

## MEMORANDUM TO THE DCI COMMITTEE

### CONCERNING THE

### **Annual Action Programme 2015 – part I and Annual Action Programme 2016 – Part I - in favour of the Latin America Region to be financed from the general budget of the European Union**

#### **1. Identification**

Budget heading	DCI ALA 21.020100
Total cost	EUR 70 million of EU contribution
Legal basis	Regulation (EC) N° 233/2014 of the European Parliament and of the Council, of 11 March 2014, establishing a financing instrument for development cooperation for the period 2014-2020

#### **2. Regional background**

Latin America has changed and made progress in its development. Since 2002, 60 million people (out of a total population of 580 million) have been lifted out of poverty. There is now a historic opportunity for the continent to eradicate poverty, in particular extreme poverty, as well as to address key challenges which continue to hinder the continent's political and sustainable socio-economic development, and social cohesion.

EU development cooperation has been, alongside political engagement, trade and investment and sectoral dialogues, a crucial building block of relations. In this framework, a multiannual indicative programme for Latin America (LA) was adopted for the period 2014-2020.

The Regional programmes during 2014-2020 will address a series of priority areas requiring joint cooperation efforts and approaches between the EU and the partner countries in the region:

- The security-development nexus,
- Good governance, accountability and social equity,
- Inclusive and sustainable growth for human development,
- Environmental sustainability and climate change.

The Annual Action Programme 2015 will focus particularly on two of these priorities:

1. **The good governance, accountability and social equity.** Despite the economic growth Latin American countries have experienced since the 1990s, structural challenges in terms of inequality, access to decent work opportunities, human development and social protection are still present in the region. The reduction of inequality and the achievement of fairer distribution can be addressed by drawing up public policies that include a set of effective social and good governance policies adjustments compatible with economic growth but defending the interests of the most vulnerable sectors. The EU, being a model for social cohesion and inclusion policies, can provide an added value in the support and advocacy for equality-orientated policies in the region.

2. **Inclusive and sustainable economic growth for human development:** Growth in Latin America has been heavily based on external demand for natural resources and commodities. A number of structural weaknesses may impede higher, more inclusive economic growth in the coming years. These include lack of diversification, weaknesses in access to innovation and regarding productivity, limited creation of decent jobs, bottlenecks as regards systems for skills and training, poor infrastructures and the informality and lack of competitiveness affecting many Micro, Small and Medium-Sized Enterprises (MSMEs) in the region.

Although social cohesion will be directly target in the framework of good governance, accountability and social equity sector, it is undoubtedly an important common thread running also through the other proposed priorities. Social cohesion is a key priority for European Union-Latin America cooperation since the 3rd EU-Latin American and the Caribbean summit (2004), an issue which will be addressed in all priority areas in an integrated way. It stands very high on the political agenda as documented by several EU(CE)LAC summit declarations.

By helping to address these challenges in Latin America, the EU can continue to contribute to meeting the EU's development objectives under the Development Cooperation instrument (DCI) aiming at continuous reduction of poverty and to ensuring the region's sustainable development in all its dimensions. Such efforts would also translate in concrete terms the EU's strategic objectives of building a closer and more effective strategic partnership with Latin America both on bilateral matters and on global/multilateral affairs.

### 3. Summary of the Action Programme.

#### 1) Background:

Over recent years, the countries of Latin America have collectively enjoyed strong economic growth and macro-economic stability. Economic progress, in large part due to exports of natural resources from a region rich in biologic diversity, has translated into a higher profile and rising influence on global economic issues and in multilateral negotiations e.g. on climate change and sustainable development. Taken as a whole, the region has continued its progress in consolidating human rights and democracy.

Yet considerable challenges remain and the development gains of many Latin American countries are fragile:

- Despite improvement in some countries, **the region remains the most unequal in the world.** Poverty and income distribution trends as well as citizen perceptions of inequality indicate the need to promote **more sustainable and equitable growth** across the region and ask for greater efforts to ensure **higher levels of social cohesion.**
- **Crime rates** are among the highest in the world. State institutions responsible for ensuring the key public goods of security, justice and rule of law are confronted in many countries with powerful and well-resourced **organised crime** interests (engaged in the **drugs** trade and other forms of **trafficking**), as well as high levels of regular crime. Porous borders are another serious issue. Insecurity in much of the region has important human, social and economic costs, and diminishes **citizen trust in State institutions**, thereby weakening the social contract which is essential for development to succeed.
- Economic growth in Latin America has been heavily based on external demand for natural resources and commodities. A number of **structural weaknesses may impede higher, more inclusive economic growth** in the coming years. These include lack of diversification, need for more sustainable use of natural resources, difficult access to

innovation, limited job creation, bottlenecks as regards systems for skills and training, and the lack of competitiveness and informality affecting many Micro, Small and Medium-Sized Enterprises (MSMEs) in the region, and the need for open markets and an investment-conducive environment.

## **2) Cooperation related policy of beneficiary country**

The continental nature of the challenges faced, and of the responses required, is widely recognised in the region. This is also reflected in the EU-LAC dialogue at the highest political level (as illustrated in outcomes of the EU-CELAC7 Summit, January 2013). This expression of ownership and political will on the part of all the countries of the region is an asset for the purposes of implementing EU cooperation responses at continental level.

Continental-level cooperation and integration initiatives under this programme will complement national and sub-regional efforts to tackle these challenges effectively and sustainably with the ultimate goal to eradicate poverty. To this end, they could assist in promoting international standards and good practices. They could also serve to foster continent-wide mechanisms for cooperation and dialogue.

## **3) Coherence with the programming documents:**

The actions proposed in this document should directly contribute to the following objectives of the Multiannual Indicative Programme for Latin America:

- Chapter 3.2: Good governance, accountability and social equity

General objective

To reinforce the accountability and capacity of institutions and public administrations to provide high quality public services.

Specific objectives:

- To support fiscal and public finance management reforms and their implementation as a basis for the state to provide high quality public services for social equity.
- To improve the capacity of public administrations to provide public services in a transparent and accountable manner, including in border and peripheral regions.
- To strengthen the legitimacy, transparency and accountability of democratic institutions.

- Chapter 3.3 Inclusive and sustainable growth for human development

General objective:

Poverty reduction through more inclusive and sustainable economic growth in Latin America.

Specific objectives:

Increase the competitiveness of the private sector and the proportion of economic actors in the formal economy, particularly for MSMEs, increasing job opportunities and decent work, including in environment-related sectors to increase social cohesion.

**4) Identified actions** (summary of action fiches): overall objectives and purpose (specific objective) for each action covered by the (Annual) Action Programme.

#### **EUROsociAL +:**

The proposed action **EUROsociAL +** is part of the Multi-Annual Regional Indicative Programme for Latin America for the financial period 2014-2020, specifically the priority area on good governance, accountability and social equity. The objective of **EUROsociAL +** is to the increase of the level of social cohesion in Latin America through the support of social, good governance and gender equality national public policies attempting to increase the level of social cohesion and to strengthen the institutions responsible of their implementation in their capacity to provide high quality public services.

Specifically, the programme will focus on the following three priority areas:

- Social policies, with attention to tackle labour constraints and social constraints affecting vulnerable groups.
- Good governance policies, with special attention to fiscal policies aimed at increasing the level of social cohesion and access to justice, mostly to vulnerable groups.
- Gender equality policies, with attention to the strengthening of the national mechanisms and legal framework for gender equality, increasing capacities and knowledge of national institutions on integrating gender approach in different sectorial policies and implement gender responsive policies, and improving the use of gender indicators and data, monitoring gender-related public expenditure.

This Programme is expected to provide the following results:

1. Social, good governance and gender equality public policies and reforms attempting to increase the level of social cohesion in Latin America are consolidated;
2. Public institutions responsible for the policies which contribute to improve the degree of social cohesion in Latin American countries are strengthened;
3. Latin American policy makers and social actors have a better awareness of the importance of social cohesion and the possibilities to integrate the social cohesion perspective into public policies.

This Action is built on the successful experiences of the previous two phases of EUROsociAL, maintaining the key aspects of the Programme: demand and results orientation, working on priority public policies, and based on the proved methodology of bringing together European and Latin American public administrations.

The exchange of experiences, knowledge and good practices between public administrations of the EU and LA will remain the main activities of the EUROsociAL+. The Programme will also encourage joint work of LA public administrations engaged in political changes designed to promote social cohesion.

#### **CABLE:**

Interconnectivity in Latin America aims to take advantage of the opportunity offered by the deployment of this new cable, projected to connect Brazil (Fortaleza) and Portugal (Lisbon), to address the weak points of the data communication network joining the European and Latin-American research communities, namely by:

- Securing access to a large portion of the potential capacity of this infrastructure for the use of academic and nonprofit organizations of Europe and Latin America. The contribution of DG CONNECT and DG GROW will focus on this aspect. The total cost for RedCLARA is estimated in around EUR 25 million. In exchange, the RedCLARA consortium will obtain around 1/6 of the cable capacity with an Indefeasible right of use (IRU) for 25 years at installation cost, with no additional recurrent costs.
- Completing the terrestrial optical fibre network infrastructure of RedCLARA (a complementarily action to the previously mentioned action), by which a significant improvement of the Latin American Network will be achieved. This enhancement will ensure capillarity and equal access to the intercontinental services by all Latin American countries. DEVCO contribution will be limited to this part.

The expected total funds allocated by the three DGs will sum up to **EUR 26.5 million**. A summary of the complementary contribution of the different DGs is presented here:

- CONNECT: **EUR 10 million** for reserving capacity in the cable to connect GEANT and RedCLARA (€ 5 million WP2015 + € 5 million in WP2016-17).
- GROW: **EUR 8.5 million** for reserving capacity in the cable (€ 3.5 million 2015 from Copernicus + €5 million from Copernicus or Horizon2020 in WP2016-17).
- DEVCO: **EUR 8 million** for the improvement of the intra-regional RedCLARA connectivity.

The partners of the RedCLARA consortium will build and sign a Partners' Agreement to manage the project and secure their long term relationship in administering the cable capacity that will be obtained thanks to the cable. Distribution of that capacity throughout Europe and Latin America will be secured by GEANT, operated by DANTE and RedCLARA.

Sustainability in the long term will be based on the sustainability of the NREN (National Research and Education Networks) partners who will distribute the capacity throughout their networks and secure the funding for their networks inside their corresponding regions.

The General Objective is to contribute to eliminate any present or foreseeable bottleneck in the connectivity between Latin American countries to ease the unconstrained exchange of data and services with a strong benefit in solving the digital divide inside the region and in its data mainstreaming with Europe.

The Specific Objectives are:

- To make possible to RedCLARA to guarantee full and equal access to the LA-EU capacity to the Latin American NRENs (National Research and Education Networks). This will entail the upgrade of RedCLARA's infrastructure in South America and to deploy a full optical network that will generate synergies with the NRENs of the region, increasing effectiveness and capillarity.
- To enable, through via extended competition, the NREN community of Latin America to access the Commodity Internet at significantly lower prices than those currently charged in the region. Moreover, to guarantee, through GEANT, full access to the LA-EU capacity for the European NRENs.

#### **LAIF:**

The **Latin American Investment Facility (LAIF)** is a blending facility which combines EU grants with other public and private sector resources such as loans and equity in order to leverage additional non-grant financing, and achieve investments in infrastructure and support to the private sector. LAIF aims at reducing the social and economic inequalities which

represent one of the biggest threats of the continent by promoting actions which foster economic activities in different sectors.

LAIF aims at fostering investments which will have a positive impact on the socio-economic development in Latin America such as infrastructures in transport, communication and energy interconnections and promotion of renewable energies. It also addresses threats to the environment, including water supply and sanitation and climate change adaptation and mitigation. LAIF also promotes smart, sustainable and inclusive growth, through support to small and medium sized enterprises, to social sectors and to municipal development.

Special attention will be given to a balanced geographical distribution of the projects and to actions which will promote regional or sub regional integration.

The Facility is designed to combine EU grants with other public and possibly private financing. By reducing, through co-financing, the overall cost of the project or by subsidising interest rates and/or financing technical assistance, the Facility will encourage the beneficiary governments, private sector and/or public institutions to carry out essential investments in sectors which would otherwise be postponed due to lack of resources.

Decisions on LAIF financing are conditioned to the additionalty of the LAIF contribution.

LAIF is a mechanism able to enhance an important leverage effect on priority investments which could not be faced by national financial resources.

Therefore, LAIF does not support any operation which could normally be financed without it by the market.

#### **5) Expected results:**

The concrete results of the annual action programme mentioned in the previous section shall contribute to poverty reduction. They will put specific focus on several cross-cutting issues, such as gender equality, environmental sustainability and human rights.

#### **6) Past EU assistance and lessons-learnt.**

Evaluations of the 2007-13 continental programmes in Latin America have consistently shown their value, particularly in terms of improving capacities of local counterparts, access to services, evidence-based changes in policies and regulations. Programmes have also earned credibility with political and social leaders, with scaling-up of results achieved and strong links with continuity plans by partner governments. Current regional programmes have focused to an important extent on knowledge-transfer and peer learning (between the EU and Latin American countries; but also among Latin American countries). Such an approach is relevant for addressing the different development needs of all countries in the region, in particular poverty reduction. It allows ample scope for South-South cooperation, and for fostering regionally-owned solutions to regional challenges.

The EU should build on this experience, in light of the new regional context and policy framework and focus on areas where the EU can provide clear added value. The EU as the world's leading model for social cohesion and citizens' security can definitely provide added value in the areas addressed by this annual action programme.

#### **4. Communication and visibility**

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated before the start of implementation and supported with the budget indicated in section 5 below.

The measures shall be implemented either (a) by the Commission, and/or (b) by the grant beneficiaries and entrusted entities. Appropriate contractual obligations shall be included in procurement and grant contracts.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

#### **5. Cost and financing**

• Programme EUROsociAL +	EUR 32 million
• Programme Interconnectivity in Latin America	EUR 8 million
• LAIF	EUR 30 million
Total EU contribution to the programme	EUR 70 million

**The Committee is invited to give its opinion on the attached Annual Action Programme 2015 – part I and Annual Action Programme 2016 – Part I - in favour of the Latin America Region.**

## **ANNEX 1**

of the Commission Implementing Decision on the EUROsociAL + Programme

### **Action Document for EUROsociAL +**

#### **INFORMATION FOR POTENTIAL GRANT APPLICANTS**

##### **WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012), in the following section concerning calls for proposals: 5.3.1.1. “Grants – call for proposals (direct management)”;  
**[launched on 4<sup>th</sup> trimester 2015].**

<b>1. Title/basic act/ CRIS number</b>	EUROsociAL + CRIS number: DCI-ALA/2015/037-821 financed under Development Cooperation Instrument <sup>1</sup> .
<b>2. Zone benefiting from the action/location</b>	Latin America, Regional.
<b>3. Programming document</b>	Multi-annual indicative regional programme for Latin America 2014-2020.
<b>4. Sector of concentration/ thematic area</b>	Good governance, accountability and social equity.
<b>5. Amounts concerned</b>	Total estimated cost: EUR 32 000 000.  Total amount of EU budget contribution EUR 32 000 000.  The contribution is for an amount of EUR 20 000 000 from the general budget of the European Union for 2015 and for an amount of EUR 12 000 000 from the general budget of the European Union for 2016, subject to the availability of appropriations following the adoption of the relevant budget <sup>2</sup> .
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality.  Direct management -grants – call for proposal.

<sup>1</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

<sup>2</sup> Adoption of the 2016 Draft Budget is expected to take place on 27 May 2015, preceding the adoption of the Commission Decision on the AAP 2015 for Latin America Regional Programmes.



<b>7. DAC code(s)</b>	43010			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>				

## SUMMARY

Over recent years, the countries of Latin America have collectively enjoyed strong economic growth and macro-economic stability. However, the sustained growth rates did not manage to solve structural challenges in terms of inequality, access to decent work opportunities, human development and social protection. Poverty and inequality are even more unacceptable in a continent that is not poor, but indeed, deeply unfair.

The lack of social cohesion is a determining factor that threatens growth in countries once they overcome the condition of being poor or low-income countries. The reduction of inequality and the achievement of fairer distribution can be addressed by drawing up public policies that include a set of effective social and good governance policies adjustments compatible with economic growth but defending the interests of the most vulnerable sectors.

The EU is a strong supporter of social cohesion and inclusion policies, and can provide an added value in the support and advocacy for equality-oriented policies in the region.

EUROsociAL I and II have worked to tackle the roots of inequality that prevent social cohesion. However, there is still work to be done

The objective of **EUROsociAL +** is to the increase of the level of social cohesion in Latin America through the support of social, good governance and gender equality national public policies attempting to increase the level of social cohesion and to strengthen the institutions responsible of their implementation in their capacity to provide high quality public services.

This action is built on the successful experiences of the previous two phases of EUROsociAL, maintaining the key aspects of the programme: demand and results orientation, working on priority public policies, and based on the proved methodology of bringing together European and Latin American public administrations.

## 1 CONTEXT

### 1.1 Sector/Country/Regional context/Thematic area (max. 3 pages, section completed during identification)

#### 1.1.1 Public Policy Assessment and EU Policy Framework

Over recent years, the countries of Latin America have collectively enjoyed strong economic growth and macro-economic stability. However, the sustained growth rates did not manage to solve structural challenges in terms of inequality, access to decent work opportunities, human development and social protection. Poverty and inequality are even more unacceptable in a continent that is not poor, but indeed, deeply unfair. There are some general data on Latin America and the Caribbean that are useful to confirm the magnitude of the problems we are encountering in terms of inequality.

Since 1990 Latin America's **poverty rate** has fallen from 48% to approximately 28% as of 2014<sup>3</sup>. Extreme poverty has also fallen significantly to 11%. Notwithstanding this decline in poverty, the figure is still high for a region with this level of development. Among the population groups that live in poverty, there are the indigenous peoples, Afro-descendants, and rural dwellers.

**Income distribution** improved in Latin America during the last decade. The poorest quintile captures on average 5 % of total income, "with the figure varying between 4 % (in the Dominican Republic, Honduras and Paraguay) and 10 % (in Uruguay),"<sup>4</sup> while the share of total income in the richest quintile averages 47 %, ranging from 35 % (in Uruguay) to 55 % (in Brazil)<sup>5</sup>. Although Latin America has managed to substantially reduce poverty over the past years, this major achievement has been coupled only very marginally with a reduction in the gap between the lowest and highest incomes of society. Latin American countries have kept the world's worst **Gini coefficients**, although it must also be said that there has been a marginal improvement over the past few years. The region's Gini Coefficient fell from 0.55 in 1995 to 0.52 in 2010. Twelve of the 13 countries with information available in 2011 or 2012 reported a fall in their Gini coefficient. The only exception is Costa Rica which recorded an overall increase for the 2002-2012 period. Inequality declined by more than 1 % per year in Argentina, the Bolivarian Republic of Venezuela, Brazil, Peru and Uruguay, and by at least 0.5 % per year in Chile, Colombia, Ecuador and Panama. Nevertheless, Latin American and

<sup>3</sup> "Inequality and Social inclusion in the Americas", OAS, 2014.

<sup>4</sup> Social Panorama of Latin America, ECLAC, 2013.

<sup>5</sup> Social Panorama of Latin America, ECLAC, 2013.

Caribbean continues to be the most unequal region on Earth, surpassing even poorer regions, such as Sub-Saharan Africa. The most equitable countries in the region (Uruguay and Argentina) have worse inequality indicators than the most inequitable countries of Western and Eastern Europe as well as all of the non-Latin American members of the Organisation for Economic Co-operation and Development (OECD).

Such deeply rooted inequality translates into an acute and widespread sense of injustice: 7 out of every 10 Latin Americans consider that income distribution in their country is unjust. Although the size of the Latin American middle class has grown and is now equal for the first time to the number of people living in poverty, four in 10 people are part of the “vulnerable” middle income population: they are neither poor nor economically secure. They earn between four and ten dollars a day. They are very vulnerable and prone to slipping back into poverty as a result of economic or household shocks<sup>6</sup>. This proves that much remains to be done to achieve inclusive and sustainable development in the region.

Poverty and social exclusion affects to a greater extent those populations living in a situation of vulnerability, where inequity and inequality are deeper.

**Informal employment** accounts for 50% of the labour force, especially affecting women and young people. Those sectors with high output account for an increasingly lower share of formal employment, heightening the persistent wage gaps in the region between the most skilled and the least skilled and depending on the work sector where they work.

To all of this must be added **the inequity in terms of access and quality of basic social services**. Inequality is therefore not only a matter of distribution: today there are large inequalities in access to social and health security, the quality of education, the quality of housing and even public safety, which is a social service that is increasingly required because in many countries there are more private security guards than police officers and state security agents.

Only 46% of the employed population is affiliated to **social security**, and the poorest quintile of the population has affiliation levels close to 20% whereas the percentage for the wealthiest quintile is 58%. There are 36% of households that do not have any kind of social security (not even non-contributory). Almost half of the women in the region who have paid work are employed in low-productivity jobs that offer little social protection.

More than 250 million persons in the Americas do not have any health insurance, and 100 million have geographical or economic impediments to accessing health coverage<sup>7</sup>.

The region has education gaps at various levels of schooling, as well as a stratification of the quality of supply. The share of young people from the poorest quintile who complete secondary school is 24%, whereas 83% of students from the wealthiest quintile complete secondary school<sup>8</sup>.

**Gender-based discrimination is also a widespread cause of inequity in the region.** The Regional review and appraisal of implementation of the Beijing Declaration and Platform for

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<sup>6</sup> Inequality and social Inclusion in the Americas, OAS, 2014.

<sup>7</sup> Inequality and social inclusion in the Americas, OAS, 2014.

<sup>8</sup> European Union and Latin American and the Caribbean: Investments for growth, social inclusion and environmental sustainability, ECLAC, 2012.

Action<sup>9</sup>, issued by ECLAC in February 2015, provides evidence of important advances in decision making, physical and economic autonomy of women. Nonetheless data and statistics show that the results obtained remain generally insufficient and uneven among and within countries.

There is much work yet to be done in the area of access to justice and sexual and reproductive rights. Although Latin America and the Caribbean is the only region in the world that has a regional convention for the prevention, punishment and eradication of violence against women (the Convention of Belém do Pará, signed on June 9, 1994), femicide is still not classified as a criminal offence in many countries.

Maternal mortality in the region is a cause for concern especially in some countries like Bolivia, Guatemala, Honduras, Peru, and Ecuador where maternal mortality ratio continues to be over 200 deaths every 100,000 children born alive (whereas in Chile and Uruguay mortality ratio is less than 20).

The figures on poverty reduction, increased workforce participation, education and social protection for women are encouraging but marked by striking gender biases and economic gender blind policies that do not consider their differentiated effects on the outcomes obtained. Nearly 70 million women have joined the labour force in the region in recent decades. However, they are more likely than men to work as unpaid family labourers or in the informal sector.

Although the region has one of the highest levels of representation of women in parliament globally, most parliaments are still far from the critical mass of 30% and at local level only 10% of mayors are women. Structural barriers still adversely affect the full inclusion of women in national and subnational governments<sup>10</sup>.

Inequality is important for social cohesion and social inclusion in a society. As stated by the IMF in its study "Redistribution, Inequality and Growth"<sup>11</sup>, inequality also matters for growth. The study findings suggest that the impact of redistributive policies is negligibly negative on growth while the indirect impact of redistribution, through reduced inequality, is beneficial to growth.

In the last years, many Latin America countries have abandoned the dominance political thought of the nineties and the beginning of the new millennium, i.e. the generally known "Washington Consensus". This was characterised by the adhesion to the supposed automatic action of growth towards social development and, therefore, of the subsidiarity of the State - which may only intervene where the market does not do so and on behalf of the most poverty stricken<sup>12</sup>.

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<sup>9</sup> The Meetings of the Presiding Officers of the Regional Conference on Women of Latin America and the Caribbean is the most relevant spaces for political and policy dialogue and regional consultation on the gender issue in the region. The Consensus approved during their meetings and the Montevideo Consensus adopted at the Regional Conference on Population and Development 2014 (for their vision, including the advances to ensure women's physical autonomy and sexual and reproductive health and rights) can be considered as a legitimate basis to be taken into account in the EU continental programming on gender equality and women rights.

<sup>10</sup> UNDP 2014, An analysis of women's political participation in subnational governments in Latin America and the Caribbean.

<sup>11</sup> Redistribution, Inequality, and Growth, IMF publication, 2014.

<sup>12</sup> Challenges to social cohesion in Latin America, Clarisa Hardy. EU-Latin American dialogue on social cohesion policies, EUROsociAL II programme, March 2014

In fact, over the recent years, **economic growth alone has not secured greater equality**. The region is now in search of a new paradigm that offers better economic results, more stability, and greater equity and reforms encompassing institutions as well as policies with the social agenda occupying a much more prominent place than in the past.

There are two main considerations that have changed the assumption that growth is the motor for social cohesion and equality.

On the one hand, Latin American countries are under the well-known dilemma of the “middle-income trap”: although countries have emerged from poverty and low income, they do not manage to progress, but rather stagnate and even regress. In the balance of the growth limiting factors, lack of social cohesion is a determining one. It is, hence, inequality that holds back growth once a certain threshold of wealth is reached.

The other factor (behind the rethinking of the positions of the Washington Consensus) is of a political nature. Latin American countries have been systematically reducing poverty in recent years, but far from achieving political stability, these countries are experiencing growing social demands and protest manifested in widespread mobilisations, an increasingly demanding civil society and a discredited political system. This stems from the fact that reducing poverty does not equate to reducing inequality in its different dimensions and economic insecurity continues to threaten families. Thus, the absence of social cohesion in Latin American societies explains the disaffection and distrust felt towards political institutions, which are responsible for the poor quality of democracy.

**The reduction of inequality and the achievement of fairer distribution can be addressed by drawing up public policies that include a set of effective social and good governance policies adjustments compatible with economic growth but defending the interests of the most vulnerable sectors.** Public policies are required to reduce the inequality of opportunities, to increase social mobility through better education, health, labour market policies, access to loans, social welfare programmes and reforms (i.e. better distribution of state wealth, etc.).

The EU is a strong supporter of social cohesion and inclusion policies. The levels of inequality in some EU countries are among the smallest in the world. Transferring the European experience and supporting Latin American countries in the implementation of a social cohesion and equality model should provide an added value and is therefore of outmost importance that the EU plays a role in this process through the support of programmes and actions that should contribute to the increase of social cohesion in the region.

Indeed, the **EU's international cooperation and development policy has been supporting and advocating for equality-oriented policies in the region** and in the world for the last three decades. This policy orientation has been reinforced with the Agenda for Change, where the EU is to focus on two main priority areas of cooperation: Human rights, democracy and good governance and Sustainable and inclusive growth, both areas of key importance for equality and social cohesion and inclusion policies.

**Social cohesion has been a leitmotif of the EU's bi-regional relationship with Latin America** endorsed at the highest political level since the 3<sup>rd</sup> EU –LAC summit, held in Guadalajara (Mexico) in May 2004. The **Multi-Indicative Regional Programme (MIRP) for Latin America 2014-2020** presents the promotion of social cohesion as an important common thread running through its four priorities. Moreover, the good governance, accountability and social equity sector from the MIRP 2014-2020 has the objective of

reinforcing institutions and public administrations to provide high quality public services for social equity, whereas gender equality and the elimination of gender-related violence is a cross-cutting issue. In addition, the EU is committed to promote gender equality and women empowerment in external cooperation and policy as stated in the EU Plan of Action for Gender Equality and Women Empowerment 2010-2015 and its successor for the period 2016-2020, currently being designed.

### ***1.1.2 Stakeholder analysis***

The key actors of this programme are, on the one side, the policy makers responsible for the strategic decisions on public policies and technical professionals which are in charge of their implementation. On the other hand, there are public administrations in beneficiary countries which carry out the programme's activities as well as civil society bodies and institutions associated to the implementation of EUROsociAL+.

Intellectuals, politicians, members of Parliament, representatives and institutions of civil society, who participate directly or indirectly to social cohesion policies with public or private funds, can also be considered as relevant actors for the programme.

Latin American Governments will play an active role EUROsociAL+. Specific ad hoc meetings and seminars will be organised with Latin American Ministries and public administrations where discussion on social cohesion issues and challenges will take place. Moreover, this regional space for discussion will also enable the analysis of the implementation of this Programme.

EU Delegations will continue to be a key stakeholder in the implementation of this programme. As it has been the case with EUROsociAL II, EUROsociAL + will maintain continuous and regular communication with the Delegations, facilitating joint actions and activities, supporting the transferring of information and best practices, and always involving Delegations in the activities and actions carried out at national and regional level. It has already been demonstrated that one of the added value and key success of EUROsociAL II is the fact that Delegations are regularly informed of and are taking part in the activities that are being implementing in EUROsociAL. At the same time, it will be essential to raise awareness on the programme and its main activities / achievements through targeted information (EU headquarters in Brussels, EU Member States, etc.).

Non-governmental organisations in particular women's organisations and feminist movement and the partnerships they have formed within and outside the scope of the State, have played a fundamental role in gender equality and achieving progress towards the objectives set in the international and regional commitments. Civil society organisations (CSOs) are crucial actors for the states to be held accountable for meeting their gender equality commitments. CSOs have participated as implementing partners in different actions.

The final beneficiaries are the inhabitants of Latin American countries, particularly the most vulnerable, marginalised and poor segments of the population.

### ***1.1.3 Priority areas for support/problem analysis***

Inequality is not only a consequence of poverty and income disparity but it is also determined by unequal access to basic social public services, discrimination affecting vulnerable groups

(women, indigenous people, migrants, etc.), insufficient conditions for the exercise of human rights, labour informality and unequal possibilities of political participation.

EUROsociAL I and II have worked to tackle the roots of inequality that prevent social cohesion. However, there is still work to be done. Indeed, social cohesion – which is a fundamental pillar<sup>13</sup> of the relationship between both regions- has gained ground in the Latin American discourse and is a European Legacy<sup>14</sup>.

This programme is going to focus on the following priority areas of action:

- **Social policies:**

The advancement of the middle income class in Latin America and the reduction in poverty levels and in the Gini coefficient in the region are not just the results of the positive economic growth rates over the past 10 years. It is also the outcome of deliberate public policies, in particular, public investment in the social sectors that have increased in the region: from 12% of GDP in the early 1990s to 19% today. Moreover, the region has demonstrated a substantial ability to innovate when it comes to social policy, as it has been the case with the implementation of the Conditional Cash Transfers.

The EU should continue supporting improvement in social policies that tackle the roots of inequality and that prevent the increase in the level of social cohesion in the region. In this sense, this programme will focus on the following issues:

- Improve quality of employment, the prevention and reduction of unemployment, underemployment and informality, and the promotion of social protection and labour market policies.
- Address the constraints that prevent vulnerable groups (indigenous people, migrants, etc.) from benefiting of social policies.

- **Good governance policies:**

There is an important link between inequality and governance. Overcoming inequalities requires effective and committed government leadership and a public sector with the human and financial resources to break down disadvantage. More than that, it requires good governance, which can help foster development of more inclusive, more responsive governmental systems that address the real needs of the marginalized people. Bad governance practices have the opposite effect<sup>15</sup>.

This programme will tackle some of the following issues regarding good governance policies:

- Fiscal policies, specifically, measures addressing the efficiency, equitability, progressiveness and transparency of the tax systems and revenue collection in order to promote social cohesion policies, as well as the increase in government accountability and transparency and the fight against corruption. Greater fiscal space opens a window of opportunity for development and stronger social cohesion. For opportunities to materialise, however, fiscal policy reforms are needed in the

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<sup>13</sup> Chapter 5th EU-CELAC Action Plan 2013.

<sup>14</sup> Clarisa Hardy, EU-LA discussion on social cohesion policies, 2014.

<sup>15</sup> Overcoming inequality: why governance matters, EFA monitoring report 2009.

region<sup>16</sup>. In fact, fiscal policy in Latin America does not have the same progressive impact on equality as in the countries of the OECD. Indirect taxes account for 52 % of the tax burden in Latin America, whereas it is only 17.6 % in the United States and 31.6 % in OECD countries. A recent study carried out in six Latin American countries (Argentina, Bolivia, Brazil, Mexico, Peru, and Uruguay) concluded that direct taxes and transfers generated reductions in income inequality during the last decade, while indirect taxes (such as value added taxes) and subsidies either had minimal effect on inequality or undermined some of these gains. These results suggest that, fiscal policy remains a largely unexploited instrument to reduce inequality in Latin America.

- Equal access to justice to all, eliminating barriers and discriminating measures. Inequality in access to justice reinforces and, in the medium and long terms, feeds back into a people's economic and social inequality by stifling an effective possibility of garnering advantages in terms of employment, income, wealth, etc. Nearly half of the people in Latin America see their human right to access to justice violated. They are unable to exercise their rights as citizens using means established in law. Lack of access to justice on an equal footing not only creates a vicious circle for the person concerned but also has a negative effect on the development of society at large and in terms of overcoming factors of inequality in a country, thereby eroding the rule of law and the basic conditions of democracy<sup>17</sup>. Special attention will be paid to vulnerable groups, such as minorities, people deprived of liberty, including social rehabilitation policies for inmates, women, indigenous people, migrants.
- Support to long term strategic planning, definition of public policies for the reduction of social inequalities and quality of social expenditure in public administration (measuring social impacts of public policies, decentralisation, equality in public expenditures, gender budgeting, etc.). Special attention to decentralisation policies shall be taken into account.

### • Gender equality policies:

Gender equality is a fundamental aspect of social cohesion, as it spans across many areas of everyday life and ensures the stability needed for societies to progress and develop. Women's empowerment is also key for the inclusive development of the region. In Latin America inequality between men and women persists and women are still barred from fully contributing to social and economic life of the region<sup>18</sup>. According to data from the ECLAC's Gender Equality Observatory for Latin America and the Caribbean, in 2010, 32.7% of women did not have an income of their own; the percentage was lower for men, at 12.1%. Women earn between 60 % and 90 % of men's average income. At the same time, the percentage of women heads of households grew from 22 percent in 1990 to 31 percent in 2008<sup>19</sup>. Women are especially relegated to jobs in the informal sector (54 % of all women across the region compared to 48 % of all men) and dedicate a greater share of

<sup>16</sup> Perspectives on global development 2012: social cohesion in a shifting world, OECD, 2011

<sup>17</sup> Inequality and social inclusion, OAS, 2014.

<sup>18</sup> Regional review and appraisal of implementation of the Beijing Declaration and Platform for Action and the outcome of the twenty-third special session of the General Assembly (2000) in Latin American and Caribbean, ECLAC 2015.

<sup>19</sup> ILO, ECLAC, FAO, UNDP, UN-Women, 2013, Decent work and gender equality: Policies to improve employment access and quality for women in Latin America and the Caribbean



time than men to unremunerated activities (86 % in Guatemala, 81 % in Costa Rica, and 74 % in Mexico and Uruguay).

Violence against women and girls highly affects the Latin American societies. The rates of femicide and the levels of impunity for perpetrators of all forms of violence against women are still alarming.

European experiences and examples from the EU Member States "champions" in gender equality and the EU key initiatives in the frame of the "Strategy for equality between women and men 2010-2015" (its successor 2016-2020) may provide valuable inputs to the bi-regional cooperation tackling gender inequality. Experience and knowledge of the European Institute for Gender Equality also represents a valuable contribution.

This programme will support the regional and national efforts to promote, manage and monitor public policies to advance gender equality and women empowerment and foster gender mainstreaming. This includes the following actions:

- Strengthening of the national mechanisms for the advancement of women, peer learning and experiences sharing.
- Fostering the implementation of the legal framework favourable to gender equality and facilitate possible solutions for the region to accomplish the international commitments and their monitoring.
- Increasing capacities and knowledge of national institutions on integrating gender approach in different sectorial policies and implement gender responsive policies.
- Improving the use of gender indicators and data, monitoring gender-related public expenditure.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Implementation gap between EUROsociAL II and EUROsociAL +.	M	The Commission is in regular contact with the partners, stakeholders and beneficiaries guaranteeing that the EU will continue working on social cohesion in the region, normally following the methodology already in place in the previous EUROsociAL I and II programmes.
<b>Assumptions</b>		
The Commission will approve the present Action Fiche during the first semester 2015. Contractualisation of the programme will most likely be done during last quarter 2015- first quarter 2016, ensuring there will be a minimum gap between EUROsociAL II and EUROsociAL +.		

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Social cohesion remains a priority area in the relations between Latin American and the EU.	L	EU will provide a continuous support to Latin American Governments' demands on social cohesion.
<b>Assumptions</b>		
Social cohesion will remain a central theme in the EU-CELAC political discussion.		

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
Political changes in Latin American countries do not jeopardise the interest in social cohesion.	M	Close and regular political contacts with Latin American governments.  Increase policy dialogue on social issues.
<b>Assumptions</b>		
No major change in the political situation in the region will take place in the following years.		

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
There is not a financial and/ or economic crisis that dramatically affects Latin American countries' investment in social policies.	L	A close monitoring of the macroeconomic stability of the region would enable the Commission to put in place mitigating measures if there were another major financial or economic crisis in the region.
<b>Assumptions</b>		
Economic growth remains stable.		

<b>Risks</b>	<b>Risk level (H/M/L)</b>	<b>Mitigating measures</b>
The high turnover rate of officials in the Latin American Governments that may delay and make more	M to H	A close policy dialogue at regional level and at national level, directly supported by the Delegations.

cumbersome the implementation of EUROsociAL+		
<b>Assumptions</b>		
EUROsociAL + remains a key and successful EU programme, which facilitates the involvement and commitment of Latin American Governments despite the turnover of officials.		

### 3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES

#### 3.1 Lessons learnt

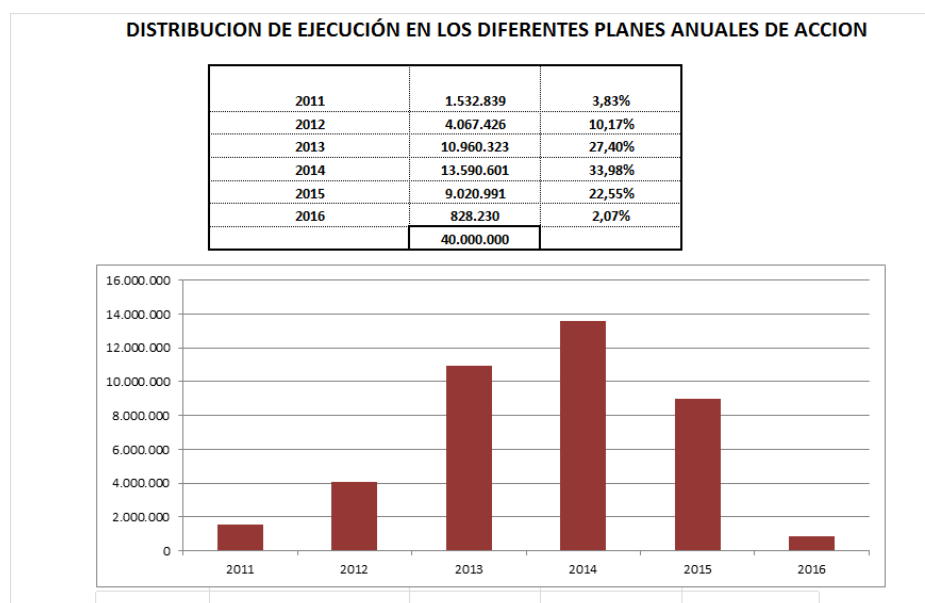
The previous phases of EUROsociAL I and II has clearly stated the added value of this programme compared to other EU programmes:

- Clear focus on result-orientation in order to improve public policies and to achieve more impact;
- Demand-orientation to ensure the pertinence of the actions and its sustainability and impact;
- Work upon priority public policies in order to achieve a structural impact;
- Work in different thematic areas, but under the global umbrella of social cohesion.
- But even more important, the proved methodology of bringing together European and Latin American public administrations and the systematic use of innovative concepts of "South-South" or Trilateral Cooperation were key for the success of EUROsociAL II.

These strengths have been confirmed by a survey carried out among the implementing and operating partners of EUROsociAL II, which has been carried out in the first quarter of 2015.

An important lesson learned from the transfer between EUROsociAL I and II is the need to ensure a short time gap between the end of the second phase and the start of the third phase. Indeed, the reorganisation and reorientation of the work from EUROsociAL I to II created some concerns as to the results of the programme, that were soon overcome once EUROsociAL II achieved its normal implementation path in 2013. As can be seen in the table and graph below, it took almost two years before EUROsociAL II arrived at cruising speed.

## **EUROsociAL II – Annual Action Plans Commitments<sup>20</sup>:**



The above graph shows that the starting up of the programme required a large time interval and efforts to create contacts with the governments and to carry out the needs assessments amongst the countries in the region. The already established contacts and networks within and between the governments could be used to attempt minimum gap between EUROsociAL II and EUROsociAL +. Further, the already identified needs assessments in EUROsociAL II will facilitate the starting of the implementation. Consequently, a **large gap between EUROsociAL+ and the current EUROsociAL II should be avoided**. The start of a new programme is always challenging, particularly as EUROsociAL+ shall work again with a broad and complex consortium. This always takes some time at the beginning of any project. Moreover, EUROsociAL has developed a system of communication and coordination with 17 beneficiary governments plus more than 100 different public institutions within the 17 administrations that actively participate in actions. **A long gap would destroy this system and would require a very cumbersome process of information, communication and coordination** before the programme could work again. If, in turn, the gap remains small, the programme will be able to continue where it stopped.

Sustainability of the results and impacts of EUROsociAL II are, however, granted, since the programme directly targets and supports public policies, and there are clear examples of how the EU support through EUROsociAL I and II have already contributed to the design, definition, implementation or evaluation of public policies (see examples of results below).

**An important lesson learned from EUROsociAL II is the importance of involving EU delegations in the implementation of the activities. During the last years, the good communication and transfer of information between the Delegations and the programme and vice-versa has created a virtuous circle of added value and increased leverage in the actions that has redeemed even more positive results for EUROsociAL but also for bilateral and regional programmes that has benefited from this coordination.** EUROsociAL + should build upon this close relation of trust, communication and joint efforts with Delegations.

<sup>20</sup> Data from EUROsociAL II 2014 Annual Action Programme.

Despite the efforts done to involve all Member States (MS) in the implementation of EUROsociAL, it has not been possible to associate all of them. EUROsociAL + will do an additional effort to guarantee all interested MS can take part in the action.

The results already achieved by the previous phases of EUROsociAL have already been taken into account and have enriched the identification of the present Action document. In particular, the results achieved in the priority areas in which EUROsociAL + is going to focus will be an indicative basis for the future EU action in the framework of this programme, specifically:

- Social policies: the results obtained in addressing labour constraints, with the implementation of the labour information systems and labour monitoring systems in Chile, Costa Rica, Honduras, Guatemala, and Peru. Social and labour inclusion of persons deprived of freedom in Argentina, Peru, Colombia, Brazil, El Salvador, Costa Rica, Guatemala, etc. The adaptation of the education curricula to the labour market demand in Peru, Uruguay, Paraguay and Ecuador. Or the implementation of social protection policies/ measures for vulnerable groups (handicapped persons, women, migrants, minorities) in Brazil, Chile, Colombia, Ecuador, Costa Rica, etc.
- Good governance policies:
  - Fiscal policies: activity based management including budgetary allocation of funds (Colombia, Costa Rica, Ecuador, Panama, Paraguay, etc.); voluntary fulfilment of tax obligations (Argentina, Bolivia, Brazil, Chile, Costa Rica, Mexico, Paraguay, Uruguay); tax reforms (Ecuador, Paraguay, Argentina, Colombia); fiscal and tax education (Mexico, Paraguay, Panama, Costa Rica, El Salvador, etc.);
  - Access to justice: policies that promote information on rights and obligations (Brazil, Chile, Paraguay); strengthening public defence offices (Argentina, Chile, Ecuador, Nicaragua, Costa Rica, Guatemala, etc.); alternative mechanisms of conflict resolution (Nicaragua, regional); reduction of access to justice barriers (Honduras, Ecuador), Social rehabilitation policies for inmates (Costa Rica, Brazil, El Salvador, etc.), violence prevention (Chile, Colombia, Costa Rica, regional).
  - Other good governance policies that aim at increasing the level of social cohesion, like territorialization (Argentina, Brazil, Paraguay, Mexico), or transparency and fight against corruption (Mexico, El Salvador, Honduras, Chile, Brazil, Argentina, Ecuador, regional etc.).
- Gender equality policies. Although EUROsociAL I and II have dealt with gender equality policies on a horizontal and cross-cutting basis, there are already some actions that have tackled directly gender policies, like the action in the justice area on the assistance to victims of gender violence (Brazil, Costa Rica, Honduras, Nicaragua, Ecuador, regional, etc.)

Further and detailed analysis of the results, outcomes and outputs of EUROsociAL II can be found in Annex. This Annex presents the results framework for the Programme until 2015.

### **3.2 Complementarity, synergy and donor coordination**

An important number of actions, projects and programmes financed by the European Commission through bilateral agreements and those implemented by the EU Member States are complementary to EUROsociAL+ through potential synergies, common objective of social cohesion, specific common actions in EUROsociAL+' intervention sectors, etc.

Due to its nature of much targeted interventions and its extremely broad institutional network, EUROsociAL has a good potential to create synergies with other actions. One of the strengths of EUROsociAL II was definitely its ability to leverage actions supporting other programmes and projects. For example, EUROsociAL activities in Honduras resulted in a bilateral programme under the 2014-2020 Country Strategic Programme. There is also the expectation that EUROsociAL+ will create important synergies with the programmes to be developed under the "Security-Development-Nexus"-priority of the Multi-Annual Indicative Regional programme for Latin America 2014-2020.

Social cohesion is also included into the operational agenda of other international bodies in the region, such as the IADB, ECLAC and UNDP. The previous phases of EUROsociAL have achieved a good coordination with other donors, mostly EU MS and international organisations. The present EUROsociAL + seeks to strengthen this coordination to maximise the advantages of coordination and creation of synergies.

Other donors will be invited to participate in the activities relevant to their expertise or where they can provide added value/ benefit from the activity. Also, whenever pertinent, joint actions and activities will be done together with other donors.

Coordination mechanisms with other donors and/or international bodies can be further proposed and explore in the call for proposals.

### **3.3 Cross-cutting issues**

EUROsociAL has been conceived as an integral and multidisciplinary programme with transversal dimensions. In particular, a special emphasis will be placed on the gender equality and ethno-cultural diversity where remarkable results could be achieved in the previous phase.

Gender will be integrated not only as a cross-cutting issue of public policies but also with specific actions fostering gender equality and women's empowerment as an important driver for social cohesion will be supported.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

General Objective: To contribute to the increase of the level of social cohesion in Latin America.

Specific Objective: To support social, good governance and gender equality national public policies attempting to increase the level of social cohesion and to strengthen the institutions responsible of their implementation in their capacity to provide high quality public services.

The following results are expected:

Social, good governance and gender equality public policies and reforms attempting to increase the level of social cohesion in Latin America are consolidated.

Public institutions responsible for the policies which contribute to improving the degree of social cohesion in Latin American countries are strengthened.

Latin American policy makers and social actors have a better awareness of the importance of social cohesion and the possibilities to integrate the social cohesion perspective into public policies.

## **4.2 Main activities**

EUROsociAL + foresees some elements of continuity and some innovations with comparison to the first and second phases, echoing the evolution of this initiative.

As in the previous phases of EUROsociAL, the cooperation *inter pares* will continue, i.e., the cooperation between public administrations, supporting the establishment of institutional partnerships between Latin American and European public administrations.

The exchanges of experiences between public administrations in the different thematic areas will remain the main activity of EUROsociAL. These exchanges will be formulated through a rigorous methodology which builds on the experience of the first phases of EUROsociAL and includes the lessons learnt in the different twinning programmes.

Each intervention will include a combination of various modalities of support: study visits, technical assistance, officials' exchanges, seminars, training activities and advice.

The actions will continue to respond to concrete demands for support coming from Latin American states (demand-driven). Actions presenting an inter-sectoral approach linking social, good governance and/or gender equality policies and processes of reform will be prioritised. This will lead to a better focalisation of EUROsociAL + and consequently to a reduced number of actions.

The regional dimension of the programme will be maintained giving the priority to actions involving different Latin American countries which have similar policies and reforms under way.

The demand identification process will be substantially reinforced in order to put into practice adequate support actions. These actions will aim to concrete and sustainable results and will determine the responsibilities and engagement of the beneficiary and supporting institutions.

The main activities that will be carried out to achieve the objectives are the following:

Social, good governance and gender equality public policies and reforms attempting to increase the level of social cohesion in Latin America are consolidated through the following indicative activities:

Specific support to social, good governance and gender equality national policies through exchanges of good practices, technical assistance and advice;

Assessment studies of sector and inter sector public policies as in input to the formulation and reformulation of the national plans from the perspective of social cohesion, including the improvement of the availability and use of gender statistics to incorporate the gender dimension in the elaboration of public policies.

Incorporation of the "social cohesion" objective into the public agenda of the Latin American governments participating in the programme, including the integration of the gender perspective in the national planning and monitoring system and the initiatives on gender-sensitive budgeting and financing;

- a. Provide specific technical support to strengthen measures, policies and programmes tackling the three dimension of women empowerment according to the needs of the region (political participation; elimination of all forms of violence against women and girls, women's participation in employment and in decision-making processes).
- b. To analyse bottlenecks in the implementation of the legal framework favourable to gender equality and facilitate possible solutions for the region to accomplish the international commitments (CEDAW and its protocols, Beijing plan of action, International Conference on Population and Development Plan of action, The Security Council Resolution 1325) and their monitoring.

Public institutions responsible for the policies which contribute to improve the degree of social cohesion in Latin American countries are strengthened through the following indicative activities:

Dissemination of methods, best practices and procedures related to public policies of social cohesion;

Development and reinforcement of networks of public institutions between Europe and Latin America as well as within the Latin American continent in order to deepen conceptual achievements and disseminate the social cohesion perspective in Latin American public policies;

- c. Strengthening the gender equality institutions and mechanisms for the advancement of women through capacity building and exchange on regional successful best practices on cooperation activities at regional and sub-regional level and with exchange between Latin America and Europe;
- d. Awareness-raising and capacity-building for the policy makers in charge of public policies seeking to generate social cohesion and civil servants in charge of the implementation of those policies. To increase the capacity to mainstream gender in different policies areas and integrate a gender perspective in sectorial policies and programmes through inter-ministerial working groups and seminars.

Latin American policy makers and social actors have a better awareness of the importance of social cohesion and the possibilities to integrate the social cohesion perspective into public policies through the following indicative activities:

Regional and sub-regional seminars with the participation of the European actors of EUROsociAL on the issues related to social cohesion;

Participation of Latin American and European personalities of recognised prestige to the activities carried out by the programme such as seminars, debates and specific assistance;

Development and reinforcement of mechanisms of dialogue and coordination on issues related to social cohesion between public administration and social actors (private sector, trade unions, academic institutions, etc.).



- e. Support the fight against all forms of violence and discrimination faced by women and girls by rising awareness on gender equality and women empowerment. This could include actions on gender and the media, gender equality initiatives targeting the schools, boys and girls and training programmes for teachers, sport and cultural projects to combat and eliminate all forms of violence against women and promoting gender equality.

### **4.3 Intervention logic**

Following the experience of EUROsociAL I and II, and based on the Commission development cooperation experience in Latin America, the activities planned for the consecution of the results, and the results planned for the achievement of the objectives, are of relevance for the improvement of social cohesion in Latin America.

The EU is working at different levels and with different instruments to eradicate poverty in the region (bilateral, regional, thematic programmes). Among the wide-range of experiences, EUROsociAL has proved to be a very efficient, flexible and successful programme, with a reputation of demand-orientation and of focusing on main public policy priorities to improve social cohesion in region. In this sense, the success of EUROsociAL + can be reasonably reliable.

## **5 IMPLEMENTATION**

### **5.1 Financing agreement**

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) No 966/2012.

### **5.2 Indicative implementation period**

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 72 months from the date of adoption by the Commission of this Action Document.

Extensions of the implementation period may be agreed by the Commission's authorising officer responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

#### **5.3.1.1 Grants: call for proposals EUROsociAL + (direct management)**

- (a) Objectives of the grants, fields of intervention, priorities of the year and expected results

This action will be implemented through a grant. The grant beneficiary will be in charge of the consecution of the objectives and of the implementation of the activities that will lead to the results of EUROsociAL+.

Therefore, the objective of the grant will be the implementation of the programme and its results, fields of intervention and priorities will be those already mentioned above:

*General Objective:* To contribute to the increase of the social cohesion in Latin America.

*Specific Objective:* To support social, good governance and gender equality national public policies attempting to increase the level of social cohesion and to strengthen the institutions responsible of their implementation in its capacity to provide high quality public services.

The following results are expected:

Public institutions responsible for the policies which contribute to improve the degree of social cohesion in Latin American countries are strengthened.

Social, good governance and gender equality public policies and reforms attempting to increase the level of social cohesion in Latin America are consolidated.

Latin American policy makers and social actors have a better awareness of the importance of social cohesion and the possibilities to integrate the social cohesion perspective into public policies.

The exchange of experiences, knowledge and good practices between public administrations of the EU and Latin American will remain the main activities of the EUROsociAL+. The programme will also encourage joint work of Latin American public administrations engaged in political changes designed to promote social cohesion.

#### (b) Eligibility conditions

- Be legal persons.
- Be non-profit making.
- Be established in a Member State of the European Union or in those countries that fall within the scope of the DCI Regulation.
- Belong to one of the following categories:
  - Public or private sector operators or non-governmental organisations with a public service mission.
  - International (inter-governmental) organisation as defined by Article 43 of the Rules of application of the EU Financial Regulation<sup>21</sup>.

Subject to information to be published in the call for proposals, the total indicative amount of the EU contribution is EUR 32 M and the grants may be awarded to sole beneficiaries and to consortia of beneficiaries (coordinator and co-beneficiaries). The indicative duration of the grant (its implementation period) is 60 months.

Applicants should be institutions from the EU or Latin America with relevant expertise in either social cohesion or development cooperation with Latin America.

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<sup>21</sup> International organisations are international public-sector organisations set up by intergovernmental agreements as well as specialised agencies set up by them; the International Committee of the Red Cross (ICRC) and the International Federation of National Red Cross and Red Crescent Societies are also recognised as international organisations.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant.

The essential award criteria are relevance of the proposed action to the objectives of the call; design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 100 %<sup>22</sup>.

In accordance with Article 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's authorising officer responsible in the award decision, in respect of the principles of equal treatment and sound financial management.

(e) Indicative timing to launch the call

This call will be launched on the last quarter of 2015.

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or in other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
Direct management – grant	32 000 000	
<b>Total<sup>23</sup></b>	<b>32 000 000</b>	

<sup>22</sup> The Commission considers full funding essential for the action to be carried out. The justification is based on:

- The activities of the grant are already well designed and restricted by Commission policy, which may call for full financing due to the limitation of the entity.
- Should the grant beneficiary contribute with a co-financing for this Action, it may imply there is a different approach towards social cohesion policies than the one the EU is pursuing. This may create additional problems in the consecution of objectives.

## 5.6 Organisational set-up and responsibilities

The following grant may be awarded to a sole beneficiary or to a consortium of beneficiaries (coordinator and co-beneficiaries).

To better address the main areas of action and the different Latin American countries involved, a proposal having taking into account a broader number of contributors to the implementation of this programme (being called stakeholders, operating partners, partners, collaborators, etc.) will be positive assessed. Further details will be defined in the call for proposals.

The responsibilities of the grant beneficiary will include:

- (1) The following responsibilities related to the preparation of the programme:
  - (a) To define support actions and projects jointly with the beneficiary institutions;
  - (b) To formulate the terms of reference for these actions;
  - (c) To identify the most appropriate bodies/experts/institutions for the transfer of their know-how;
  - (d) To follow-up and accompany the implementation of the actions;
  - (e) To organise events of strategic dimension in order to deepen and extend the dialogue on social cohesion in Latin-America;
  - (f) To support the existing Euro-Latin-American public networks with the aim of strengthening their collaborative links and their capacity to promote the incorporation of social cohesion perspective into public policies;
  - (g) To formulate the communication and visibility strategy. countries of
- (2) The following responsibilities related to the implementation of the Programme:
  - (a) To draft the methodology and the mix of support actions and projects geared towards the achievement of sustainable results;
  - (b) To assign the executive tasks of each intervention to the most suitable institutions in the Consortium, taking into account the required profile specified in the terms of reference. All the potentially interested public institutions in Latin America and Europe could be invited to participate, even if they are not members of the consortium;
  - (c) To set up a system of indicators in order to follow up the actions and measure the results;

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<sup>23</sup> The contribution is for an amount of EUR 20M from the general budget of the European Union for 2015 and for an amount of EUR 12M from the general budget of the European Union for 2016, subject to the availability of appropriations following the adoption of the relevant budget. Approval of the 2016 Budget is expected to take place on 27 May 2015, preceding the adoption of the Commission Decision on the AAP 2015 for Latin America Regional Programmes

- (d) To reinforce the collaborative links among the public administrations of both regions;
- (e) To collaborate with the Coordination area on the transversal actions and on the dissemination of good practices and the results of the programme.

In order to guarantee the global strategic orientation of the programme, the European Commission will create and chair a 'Steering Committee' which will meet at least twice per year and will accompany the programme during the implementation period.

The EEAS and the Commission will maintain regular and close contacts regarding the implementation of this programme. The EEAS will be a member of the Steering Committee.

To better define the scope of EUROsoccIAL's action, the European Commission will launch a preliminary study on the demand in the different countries of Latin America, with the support of the EU Delegations and the Member States' Embassies.

The implementation modalities and the requirements to be respected by the grant beneficiary will be developed in a document which will detail, in particular, the following concepts already mentioned in this fiche:

demand driven approach;

participation of the European Commission to the programming and decision making;

ex ante approval by the European Commission of the programming and of the main decisions;

interrelationships between the programming/coordination and the implementation phases;

possibility to participate in the activities of the programme for all Latin American countries and all the EU Member States;

establishment of permanent communication channels directed to the Member States regarding the programme activities;

following up and control competencies of the European Commission and of the Steering Committee.

Finally, in the framework of this programme, a regular space for dialogue on social cohesion between the EU and the Latin American countries at Ministerial /technical (public administration) level will be created, where both partners will meet and discuss on challenges and measures that can contribute towards the increase in the level of social cohesion in Latin America. This space will be essential for the participation of Latin American countries in the implementation of the present Action. This ad hoc dialogue can take place in the context of the regular bi-regional dialogue.

## **5.7 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means

envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

The programme's coordination will propose an internal monitoring system and formulate a methodology for the on-going evaluation.

The monitoring will include a structured observation and documentation activities which will evaluate the programme from the point of view of its performance (i.e., implementation process) and its results. The monitoring will provide information to enrich the on-going evaluation which will also use other evaluation tools, for example, focal groups, field visits, EU- Latin American Council, etc.

The objective of the on-going evaluation will be to support the decision-making process during the implementation of the programme, making relevant corrections and adjustments formulated on the basis of the analysis and valorisation of the programme's actions, results and developing processes. The evaluation methodology will include performance indicators associated both to the programme's objectives and its actions. The coordination unit will produce periodical evaluation reports which will be presented to the European Commission. The monitoring system and the on-going evaluation will serve as inputs for the external evaluations of the programme.

## **5.8 Evaluation**

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action via independent consultants.

A mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to measures to ensure the correct and efficient implementation of the action.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner country and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

## **5.9 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.

## **5.10 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

## APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY)

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	Intervention logic	Indicators	Baselines (incl. reference year)	Targets (incl. reference year)	Sources means verification and of	Assumptions
Overall objective: Impact	To contribute to the increase of the social cohesion in Latin America.	<p>Percentage of population living in poverty (statistics by gender)</p> <p>Ratio of incomes between the richest and poorest quintiles (statistics by gender)</p> <p>The number of employed persons by gender contributing to social security</p> <p>Percentage of completion of secondary education (female, male and aggregate)</p> <p>Population by gender and</p>			<p>International organisations reports and statistiques (OECD, WB, IADB, ECLA, UN)</p> <p>Reports from think tanks</p> <p>National statistics</p> <p>Corruption Perceptions Index - Transparency International</p> <p>National Budgets</p>	<p>The Commission will approve the present Action Fiche during the first semester 2015.</p> <p>Contractualisation of the programme will most likely be done during last quarter 2015- first quarter 2016, ensuring there will be no time</p>



		<p>aggregate in a state of undernourishment</p> <p>Index of perception of corruption</p> <p>Public spending on education as a percentage of GDP</p>				<p>gap between EUROsociAL II and EUROsociAL +.</p> <p>Social cohesion will remain a central theme in the EU-CELAC political discussion.</p> <p>No major change in the political situation in the region will take place in the following years.</p> <p>Economic growth remains stable</p>
Specific objective(s): Outcome(s)	<p>To support social, good governance and gender equality national public policies attempting to increase the level of social cohesion and to strengthen the institutions responsible of their implementation in its capacity to provide high quality public services</p>	<p>Tax collection rates of Latin American countries compared to OECD members' average, in particular in terms of:</p> <p>Structure of taxation</p> <p>Trends</p> <p>PEFA indicators on:</p> <p>Comprehensiveness and transparency PI-5 to PI-10</p> <p>Policy-based budgeting PI-11 and PI-12</p> <p>Human Development Index</p> <p>Gender related development index</p> <p>Gender Empowerment measures</p> <p>Fiscal system efficiency</p> <p>Estimated level of tax evasion</p> <p>Assessment on Governance based on indicators from ECLA's</p>			<p>International organisations reports and statistiques (OECD, WB, IADB, ECLA, UN)</p> <p>PEFA indicators</p> <p>Democracy index</p>	

		SOCIAL Panorama Latin America Democracy index				
Outputs	<i>Result 1</i> Public institutions responsible for the policies which contribute to improve the degree of social cohesion in Latin American countries are strengthened	Tax collection rates of Latin American countries compared to OECD members' average (in particular in terms of i) structure of taxation and ii) trends) * PEFA indicators, on Comprehensiveness and transparency PI-5 to PI-10 * Human development index *			National Statistics, OECD PEFA, World Bank, IMF, CEPAL UNDP Democracy index	
	<i>Result 2</i> Social, good governance and gender equality public policies and reforms attempting to increase the level of social cohesion in Latin America are consolidated					
	<i>Result 3</i> Latin American policy makers and social actors have a better awareness of the	Gender related development index Gender Empowerment measures Fiscal system efficiency *				

	importance of social cohesion and the possibilities to integrate the social cohesion perspective into public policies	Estimated level of tax evasion * PEFA indicators on Policy-based budgeting (PI-11 and PI-12) *				
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## **ANNEX 2**

of the Commission Decision on the Interconnectivity in Latin America

### **Action Document for Interconnectivity in Latin America**

#### **INFORMATION FOR POTENTIAL GRANT APPLICANTS**

##### **WORK PROGRAMME FOR GRANTS**

This document constitutes the work programme for grants in the sense of Article 128(1) of the Financial Regulation (Regulation (EU, Euratom) No 966/2012) in the following sections concerning grants awarded directly without a call for proposals: 5.3.1 Grant: direct award (direct management)

<b>1. Title/basic act/ CRIS number</b>	<b>Interconnectivity in Latin America</b> CRIS number: 2015/38-142 Financed under the Development Cooperation Instrument <sup>1</sup>			
<b>2. Zone benefiting from the action/location</b>	Latin America and the Caribbean			
<b>3. Programming document</b>	Multi-annual Indicative Regional Programme for Latin America 2014-2020			
<b>4. Sector of concentration/ thematic area</b>	Inclusive and Sustainable Growth for Human Development, Information Society			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 36 600 000  The contribution is for an amount of EUR 8 000 000 from the general budget of the European Union for 2016, subject to the availability of appropriations following the adoption of the relevant budget <sup>2</sup> .			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	Project Modality Direct management - grants – direct award			
<b>7. DAC code(s)</b>	22040			
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

<sup>1</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

<sup>2</sup> Adoption of the 2016 Draft Budget is expected to take place on 27 May 2015, preceding the adoption of the Commission Decision on the AAP 2015 for Latin America Regional Programmes.

	Aid to environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>	<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>				

## SUMMARY

Contribute to eliminate any present or foreseeable bottleneck in the connectivity between Latin American countries to ease the unconstrained exchange of data and services with strong benefit in solving the digital divide inside the region and in its data mainstreaming with Europe.

## 1 CONTEXT

### 1.1 Sector context

Broadband access is an important element for development. Research by the World Bank suggests that a 10% increase in broadband penetration could boost the gross domestic product (GDP) by 1.38% in low- and middle-income countries. The evident benefits of Internet take-up and the increasing digital content of today's economies means that the digital divide tends to exacerbate pre-existing socioeconomic inequalities: whereas the benefits of being connected to the Internet increase, the cost of not connecting also rises. Therefore, closing the digital divide could help boost the positive effects of the Internet and thus contribute to narrowing pre-existing socioeconomic divides.

Almost 85% of all Latin America's international Internet/telecom connections with the rest of the world are today going via submarine cable to Miami, Florida (United States). Latin America's direct connectivity through submarine cables with Europe is basically only 0,0016% of this traffic.

The intercontinental connectivity has been heavily affected by the lack of competition in the submarine cables connecting Latin America to the rest of the World. This very fact makes that Latin Americans pay 10 times as much as Europeans pay for the same service increasing, as a consequence, the already existing digital divide due to lack of investment. Institutions in Latin American countries currently pay, for the same capacity, up to 100 times what institutions in Europe or the US pay. Moreover, there are huge differences in prices within the region ranging from 5 to 1 ratio between different countries in Latin America.

These differences are explained by several reasons:

- a) The poor intra-Latin America telecommunications infrastructure that makes Latin America almost entirely dependent on submarine cables for country to country connectivity. As a consequence, pricing is dominated by submarine cable pricing, which is tailored on intercontinental telecommunication costs.
- b) All cables (but one) connect Latin America to the USA with implications in dependency and pricing for the Latin America-EU route.
- c) Few submarine cables serve Latin America as compared to the Europe-USA market with a clear negative impact on competitiveness.

This huge difference in prices and access to infrastructure between Latin American countries and between them and their peers in Europe makes not only the access to Internet for end-users more difficult, but it has also a negative impact on the interactions between Europe and Latin America in the area of research and education.

As a consequence, the limited connectivity with Europe, despite an important step forward thanks also to the @lis Programme, can be considered a serious limitation to the communications between the two regions. This affects in particular the access to large research facilities in both continents, such as the Astronomical and Cosmic Ray Observatories in Latin America or the Large Hadron Collider (LHC) in Europe, among others.

The initiative of installing a new submarine cable connecting Brazil to Portugal, which has been underlined in the last EU-LAC Summit in Santiago de Chile (January 2013) and in other forums, represents an opportunity to change this situation. The cable, which has been announced by President Dilma Youssef and former Commission President José Manuel Barroso, would increase the intercontinental telecommunication capacity available to Latin America by over 150%, producing a great impact in the market and hence an expected price decrease between 30% and 70% as a minimum.

The cable will be financed through a joint venture (Eulalink) together with RedCLARA. RedCLARA share will be partly financed by DG CONNECT and DG GROW. The participation of RedCLARA in this operation will guarantee that part of the cable's capacity will be used for public purposes. The intervention from DG CONNECT and DG GROW aims to support ongoing and future policies, i.e. the international dimension of the European Research and Education GÉANT<sup>3</sup>, the space policy (COPERNICUS), and other potential collaborations supporting public policies. The support from DG CONNECT and DG GROW for the cable's capacity and DG DEVCO for the proposed action of interconnectivity inside Latin America are complementary and involve important synergies that will maximize the opportunities presented by a new direct cable between the two regions and an enhanced intra-regional connectivity between the Latin-American countries.

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<sup>3</sup> GÉANT is the pan-European research and education network that interconnects Europe's National Research and Education Networks (NRENs).

### 1.1.1 Stakeholder analysis

The Programme will try to implicate those stakeholders that are active in the Information Society (IS) and directly involved in Information Society political processes:

- **Government institutions of the Information Society (IS) at the national level** - Those are the organizations dedicated to the administration of electronic government, telecommunication authorities, observatories and statistics agencies in charge of the follow-up of the sector. They are of great importance for the IS development, since they are responsible for implementing policies and strategies at the national level and can affect the international relations. Although specific strengthening is not included in this Programme, the Programme might foster South-South collaborations, when related to the transfer of knowledge for the implementation of policies and strategies at national level. Public authorities will also be involved in the development of bi-regional relations between Latin America and the EU.
- **Local institutions of the Information Society** - Among them the digital cities, local electronic government experiences, electronic commerce, etc. They have the advantage of being closer to the citizens and they need all the available tools to improve public e-services. They are influenced by the policies and strategies developed at national level, but at the same time they constitute ideal spaces for the implementation of demonstration projects.
- **Civil Society organizations at local, national or regional level** – (NGOs, trade unions, Chambers of Commerce, community organizations and users or consumer organizations). They will contribute to building a civic vision of the development of the Information Society, as end users of the benefits, challenges and dangers.
- **The academic institutions dedicated to research and ICTfD** (Information and Communication Technologies for Development). - They play an important role in developing, adopting and/or applying ITCs. Their mandate is extended in the majority of cases to research, development and innovation of products and processes. They will form a vital element of the programme, as active members of the RedCLARA. In all cases it will be a “sine qua non” condition that they use the RedCLARA for the development of their research projects or collaborations.
- **The private sector directly committed to Information Society or ICTs (Information and Communication Technologies)** - Including telecommunications sector, electronic commerce and hardware and software designers.

## 2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Delays in the construction of the cable.	L	Given the fact that it is a commercial operation totally financed, the risk of excessive delays is limited (mainly to

		implementation). Moreover, the direct participation of the EC in the funding (through DG CNECT and GROW) will assure the respect of the adequate timing.
<b>Assumptions</b>		
<p>Attaining the objectives of this programme will be conditioned by the external factors affecting the current development of Information Society in Latin America and its contribution to reducing poverty, inequalities and social exclusion. The following conditions are crucial factors for the programme's success:</p> <ul style="list-style-type: none"> <li>• if the current trend remains favourable for the development of the ICTs, as motor for increasing interdependency between the Latin American countries, where co-ordination of sector policies and the regulatory action is a fundamental aspect;</li> <li>• if all the countries of the Region make efforts in order to improve the Information Society by fighting against internal and external digital divide and developing useful applications for its citizens;</li> <li>• if the regional cooperation allows i) the exchange of information, ii) the search for regional solutions to common problems, iii) the implementation of joint pilot projects enabling the achievement of cross results and offering a substantial gain of time and resource savings, iv) the design of strategies for massive dissemination, follow-up and evaluation to steer future decisions.</li> </ul> <p>The above mentioned conditions, which are indispensable for Latin American countries to make good use of the cooperation offered by the EC through the project, seem sufficiently guaranteed by the ongoing eLAC process.</p>		

### **3 LESSONS LEARNT, COMPLEMENTARITY AND CROSS-CUTTING ISSUES**

#### **3.1 Lessons learnt**

The @lis Programme (Alliance for the Information Society) has complied with its objectives, having obtained many positive effects and having pushed forward to several dynamics which are worth sustaining. The principal learned lessons are the following:

- Infrastructure, hardware and software are preconditions for Information Society development. The @lis Programme has shown that countries with greater development in those aspects have benefited more from the results and services of the Programme. Consequently, infrastructure, hardware and software issues strongly influence the progress of the Latin American political agenda and should be improved in those countries where these infrastructure are less developed;
- Interesting examples of good practices in e-health, e-education and e-government were derived from @lis demonstration projects, which could be replicated thanks to the prestige of the actors involved and the interest raised in the political sectors;



- There is a mutual interest in continuing the cooperation with Europe in political, technical and social aspects of Information Society, taking into account that the inspiring principles of the agenda i2010 are considered crucial by Latin American partners.
- The @lis II Final Evaluation showed that the improvement of international network connectivity helps to create a virtuous spiral leading to increased demand for greater network capacity, fuelled by growing numbers of users in the beneficiary countries as the national networks expand their coverage and the number of Internet users . This implies that upgrading the capacity of the RedCLARA network is of paramount importance.

### 3.2 Complementarity, synergy and donor coordination

The global project is composed of two different actions; 1) the completion of the terrestrial optical fiber in Latin America; 2) access to part of the capacity of the submarine cable between Brazil and Portugal.

DEVCO's participation will be limited to the first action, i.e. the completion of the terrestrial optical fiber network infrastructure in Latin America.

The funds will be allocated through a grant to the RedCLARA consortium (a nonprofit consortium made up by Latin American and European organizations). The project is to be considered as the normal completion of the RedCLARA network and thus the finalization of the important investment offered by the EC for the improvement of the interconnectivity in Latin America in the framework of @lis I and II. The final outcome of this process will be the a reduction of the digital divide for millions of people in Latin America in particular for the most vulnerable population

This project aims to take advantage of the opportunity offered by the deployment of this new cable, projected to connect Brazil (Fortaleza) and Portugal (Lisbon), to address the weak points of the data communication network joining the European and Latin-American research communities, namely by:

- Securing access to a large portion of the potential capacity of this infrastructure for the use of academic and nonprofit organizations of Europe and Latin America. The contribution of DG CONNECT and DG GROW will focus on this aspect. The total cost for RedCLARA is estimated in around EUR 25million. In exchange, the RedCLARA consortium will obtain around 1/6 of the cable capacity with an Indefeasible right of use (IRU) for 25 years at installation cost, with no additional recurrent costs.
- Completing the terrestrial optical fibre network infrastructure of RedCLARA (a complementarily action to the previously mentioned action), by which a significant improvement of the Latin American Network will be achieved. This enhancement will ensure capillarity and equal access to the intercontinental services by all Latin American countries. DEVCO contribution will be limited to this part.

The expected total funds allocated by the three DGs will sum up to **EUR 26.5 million**. A summary of the complementary contribution of the different DGs is presented here:

1) CONNECT: **EUR 10 million** for reserving capacity in the cable to connect GEANT and RedCLARA (€5 million in WP2015 + €5 million in WP2016-17);

2) GROW: **EUR 8.5 million** for reserving capacity in the cable (€3.5 million in 2015 from Copernicus + €5 million from Copernicus or Horizon2020 in WP2016-17)

3) DEVCO: **EUR 8 million** for the improvement of the intra-regional RedCLARA connectivity

The partners of the RedCLARA consortium will build and sign a Partners' Agreement to manage the project and secure their long term relationship in administering the cable capacity that will be obtained thanks to the cable. Distribution of that capacity throughout Europe and Latin America will be secured by GEANT, operated by DANTE and RedCLARA.

Sustainability in the long term will be based on the sustainability of the NREN (National Research and Education Networks) partners who will distribute the capacity throughout their networks and secure the funding for their networks inside their corresponding regions.

### **3.3 Cross-cutting issues**

The programme will aim at enhancing positive environmental effects by:

- Furthering the development of user applications in the environmental areas to tackle key environmental priorities for the Latin American beneficiary countries, for example in areas such as climate change, disaster early-warning systems etc.
- Reducing the cost for professionals associated with travelling to meet or cooperate, for example by providing video-conferencing facilities.
- Increasing the awareness in Latin America of the challenges posed by climate change and creating the conditions for governments to take appropriate action, through increased communication and research linkages toward RedCLARA, between environmental researchers and NGOs in Europe and Latin America.
- Focusing on the positive impact for vulnerable groups by giving them better access to education tools and by enhancing their economic perspectives.

## **4 DESCRIPTION OF THE ACTION**

### **4.1 Objectives/results**

#### **General Objective**

To contribute to eliminate any present or foreseeable bottleneck in the connectivity between Latin American countries to ease the unconstrained exchange of data and services with a strong impact on the digital divide inside the region and in its data mainstreaming with Europe.

#### **Specific Objectives**

**SO1.** To make possible to RedCLARA to guarantee full and equal access to the LA-EU capacity to the Latin American NRENs (National Research and Education Networks).

This will entail the upgrade of RedCLARA's infrastructure in South America and to deploy a full optical network that will generate synergies with the NRENs of the region, increasing effectiveness and capillarity.

**SO2.** To enable, through via extended competition, the NREN community of Latin America to access the Commodity Internet at significantly lower prices than those currently charged in the region. Moreover, to guarantee, through GEANT, full access to the LA-EU capacity for the European NRENs.

The action will be carried out by a consortium of Research and Education Networks of Europe and Latin America that will also secure the sustainability and the operations of the resulting infrastructure over time through the participation of GEANT and RedCLARA, the regional operators of the Research and Education Networks.

- **Expected results and main activities**

***Result Indicators***

**R1** *A complete fibre path owned by RedCLARA and its partner National Research and Education Networks going from the landing station of the new transatlantic cable in Fortaleza, Brazil all the way to Bogota in Colombia and Cucuta at the border with Venezuela connecting Brazil-Argentina-Chile-Peru-Ecuador and Colombia with access points at the border of Uruguay and Venezuela.*

**Indicators:**

Length of the optical fibre network deployed or accessed by the project for the use of RedCLARA and its partners institutions.

Number of countries touched by the fibre path (7 is the number expected).

**R2** *An Optical RedCLARA Backbone synergetic with the Latin American NRENs to enhance capillarity inside each country.*

**Indicators:**

Number of Latin America NRENs whose backbones are shared with the optical fibre deployed by the project (5 to 6 expected).

Length in Kms of the NRENs backbone at a speed over 10 Gbps.

Number of institutions in Latin America with direct access to a high speed backbone (at least 10 Gbps).

Number of institutions in Latin America with access speeds of 1 Gbps or higher.

**R3** *Internet Commodity price gap between Latin America and Europe is reduced by a factor of 4 or more.*

**Indicators:**

Commodity Internet price for Latin American institutions will be reduced from an average of US60+ to an average of US 15 per Mbps or less.

***Impact Indicators***

*Improvement of the research collaboration (better connectivity of the Latin American research and education network RedCLARA to the European GEANT network).*

**Indicators:**

Bandwidth available between GEANT and RedCLARA improved by a factor of 10

*Increased capillarity of research and education networks in Latin America leading to a more even access to the Internet and advanced networks throughout the entire region.*

**Indicators:**

An increase of 50% or more of the institutions in Latin America with access to R&E Networks at 100 Mbps.

An increase of a 100% or more of the institutions with Commodity Internet access provided through RedCLARA and the Latin American NRENs.

*It will stimulate broadband deployment in South America leading to lower prices for end-user and regional inclusive growth, to facilitate commercial transactions and investment operations.*

**Indicators:**

A decrease of 20% or higher of household price/Mbps (depending upon the commercial policies of the Internet Service Providers).



## 5 IMPLEMENTATION

### 5.1 Financing agreement

In order to implement this action, it is not foreseen to conclude a financing agreement with the partner country, referred to in Article 184(2)(b) of Regulation (EU, Euratom) N° 966/2012.

#### ○ Implementation method

### 5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities described in section 4.1 will be carried out and the corresponding contracts and agreements implemented, is 36 months from the date of the signature of the grant contract.

Extensions of the implementation period may be agreed by the Commission's authorising officer, responsible by amending this decision and the relevant contracts and agreements; such amendments to this decision constitute technical amendments in the sense of point (i) of Article 2(3)(c) of Regulation (EU) No 236/2014.

### **5.3 Implementation modalities**

As the project has a regional scope involving several Latin American countries, the most suitable implementation method would be direct management. The following instrument would be put into operation:

#### **5.3.1 Grant: direct award**

(a) Objectives of the grant, fields of intervention, priorities of the year and expected results

To contribute to eliminate any present or foreseeable bottleneck in the connectivity between Latin American countries to ease the unconstrained exchange of data and services with strong impact on the digital divide inside the region and in its data mainstreaming with Europe. The reduction of the digital divide will have a direct impact on the improvement of social and economic conditions of the most vulnerable population; faster and more secured connectivity will generate more opportunities for SMEs, increase job opportunities and, at the same time, will foster more efficient social services. Digital divide reduction is an important means to support poverty reduction oriented policies.

#### Specific Objectives

To make possible to RedCLARA to guarantee full and equal access to the LA-EU capacity to the Latin American NRENs. This will entail the upgrade of RedCLARA's infrastructure in South America and to deploy a full optical network that will generate synergies with the NRENs of the region, increasing effectiveness and capillarity.

To enable, through extended competition, to the NREN community of Latin America to access the Commodity Internet at significantly lower prices than those currently charged in the region. Moreover to guarantee, through GEANT, full access to the LA-EU capacity for the European NRENs.

The action will be carried out by a consortium of Research and Education Networks of Europe and Latin America that will also secure sustainability and operations of the resulting infrastructure over time through the participation of GEANT and RedCLARA, the regional operators of the Research and Education Networks.

(b) Justification of a direct grant

Under the responsibility of the Commission's responsible authorising officer, the grant may be awarded, without a call for proposals, to RedCLARA.

Under the responsibility of the Commission's responsible authorising officer, the recourse to an award of a grant without a call for proposals is justified because the action has specific characteristics requiring a specific type of beneficiary with technical competence, according to the article 190 (f) of the Financial Regulation.

The RedCLARA consortium as proprietor and legal entity responsible for the operation, in order to implement all the activities related to the programme. Based on previous experience (e.g. the ALICE and RedCLARA projects), the grant could be directly awarded to RedCLARA. The RedCLARA consortium is composed of organizations that are considered as being the only Latin American organizations capable of operating in the specific sectors of activity to which the grant relates by virtue of all considerations of fact and law, namely the

deployment of international advanced research networks (i.e. established by the National Research and Education Networks, NRENs, which are governmental or public bodies responsible for the deployment of the national initiatives in the domain of research networks). On these grounds, Article 6.4.2 of the PRAG allows direct award

(d) Essential selection and award criteria

The essential selection criteria are the financial and operational capacity of the applicant. The essential award criteria of the proposed action to the objectives of the call are: design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(e) Maximum rate of co-financing

The maximum possible rate of co-financing for this grant is 80% of the eligible costs of the action.

In accordance with Articles 192 of Regulation (EU, Euratom) No 966/2012, if full funding is essential for the action to be carried out, the maximum possible rate of co-financing may be increased up to 100 %. The essentiality of full funding will be justified by the Commission's responsible authorising officer in the award decision, in respect of the principles of equal treatment and sound financial management.

(f) Indicative trimester to conclude the grant agreement

1<sup>st</sup> trimester 2016

#### 5.4 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(2)(b) of Regulation (EU) N° 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

#### 5.5 Indicative budget

<b>Interconnectivity in Latin America</b>	<b>EU contribution (amount in EUR)</b>	<b>Indicative third party contribution, in currency identified</b>
Direct Management - Grant	8 million	To be confirmed

## **5.6 Performance monitoring and reporting**

The day-to-day technical and financial monitoring of the implementation of the Programme will be a continuous process and part of the implementing partner's responsibilities. To this aim, the implementing partner shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (outputs and direct outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) or the list of result indicators (for budget support). The report shall be laid out in such a way as to allow monitoring of the means envisaged and employed and of the budget details for the action. The final report, narrative and financial, will cover the entire period of the action implementation.

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

## **5.7 Evaluation**

Having regard to the nature of the action, a mid-term and a final evaluation will be carried out for this action via independent consultants contracted by the Commission.

A mid-term evaluation will be carried out for problem solving, learning purposes, in particular with respect to measures to ensure the correct and efficient implementation of the action.

A final evaluation will be carried out for accountability and learning purposes at various levels (including for policy revision).

The Commission shall inform the implementing partner at least 1 month in advance of the dates foreseen for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities.

The evaluation reports shall be shared with the partner countries and other key stakeholders. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner countries, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project.

The financing of the evaluation shall be covered by another measure constituting a financing decision.

## **5.8 Audit**

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audits or expenditure verification assignments for one or several contracts or agreements.

The financing of the audit shall be covered by another measure constituting a financing decision.



## **5.9 Communication and visibility**

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation and supported with the budget indicated in section 5.5 above.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Manual for European Union External Action shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.

## [APPENDIX - INDICATIVE LOGFRAME MATRIX (FOR PROJECT MODALITY) <sup>4</sup>]

The activities, the expected outputs and all the indicators, targets and baselines included in the logframe matrix are indicative and may be updated during the implementation of the action without an amendment to the financing decision. The indicative logframe matrix will evolve during the lifetime of the action: new lines will be added for listing the activities as well as new columns for intermediary targets (milestones) when it is relevant and for reporting purpose on the achievement of results as measured by indicators.

	<b>Intervention logic</b>	<b>Indicators</b>	<b>Baselines (incl. reference year)</b>	<b>Targets (incl. reference year)</b>	<b>Sources and means of verification</b>	<b>Assumptions</b>
<b>Overall objective: Impact</b>	To contribute to eliminate any present or foreseeable bottleneck in the connectivity between Latin American countries to ease the unconstrained exchange of data and services with strong impact on the digital divide inside the region and in its data mainstreaming with Europe. The reduction of the digital divide will have a direct impact on the improvement of social and economic conditions of the most vulnerable population; faster and more secured connectivity will generate more opportunities for SMEs, increase job opportunities and, at the same time, will foster more efficient social services. The digital divide reduction is an important means to support poverty reduction oriented	<p>Yearly evolution of MDG indicators from Official and International measurements in AL countries and region.</p> <p>Major Information Society indicators increase substantially between year 0 and year 3 of the Programme, in particular those concerning the inclusion of less advantaged population categories in the economic and social benefits of the ITCs.</p> <p>Percentage of increase in economic and political cooperation between UE and AL</p>			<p>OSILAC</p> <p>External and global source (UN, Earth Watch, Global economic data etc...)</p> <p>Reports from think tanks</p> <p>National statistics</p>	Normal implementation development and extension of the projects following the planned schedule.

<sup>4</sup> Mark indicators aligned with the relevant programming document mark with '\*' and indicators aligned to the EU Results Framework with '\*\*'.

	policies.					
Specific objective: Outcome	<p>O1.To make possible to RedCLARA to guarantee full and equal access to the LA-EU capacity to the Latin American NRENS. This will entail the upgrade of RedCLARA's infrastructure in South America and to deploy a full optical network that will generate synergies with the NRENS of the region, increasing effectiveness and capillarity..</p>	<p>Length of the optical fibre network deployed or accessed by the project for the use of RedCLARA and its partners institutions</p> <p>Number of countries touched by the fibre path (7 is the number expected)</p> <p>Number of Latin American NRENS whose backbones are shared with the optical fibre deployed by the project (5 to 6 expected).</p> <p>Length in Km of the NRENS backbone at speeds over 10 Gbps</p> <p>Number of institutions in Latin America with direct access to a high speed backbone (at least 10 Gbps)</p> <p>Number of institutions in Latin America with access speeds of 1 Gbps or higher</p>			<p>OSILAC</p> <p>External and global source (UN, Earth Watch, Global economic data etc...)</p> <p>Reports from think tanks</p> <p>National statistics</p>	
	<p>O2. To enable, through extended competition, to the NREN community of Latin America to access the Commodity Internet at significantly lower prices than those currently charged in the region. Moreover to guarantee, through GEANT, full access to the LA-EU</p>	<p>Commodity Internet price for Latin American institutions is reduced from an average of US\$ 60+ to an average of US\$ 15 per Mbps or less</p> <p>Household price/Mbps decreases in 20% + (depending upon the commercial policies of the Internet Service</p>			<p>OSILAC</p> <p>External and global source (UN, Earth Watch, Global economic data etc...)</p> <p>Reports from think tanks</p>	

	capacity for the European NREs.	Providers).			National statistics	
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### **ANNEX 3**

of the Commission Implementing Decision on the

#### **Action Document for Latin American Investment Facility (LAIF)**

##### **IDENTIFICATION**

<b>1. Title/basic act/ CRIS number</b>	Contribution from the General EU Budget to the Latin American Investment Facility (LAIF)  CRIS number DCI-ALA/2014/037-570 : financed under Development Cooperation Instrument <sup>1</sup>			
<b>2. Zone benefiting from the action/location</b>	Latin America, Regional			
<b>3. Programming document</b>	Multi-annual indicative regional programme for Latin America 2014-2020			
<b>4. Sector of concentration/ thematic area</b>	Environment, Private Sector Development, Energy, Water, Transport, ICT, Social Services			
<b>5. Amounts concerned</b>	Total estimated cost: EUR 30 000 000  This action is co-financed by entities and for amounts specified in the indicative project pipeline which is an appendix of this Action Document			
<b>6. Aid modality(ies) and implementation modality(ies)</b>	This action regarding this Regional Blending Facility shall be implemented in indirect management by entities to be indicated in complementary financing decisions to be adopted at the end of the Regional Blending Facilities award procedure			
<b>7. DAC code(s)</b>	<ul style="list-style-type: none"><li>– 41010</li><li>– 23010</li><li>– 21010</li><li>– 32130</li></ul>	Sector	<ul style="list-style-type: none"><li>– Environmental policy and administrative management;</li><li>– Energy policy and administrative management;</li><li>– Transport policy and administrative management;</li><li>– SME</li></ul>	

<sup>1</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

		– 16050		development; – Multisector aid for basic social services	
<b>8. Markers (from CRIS DAC form)</b>	<b>General policy objective</b>		<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Participation development/good governance		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Aid to environment		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality (including Women In Development)		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade Development		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, New born and child health		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	<b>RIO Convention markers</b>		<b>Not targeted</b>	<b>Significant objective</b>	<b>Main objective</b>
	Biological diversity		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Combat desertification		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation		<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>9. Global Public Goods and Challenges (GPGC) thematic flagships</b>					

### Preliminary Remarks

The purpose of the Action Fiche is the financing of the Latin America Investment Facility (LAIF) from the EU Budget in 2015.

This Action Fiche does not repeat general elements of the Commission Implementing DecisionC(2014)9128 on the LAIF, as the content, categories of operations, implementation and governance rules of the facility established for the period 2014-2020 remain valid to date. Only necessary background is presented hereunder.

Since its commencement in 2009 the LAIF has provided support to 24 projects. It is estimated that its contribution has succeeded in mobilising some EUR 5 billion from financial institutions, i.e. EUR 26.5 for every euro provided by the Facility, and a total of circa EUR 6.2 billion investment.

The total EU Budget commitment to LAIF 2009-2013 (EUR 196.65 million) has been consumed (including the fees paid to the lead finance institutions). In 2014 the LAIF Board approved two projects, for a total of EUR 14 million of LAIF grant contributions, fully consuming the 2013 EU Budget commitments. These two projects represent a total investment cost of EUR 1.15 billion.

An important factor for the success of the Facility has undoubtedly been the participation of the regional Latin American development finance institutions which has strengthened the partnership between European and Latin American finance institutions.

The LAIF will continue to boost the access to funds from finance institutions which are supporting key investments in order to support infrastructure development as well as the private sector development in the region contributing substantially to poverty alleviation throughout the continent.

In order to further improve the effectiveness of blending operations in meeting their policy objectives of poverty reduction and socio-economic development as well as the efficiency of their management including a reduction of transaction costs, blending operations will be managed under the "DCI blending framework", with three facilities covering Asia (AIF<sup>2</sup>), Central Asia (IFCA<sup>3</sup>) and Latin America (LAIF). Financing of the DCI blending framework will be possible from DCI Regional and Bilateral Multi-Annual indicative programmes as well as relevant Thematic Programmes.

All projects financed from the EU budget will be aligned to the EU's principles in terms of environmental impact, gender equality, good governance and human rights.

Synergies between the blending facilities and EU funded (regional) climate change capacity building programmes and, where applicable, policy reform instruments including sector budget support, should be strengthened. Capacity building programmes should facilitate the identification and formulation of climate relevant projects at country and/or regional level, and support local and regional climate policies. This will strengthen the already ongoing processes of pipeline development and securing local ownership.

Synergies between the blending facilities and EU funded (regional) climate change capacity building programmes and, where applicable, policy reform instruments including sector budget support should be pursued. Capacity building programmes should facilitate the identification and formulation of climate relevant projects at country and/or regional level, and support local and regional climate policies. This will strengthen the already ongoing processes of pipeline development and securing local ownership.

## **1. CONTEXT**

### **Sector/Country/Regional context/Thematic area**

In 2009, the EU established the Latin America Investment Facility (LAIF) under the Development Cooperation Instrument (DCI<sup>4</sup>), with a first EU contribution of EUR 10.85 million. A second contribution from the EU budget was approved in July 2010 for an amount of EUR 24 million. In 2011, a third contribution from the EU budget was approved for an amount of EUR 40 million. In 2012, a fourth contribution was approved of EUR 102.5 million for 2012-2013 (EUR 55 million from the 2012 Budget and 2013 from the 2013 Budget, amended with supplementary

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<sup>2</sup> Asian Investment Facility.

<sup>3</sup> Investment Facility for Central Asia.

<sup>4</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.

EUR 2.5 million). In 2014, the contribution from the EU budget to LAIF was EUR 30 million.

The LAIF has also included, since the beginning of 2011, a Climate Change Window (CCW) to support the implementation of projects helping partner countries tackle climate change through mitigation and/or adaptation measures. The LAIF CCW is managed in a streamlined way and has in general the same rules and the same financing and implementation modalities as the LAIF. Based on the pipeline of operations, an endowment of EUR 17.3 million has already been adopted by the Commission in 2011 (C(2011)9538), shared with the Neighbourhood Investment Facility. Finally, this endowment was integrally used for two projects under LAIF.

Considering the 2015-2016 indicative pipeline of operations (Annex 1), which includes 15 projects for a total amount of circa EUR 5.3 billion with a potential for LAIF grant contributions of EUR 104.6 million, the requested EUR 32 million for 2015 can be considered as justified. The principal objective of LAIF is to contribute to inclusive and sustainable growth, in particular by mobilising additional responsible finance to support investment and private sector development in Latin America.

As mentioned by the Commission communication on Private sector approved in May 2014<sup>5</sup>, EU's support for private sector development will be guided by a set of clear principles<sup>6</sup>. In the case of direct grants to Financial Institutions or private businesses, or subsidised business development services the set of defined criteria will have to be applied.

In order to achieve the objectives of the Regulation (EU) No 233/2014 and the Regional indicative programme "2014-2020" for Latin America under the DCI<sup>7</sup>, bilateral and regional financial assistance will promote policies development, capacity building and modernisation measures by the partner countries. Highly important capital investments must be made inter alia to rehabilitate, modernise or build essential infrastructures needed for a low-carbon, efficient and safe production, transport and use of energy and further on for safe and efficient transport of goods and people. It is also vital to progress towards an effective environmental protection, in particular to protect biodiversity and ensure the quality of water, air and soil, and to promote climate change adaptation and mitigation measures. In addition, capital is also needed for the provision of basic social services such as health and education and to develop private sector, in particular small and medium enterprises (SMEs).

The Eligible Finance Institutions participating in the Facility are the European Investment Bank (EIB), Nordic Investment Bank (NIB), national development finance institutions from the EU Member States such as the Agencia Española de Cooperación Internacional al Desarrollo (AECID), Agence Française de Développement (AFD), Kreditanstalt für Wiederaufbau (KfW), OeEB (Oesterreichische Entwicklungsbank AG), SIMEST (Società italiana per le imprese all'estero), SOFID (Sociedade para o Financiamento do Desenvolvimento, Instituição

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<sup>5</sup> <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52014DC0263&from=EN>

<sup>6</sup> See point 2.1. Principles for strengthening the role of the private sector in EU development cooperation of the Commission Communication (COM(2014) 263)

<sup>7</sup> Regulation (EU) No 233/2014 of the European Parliament and of the Council of 11 March 2014 establishing a financing instrument for development cooperation for the period 2014-2020.



Financeira de Crédito, SA). The CAF (Corporación Andina de Fomento), the BID (Banco Interamericano de Desarrollo) and the BCIE (Banco Centroamericano de Integración Económica) participate as Partners in consortium with European Finance Institutions who act as a leaders.

## **2. DESCRIPTION OF THE ACTION**

There are no changes regarding objectives, expected results and indicators for the LAIF commitments 2015 compared to those stated under Decision C(2014)9128 for the commitment for the LAIF in 2014.

## **3. IMPLEMENTATION**

The implementation of the LAIF follows the rules and procedures of the European Commission, which are entirely identical to the ones presented in the 2014 Action Fiche for LAIF (Decision C(2014)9128).

### **3.1. Financing agreement**

In order to implement this action, it may be foreseen to conclude financing agreements with the partner countries, referred to in Article 184(2)(b) of the Regulation (EU, Euratom) No 966/2012.

### **3.2. Indicative operational implementation period**

The indicative operational implementation period of this action, during which the activities described in sections 3.2. and 4.3. will be carried out, is 120 months from the date of entry into force of the financing agreement or, when none is concluded, from the adoption of this Action Document, subject to modifications to be agreed by the responsible authorising officer in the relevant agreements. The European Parliament and the relevant Committee shall be informed of the extension of the operational implementation period within one month of that extension being granted.

### **3.3. Implementation components and modules**

#### *3.3.1. DCI Blending Framework*

The LAIF will operate under the governance of the DCI blending framework.

The operational decision-making process will be organised in a two level structure:

- opinions on projects will be formulated by the Board, held whenever possible back to back with the respective financing instruments' committees (DCI Board);
- such opinions will be prepared in dedicated Technical Meetings

**Strategic orientations** will be discussed with beneficiary countries and relevant regional organisations in dedicated strategic meetings. The Commission and the EEAS will conduct and co-chair strategic discussions at an appropriate level with Member States, beneficiary countries and relevant regional organisations. Financial Institutions will participate in the discussions as observers. These strategic discussions will cover regional investment plans and priorities, provide strategic and policy guidance and advice for identification and preparation of the most relevant proposals for blending and for the Board to review the pipeline and formulate an opinion on the most relevant projects for achieving EU objectives.

**Rules of procedure** will further detail the decision making process as well as the organisation of the strategic meetings, which will be approved in the first meetings of the Board.

**The Board** is chaired by the Commission and includes the EEAS and the EU Member states as voting members, and financial institutions (FIs) as observers. The opinion of the Board can be positive, negative or recommend re-submission of the project proposals. FIs will be present mainly for the purposes of presenting their proposals and responding to any request for clarifications on proposals submitted but they will

not be present during the formal formulation of opinions by the Board. The part of the meeting where opinions on EU contributions requests are expressed will be restricted only to voting Members. The conclusions including their justifications will be subsequently communicated to the financial institutions in writing.

The Board will also be responsible for:

- Providing guidance to participating institutions on appropriate future financing proposals (based on strategic priorities defined in the context of the programming process and further discussed in the strategic boards - see hereunder), monitor and review the pipeline of projects, based on the results of the discussions at the technical level.
- Examining project related results (including the annual reports) and monitor the portfolio of approved projects.
- Promoting exchanges of best practices.
- Drawing upon the specific expertise of the Finance institutions as appropriate and respect the appropriate division of labour.

In principle, the Board would meet two to four times a year, depending on the needs and back to back with the respective financing instruments' committees. When duly justified by time constraints, opinions on projects could be requested by written procedure.

**Technical Assessment Meetings (TAMs)** chaired by the Commission with the participation of EEAS and Finance Institutions will be held to:

- Review and discuss the pipeline to ensure coordination at an early stage, including in relation to geographical balance and agreed EU political objectives. Results of the pipeline discussion shall be transmitted to the Board.
- Assess project proposals submitted by a so called Lead Financial Institution based on the appropriate application form. The proposal will also be shared with other Financial Institutions for peer review and possible written comments. In particular, such assessment will include alignment to EU policy objectives, the justification of the added value of the grant contribution, social and environmental aspects, appropriate financial structure and other issues such as debt sustainability.
- Facilitate exchanges on best practices across regions, including the possible development of selected blending operations or financial instruments that extend across geographical regions.

Such meetings will be held on a regular basis depending on the needs and will be organised pragmatically bringing together appropriate experts from the FIs, the Commission and the EEAS. If appropriate such meetings may include or be complemented by virtual meetings and/or written exchanges facilitated by the Secretariat. The Lead Financial Institution, on the basis of and depending on the comments made, will then be able to submit a revised proposal for further technical discussions at a later

technical meeting or a final revised application form in view of the submission to the Board.

The Commission will ensure the secretariat of the DCI blending framework, supporting the Board in all its tasks (opinions on individual blending operations, internal Commission/EEAS consultation including DG BUDG, DG SJ, DG ECFIN and DG SG, monitoring at facility level, consolidation of the pipeline on the basis of the information provided by the Financial Institutions including a short project description, production of regular up-to-date information and annual reports on the facilities, preparation of exchanges on best practices.). It will also support in the organisation of communication events and the general implementation of the communication strategy (websites and other communication tools), thereby contributing to the visibility of the EU. The Secretariat also organises the technical level assessment of proposals and is the central contact point for all stakeholders involved in the blending framework.

### *3.3.2. Contribution to the Latin American Investment Facility*

In accordance with Article 4.1(e) of the Regulation (EU) No 236/2014, this contribution may be implemented through indirect management whenever possible under the lead of the European Investment Bank (EIB) in line with its external mandate under Decision No 1080/2011/EU, a multilateral European financial institution such as the European Bank for Reconstruction and Development (EBRD), or a bilateral European financial institution, e.g. bilateral development banks. These Lead Financial Institutions are not definitively known at the adoption of this Action but are indicatively listed in the appendix of this document. Once they will be known, a complementary financing decision needs to be adopted in order to fulfil all the requirements of Article 84.3 of Regulation (EU, Euratom) No 966/2012.

The Lead Financial Institution will be awarded a contract for an individual operation based on its operational and financial capacity.

The Commission will only entrust budget implementation tasks to Lead Financial Institutions which have been assessed through the pillar assessment pursuant to article 60 of Regulation (EU, Euratom) No 966/2012, and have transparent, non-discriminatory, efficient and effective review procedures in place.

Some of the possible entrusted entities are International Organisations (EBRD, Council of Europe Development Bank (CEB), Nordic Investment Bank (NIB)) that are currently undergoing the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012. Other possible entrusted entities are public bodies or bodies governed by private law with a public service mission (Agence Française de Développement, AFD, KfW, Spanish Agencia Española de Cooperación Internacional Para el Desarrollo (AECID) and Italian Società Italiana per le Imprese all'Estero (SIMEST)) will undergo the ex-ante assessment in accordance with Article 61(1) of Regulation (EU, Euratom) No 966/2012 related to financial instruments. In both cases and in anticipation of the results of such assessments, the responsible authorising officer deems that, based on a preliminary evaluation and on the longstanding and problem free cooperation with these entities, they can be trusted with budget implementation tasks under indirect management.

The entrusted budget-implementation tasks consist of the implementation of procurement, grants and payments. The entrusted Member state agency or international organisation shall also monitor and evaluate the project and report on it.

In addition, budget-implementation tasks may be sub-delegated by the entrusted entity to the partner country in accordance with 4(7) of Regulation (EU) No 236/2014. The entrusted budget-implementation tasks consist in the implementation of procurement and grants following the rules assessed and approved by the Lead Financial Institution. Payments may be executed by the partner country under the control by the Lead Financial Institution or by the latter.

EU Members states or other donor's contributions to blending operations could be done through a dedicated Fund, which will be integrated in the governance structure described above

### **3.4. Scope of geographical eligibility for procurement and grants**

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act shall apply.

The responsible authorising officer may extend the geographical eligibility in accordance with Article 9(3) of Regulation (EU) No 236/2014 on the basis of urgency or of unavailability of products and services in the markets of the countries concerned, or other duly substantiated cases where the eligibility rules would make the realisation of this action impossible or exceedingly difficult.

### **3.5. Indicative budget**

	Amount in EUR (thousands)	Third party contribution (where known)
Contribution to the Latin American Investment Facility	30 000	
Totals	30 000	

For further information: Action Fiche LAIF (Commitment 2014) (Commission Decision C(2014)9128).

## Appendix 1: LAIF Indicative Pipeline 2015-2016

Country	Lead Finance Institution	FIs consortium composition	Operation's Title	LAIF Contribution		Indicative timing
				TA	Grants	
Ecuador	AECID	IBRD (WB) <sup>8</sup>	Agricultural Production Promotion Through Systems of Use and Exploitation of Water Resources (Fomento de la Producción Agrícola a Través de Sistemas de Uso y Aprovechamiento del Recurso Hídrico)	6.0		2015
Regional	AFD		Cities and Climate change	4.2		tbc
Brazil	AFD	To be decided	CEMIG investment program	5.0		2015
Peru	AFD	CAF	Sedapal Investment Program	5.0		2015

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<sup>8</sup> To be decided

Peru	AFD	IDB	Vivienda, Cofide lines of credit on climate issues financing	5.0		2015
Brazil	EIB	To be decided	Social and Economic Infrastructure for Brazilian less developed States	10.0	10.0	2015
Ecuador	EIB	To be decided	Technical Schools		4.0	2015
Honduras	EIB	EIB, CABI	Honduras Sustainable Roads	3.0	32.0	2015
Honduras	EIB	IADB	Renewable Energy Transmission Infrastructure		10.0	2015
Nicaragua	EIB	To be decided	Sustainable Roads Programme		11.0	2015

Nicaragua	EIB	To be decided	Nicaragua Hydro Development and Transmission		28.0	2015
Brazil	KfW	BID	Solar-Thermal Power Plant		8.0	2016
Regional (including in first phase but not limited to Central American countries such as Honduras, Guatemala, Costa Rica as well as South American Countries such as Peru, Columbia, Ecuador)	KfW	To be decided (IDB, AfD, EIB, AECID, CAF and others)	Eco.Business Fund	3.0	13.0	2015
Peru	AECID		Financial Inclusion for Sustainable MSME Development in peri-urban and rural areas in Peru	2.5		2015



Ecuador	AFD		Banco del Estado line of credit	5.0		2015
Ecuador	AFD		Ministry of electricity investment programme	5.0		2015
Bolivia	AFD	To be decided	Ministry of Energy investment programme	10.0		2015
<b><u>Total pipeline 2015-2016: 179.7 MEUR</u></b>				63.7	116.0	