical, professional and vocational training to production linkages and microfinancing for small and medium-sized enterprises. The projects provided substantive inputs for an inter-American network on professional education and resulted in the creation of a new network; together, these networks serve Argentina, Brazil, Chile, Dominican Republic, Mexico, Paraguay and Uruguay. In addition to the relevant technical assistance, there was an extensive process of debate and exchange of experiences among 10 Latin American and 3 Caribbean countries regarding policies on competitiveness, microcredit and the development of production clusters.

In the field of macroeconomic policies and growth, one of two noteworthy examples is a project, financed with European Commission contributions and United Nations Development Account resources, for the creation of the Network for Macroeconomic Dialogue (REDIMA), which involved the establishment of both a regional network and subregional networks for the countries of the Southern Common Market (MERCOSUR), the Andean Community and Central America. The second major

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<sup>6</sup> See <http://www.eclac.cl/cooperacion/ctpd>.

project, funded with a contribution from IDB, studied the experiences of financial reforms in promoting equity and efficiency. The findings of this study have been widely disseminated in the region by way of publications, seminars and the ECLAC web site.

Concerning social development and equity, a project on socially sustainable development policies, financed by the Government of Germany, developed practical guidelines for policy-making in this area and set up forums for dialogue between various sectors and countries, particularly Bolivia, Brazil, Costa Rica, El Salvador and Uruguay, to discuss experiences with such policies and the adaptations required. Another project, which received financial support from the Government of the Netherlands, helped to disseminate lessons learned regarding institutional aspects of social policies and to establish a network of social institutions in Latin American and Caribbean countries, with the expectation that it will be strengthened in the future.

With respect to mainstreaming the gender perspective, various activities were carried out to establish networks, design and disseminate gender indicators for use in policy-making and spread best practices in this regard in the sphere of social security, labour and productive development policies. Fifteen Latin American countries benefited directly from these exchanges, but the experiences and networks are currently available to all countries in the region in printed form and on the Internet. The projects were financed with contributions from the Governments of the Netherlands, Italy and Germany.

In the area of population and development, the regional population programme financed by the United Nations Population Fund (UNFPA) carried out various TCDC-related activities. One such activity was the discussion and sharing of national experiences in executing and following up on the Regional Plan of Action on Population and Development. In this context, training on population issues by way of horizontal cooperation mechanisms was specifically promoted and direct support was provided to the ECLAC sessional Ad Hoc Committee on Population and Development, to the benefit of all member States. Furthermore, IDB financed two important projects on the dissemination and use of data from the 2000 census round and of indicators on indigenous populations, in which the experiences of Argentina, Belize, Bolivia, Brazil, Chile, Costa Rica, Ecuador, Panama, Paraguay, Mexico and Nicaragua were studied and exchanged; other countries in the region will benefit from this exercise in the future.

With regard to the planning of public administration, the Regional Seminar on Fiscal Policy is a useful mechanism for establishing contacts, exchanging experiences and forming government and expert networks. ECLAC holds this seminar every year in collaboration with the Government of Chile, the International Monetary Fund (IMF), IDB and the World Bank. The fourteenth Seminar was held in 2002 and the fifteenth, which received additional contributions from OECD, the Government of Germany and UNDP, was held in January 2003. The Seminar is attended each year by more than 80 experts, academics and authorities of Latin American and Caribbean central banks and economic ministries.

With respect to the environment and human settlements, a number of projects were implemented on policies for environmentally sustainable development, environmental management of national projects and territorial and urban management from the perspective of poverty reduction. These projects received financial support from the Governments of Germany, Italy, Sweden and the Netherlands. During their implementation, comparative and case studies were conducted, manuals were prepared, dialogue was promoted and information on policy instruments and experiences was widely disseminated in 13 Latin American and 11 Caribbean countries.

With regard to natural resources and infrastructure, the Government of Sweden, via the Global Water Partnership (GWP), contributed to the establishment and expansion of the Latin American water



network, officially set up in the GWP South American Technical Advisory Committee (SAMTAC), which promotes and facilitates dialogue, distributes up-to-date information and publications on water issues in the subregion and follows up on the targets established at the World Summit on Sustainable Development for groundwater and flood management.

In the area of statistics and economic projections, for several years IDB financed the programme for the improvement of surveys and the measurement of living conditions in Latin America and the Caribbean (MECOVI), which involved the active participation of 22 Latin American and Caribbean countries and placed strong emphasis on exchanging experiences and increasing the comparability of indicators obtained from surveys, particularly those related to poverty. Additionally, and with financial support from UNDP, an assessment was conducted of the Latin American and Caribbean countries' chances of meeting the poverty reduction target established as part of the Millennium Development Goals; this exercise covered 17 countries of the region.

As part of its subregional activities in Mexico and Central America, ECLAC collaborated with UNDP and the Mexican Institute for International Cooperation to update and strengthen Mexico's development cooperation strategy, with special emphasis on TCDC. The existing legal framework, financing mechanisms and successful national TCDC experiences were analysed and a methodology was designed for monitoring and evaluating TCDC programmes and projects. Moreover, with financial support from IDB and the World Bank, training and experience-sharing activities were carried out in seven Central American and Caribbean countries regarding information on and the assessment of the economic and social impact of natural disasters.

Regarding subregional activities in the Caribbean, the Government of the Netherlands provided funding for social vulnerability and trade support projects in countries members of the Caribbean Development and Cooperation Committee (CDCC), which enhanced the exchange of experiences and helped to strengthen technical cooperation networks, in addition to providing direct support to the Committee. Also noteworthy was the set of activities carried out in support of the subregional review of the Regional Plan of Action on Population and Development, the preparation of a future plan of action for the Caribbean and the dissemination of experiences and best practices, for which UNFPA provided financial support.

#### **4. Final remarks**

In keeping with the Commission's programme of work, the issues and projects that include significant elements of cooperation in general, and TCDC in particular, span a variety of areas, as shown by this report. The guidelines established by the ECLAC secretariat for the promotion of economic development with social equity explicitly include the intensification of intraregional cooperation in several aspects of productive development in open economies.

Accordingly, and in addition to ongoing or more traditional areas of horizontal cooperation, TCDC can be an important means of making better use of opportunities for cooperation in areas related to strategies for productive development in open economies, such as the promotion of technology absorption and transfer; the quest for new markets; the exchange of innovative experiences in educational systems and their contribution to productive development; trade negotiations with economic blocs; and international competitiveness in general.

Regarding the operational aspects of cooperation, technical assistance missions should continue to be a worthwhile form of cooperation with countries in the region, and should be useful not only for beneficiary countries but also as a basis for the Commission's assessments and analyses. Furthermore, it is expected that certain modalities being used by ECLAC to tap the full potential of technical cooperation in the region, including TCDC, will continue to be used and strengthened in the future. Such modalities include: (i) actively collaborating with national counterparts in the implementation of projects financed with extrabudgetary resources; (ii) participating in initiatives and mechanisms for regional and subregional coordination of TCDC in areas in which ECLAC has recognized competence; (iii) supporting regional activities planned by UNDP and SELA with a view to promoting the use of TCDC in the work of United Nations organizations in the region; (iv) using technical assistance to develop cooperation networks in areas related to the programme of work of ECLAC; (v) widely disseminating information on ECLAC projects and activities that are particularly conducive to the promotion and sustenance of TCDC, taking advantage of the many possible ways of interconnecting existing electronic networks; and (vi) strengthening previously established contacts with other United Nations regional commissions to boost interregional cooperation in the current context of globalization.

Annex 1  
**MEETINGS OF DIRECTORS OF INTERNATIONAL COOPERATION  
DURING THE 2002-2003 BIENNIUM**

The periodic Meetings of Directors of International Cooperation of countries in the region, which are convened by SELA, have helped to strengthen coordination among regional bodies and forums that engage in TCDC activities.

The meeting held in Montevideo, Uruguay (March 2002) addressed the issue of “International cooperation in the twenty-first century: new forms and stakeholders”. The meeting’s conclusions and recommendations included: (i) the need to increase the use of national focal points for cooperation, to which end a programme to promote a data exchange network was proposed; (ii) the importance of promoting programmes and projects under a comprehensive, flexible and efficient scheme that would ensure their effectiveness, through triangular cooperation —among other financing mechanisms— and increased participation by new stakeholders such as the private sector and civil-society organizations; (iii) the advisability of summarizing specific experiences relating to cooperation processes and programmes in the countries, with a view to creating an information source focusing on shared technical abilities and know-how that would strengthen current and future regional cooperation; (iv) the relevance of designing methodologies and systematizing processes for following up and evaluating TCDC in order to assess and measure its impact and make it more efficient and effective; and (v) the importance of including the issue of migration on the agendas of international entities and meetings, considering that it affected not only the economies of countries, but family structures and society as well.

The meeting held in Panama City (July 2003) focused on “Financing for development and the attainment of the Millennium Development Goals in Latin America and the Caribbean”, and was organized jointly with the Ministry of Economic Affairs and Finance of the Republic of Panama, SELA and the Pan American Health Organization (PAHO). At the meeting, ECLAC presented a paper on the technical cooperation activities carried out by its experts within the framework of the Millennium Development Goals. The ECLAC representative stressed that the Goals had already been incorporated into its 2002-2005 medium-term plan and its regular programme of work for the 2002-2003 and 2004-2005 bienniums. The core objective was to increase the ability of member States to meet the Goals. ECLAC had identified three priority areas of action in relation to the Goals: (i) poverty reduction policies, including social policies and the impact of economic policies on poverty and equity; (ii) national policies and mechanisms for international cooperation, including the further integration of the countries of the region into the world economy and the improvement of the relationship between economic and social development in the context of globalization; and (iii) linkage between economic and environmental strategies.

The participants in the Panama meeting adopted the following conclusions and recommendations: (i) to pay special attention to the vulnerability of small economies, island States and landlocked countries in the region, which bore higher transaction costs in obtaining international cooperation; (ii) to reaffirm the importance of the Millennium Development Goals and the region’s commitment to achieving them within the established time frames by strengthening the countries’ ability to design and execute relevant strategies and policies; (iii) to increase dissemination activities and strengthen the commitment of national Governments and non-governmental organizations to the attainment of the Millennium Development Goals; (iv) to urge countries in the region to increase budgetary allocations in the areas of education and health so that the Millennium Development Goals could be met; (v) to allocate more resources —both human and material— to South-South cooperation, making them available for exchange programmes, collaborative studies, training (including professional training), the exchange of experiences and strategic alliances, particularly in the area of science and technology; and (vi) to make full use of the human, institutional and national capacities developed by some Latin American and Caribbean countries to promote South-South cooperation activities in areas linked to the Millennium Development Goals.

## Annex 2

**TIMETABLE OF EVENTS RELATING TO ECLAC ACTIVITIES IN THE AREA OF  
TECHNICAL COOPERATION AMONG DEVELOPING COUNTRIES (TCDC)**

<b>Year</b>	<b>Event</b>	<b>Source of information</b>
1975	Creation of the Latin American Economic System (SELA), headquartered in Caracas, Venezuela, and consisting of 27 Latin American and Caribbean countries, to serve as a regional coordinating body for activities to promote TCDC	Panama Convention
1978	Adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries	General Assembly resolution 33/134
1979	Establishment of the Committee on Cooperation among Developing Countries and Regions as the Commission's principal policy-making body in matters of horizontal cooperation	ECLAC resolution 387(XVIII)
1981	First meeting of the Committee on Cooperation among Developing Countries and Regions, held during the nineteenth session of ECLAC	E/CEPAL/G.1167
1984	Second meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twentieth session of ECLAC	E/CEPAL/SES.20/G.10
1986	Third meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-first session of ECLAC	LC/G.1401(SES.21/22)
1988	Fourth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-second session of ECLAC	LC/G.1505(SES.22/10)
1990	Fifth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-third session of ECLAC	LC/G.1611(SES.23/12)
1992	Sixth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-fourth session of ECLAC	LC/G.1711(SES.24/13)
1993	Establishment of a cooperation programme between the Government of the Netherlands and ECLAC	Agreement
1994	Seventh meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-fifth session of ECLAC	LC/G.1809(SES.25/16)
1995	The General Assembly recognizes the importance of the new directions for TCDC adopted by the High-level Committee on the Review of Technical Cooperation among Developing Countries	General Assembly resolution 50/119
1996	Cooperation agreement between ECLAC and IDB	Agreement
1996	Eighth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-sixth session of ECLAC	LC/G.1906(SES.26/11)
1998	Ninth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-seventh session of ECLAC	LC/G.2000(SES.27/14)
1999	Establishment of a voluntary contribution for annual programming with the Government of Italy	Exchange of letters
2000	Millennium Declaration	General Assembly resolution 55/2
2000	Tenth meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-eighth session of ECLAC	LC/G.2081(SES.28/13)
2001	Establishment of the programme modality for cooperation with the Government of Germany	Exchange of letters
2002	Fifteenth Meeting of Directors of International Cooperation of Latin America and the Caribbean, organized by SELA	XV.RDCIALC/DF-02
2002	Monterrey Consensus, adopted at the International Conference on Financing for Development	A/CONF.198/11 and General Assembly resolution 56/210B
2002	Eleventh meeting of the Committee on Cooperation among Developing Countries and Regions, held during the twenty-ninth session of ECLAC	LC/G.2160(SES.29/6), section II.C.(iii)
2002	World Summit on Sustainable Development, held in Johannesburg, South Africa	A/CONF.199/20
2003	Financial and Administrative Framework Agreement between the European Community and the United Nations	Agreement
2003	Thirteenth session of the High-level Committee on the Review of Technical Cooperation among Developing Countries, organized by UNDP	TCDC/13/4
2003	Sixteenth Meeting of Directors of International Cooperation of Latin America and the Caribbean, organized by SELA	XVI.RDCIALC/DF

## Annex 3

**CROSS-SECTORAL TECHNICAL COOPERATION PROJECTS IMPLEMENTED  
BY MORE THAN ONE DIVISION, BY SUBJECT AREA****1. Small and medium-sized enterprises (SMEs), productive development  
and technological innovation**

The area of productive development and SMEs was primarily the responsibility of the Division of Production, Productivity and Management, the Sustainable Development and Human Settlements Division, the subregional headquarters in Mexico, the subregional headquarters for the Caribbean, the ECLAC office in Buenos Aires and ILPES. Financing and external support came mostly from donations made by the Governments of the Netherlands, Italy and Germany. The German Government made its contribution through the German Agency for Technical Cooperation (GTZ).

Advisory services were provided to the four subregions in the design and implementation of SME-oriented policies, using innovative methodological approaches, which culminated in the release of a CD-ROM containing updated databases on the support framework and policies available to industrial SMEs in the region; in addition, a book is scheduled to be published in 2004 on experiences with coordination among SMEs in specific regions and sectors in Brazil, Chile and Mexico.

In the Andean countries, support was provided for the training of small-scale entrepreneurs in Bolivia, Colombia, Ecuador and Peru on how to plan and implement joint investment ventures. In the Caribbean, three videos were filmed to train microenterprise owners in how to form and build a business.<sup>1</sup> In the Southern Cone, assistance was provided to the Argentine Ministry of Labour in the compilation of databases on employment, particularly among SMEs, and in the preparation of studies on policies aimed at creating SME employment. This effort culminated in 2002 in the Ministry's decision to set up a permanent SME observatory.

Studies were conducted on the public and private sectors in Guatemala, Honduras, El Salvador and Nicaragua on microenterprises and SMEs (micro/SMEs) in Central America, which led to a subregional seminar attended by representatives of the countries, GTZ, the Centre for the Promotion of Micro- and Small Enterprises in Central America (CENPROMYPE), the Foundation for Sustainable Development (FUNDES) and IDB. Another outcome was a GTZ/ECLAC joint publication on the competitiveness of micro/SMEs in Central America. Separate studies were also carried out on microfinancing in Argentina, Brazil, Colombia and Mexico, all of which received technical assistance in this area.

With respect to the situation of SMEs and technological innovation, it was found that some sectors had incorporated major innovations (biotechnology in Belo Horizonte, Brazil, printing in Mexico and winemaking in Chile), together with appropriate instruments and policies. Opportunities in relation to "environmental goods" were identified in Argentina, Chile, Colombia and Mexico, taking into account existing regulations, international markets and companies' public and corporate image. It was found that significant progress had been made regarding certain technological policies in support of SMEs but that those steps were still insufficient for meeting the challenges of competitiveness, especially in a context of increasingly globalized production and trade.

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<sup>1</sup> Distributed in English for the Eastern Caribbean, in Papiamentu for the Netherlands Antilles and in Creole for Haiti.

## **2. Preparation, analysis and use of censuses, surveys and databases in designing and implementing public policy**

Databases and their analysis in the countries of the region are an increasingly important tool for the discussion, formulation, implementation and evaluation of economic, social and environmental public policies. In the 2002-2003 biennium, ECLAC significantly expanded the thematic and geographical coverage of its information on the countries' economic and social development, thanks to increased participation by a number of divisions and support from several donors, which enabled the Commission to address requests from member States in a timely manner. The Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, the Statistics and Economic Projections Division, the Division of Production, Productivity and Management, the Sustainable Development and Human Settlements Division, the subregional headquarters in Mexico, the subregional headquarters for the Caribbean and the Women and Development Unit all collaborated on these activities. Financing and external support were provided mainly by the Governments of the Netherlands, Italy, Germany and France and by UNFPA, UNDP, UNIFEM, the United Nations Development Account, IDB, World Bank and the University of Minnesota, United States.

Numerous activities were carried out during the biennium, including the production of updated sociodemographic information, which gave rise to a system of indicators (available online) for the follow-up of the Cairo and Beijing Conferences.<sup>2</sup> ECLAC also made available to the Governments a system of gender indicators for following up on the Beijing Platform for Action (in partnership with other United Nations entities), public policies and the Millennium Development Goals; these indicators were discussed by the Regional Conference on Women in Latin America and the Caribbean and the Statistical Conference of the Americas.<sup>3</sup> A gender subsystem was created within the statistical systems of nine countries in the region.

As a result of technical assistance provided by the Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, databases of census microdata were created in REDATAM format for all the countries that had data available from the 2000 census round (Argentina, Belize, Bolivia, Brazil, Chile, Costa Rica, Guatemala, Honduras, Mexico, Panama and Venezuela) and for some Caribbean countries. Moreover, substantial progress was made in revamping and expanding the regional data bank of information from censuses dating back to the 1960s.

A series of maps were developed in which various georeferenced socio-economic and environmental indicators were combined for use in analysing sustainability and specific issues such as the rate at which basic needs were being met, population density, biodiversity, soil characteristics, climate, water, natural disasters and agriculture. Based on this methodology and on databases compiled from household surveys and agricultural censuses (both in REDATAM format), a pilot project on socio-economic indicators was launched in Argentina, Brazil and Chile to study the causes and consequences of desertification. As a result of this project, consensus was reached on 12 indicators of desertified or degraded areas.

With a view to improving surveys and the measurement of living conditions, a series of regional discussion and analysis workshops were prepared and held jointly with IDB and were attended by some 225 representatives of countries in the region.<sup>4</sup> Technical advice on household surveys was provided to

<sup>2</sup> Specifically in Bolivia, Chile, Costa Rica, Ecuador, Honduras and Panama.

<sup>3</sup> See <http://www.eclac.cl/mujer>.

<sup>4</sup> Materials from the workshop are available on the ECLAC web page at <http://www.eclac.cl/deype/mecovi/>.

Argentina, Bolivia, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Nicaragua, Paraguay and Peru.

The establishment of the Network of Institutions and Experts for the Development of Social and Environmental Statistics (REDESA) was supported through the creation of an Internet portal that has received numerous visits.<sup>5</sup> In addition, a database of social statistics and indicators (BADEINSO) containing data that are comparable across all countries of the region was created and is available online. The production of social and environmental statistics in eight countries was evaluated and regional workshops on integrating systems of social indicators in Latin America and the Caribbean were held for experts in social statistics, attracting over 60 participants.

The capacity to produce current, detailed and comparable information on trade in the Caribbean has improved significantly, and the ECLAC subregional headquarters for the Caribbean, located in Port of Spain, Trinidad and Tobago, has implemented a very comprehensive database that has been available on its web site since January 2004.<sup>6</sup>

The Comparative Analysis of Nations (CAN) software has become a widely used tool for analysing foreign trade data in order to evaluate countries' competitiveness trends in the medium and long terms. In 2002-2003 ECLAC, in collaboration with the World Bank, updated the database so that it could be used in Africa and Asia as well. The Commission's primary tool for analysing disaggregated trends and structures in the manufacturing industry in countries of the region—the PADI software for analysing industry dynamics— was updated to meet the increased demand from institutions specializing in industrial analysis, such as government entities, chambers of industry and universities.

### **3. Socially sustainable public policies**

In addition to policies aimed at stimulating economic recovery, most countries of the region are in need of institutional reforms for promoting legal security and social reforms for facilitating the development of human capital, which form the basis for genuine competitiveness and sustainable growth. Accordingly, ECLAC carried out a number of activities on social equity, overcoming ethnic, racial and gender barriers, reconciling certain social policies with economic policies and the socio-economic effects of the demographic transition in the region. The Social Development Division, the Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC, the Statistics and Economic Projections Division, the Sustainable Development and Human Settlements Division, the Special Studies Unit and the Women and Development Unit collaborated on such activities. Financing and external support were provided mainly by the Governments of Germany, Chile, France, Italy and the Netherlands and by United Nations entities (UNFPA, UNIFEM and the World Food Programme (WFP), among others), the World Bank, IDB and the University of Michigan, United States.

A systematic exchange of experiences and best practices with respect to social policies was initiated and, to date, 232 experiences in 13 countries of the region have been identified and will soon be accessible to all interested parties via an electronic directory.<sup>7</sup>

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<sup>5</sup> See <http://www.eclac.cl/redesa>.

<sup>6</sup> See <http://www.eclacpos.org>.

<sup>7</sup> In October 2002 an electronic directory of public and private institutions linked to social policy was published online; the English version was launched in the second half of 2003. The information contained in the directory has evolved in terms of content, quantity and quality ([www.eclac.cl/dds](http://www.eclac.cl/dds)). Also, a specific web site for

The reconciliation of public social policies with economic or financial policies was analysed and proposals were formulated in the area of social protection, taking into account insurance and saving, distribution, solidarity, management efficiency, coverage and the gender perspective. Of particular note among the technical assistance missions, workshops, seminars and publications were the annual regional course on social security financing, the workshop on macroeconomics and poverty and a panel discussion on financing social protection, held during the Regional Seminar on Fiscal Policy organized annually by ECLAC, IMF, the World Bank and IDB.

The approach taken to the design of policies for sustainable social development and for underprivileged segments of the population focused mainly on two topics: social stratification and mobilization and minority ethnic groups, which are among the most vulnerable segments of the population and are prone to extreme poverty and discrimination. With respect to indigenous populations with aboriginal languages, ECLAC continued to support activities aimed at encouraging dual literacy in Guatemala, Paraguay and Peru, using materials on topics such as reproductive health, the environment, the gender perspective and multiculturalism.

In collaboration with WFP, ECLAC addressed the issues of poverty and hunger in Latin America and the Caribbean in documents and at regional and subregional seminars and workshops in order to analyse their scope and characteristics, the potential for eradicating them and for providing food security, and how they relate to economic and social development. In the context of poverty reduction programmes, the issue of social capital was discussed in an interdisciplinary dialogue held at a seminar involving economists, sociologists and anthropologists, which created a network of specialists on the subject. This activity led to the publication of a book that includes contributions from experts both within and outside the region.

Studies were carried out on labour markets in Argentina, Brazil, Chile, El Salvador, Mexico and Peru in order to analyse their role in reducing social inequities and in increasing the competitiveness of the region's economies. Support was provided for the formulation and implementation of cross-sectoral labour policies that incorporate the principle of gender equity in key sectors of the economy, such as sectoral and women's affairs ministries.<sup>8</sup> Furthermore, activities were undertaken in five countries to promote young people's integration into the workforce, in coordination with bilateral project activities carried out by GTZ.

The repercussions of the swift demographic transition taking place in the region's societies received a great deal of attention during the biennium. ECLAC provided support for the preparation of diagnostic studies and national policies, and collaborated on a regional study to assess the situation of older persons in preparation for the Second World Assembly on Ageing (Madrid, Spain, April 2002).<sup>9</sup> These activities culminated in the Regional Intergovernmental Conference on Ageing: Towards a Regional Strategy for the Implementation in Latin America and the Caribbean of the Madrid International Plan of Action on Ageing (Santiago, Chile, November 2003), in which representatives of 30 countries

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disseminating working papers and other publications on the subject has been established ([www.eclac.cl/dds/noticias/proyectos/6/7796/index.asp](http://www.eclac.cl/dds/noticias/proyectos/6/7796/index.asp)).

<sup>8</sup> The relevant web site ([www.eclac.cl/mujer/proyectos/gtz/Default.htm](http://www.eclac.cl/mujer/proyectos/gtz/Default.htm)) was updated and work was begun on the expansion of the directory of experts on the gender approach.

<sup>9</sup> This led to the creation of a regional inter-agency group on ageing and socio-economic development (consisting of the United Nations Department of Economic and Social Affairs, UNFPA, PAHO, ILO, IDB and the World Bank).



took part.<sup>10</sup> With cooperation funds from the Government of France, a seminar was held on the determinants and consequences of the decline in fertility, with the participation of the University of Paris X research centre on populations and societies.

#### 4. Open regionalism and policy coordination

Since its inception, ECLAC has promoted and supported regional integration in Latin America and the Caribbean as a key pillar for the development of the region's production and trade capacities and for the consolidation of harmonious relations and cooperation among neighbouring countries. This dynamic resulted in the establishment of various trade integration schemes, such as the Latin American Integration Association (LAIA) and the Central American Common Market (CACM) in the early 1960s, followed 10 years later by the Andean Community and the Caribbean Community (CARICOM), and more recently by the Southern Common Market (MERCOSUR). During the biennium, ECLAC carried out a series of activities in relation to the current international context and new integration schemes and to the challenges they pose. The Economic Development Division, the Division of International Trade and Integration, the Statistics and Economic Projections Division and the Special Studies Unit collaborated on these activities. Financing and external support were provided mainly by the Governments of France and Japan and by the European Community and the United Nations Development Account.

One focus of attention was the coordination of macroeconomic policies among Governments and regional and subregional entities to cope better with the economic and social consequences of international volatility, prevent crises and create conditions conducive to more stable and sustainable growth. This was achieved through the creation of the Network for Macroeconomic Dialogue (REDIMA) and three subregional networks in MERCOSUR, the Andean Community and Central America. Within this network, high-level officials of ministries of economic affairs and central banks, with the Commission's support, exchange information and views on national macroeconomic policies and opportunities for regional and subregional coordination. The results of these exchanges are disseminated more widely through seminars, documents and electronic means, such as online forums and conferences.

The statistical dimension was incorporated into the studies in light of the need to support the coordination and monitoring of macroeconomic policies using an up-to-date and reliable regional information system. Special support was provided for initiatives aimed at harmonizing statistical information in the three subregions covered by REDIMA. In MERCOSUR and the Andean Community, efforts focused specifically on harmonizing several key indicators and building models and simulations of the subregional economies, while in Central America, support was provided for the institutionalization of regional cooperation in statistical matters.

The European experience served as a historical frame of reference, as a trade integration scheme that strengthened its policy coordination mechanisms, which culminated in the creation of a single currency. These issues were discussed at the international seminar "Towards Regional Currency Areas?" and in a book that included contributions from experts in Africa, Asia, Europe (notably France) and throughout the Americas. The result was a compendium of over 70 presentations and documents on the subject.

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<sup>10</sup> The Conference adopted the Regional Strategy for the Implementation in Latin America and the Caribbean of the Madrid International Plan of Action on Ageing.

A network of national experts analysed the impact of macroeconomic policies on employment, poverty and equity, in areas that engender insecurity, uncertainty and tension in individuals, families and society as a whole. They also looked at social security reforms and ways in which the functions of insurance and saving, distribution and solidarity, universal coverage and benefits could and must be reconciled within the State's fiscal responsibilities.

With respect to integration dynamics in the region, the principal free trade agreements in the Americas were analysed, especially from the perspectives of Mexico and Chile, in relation to compatibility with World Trade Organization (WTO) commitments. Emphasis was also placed on the negotiation processes of various trade agreements, identifying areas of difficulty and conflict during negotiations and implementation. The outputs of these activities include a comprehensive study with important background information on the subject.

## **5. Financing for development**

The generation, attraction and efficient allocation of the financial resources necessary for attaining the Millennium Development Goals are major challenges for the Latin American and Caribbean countries. ECLAC has been analysing financial systems, institutions and instruments at the national, subregional and regional levels in terms of their development, their relationship to long-term saving and ways of orienting them towards meeting development needs. In the past few years, these areas have been addressed through projects on debt, saving and capital formation; banking regulation and supervision; and pension-system financing. A cross-cutting approach was taken to the analysis of these issues, which involved several different divisions, including the Division of Production, Productivity and Management, the Sustainable Development and Human Settlements Division and the Special Studies Unit. Financing and external support were provided mainly by the Governments of the Netherlands, Italy, Sweden and Germany and by UNDP, the World Institute for Development Economics Research of United Nations University and IDB.

During the biennium, support was provided for a regional consultation prior to the International Conference on Financing for Development (Monterrey, Mexico, March 2002). The book *Growth with stability* was widely disseminated during and after the Conference. The Commission also supported the efforts of various countries to follow up the Monterrey Consensus recommendations concerning the policy instruments and institutional arrangements needed to take full advantage of the opportunities offered by globalization for gaining access to international financing, both public and private.

Issues such as the availability of external financing for emerging economies, specific markets such as those for bank lending and derivatives, foreign direct investment and the performance of risk rating agencies were examined and compared across countries (Argentina, Brazil, Chile, Colombia and Mexico). This activity also included an exchange of experiences with countries in Asia (Malaysia, the Republic of Korea) and Africa (South Africa).

Studies on low-income saving and microfinance were carried out, with emphasis on poor segments of the population. Case studies showed that the motivation to save is linked to families' acquisition of physical and/or human capital (housing, education), but that the success of the initiatives put into practice has been limited by the absence of instruments suitable for low-income individuals. Comparative studies concluded that in order to improve low-income sectors' access to formal financial services, a distinction must be made between transfer policies aimed at alleviating poverty and assistance provided to solvent economic stakeholders through microfinancing institutions that are able to handle

credit risks, information asymmetries and transaction costs. Other issues addressed were the credit access problems encountered by microenterprises and small businesses and proposals for practical solutions, which prompted the participating countries to make institutional changes and offer specific training.

Work was also carried out with regard to the evaluation of strategies for financing environmentally sustainable development in the region. During the biennium, studies on seven countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Mexico and Trinidad and Tobago) were published, in addition to the book *Financing for Sustainable Development: visions and proposals for action from a Latin American and Caribbean perspective*, which gives a general overview of the region. Two high-level meetings were held, the first of which took place in the framework of the International Conference on Financing for Development (Monterrey, Mexico, March 2002) and focused on the issue of public-private partnerships for environmental investment in the region. The second meeting was held during the World Summit on Sustainable Development (Johannesburg, 2002) and focused on financing and investment for sustainable development and regional prospects for implementing the Monterrey Consensus and the Johannesburg Plan of Implementation. The results of these activities provided important inputs for the programme of regional courses on economic instruments and sources of financing for sustainable development.

Moreover, inputs were provided for the debate on pension-system transition and reform and on the effects of these changes on capital markets, particularly with respect to long-term investment financing. Attention was drawn to the fiscal responsibilities associated with the reforms and to the coverage problems observed in most countries of the region, as well as their impact on minimum and welfare pension costs. The conditions which accumulated funds must meet in order to contribute to development financing in accordance with investment rules were analysed, together with the impact of pension reform on the situation of women. Research and policy proposals were formulated.

## **6. Sustainable development, productivity and the use of natural resources**

The Latin American and Caribbean region faces a major challenge in implementing innovative policies to achieve economic and environmental sustainability, especially in natural resource sectors, while simultaneously reducing poverty. This policy focus requires sharpening after the unsatisfactory macroeconomic, social and environmental experiences of the region over the last decade (1993-2003). The pressing issues in this area were globally recognized at the United Nations Millennium Summit (September, 2000) and in the Millennium Development Goals on sustainable development and poverty reduction, and were taken up again in 2002 at the World Summit on Sustainable Development.

The cross-cutting nature of environmental and sustainability issues has naturally called for interdisciplinary analyses undertaken through cooperation across projects and ECLAC divisions in major policy areas, including fiscal, economic, energy, water, social, environmental and agricultural policies. The seventh Millennium Development Goal, on the integration of environmental policy into macroeconomic and sectoral policies, helped to structure this collaboration. The Sustainable Development and Human Settlements Division, the Division of Production, Productivity and Management, the Natural Resources and Infrastructure Division, the Latin American and Caribbean Demographic Centre (CELADE) - Population Division of ECLAC and the subregional headquarters in Mexico collaborated on these activities. Financing and external support were provided mainly by the Governments of the Netherlands, Sweden and Germany and by UNDP, the World Bank and the Global Water Partnership (GWP).

A systematic and comprehensive evaluation was undertaken of the progress made towards greater sustainability in the region. In particular, support was provided to the Forum of Ministers of the Environment of Latin America and the Caribbean and dialogue was promoted between fiscal and environmental authorities, in an attempt to identify the obstacles faced by environmental authorities in their efforts to implement economic policies under current conditions. Activities were initiated to systematize environmental, economic and social indicators at the national level. Desertification and land degradation processes were studied under a pilot project covering Argentina, Brazil and Chile, which yielded a small number of agreed indicators. To support countries seeking to manage their water resources sustainably, the South American Technical Advisory Committee (SAMTAC) of GWP coordinated various national activities on issues such as governance, water and food and privatization, including the regulations governing it.<sup>11</sup>

For the first time, high-level meetings took place between environmental authorities, the energy sector and government authorities responsible for economic and fiscal policy, inaugurating a regional process of dialogue between environmental and sectoral authorities. In January 2003 the Regional Seminar on Fiscal Policy, held every year by ECLAC,<sup>12</sup> brought together high-level public decision-makers, academics and international experts to address specific questions and analyse the potential benefits of combining fiscal and environmental policy.

With regard to the environment and energy, the total primary energy supply has been estimated for most countries in the region. This includes the renewable energy supply (baseline 2000) for the assessment of the progress made on commitments undertaken by the countries of the region at the World Summit on Sustainable Development. A complementary study on regulatory frameworks for renewable energy sources was presented at the Regional Conference for Latin America and the Caribbean on Renewable Energies (Brasilia, Brazil, October 2003), held in preparation for the International Conference for Renewable Energies (Bonn, Germany, June 2004). Studies on environmental problems in large cities showed how fiscal policy may run counter to energy and environmental policy aimed at combating pollution, and lessons were drawn in order to avoid such policy conflicts. Close collaboration with energy-sector authorities of the Central American isthmus facilitated the formulation of a proposal for standardizing legal and regulatory guidelines to attain more sustainable and efficient use of hydrocarbons and liquefied petroleum gas (LPG).

Other activities included identifying business opportunities in environmental technology and protection, especially for SMEs, to provide new opportunities for processes, products and services that could help improve technical and human resources and create more competitive conditions for gaining access to international markets.

Education and training modalities linked to the improvement of companies' indoor environments (occupational safety and health), the external environment and the implementation of quality standards in public, business and union policies and regulations were evaluated. Training activities played a major role in all the above-mentioned activities. Among them, an ECLAC/World Bank/Swedish International Development Cooperation Agency programme offered training for Latin American and Caribbean professionals —particularly those working in the public sector— in the areas of public policies for sustainable development; environmental economics and environmental policies; environmental governance and justice; international treaty/agreement negotiation; and indicators, data and information on sustainable development in the region within the global context.

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<sup>11</sup> The GWP secretariat was established through a joint project with ECLAC.

<sup>12</sup> The seminar was held in collaboration with IMF, the World Bank and IDB.