REGIONAL PUBLIC GOODS: AN INNOVATIVE APPROACH TO SOUTH-SOUTH COOPERATION

IDB

INDEX»

P. 06

THE IDB´S INTEGRATION STRATEGY AND THE RPG INITIATIVE

P. 10

WHAT IS THE REGIONAL PUBLIC GOODS INITIATIVE?

P. 14

CASE STUDIES LATIN AMERICA AND THE CARIBBEAN

P. 42

RPG PORTFOLIO BY YEAR

REGIONAL PUBLIC GOODS:

AN INNOVATIVE APPROACH TO SOUTH-SOUTH COOPERATION

Support for regional integration and cooperation lies at the heart of the development mandate of the Bank. Article I of the IDB Charter states that the purpose of the Bank is to "contribute to the acceleration of the process of economic and social development [...] individually and collectively". Throughout its history the Bank has fostered the horizontal transfer of knowledge, technology and the collective generation of development solutions in Latin America and the Caribbean (LAC), supporting its borrowing member countries.

In 2004, the IDB created the Initiative for the Promotion of Regional Public Goods (RPG). The Initiative is based on the premise that the Bank's borrowing member countries face development challenges that can be addressed more effectively and efficiently at a regional level through South-South collective action and cooperation. The RPG Program is a prime example of the Bank´s commitment to promote South-South and triangular cooperation as a policy tool to foster sustainable growth in Latin America and the Caribbean: countries work together to conceive regional development solutions and, in the process, partner with institutions and organizations from inside and outside the region, including donors, to inform and enrich the process of regional decision-making.

This year, the Bank reaffirmed its commitment to actively foster SSC and the promotion of regional public goods when it approved a new Sector Strategy to Support Competitive Global and Regional Integration as part of the capital increase process.

This year, the Bank reaffirmed its commitment to actively foster SSC and the promotion of regional public goods when it approved a new Sector Strategy to Support Competitive Global and Regional Integration as part of the capital increase process. The Strategy emphasizes the importance of cooperation among the Bank's borrowing member countries as one of the pillars for deeper and more effective integration through simultaneous investments in the software (policy and regulation) and hardware (infrastructure) of integration. SSC in LAC is both a corollary of integration and the "missing link" that often allows the countries to fully realize the benefits of economic integration.

The Bank's renewed commitment to regional SSC coincides with the participatory process with the Latin American and Caribbean countries' active involvement building up to the Fourth High Level Meeting on Aid Effectiveness in Busan (Korea) in November 2011 and in which SSC and Triangular Cooperation have an expanded role. We take this process as an opportunity to offer an overview of an innovative SSC initiative that promotes the generation of regional public goods through horizontal cooperation and knowledge exchange that also includes triangular cooperation.

Antoni Estevadeordal
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THE **IDB´S INTEGRATION STRATEGY** AND THE **RPG** INITIATIVE

In July of 2010, the Board of Governors of the IDB approved the Report of the Ninth General Capital Increase (GCI-9), which established regional and global integration as one of five strategic priorities of the IDB. In addition, for the first time, the mandate included an annual lending target of 15%. The Bank responded to this challenge with a new **Sector Strategy to Support Competitive Global and Regional Integration** that outlines how the IDB will sharpen and increase its support for LAC's integration through the following::

1. Enhance investments in the **software** of integration (support policy reforms, regulatory upgrades and institutional strengthening);

2. Ensure the regional connectivity of national investments in infrastructure, i.e. the **hardware** of integration; and

3. Promote **regional cooperation** and the generation of **regional public goods** as an essential element to leverage and link the software and hardware interventions.

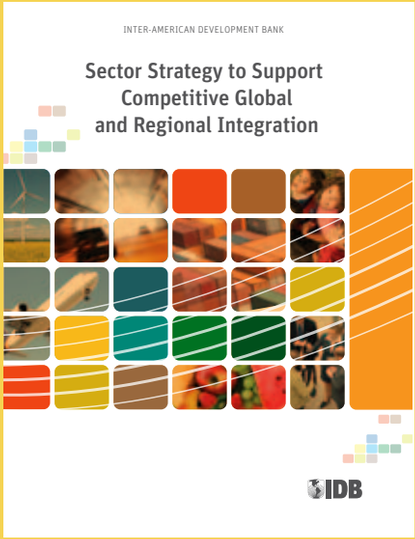
The Strategy highlights the importance of regional cooperation both as a result of integration and as a building block to further strengthen regional and global integration processes. Regional integration and cooperation allow countries to pursue more effective collective policies beyond trade integration, in particular:

» A greater voice in global fora: Regional integration and cooperation magnify the countries' positions in global negotiations for the provision of global public goods such as a balanced global financial architecture, a rules-based multilateral trading system, or a sustainable framework on climate change.

» A platform for the provision of regional public goods (RPGs): Regional integration and cooperation trigger demand for the generation of regional public goods, ranging from macroeconomic stabilization and the financing of infrastructure initiatives to education initiatives aimed at enhancing the region's competitiveness.

» A natural space to address asymmetries and promote cohesion: As global and regional integration may produce social and regional disparities, regional policy coordination is crucial in promoting balanced regional development and preserving consensus for global and regional integration in the long run.

Regional integration and cooperation are not ends in themselves but engines for growth and development. The Regional Public Goods Program demonstrates how regional cooperation can produce development solutions that have the potential to enhance the region's competitiveness, reduce asymmetries among countries, and generate regional strategies for joint action in global fora.



WHAT IS THE REGIONAL PUBLIC GOODS INITIATIVE?

KEY FIGURES (2004-2011)

The Regional Public Goods Initiative (RPG Program) was created in 2004 to assist LAC countries in dealing more effectively and efficiently with the effects that may result from an increased movement of goods, services and people across borders (for example, contagion financial crises, infectious diseases or the possibility to transfer pension benefits by migrant workers). The Program also promotes regional public goods in situations where regional collective action adds value to national interventions (for example, the collective generation and transfer of knowledge). The Program's underlying assumption is that, through cooperation, countries can make greater development gains than they would on their own, or do so at a lower cost.

The RPG Program reflects three trends in the LAC region and its role in the global architecture of development cooperation.

»The progressive integration of goods, services and factor markets in the LAC region has led to a higher degree of interdependence, resulting in externalities that have prompted an increasing demand for policy coordination beyond trade. Regional cooperation in areas as diverse as transport, health and climate change, in turn, tends to deepen intra-regional integration; it also enhances the countries' voice in international fora and increases their changes to successfully compete in the global marketplace.

»South-South cooperation in the region has been intensifying, be it through collective action among a group of countries or the transfer of knowledge and technology from one country to others. The interest in SSC among the Bank´s borrowing member countries is a reflection of the fact that the region is a source of innovative development solutions that can be shared and replicated by other countries.

»The IDB and other multilateral development banks can play an important role in helping their clients address the externalities of increasing regional and global interdependence. The Bank's experience with the RPG Program has demonstrated that the success of such support does not hinge necessarily or at least not exclusively on financial resources. In many occasions, client countries have asked the Bank for strategic leadership and technical advice in their cooperation efforts. The IDB has delivered, by bringing countries together and serving as an honest broker of national interests.

KEY FEATURES

Resources: The Program provides grant resources to finance technical cooperation projects that jointly address a common challenge or seize an unrealized opportunity for the benefit of their (individual and collective) economic and social development.

Competitive allocation of funds: Once a year, the Program launches a Call For Proposals (CFP). Proposals are assessed against (i) a set of eligibility criteria; (ii) their technical merit; and (ii) alignment with the IDB´s strategic priorities

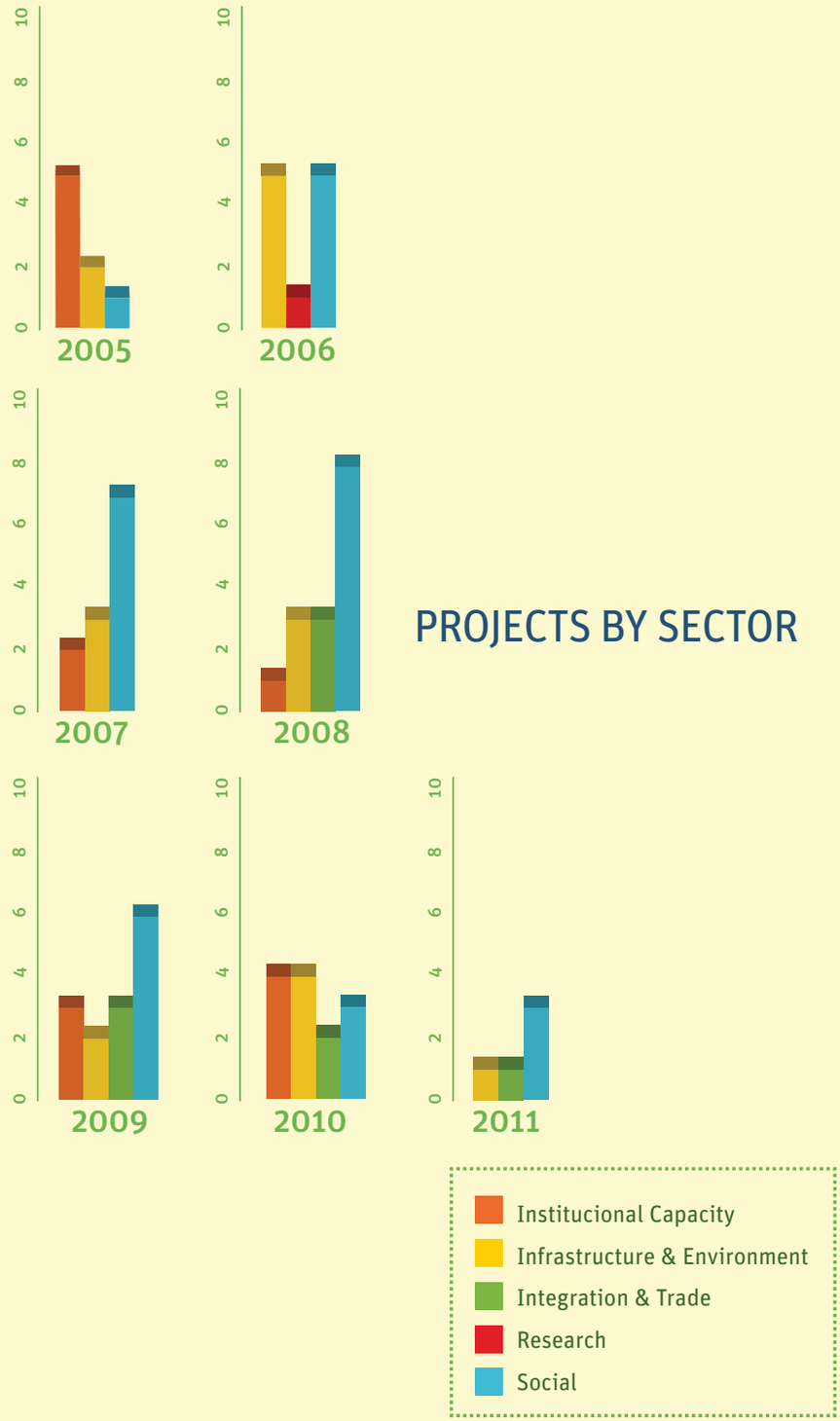
South-South collective action: Institutions in the countries that participate in the projects: (i) identify the area of a development challenge or opportunity they deem a priority and would like to work on collectively; (ii) chose who they want to partner with to co-finance and provide external knowledge; (iii) prepare and present the proposal; and (iv) decide how to implement the project's activities.

Early stage RPGs: Regional cooperation on new topics or with new partners is often characterized by an insufficient leadership, incomplete institutional frameworks, scarce resources and/or partial understanding of the commitments and benefits that may result from the cooperation effort. The Initiative intervenes in the early stages of RPG generation, leveraging its resources to correct the disincentives and remove the bottlenecks that prevent an RPG from emerging.

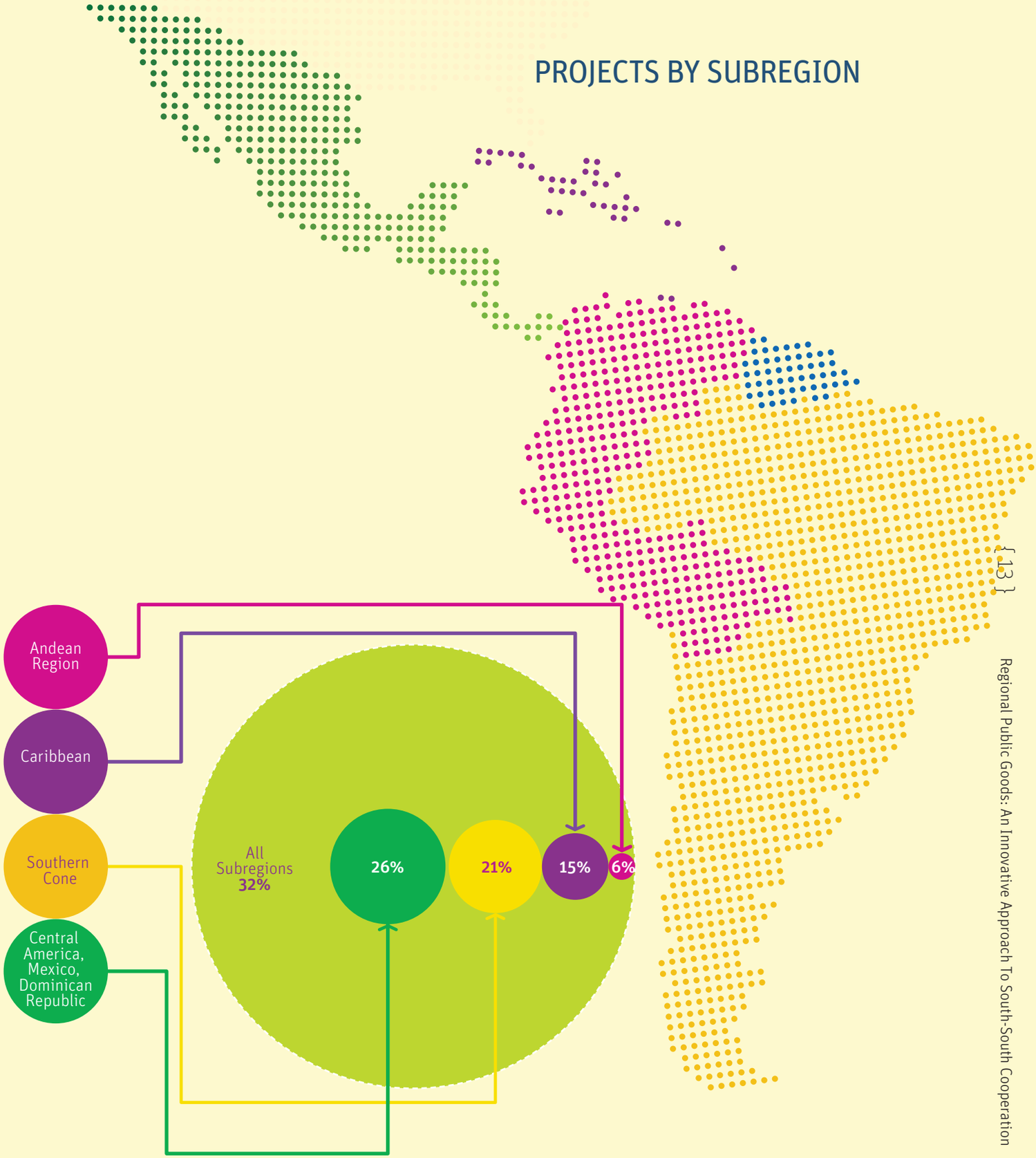
Triangular partnership: The Program is based on South-South cooperation and LAC countries' initiatives to conceive South-South solutions for their development needs but in most cases also invite extra-regional partners and donors to participate. The IDB supports these efforts by: (i) serving as a co- investor in the initial critical phase of cooperation; (ii) connecting initiatives to potential partners within and outside the Bank; (iii) incubating innovative ideas; and (iv) mainstreaming successful RPG projects for potential further financing.

Thematic priorities: The Program is open to proposals in any thematic area in which the IDB is active. However, an important selection criterion is the alignment of a proposal with one or more of the five strategic priorities of the IDB: (a) social policy for equity and productivity; (b) infrastructure for competitiveness and social welfare; (c) institutions for growth and social welfare; (d) competitive regional and global integration; and (e) protection of the environment, responsiveness to climate change, promotion of renewable energy, and ensuring food security.

PROJECTS BY SECTOR



PROJECTS BY SUBREGION



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RPG PROJECTS: AID **EFFECTIVENESS THROUGH** REGIONAL COLLECTIVE **ACTION**

The following pages describe some prominent projects that the Regional Public Goods Initiative supported along the years in order to spur the horizontal cooperation between Latin American and Caribbean countries. The six projects included provide an overview and background of the setting, how the implementation was achieved and how results were accomplished, with a specific emphasis in aid effectiveness under the principles of the Paris Declaration (2005) and the Accra Agenda for Action (2008) that will be enhanced at the 4th High Level Forum in Busan, Korea in November 2011.

The projects presented have its abbreviated form reflect the RPG Program as an important, but still growing, contribution to South-South Cooperation in the region and the IDB´s commitment to regional integration and cooperation. We include the following case studies (i) Caribbean Regional Non-Communicable Diseases Surveillance System Project; (ii) Promotion of the Management of Water as a Regional Public Good in the Upper Lempa River Basin in the Trifinio Region; (iii) Regional System of Standardized Citizens Security and Violence Prevention Indicators; (iv) Single Social Security System for MERCOSUR; (v) Enhancement of Know-how and Institutional Capacity at Public Debt Management Agencies; and (vi) Regional Advisory Center for Investor-State Dispute Settlement.

THE **CARIBBEAN REGIONAL** NON-COMMUNICABLE DISEASES **SURVEILLANCE** SYSTEM **PROJECT**

PROJECT DETAILS

Project Name:

Regional Non-Communicable Disease Surveillance System

Countries:

The Bahamas, Barbados, Belize, Guyana, Jamaica, and Trinidad and Tobago

Organizations:

Ministries of Health of The Bahamas, Barbados, Belize, Guyana, Jamaica and Trinidad and Tobago. Strategic partners accompanying the initiative are the Inter-American Development Bank; the University of the West Indies, St. Augustine; the Pan-American Health Organization (PAHO); Caribbean Epidemiology Centre (CAREC); the Caribbean Community Secretariat (CARICOM)..

Sources of Funding:

IDB-Regional Public Goods	US$ 650,000
Local Counterpart	US$ 580,000
Total	**US$ 1,230,000**

Executing Agency:

The University of the West Indies (UWI), St. Augustine Campus, Trinidad & Tobago

OVERVIEW

The purpose of the project is to develop a Caribbean Regional Non-Communicable Disease (NCDs) Surveillance System which will contribute to better planning, delivery and monitoring of health programs and protocols targeting chronic disease prevention and control and health promotion. The system aims to improve the collection, systematization and analysis of data associated with NCDs in the countries of the Caribbean. It will help define programs and health protocols targeting services for health promotion in the context of NCDs, their prevention and treatment. Ultimately, the project aims to achieve improvements in the capacity of countries to deliver cost-effective health services associated with NCDs, now recognized as the major cause of mortality and morbidity at both the regional and global levels.

BACKGROUND: THE DEVELOPMENT CHALLENGE

Non-Communicable Diseases present a challenge to the entire Caribbean region, one which is likely to overwhelm health systems and impact economic growth if no action is taken. The countries of the region have accorded NCDs high priority status in regional and national agendas, with widespread recognition of the need for comprehensive and integrated responses geared at prevention, control of risk factors and treatment. A first step towards the development of such responses is the establishment of accurate, reliable and comparable data sources and systems which present a clear picture of the NCDs panorama at the national and regional level. While the region has recognized the need for such data and systems, progress in the establishment of these systems has been limited. This, coupled with the potentially crippling impact of NCDs, points to the need to catalyze or fast track efforts in this area.

Addressing this challenge, at the September 2007 regional Summit of Heads of Government of CARICOM on NCD, the Governments agreed that immediate collective actions were necessary to manage and control NCD, and mandated that their Ministries of Health establish by mid-2008 comprehensive plans for the screening and management of chronic diseases and risk factors so that by 2012, 80% of people with NCD would receive quality care and have access to preventive education based on regional guidelines.

The Regional Non-Communicable Disease Surveillance Project responded to this mandate, providing a vehicle for six Caribbean IDB member countries to work together in order to improve the collection, systematization and analysis of data associated with NCDs. This joint effort came from a broad based recognition of the value of a regional approach to monitor and respond to NCDs. Acting as a block allowed the countries to increase the positive impact of health policies and programs, to better manage technical and financial resources optimizing their use at regional level, and to leverage more assistance than would have been forthcoming had they acted separately, key benefits given the resource constraints they face and the declining levels of Official Development Assistance (ODA) in the region.

The countries agreed that UWI, a regional institution with in-house technical expertise on NCDs, would coordinate and facilitate the execution of the regional project. The project also gains multiplier effects from the existing work of CAREC/PAHO. In this way, the project takes into consideration that many of the components needed for the monitoring of NCDs are already in place and that NCD surveillance can be improved upon by building on, harmonizing and complementing existing systems. The project also recognizes that by leveraging existing experiences and initiatives and by bringing countries together to work collectively, a regional solution can be reached for a regional problem.

IMPLEMENTATION

A Steering Committee comprised of the Chief Medical Officers (CMOs) from the participating countries acts in an oversight and decision-making capacity, while the network of Focal Points in each country identifies the technical focal points of contact for project implementation. A Project Coordination Unit (PCU) has been established at the St. Augustine Campus of UWI. The UWI Project Lead (Head of the National Commission on NCDs and Professor in the School of Medicine) provides overall technical guidance and facilitation to the project. Further technical support is provided by the IDB, CAREC/PAHO, other UWI departments and campuses, the Caribbean Health Research Council and the CARICOM Secretariat.

The project comprises three main components:

i. The diagnosis and gap analysis of national registries and information systems on NCDs, including on the minimum dataset.

ii. The design of the regional NCD surveillance system and its components.

iii. The development of health protocols and mechanisms for regional harmonization of public policies for promotion, prevention, treatment and rehabilitation with regard to NCDs.

OUTCOMES

While the project is still in the early stages of implementation, a key achievement thus far is the finalization and agreement on the Caribbean Minimum Dataset on NCDs in March 2009, under the facilitation of CAREC/PAHO. First activities targeting the development of technical capacities in the six countries on the use of the Dataset took place in October 2009. These countries now have the capacity to begin annual reporting to the NCD System and to CAREC/PAHO on the NCDs minimum dataset in 2010. The project undertook the diagnosis and gap analysis and developed the online surveillance system. One preliminary recommendation that has emerged during project execution is a suggestion that the online system should be built as an interactive web-based database that is accessible to the public. A pilot of the system was designed.

One of the most important outcomes of the project thus far is the opportunities it has presented for capacity development and mutual learning among the partners. The project has created a two-sided system of exchange, through the Steering Committee as well as through the Focal Point Network, to take advantage of experiences in one country to build capacity in other countries. Countries have started to share experiences and ideas on modalities of data collection, as well as on the development of heart disease registries, diabetes registries and tobacco use checklists.

AID EFFECTIVENESS

The NCDs Surveillance System project is guided by the principles of pragmatic innovation, institutional coordination and strategic partnerships. In doing so, it adapts the framework of the global aid effectiveness agenda articulated in the 2005 Paris Declaration on Aid Effectiveness and the 2008 Accra Agenda for Action, using local-level solutions and modifying international practices to local conditions in order to meet a collective development objective.

The project has organically fostered country ownership because it is demand-driven and aligned with national and regional priorities. Its design, including the use of technical Focal Points in each country as well as high-level guidance from the Chief Medical Officers, emphasizes country leadership and a bottom-up approach rooted in the experiences in the field of medical practitioners, epidemiologists, statisticians and hospital registrars. As the stakeholders work together, one of the cornerstones of the project is the mutual accountability that has emerged as the countries, as well as the institutions, have signed letters of agreement outlining their respective responsibilities.

The governance system of the project is based on national public policy officials making decisions based on input provided by technicians and the countries coordinating among themselves to reach project goals. All decision-making is consensus-based and there is agreement to base all decisions on the "lowest common denominator hypothesis" to ensure that all countries are able to implement the strategies devised to achieve the project objectives. In addition, the IDB and the Project Coordinating Unit at UWI are working together to harmonize monitoring and evaluation systems, including financial reporting and procurement processes, and to focus on measuring results.

The Regional NCDs Surveillance System project is an example of both South-South Cooperation and Triangular or South-South-North Cooperation being led and implemented by Southern countries with financial and technical support from the IDB. Using this collective approach to development, the project strives to take advantage of the strengths of South-South Cooperation, such as well-adapted expertise and innovative solutions; use the comparative advantages of each Southern partner; and leverage the resources and knowledge of the multilateral donor.

However, this approach presents challenges including ownership, alignment, coordination and sustainability. The project is overcoming these challenges by adapting South-South and Triangular Cooperation modalities to the aid effectiveness parameters outlined in the Paris Declaration. In this regard, the project seeks to be aligned with local priorities. In addition, the roles and responsibilities of the partners are clear, most procedures are harmonized and there is a focus on mutual accountability and managing for results. Similarly, the project is actively trying to address the key elements outlined in the Accra Agenda for Action by focusing on country ownership, effective and inclusive partnerships, achieving development results and openly accounting for them. In applying this framework the project is deeply grounded in the real needs of the countries and in the local contexts of each, thereby increasing the effectiveness of the resources invested in the project.

WATER MANAGEMENT AS A RPG IN THE UPPER LEMPA RIVER BASIN IN THE TRIFINIO REGION

PROJECT DETAILS

Project Name:

Promotion of The Management of Water as a Regional Public Good in The Upper Lempa River Basin (ULRB) in The Trifinio Region in Central America.

Countries:

El Salvador, Guatemala and Honduras

Organizations:

45 Municipalities from the three countries that comprise the Trifinio region's Upper Lempa River Basic, the Plan Trifinio Commission, the three national governments through their vice-presidencies offices, the 13 National League of Municipalities (Mancomunidades), the Tri-national Federation of Municipalities' Leagues (Mancomunidad Trinacional), municipal environmental units, other national, departmental (sub-national entity), municipal education units, associations and entities in the private sector, local NGOs and civil society.

Sources of Funding:

IDB – Regional Public Goods	**US$ 830,000**
Local Counterpart	**US$ 110,100**
Total	**US$ 940,100**

Executing Agency:
Plan Trifinio Tri-national Executive Secretariat

OVERVIEW

This initiative seeks to develop and promote tri-national mechanisms for integrated and sustainable water management as a regional public good in the Upper Lempa River Basin (ULRB) by promoting horizontal cooperation among the participating countries –El Salvador, Guatemala and Honduras. The project has three components: the generation and management of information on water resources, human resource training in water management, and tri-national institutions for water management.

BACKGROUND: THE DEVELOPMENT CHALLENGE

Although not the largest in Central America, the Lempa River Basin is the largest on the Pacific slope and the only tri-national one. The basin comprises an area of 18,311 km2 shared by El Salvador (56%), Guatemala (14%), and Honduras (30%). Reaching 335 kilometers, the Lempa River is the longest river to run its full course within Central America.

An estimated 4.7 million people (2001) already live in the basin and its population is expected to double in the next 25 years. The anticipated population growth will exacerbate the problem of access to safe water. El Salvador depends heavily on this watershed, since more than 50% of its territory (10,255 km2) lies within the basin, including the San Salvador metropolitan area and Santa Ana, the country's two largest population centers. San Salvador relies on the Lempa River for 40% of its water needs.

The development challenges facing this initiative relate to both the quality and quantity of the water of the ULRB. By the time this project was formulated, the ULRB was already showing signs of degradation: low supply, high pollution, and overall poor management.

The project was expected to produce a Multisectoral Water Network, a Tri-national Water Agenda, and an increased capacity for the league of municipalities of the ULRB to deal with governments and NGOs at the national and tri-national levels in managing the water as a regional public good.

IMPLEMENTATION

The Trifinio initiative is based on a horizontal partnership involving three countries in similar conditions and with a common purpose. The first step towards the horizontal partnership was the signing of a treaty for the execution of the Plan Trifinio, acknowledging that the problems of the ULRB could only be resolved through collective action.

As a demand-driven initiative, it set the basis for a more efficient and effective partnership, through the development of municipal norms for the management of natural resources, the establishment of Multisectoral Water Network, and the development of a Tri-national Water Agenda. These outputs are products of the discussions and agreements reached by the participating countries.

Making the trilateral partnership work went beyond simply signing the treaty. All stakeholders, led by the local municipalities that share the basin, had to work in a coordinated way. To do that, forty-four municipalities formed national leagues called Mancomunidades nacionales and later a federation of those leagues in a Mancomunidad Trinacional. These innovative organizational arrangements were the key to implementing the collective management of these shared resources through the coordination of policies, programs and projects. National, state and local institutions, the private sector and civil society have added their value to the partnership.

This partnership has required the managers of the Mancomunidades to meet periodically with various stakeholders to discuss the problems of the ULRB, identify opportunities and devise solutions. During these exchanges, the parties shared experiences, methodologies, knowledge and technologies for preserving water and soil, as well as managing protected natural areas, tourism, water quality monitoring and water usage (for both human consumption and farming).

The initiative not only enabled integrated and sustainable water management in the field with the active collaboration of the communities that benefit from it, it also supported environmental education in school classrooms, from first to ninth grade. Ministries of Education of the three countries came together in a workshop to present and exchange their education plans and materials regarding environmental education. This experience created a dialogue involving the three ministries, teachers and the Plan Trifinio Tri-national Commission. Together, these stakeholders prepared an education plan and materials to support environmental education within the Trifinio Region. Several of these innovations developed for the Trifinio region have been integrated in the regular environmental education curricula in the three countries.

OUTCOMES

Although no analysis has been carried out on the cost-effectiveness of the initiative, it seems clear that the promotion of horizontal cooperation between the three countries to resolve the problems affecting the ULRB was more cost-effective than single country initiatives would have been. Accordingly, more has to be done to assess the direct effects of the project, specifically its environmental impact and the use of natural resources.

As acknowledged above, the main intermediate outcomes of the initiative are: i) a Multisectoral Water Network, ii) a Tri-national Water Agenda, and iii) an increased capacity for the Mancomunidades of the ULRB to deal with governments and NGOs at the national and tri-national levels to manage water as a regional public good.

A specific example of this increased capacity is the creation of a Land Management and Planning Office for the Trifinio Region (LMPO) with the support and leadership of the Mancomunidad Trinacional. The LMPO was created as a result of cooperation among the countries through study tours, sharing and studying land management experiences from some municipalities in El Salvador, and adapting those experiences to municipalities in the Trifinio Region. Another example and achievement was the standardized monitoring of water quality. The three countries jointly acknowledged the importance of having access to accurate, consistent , timely, verifiable and comparable indicators on water quality to feed the decision making process. They worked together to identify standard indicators, measurement protocols, locations and timeframes to assess and monitor water conditions, and identify possible solutions.

Unexpected outcomes included Plan Trifinio's recognition throughout Central America as a model for integration that foresees and resolves potential conflicts related to the water through dialogue among the partners. Also, Trifinio region's inhabitants have acquired an identity in many cases more rooted than their national identities. Plan Trifinio is a symbol of peace and integration, increased participation by civil society organizations at the tri-national level in planning, decision-making and implementation of programs and projects focused on the preservation and sustainable use of the water resources. Further, producers from the three countries have adopted two technologies friendly to the environment into their production system: 8,000 producers located in the region have established practices for the preservation of soil and water, as well as cleaner farming practices.

Most of these benefits are sustainable but need to be continued and, in some cases, further developed to gain additional benefits and to increase coverage. Some benefits might diminish without the presence of a third party/honest broker; such might be the case for the increased participation of civil society.

The benefits of this initiative could be replicated in similar contexts. The Inter-American Development Bank played a relevant role in coordinating the three components of this initiative. Qualitative evidence supports the notion that an honest broker such as the Bank contributes to the efficiency and effectiveness of these kinds of initiatives until their practices are well-established and sustainable. Nevertheless, in the long run the Bank should withdraw to avoid creating a dependency and to promote capacity building among the partners.

AID EFFECTIVENESS

The Plan Trifinio levels the ground for El Salvador, Guatemala and Honduras to treat each other as partners and therefore as equals. It opens a space for dialogue, decision-making, coordination and the transfer of knowledge. The IDB has not only respected this horizontal partnership arrangement, it has enhanced it by promoting the ownership of the initiative by the local stakeholders. More specifically, it encouraged local them to develop and implement their own plan of action by identifying, prioritizing and budgeting for the main issues to be resolved within each component. These plans were used to allocate other resources from national government environmental agencies, the Mancomunidades, and GTZ (the German aid agency). In addition, during the formulation and design of the project, the Bank aligned the action strategy for the initiative to the treaty and Plan Trifinio, honoring existing organizational and institutional arrangements. On the other hand, it was not possible to use any country system (procurement, accounting, auditing, monitoring and evaluation) due to the complex nature of dealing with a three-country initiative.

During its execution, the project was coordinated with other initiatives being executed in the Trifinio region, avoiding duplication of efforts or countermeasures. Specifically the project has coordinated with: i) the Tri-national Program for Sustainable Development in the Upper Lempa River Basin (financed by the Bank and the three countries' National Stakeholders Committees); ii) the Trifinio Association for Sustainable Development; iii) the International Atomic Energy Agency's technical cooperation program entitled "Sustainable Development of the Environment and Water Resources in the Upper Lempa River Basin" (RLA/8/038); iv) the Mancomunidades in the Upper Lempa River Basin; v) the Project for the Integrated Management of the Montecristo Tri-national Protected Area; and vi) development associations working in the region. In addition, the participant countries encouraged the participation of a broad range of regional stakeholders in setting priorities, including national governments, Mancomunidades, civil society and the private sector. Finally, even though disbursements were not tied to the accomplishment of any specific result, the project did carry out evaluations and develop reports that are results-oriented, using the logical framework as the guiding tool to monitor progress and achievements of key cost effective indicators.

This experience emphasizes the potential of horizontal cooperation when it is enhanced by the aid effectiveness principles of leadership, ownership, managing for results and, due to its multinational nature, mutual accountability. The cooperation among the partner countries would not have been as effective if these principles had not been implemented.

CAPACITY DEVELOPMENT

As mentioned before, the project contributed to strengthening the capacity of the participating countries in many ways. Water monitoring and educational plans and materials for the Trifinio Region both improved through the exchange of knowledge and experiences, as described earlier.

SYSTEM **OF CITIZEN** SECURITY **AND VIOLENCE** PREVENTION **INDICATORS**

PROJECT DETAILS

Project Name:

Regional System of Standardized Citizens Security and Violence Prevention Indicators.

Countries:

Argentina, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Paraguay, Peru, and Uruguay.

Organizations:

Colombia-National Planning Department; Dominican Republic-Secretary of State, Interior and Police; Ecuador-Ministry of Government and Police; Honduras-National Police; Paraguay-Ministry of Interior, Vice-Ministry of Internal Security; Peru-Ministry of Interior; and Uruguay-Ministry of Interior. Strategic partners supporting the initiative are the Inter-American Development Bank and the Institute for Research and Development on Violence Prevention and Promotion of Social Coexistence, CISALVA.

Sources of Funding:

IDB – Regional Public Goods	**US$ 2,550,000**
Local Counterpart	**US$ 1,190,000**
Total	**US$ 3,740,000**

Executing Agency:

Institute for Research and Development on Violence Prevention and Promotion of Social Coexistence, (Instituto de Investigaciones y Desarrollo en Prevención de Violencia y Promoción de la Convivencia Social) CISALVA, Universidad del Valle, Colombia.

OVERVIEW

Before the inception of this South-South cooperation project, countries in Latin American and the Caribbean were searching for a collaborative mechanism that would allow them to deal with high levels of crime and violence through the implementation of preventive and control public policies. Therefore, this South-South cooperation project consisted in the design and implementation of a regional system of 19 standardized indicators to measure levels of criminality and violence affecting the citizens of the participating countries. The regional system of indicators made possible the identification, monitoring and comparison of regional phenomena linked to crime and violence. A common methodology for the measurement of each agreed indicator was developed through joint collaboration of the participating institutions. Also, the institutions' capacity in each participating country was strengthened in terms of consolidating their institutional coordination skills and internally improving their data collection methods. The project also promoted an inter-institutional dialogue at the national level that resulted in cooperation agreements for continued support in improving the preparation of relevant information.

BACKGROUND: THE DEVELOPMENT CHALLENGE

The project's purpose was the development and launching, within three years, of a regional system of standardized citizen security and violence prevention indicators in the Latin America and Caribbean (LAC) region. This system would make possible the measurement, monitoring and comparison of regional phenomena linked to crime and violence. The availability of reliable, timely and comparable data would enhance the capacity of decision-makers in the participating countries to formulate, implement and evaluate public policies for crime and violence prevention.

The development challenge that LAC countries faced at the time of the project start-up was a widespread increase in crime and violence that led to high perception of insecurity among its citizens. Such conditions led to a decline in the public trust regarding the capacity of government law-enforcement agencies to deal with these problems, exacerbating the sense of insecurity in the public and weakening the countries´ social fabric. These problems have similar root causes and manifest themselves in very similar manner. Therefore, a common approach, in terms of intervention strategies and policies, was thought to be a possible, useful way to deal with these problems. However, one problem facing this approach was that the crime and violence data needed to develop preventive policies and strategies originated from different sources and had diverse levels of quality that made comparison and standardization difficult.

The expected results of the project were: a set of consensus-based indicators on crime and violence prevention and peaceful coexistence, with their respective methodologies, sources and definitions, agreed by the participating countries; a regional information system on citizen security and peaceful coexistence implemented in participating countries; and the systematization of good practices and their dissemination accessible to all participating countries.

Participating countries believed that it was useful to engage in this activity because the levels of crime and violence demanded collective action and cooperation among governments in the region. The design and implementation of collective crime and violence preventive actions demand timely and reliable data produced by standardized methodologies. The need for a collaborative regional approach has also been noted on several occasions: the Inter-American Coalition for the Prevention of Violence has made violence prevention a priority and has emphasized a regional approach; and the Statement of Citizen Security in South America of August 2005 underscored the need for cooperation in this area.

A call to begin developing a standardized system of indicators of crime and violence as a regional public good was made in September 2005. A year later government officials from participating countries met to further develop and strengthen the proposal for the establishment of the regional system of indicators.

IMPLEMENTATION

TThe process of developing the standardized regional system started in each country with an assessment of their data gathering mechanisms. This involved, first, the identification of institutions that were primary sources of crime and violence data and what indicators they had available. Once the key institutions were identified, a detailed analysis of each corresponding information system was made regarding the variables that were collected, their periodicity, what they were used for, what was the capacity of the institution in the handling of data and what type of hardware and software was used. The findings of this analysis were discussed in national workshops. A report was prepared that summarized the findings of each institutional analysis and the indicators available in each country. These workshops also represented the first instance in which the national institutions interacted, finding out what information each had and how each institution could improve their own quality of data, leading to inter-institutional collaboration agreements. In other words, their institutional philosophy changed from improving their own institution's quality of data, to actions that strengthened the national system of indicators. Moreover, the collaboration agreements strengthened national initiatives underway to improve the quality of crime and violence indicators. In some other instances, the improvement achieved in the national indicators allowed for better analysis of incidents and identification of root causes, leading to an improvement in public policy formulation and implementation.

The results of the national diagnostics were presented in a regional forum in which more

than 50 delegates participated with the purpose of selecting the group of indicators that formed the regional system. On the basis of the information presented, four working groups were established at the regional forum with the purpose of identifying a set of regional indicators. The working groups analyzed the information available from each country and recommended a set of 19 indicators on the basis of their pertinence, functionality, availability of data, reliability and usefulness. The recommendations of the working groups were presented in an open session of the regional forum and a consensus was reached among the countries' representatives on the 19 indicators that formed the regional system. The Steering Committee of the project consisted of delegates from each country with decision-making capacity.

In subsequent regional workshops, a technical brief for each indicator was prepared and included the definition of the indicators, variables and sources to be used for its measurement. Also, methodological protocols were prepared and agreed.

An additional benefit achieved by the project has been the inter-country institutional collaboration in seeking a common approach in dealing with issues of interest to the national institutions. Through the interaction between the participating institutions' staff, collaboration efforts are underway to provide assistance or best practices in areas of interest to the institutions of a similar nature in each country.

OUTCOMES

The relationships between participating countries were strengthened since the project provided a venue for the exchange of views in how to deal with this problem affecting the region. It also marked the first time that a regional approach was being used to standardize the measurement of crime and violence and improve the quality of information that would allow for an improvement in public policy formulation and evaluation. The country representatives felt that their views and opinions had equal weight and the dialogue was among equal partners.

The planned achievements were the development of a set of consensus-based indicators on crime and violence with their respective standardized methodologies, data sources, and definitions. The measurement of 10 indicators has been achieved and the process to measure the pending indicators is underway.

The unplanned achievements have been related to the collaboration agreements made both at the national and international levels. At the national level, the institutions participating in the project not only have seen the usefulness of improving their own information systems and data collection efforts but also, through collaborative efforts with other institutions, have upgraded the nation's quality of information regarding crime and violence and thus ameliorated the countries' response to these issues. At the international level, the participating institutions are cooperating with each other in addressing their issues of interest.

The outcomes are sustainable since agreements on the regional system have been reached by consensus and not imposed by outsiders. Also, the participating countries have committed resources to the implementation of the system.

AID EFFECTIVENESS

The national leadership supported the project by sending a written commitment expressing their interest in the project, naming a delegate to the project's Steering Committee to act on their behalf and committing resources to nationally implement the project. Also, the project provided support to the national institutions with the responsibility of producing relevant information regarding the indicators comprising the regional system.

The participating countries had project ownership since all project decisions related to approval of budgets, methodologies of estimating and disseminating indicators, and verification of the project's technical and financial progress was the responsibility of the Steering Committee. This Committee was comprised of all delegates named by the respective participating country.

Efforts have been made to coordinate with and consider the guidelines of the Center for Disease Control and Prevention (CDC) of the United States, the Pan American Health Organization and the World Health Organization, and the Organization of American States, the latter being responsible for providing guidance on public security issues in the region.

CAPACITY DEVELOPMENT

This project has provided capacity development on two fronts: strategic capabilities to reach consensus and coordinate inter-institutional responsibilities inside and outside the countries; and technical capacity to implement the regional public goods products from their consensus.

The participating institutions in each beneficiary country received assistance for preparing an assessment of their information system and in data gathering, processing and analysis. Additional support was provided to national statistical institutes regarding data quality control. At the systemic level, the synergy between participating institutions in each country in the production of information led to an improvement in data quality at the country level. With better information the capacity of national institutions to formulate and evaluate policy has also been enhanced.

SINGLE **SOCIAL** SECURITY **SYSTEM** FOR **MERCOSUR**

PROJECT DETAILS

Project Name:

Single-based Social Security for MERCOSUR.

Countries:

Argentina, Brazil, Paraguay and Uruguay

Organizations:

National Social Security Administration of Argentina (ANSES), the Ministry of Social Welfare of Brazil, the Social Welfare Institute of Paraguay, and the Social Welfare Bank of Uruguay. Strategic partners accompanying the initiative are the Inter-American Development Bank and the Ibero-American Social Security Organization.

Sources of Funding:

IDB – Regional Public Goods	**US$ 1,300,000**
Local Counterpart	**US$ 930,000**
Total	**US$ 2,230,000**

Executing Agency:

Administración Nacional de la Seguridad Social (ANSES), Argentina

OVERVIEW

T This project aims to contribute to protecting the social security rights of migrant workers of the MERCOSUR member countries, through the creation of a Single Data Base for Social Security Institutions (SDSI). The purpose is to integrate the social security systems of MERCOSUR member countries by developing and implementing a Data Transfer and Validation System (DTVS) to process retiree benefits under MERCOSUR's Multilateral Social Security Agreement. The project focuses on promoting a horizontal partnership and capacity development, carrying out baseline studies to assess the situation, developing and implementing the SDSI, training personnel from social security agencies, and disseminating information to stakeholders.

BACKGROUND: THE DEVELOPMENT CHALLENGE

In 1990, Argentina, Brazil, Paraguay and Uruguay signed the Treaty Establishing a Southern Common Market (MERCOSUR), called the "Treaty of Asunción". Although this instrument laid the foundation for a regional bloc, it did not contain rules, regulations, or provisions governing or coordinating integration of social security at a regional level. Instead, MERCOSUR member countries entered into bilateral social security agreements with several countries on different continents to regulate the social security rights and obligations of workers that accrued years of service in the signatory countries.

In December 1997, MERCOSUR members signed the Multilateral Social Security Agreement and its Administrative Regulations. The agreement and its operational guidelines were meant to recognize the rights and obligations of the employees (and their families) that work or have worked in one or more of the MERCOSUR countries.

In this context, the initiative responds to problems affecting the benefits and welfare of current and future retirees by recognizing their work in any MERCOSUR country and their contributions to any MERCOSUR pension system. More specifically, it focuses on the systematization of the Social Security Multilateral Agreement. Before the project, transferring and validating employees' data to honor their pension benefits was done manually. This took both time and resources. The more countries in which pension beneficiaries had worked, the longer it would take to transfer and validate the data, and consequently the longer the delay would be in receiving benefits upon retirement. To address these problems, the member countries agreed to implement the Administrative Regulations of the Multilateral Agreement, providing a procedural methodology to overcome the existing inadequate procedures.

This project anticipated and achieved the following results: i) implementation of the Data Transfer and Validation System, ii) reduction in the time to receive benefits; iii) reduction of the number of workers evading social security contributions; and iv) reduction in the number of cases where benefits were still being paid to retirees that had passed away. The project also generated some unexpected yet positive results. The most important perhaps are i) agreement reached with financial institutions not to charge transfer fees to the beneficiaries, ii) practice of conducting annual meetings among the information system departments/divisions from the social security agencies of all four countries, iii) the request from Chile to join the initiative of a single social security system, and iv) the great interest generated internationally by this experience, even to be selected as the base for an Ibero-American Pension System.

IMPLEMENTATION

From the outset, the project involved active participation from partner countries. One of the MERCOSUR countries originally promoted the idea of an integrated social security system for the region, and once the participating countries had agreed on it, it was that country that brought the IDB and the Ibero-American Social Security Organization (ISSO) to the table.

This regional public good is produced by Argentina, Brazil, Paraguay, and Uruguay through their national social security systems—the National Social Security Administration of Argentina (ANSES), the Ministry of Social Welfare of Brazil, the Social Welfare Institute of Paraguay, and the Social Welfare Bank of Uruguay. Under the project, the countries strengthened their collective action by creating a Multilateral Social Security Commission (MSSC), which consists of the different national agencies involved and forms a regional group of national focal points. This national participation structure is the basis of the implementation mechanism consisting of a regional administrator, represented by ANSES, and a regional group of technical advisers appointed by the governments.

Two of the challenges the initiative faced were, first, the willingness of the participating countries to collaborate and, secondly, the disparities of data processing software and thus the level of technological preparation to perform the data transfer and validation. With respect to the first challenge, the project recognized that reaching an agreement among the participating countries was an intricate task. The political context was complex and the actors kept changing, affecting the project's progress. Nonetheless, there was a genuine concern among the governments to resolve the issue. Eventually the political complexities were overcome by feasible technical solutions presented by professionals and experts within the social security agencies of the MERCOSUR countries. These were disseminated and supported in order to come to an agreement. The participation of the third parties, the IDB and the ISSO generated trust among the participating countries and brought experience in the sector contributing to the efficient and effective execution of the project.

With respect to the second challenge, one of the countries, Paraguay, required capacities in two areas: technology and the legal framework needed to support such technology. Paraguay decided to engage in a field visit to Argentina and Brazil to review their technological

organization, including their social security systems and their legal frameworks. The project not only supported knowledge exchange, it also sponsored South-South cooperation between partner countries. Paraguay did not initially have the technology to implement a digital signature system, nor did it have the legal framework to support it. Facing such a big challenge, Argentina and Paraguay signed an agreement in which Argentina committed to the delivery of the service – digital signature. This action enhanced horizontal cooperation and saved time in getting Paraguay on board.

OUTCOMES

More than 1,800 migrant workers have been pensioned using the SDSI so far. At the same time, this project has caught the interest of other countries and regions. Chile, a neighbor of the four original members, has asked to join the project. Simultaneously, Spain, through the ISSO, has been working with the SDSI to harmonize its instruments and technological standards for an eventual integration into the SDSI.

This project has therefore achieved: i) the implementation of the Data Transfer and Validation System, ii) a reduction in the time it takes a retiree to receive benefits; iii) a reduction in the number of workers evading social security contributions; and iv) few cases where benefits were being paid to retirees that had passed away. With respect to results i) and ii), the project estimates that before the implementation of the DTVS project, the waiting time to receive benefits ranged between three to eight years. As of now, the time it takes for a retiree to start receiving benefits is on average three months. As for unexpected achievements, a few can be mentioned: i) the agreement reached with financial institutions not to charge transfer fees to the beneficiaries, ii) the practice of conducting annual meetings among the information system departments/divisions from the social security agencies of all four countries, and iii) the interest generated internationally from the experience.

As far as the sustainability of the benefits, it is clear to stakeholders that there is no backtracking on the implementation of the DTVS. The DTVS was implemented in 2009, and its benefits have been clear. The institutional capacities of the social security agencies have been strengthened and they have the resources to continue with the operation of the system. There are further actions that could deepen the integration of the social security systems. For instance, payment systems and fund transfers among countries need to be developed and implemented. The IDB and the ISSO played an important role in supporting the coordination and administration of the project; they also acted as honest brokers. The presence of these strategic partners can continue adding value to the countries and the beneficiaries of the SDSI.

It is worth mentioning that no study has been carried out to determine the cost effectiveness of the operation, despite the realized and potential savings on both sides (government and beneficiaries) of the participant countries. For other countries, a potential positive outcome is that the model can be expanded and/or replicated.

AID EFFECTIVENESS

This initiative supports the leadership and ownership principles of aid effectiveness. It has strengthened a productive and effective horizontal relationship among the partner countries. Independent social security agencies came together with no restrictions and were able to make adjustments to their action plans and corresponding budget. This has enhanced knowledge exchange, South-South cooperation, and the demand-driven character of the operation.

As stated above, the single social security data base initiative was proposed by one of the MERCOSUR member countries. Even before the project started, the MERCOSUR countries had already initiated negotiations and signed the Multilateral Social Security Agreement. Therefore, participating countries have exercised leadership and ownership from the very conception of this proposal. In addition, throughout the execution of the project, participating countries have been in charge of the decision-making process and have identified and executed activities based on the needs and priorities the group has identified. For example, the countries agreed to remove one component of the original proposal, namely the creation of a supranational body to administer data exchange under the Multilateral Social Security Agreement and its Administrative Regulations. Over time, the participating countries agreed that the original idea was not practical and would have delayed the achievement of results. The resources for this component were then redistributed to support the expansion of the system payments and fund transfers.

Decisions such as this are made within the Multilateral Social Security Commission (MSSC), which consists of the social security agencies of the four countries. Within the MSSC, three additional commissions were created: the Information Systems Commission, the Legal Commission and the Technical Commission. These commissions discuss and make proposals to the MSSC to guide the execution of the project. The IDB and the ISSO have limited themselves to coordinating, administering and facilitating the execution of the project. On the other hand, the project has followed IDB policies regarding procurement, auditing, accounting and financial reporting, and no national system has been used given the regional nature of the initiative and the difficulty in using the system of one country in the rest.

CAPACITY DEVELOPMENT

This project focuses entirely on capacity development necessary to find technical and strategic consensus in the articulation of national pension systems into the SDSI and to reduce asymmetries in their technical capabilities to implement that consensus. It would have been impossible for one country to achieve these results without the active participation of additional countries. Therefore, the benefits from capacity development are the results of the project itself: the implementation of the DTVS, the increase in efficiency of data transfer and validation, the reduction of the number of workers evading social security contributions, and the reduction of cases where benefits were still being paid to retirees that had passed away.

ENHANCEMENT OF KNOW-HOW AND INSTITUTIONAL CAPACITY AT PUBLIC DEBT MANAGEMENT AGENCIES

PROJECT DETAILS

Project Name:

Enhancement of Know-how and Institutional Capacity at Public Debt Management Agencies

Countries:

Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Colombia, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela.

Organizations:

National Debt Management Offices of the Ministries of Finance and Economy of Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Colombia, Chile, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Strategic partners supporting the initiative are the Inter-American Development Bank, the Monetary Council of Central America (CMCA), Caribbean Regional Technical Assistance Centre (CARTAC), the International Monetary Fund (IMF) and the World Bank.

Sources of Funding:

IDB – Regional Public Goods	**US$ 500,000**
Local Counterpart	**US$ 200,000**
Total	**US$ 700,000**

Executing Agency:

Inter-American Development Bank

OVERVIEW

This project focuses on creating and using knowledge transfer mechanisms and sharing debt management models and protocols by continuously exchanging experiences across countries in order to improve the efficiency and effectiveness of the National Debt Management Offices in Latin America and the Caribbean. It provides resources for: i) facilitating shared research in the subject area and knowledge transfer activities among participating countries, including South-South cooperation ii) developing a regional public debt information system; and iii) establishing an environment for transfer of capabilities and skills.

BACKGROUND: THE DEVELOPMENT CHALLENGE

This initiative was envisioned during a workshop on the development of bond markets that took place at the Inter-American Development Bank on August 2004. During that workshop, the representatives of national debt management offices supported the idea of creating a general framework to structure and guide the actions of a group of Latin American and Caribbean debt specialists and their offices (Latin America and the Caribbean Debt Group – LAC Debt Group), thus promoting the continuous sharing of experiences, information, and innovation in policies and policy instruments for debt management. This framework will contribute to greater transparency, coordination, and integration of Public Debt Agencies across participating countries. This project is also serving as a technical and policy debate forum for discussing state-of-the-art issues in an attempt to formulate common views; and encourage studies and debates on current and potential debt and bond management analytical tools.

The LAC Debt Group was then formally created in March 2005 during its first Annual Meeting in Rio de Janeiro, Brazil, where 26 Latin American and Caribbean countries participated. The IDB began providing support to the Group's efforts through the Regional Public Goods Initiative in July 2005, providing financial resources and the RPG methodology as well as organizational and technical support. The main objective of the initiative is to improve debt management by promoting the institutional strengthening of Public Debt Management Agencies in Latin America and the Caribbean. To this end the initiative has begun establishing mechanisms for exchanging knowledge, lessons learned and best practices among the participating countries.

These actions are expected to yield the following results: i) improved debt management conditions, ii) reduced debt costs, freeing up country resources, iii) strengthened dialogue among participating countries, iv) support to the creation of capital markets, and v) harmonization of norms and regulations related to this area in the region.

IMPLEMENTATION

As stated above, the enhancement of know-how and institutional capacity at Public Debt Management Agencies is based on the premises of knowledge exchange and knowledge generation and dissemination. To this end, the project is directly supporting a number of activities and setting the groundwork for others through: i) promoting capacity development through South-South cooperation among participating countries, ii) well-established horizontal partnerships, iii) a cost effective model to participate, and iv) a demand-driven model where the recipients lead the decision-making process based on their needs and priorities.

There are some key examples in which the SSC concept has been applied in the context of this initiative. As a mechanism for knowledge-exchange and open communication among its partners, the project created an electronic list with access available to all participating countries. This electronic tool has become a platform for South-South cooperation, working as a clearing house of supply and demand for development collaboration. Although it is a relatively simple intervention, the electronic list has been an instrumental vehicle to request technical assistance, disseminate key country debt information, share knowledge, and keep a channel of communication open among the partners, including the IDB. For example, this communication channel assisted the Uruguayan Government in requesting advice and exchanging information during the process of acquiring a debt management accounting system. The IDB plays an important role in keeping this electronic list updated and running by appointing a key person to administer the listing and facilitating the exchanges.

As part of the knowledge exchange and coordination mechanism, the LAC Debt Group holds meetings twice a year (one in Washington DC and one in any other participating country). The first is a more general forum to exchange experiences and technical knowledge and is held around April. The second meeting takes place around October and is a more in-depth discussion of a subject area previously chosen by the partners. These meetings not only allow the participants to increase their knowledge in any one specific area, but also open an informal communication channel to deal with specific needs.

In addition to the above, the project promotes a demand-driven system that places the partner countries in control of the budget, the issues to be studied and discussed, and the activities to be executed. Even though the IDB has contributed with non-reimbursable resources, its role has been intentionally limited to that of a project coordinator and technical advisor. This relationship has been productive and effective in meeting the projected goals at the level of outputs and outcomes.

The IDB and participating countries have developed a solid relationship since the design of the project. Furthermore, the relationship has improved throughout the execution period, as reflected by surveys taken at meetings, comments received and higher rates of participation in events sponsored by the project or participating countries.

OUTCOMES

The project focused on achieving the following key results: i) a Standardized Public Debt Statistics Information System implemented since 2009; ii) a LAC Debt Group website available for the public, providing public debt statistics, publications, news, documents, and information on activities including past and future events; iii) annual meetings with high participation rates; and iv) an overall knowledge exchange mechanism for discussions on strengthening public debt markets and debt management offices and related issues. In addition to these achievements, the project created an informal channel of communication among participating countries, and has also made evident the comparative advantages of some countries and therefore enhanced the potential of capacity development among partners through the reduction of their asymmetries.

Several participating countries have also played a key role in enhancing the institutional capacity of Public Debt Management Agencies in LAC through South-South schemes, as was the case first in Colombia and then Brazil in 2008. The Monetary Council of Central America (CMCA) contacted Colombia's Public Debt Agency to request assistance for the Dominican Republic in developing a secondary bond market. Although different in size and business culture, both countries share comparable challenges, and so the experience and knowledge Colombia had to offer in the subject matter was valuable and potentially adaptable. Currently, the Dominican Republic is in the process of creating such a market.
Brazil's experience in public debt management has been recognized as valuable and so the government took the initiative and expressed interest in sharing such knowledge with the rest of the region. By 2008 the Public Debt Agency of Brazil put together a training plan that covered investments, risk, accounting and statistics among other subject areas. The seminar took place in Brasilia. Among the participants were the representatives of Public Debt Agencies from 21 LAC countries. It is important to mention that Brazil cofinanced the seminar with the IDB and the CARTAC. As a result of the seminar some countries expressed interest in studying more in-depth specific debt management issues, some of which were covered in later seminars.

The IDB has had an important involvement in these achievements, although not as a decision making partner, but rather as a facilitator and triangulator of some of the cooperation from partners from the South, as well as financier of some of the actions executed by the project. Such contributions, however, call into question the sustainability of the benefits achieved so far, once the initiative under the IDB has finally concluded. According to the results of a midterm evaluation, countries expressed concern with continuing the financial support of the initiative, despite the pledge some participants made to continue in the future with a regional public goods approach to debt management issues. On the other hand, the role the IDB has played as an honest broker, triangulator of SSC, and facilitator might not be easily replaced.

More has to be done to measure how cost effective the initiative has been, yet despite the limited information for making such an assessment, it can be argued that the costs of the initiative are low when compared to an average investment operation and that the results such as the level of cooperation achieved, the successful execution of the Standardized Public Debt Statistics Information System with the participation of 21 countries in the region, and the knowledge exchange, among others, justify the resources so far invested in the project.

AID EFFECTIVENESS

In the case of a regional initiative such as the enhancement of knowledge and institutional capacity at Public Debt Management Agencies, the application of the SSC concepts have been enhanced by the implementation of aid effectiveness principles. The possibility for participating countries to decide what actions to take and how within the context of the project, allowed them to pursue a more effective horizontal relationship. For example, the Public Debt initiative was conceived as a bottom-up operation. The involvement of participating countries from the initiative's formulation and design to the actual execution was clear, as was the role of the IDB during the execution as a triangulator of SSC and facilitator. This involvement supported the ownership of the project by the participating countries. Furthermore, the decision-making process related to the identification and approval of the actions to be executed is exercised solely by the participating countries through the project's Steering Committee, made up of five countries selected on a periodic basis by the LAC Debt Group. At the same time, such actions have impacted the project's budget, which has been modified from its original version to accommodate the needs and priorities of the participating countries and the challenges currently imposed on them by the financial crisis. This is reflected for instance in the decision taken not to finance more studies but rather to shift project resources to support more knowledge exchange meetings among participating countries, which was deemed more effective. The participants' leadership was also demonstrated by this example.

Additionally, such involvement, as well as the leadership exercised by the countries participating in the decision-making process of what and how to do things, supports the application of the alignment principle. Three out of five components included in the project support South-South cooperation activities, knowledge exchange and coordination activities, technical discussions, and decision making processes, among others. These actions allow the project to respond and align itself to the needs and priorities laid out by the participating countries.

The Public Debt initiative is unique in that it was created and therefore owned by the participating countries from its beginning. As of now, no other program, project or initiative in the area of public finance and debt management exists similar to this; moreover, the International Monetary Fund (IMF) has held conversations with the IDB to replicate the concept in Asia. In any event, there has been an implicit coordination with other multilateral organizations, in the way of informing each other what events are scheduled throughout the execution process. These organizations (CARTAC, CMCA, IMF, and World Bank) are invited to some of the project's recurring events.

CAPACITY DEVELOPMENT

As explained above, the project has promoted mechanisms to facilitate South-South cooperation, capacity-development, and knowledge transfer by continuously sharing experiences across countries as well as technical discussions involving a broad group of debt management analysts. In doing so it has created formal and informal channels of communication that have allowed countries to identify the comparative advantages some countries have to offer, and therefore it has facilitated knowledge exchange activities.

REGIONAL ADVISORY CENTER FOR INVESTOR-STATE DISPUTE SETTLEMENT

PROJECT DETAILS

Project Name:

Regional Advisory Facility for Investor-State Dispute Settlement

Countries:

Colombia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama and Peru.

Organizations:

UNCTAD, OAS, Columbia University.

Sources of Funding:

IDB – Regional Public Goods	US$300,000
Local Counterpart	US$ 80,000
Total	US$ 380,000

Executing Agency:

Academia de Centroamérica (Costa Rica)

BACKGROUND: THE DEVELOPMENT CHALLENGE

One of the key developments in international economic relations in recent years has been the proliferation of international investment agreements (IIAs), including bilateral investment treaties (BITs) and free-trade agreements with investment chapters, in response to the increasing global competition faced by national economies for resources and markets.

Since the early 1990s, Latin American countries have concluded approximately 500 BITs and more than 70 economic cooperation agreements with investment provisions. The increase in IIAs has been paralleled by a rise in the number of cases brought under the investor-state dispute settlement (ISDS) provisions of these agreements. The growing number of investor-state disputes has economic, administrative, institutional and policy implications, especially for developing countries.

These agreements are intended to promote economic development by providing a stable, predictable and transparent environment for foreign investment. However, host countries have discovered that: (i) investment disputes require highly specialized technical know-how; (ii) they are costly to conduct; and (iii) the arbitral decisions of awards can have an important impact on the budget and/or a country's reputation as an investment destination.

It was against this background that five Latin American countries joined together to present a proposal under the RPG Program to explore the possibility of creating an advisory facility that would help the countries in case of investor-state disputes.

IMPLEMENTATION

The project was implemented between January 2009 and July 2010. Several distinct factors characterized its execution:

1. Incentive for cooperation: Not only the original five, but all 10 countries that eventually formed part of the project, participated actively and continuously in the meetings and were in constant contact virtually between meetings. This allowed for a swift, on-time implementation of the project. The cohesiveness of the cooperation process was a reflection of the commitment of the countries to the initiative and the awareness that the project provided a unique opportunity to forge a consensus on an issue of high priority for all of them.

2. Collective action: In line with the governance structure of a typical RPG project, high-level representatives of the trade ministries or government agencies responsible for foreign direct investment issues joined together in the project´s Executive Committee that met regularly, discussed and analyzed every aspect of the proposed facility, and took all the important decisions.

3. Strategic partners: The Executive Committee worked hand-in-hand with the project´s Advisory Group that provided technical inputs on a broad range of issues, including options regarding the legal personality of the proposed facility and possible cost scenarios. The Advisory Group included the IDB, the United Nations Conference for Trade and Development (UNCTAD), the Organization of American States (OAS), Columbia University and Academia de Centroamérica, which also served as executing agency.

OUTCOMES

The principal outcomes of this RPG project are:

1. The draft for an international treaty to create a Regional Advisory Center for Investor-State Dispute Settlement. According to the draft treaty, the Center will provide member countries with services including the full-fledged defense of cases, advice for the management of cases, and training of defense teams in the countries' line ministries.

2. The agreement on the Center includes decisions on key issues, such as its governance structure and a business plan. With respect to the latter, the members of the Executive Committee signed a resolution committing each country to an initial contribution of US$200,000 towards the establishment of the Center.

3. The spill-over effect of the initiative in terms of geographical scope. The fact that the number of countries participating in the project doubled not only highlights the importance of investor disputes as a regional issue; it also clearly enhances the regional legitimacy and financial viability of the Center.

AID EFFECTIVENESS

The project represents an example of collective South-South cooperation, in which the incentive structure (perception of the problem) and the expectation regarding the benefits of a regional solution (i.e. benefits that the countries could not achieve on their own) were very much aligned among the participating countries. This alignment produced results that went beyond what the countries had themselves proposed to achieve at the outset of their cooperation. In addition, the project illustrates the role of strategic non-regional partners as facilitators of the South-South process, resulting in a successful triangular partnership. In particular, the engagement of the Bank, as a trusted partner and honest broker in the region, was viewed by the countries as a key factor during the negotiations of the treaty to establish the Center.

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2005 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Sustainable Management of the Amazonas' Biodiversity	BO, BR, CO, EC, GY, PE, SU, VE
Latin American Network of Education Portals	AR, BO, BR, CH, CO, CR, EC, ES, HO, GU, MX, NI, PN, PR, PE, UR, VE
Proving Public Administration through E-Government Best Practices	AR, BA, BE, BH, BO, BR, CH, CO, CR, EC, ES, GU, GY, HA, HO, MX, NI, PN, PR, PE, DR, SU, TT, UR, VE
Improvement of the Public Debt Management and Knowledge	AR, BA, BH, BE, BR, BO, CO, CH, CR EC, ES, GU, GY, HA, HO, JA, MX, NI, PE, PN, PR, SU, TT, UR, VE, DR
Strengthening of the Regional Stock Market	AR, BO, BR, CH, CO, CR, EC, ES, MX, PN, PE, UR, VE
Improvement of Statistics for Measuring Living Conditions	AR, BO, BR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PN, PR, PE, DR, UR
Plan Trifinio Trinational Comission	ES, GU, HO
Single-based Social Security for MERCOSUR	AR, BR, PR, UR

- En proceso de finalización
- Finalizados
- En ejecución

2006 APPROVED

TITLE
Strengthening CLARA Academic Network
Common Framework for Population Census in CARICOM
Management of the Trinational Selva Maya Ecosystem (ME-GU-BE)
Food Fortification with Folic Acid and other Micro-Nutrients
Central America Climatic Data Base
Conservation of the Enviromental Patrimony of the Great Chaco
Regional Disaster Risk Management for Sustainable Tourism in the Caribbean
Regional Program Control of the Disease of Chagas in LA
Regional Information System for Agriculture Development of South Cone Countries
Evaluation and Development of Regional System of Citizen Competitions
Climatic information Applied to Management of Risk in Agriculture for Andean C.

RPG PROJECTS

COUNTRIES
AR, BO, BR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PN, PE, UR, VE
BH, BA, BE, GY, HA, JA, SU, TT
BE, MX, GU
BE, CR, GU, ES, HO, NI, PN, DR
BE, CR, ES, GU, HO, NI, PN
AR, BO, PR
BH, BA, BE, GY, JA, TT, HA, SU, DR
AR, BO, CO, EC, ES, GU, HO, NI, PR, UR
AR, BO, BR, CH, PR, UR
CH, CO, GU, MX, PR, DR
BO, CO, CH, EC, PE, VE

2007 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Regional System of Standardized Citizen Security & Violent Prevention Indicators	AR, CH, CO, CR, EC, ES, GY, HO, JA, MX, NI, PE, PR, UR, DR
Trafficking of Children and Adolescents for Sex Exploitation in Mercosur	AR, BR, UR, PR
Regional Engineering Accreditation System for the Greater Caribbean Region	JA, PN, DR
Program to Erradicate the Cattle' Screwworm in MERCOSUR Countries	AR, UR, BR, PR
Micro SME Regional System for the Public Policy Design	AR, BR, CH
Development of a Caribbean broadband network c@ribNET	BH, BA, DR, GY, HA, JA, SU, TT
Natural and cultural Aymara heritage	BO, CH, PE
Central American Protocol for Procurement and Quality Control of Medicines	BE, CR, DR, ES, GU, HO, NI, PN
Capacities to improve the competitiveness of Caribbean Agricultural Sector	BA, DR, GY, SU, TT
Monitoring and Evaluation Biodiversity Program for Central America	BE, CR, ES, GU HO, NI, PN
Enviromental Health Surveillance System in the Amazon Region	BO, BR, CO, EC, GY, PE, SU, VE
Regional Non-Communicable Diseases Surveillance System	BH, BA, BE, GY, JA, TT

2008 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Regional Strategic Framework for Protection of Non-Contacted Indigenous People	BO, BR, CO, EC, GY, PE, PR, SU
Regional Framework Against Trafficking of People	CR, ES, GU, HO, NI
Mercosur Higher Education Accreditation System	AR, BO, BR, CH, PR, UR, VE
Regional Regulatory Policy to Consolidate Telecommunications in the PPP	BE, CO, CR, ES, GU, HO, MX, NI, PN
Common Framework for Statistics Production in CARICOM	BH, BA, BE, GY, HA, JA, SU, TT
Regional Protocols on Telehealth Public Policy	BR, CH, CO, EC, ES, MX, UR
Entrepreneurship and Technological Innovation Regional Program	AR, BR, CH, UR
Accreditation of Architecture and Engineering Programs in CA	BE, CR, ES, GU, HO, NI, PN
Central America Competitiveness Program for Fruits	BE, CR, ES, GU, HO, PN, NI, DR
Management System Fishery Resources in the East Tropical Pacific Marine Corridor	CO, CR, PN
Regional Framework Protection, Monitoring & Regs of Migrant Workers in LAC	AR, BO, BR, CH, CO, CR, DR, EC, ES, GU, GY, HO, NI, PN, PR, PE, UR
Advisory Facility on Investor-State Dispute Settlement	DR, CO, CR, ES, GU, HO, MX, NI, PE, PN
Regional Information System for Energy	AR, BR, CH, CO, CR, DR, EC, ES, GU,GY, HO, JA, MX, NI, PN, PR, PE, UR
Mechanism for the Professional Accreditation in Fiscal Public Control	AR, BO, BR, CH, CO, CR, DR, EC, ES, GU, HO, MX, NI, PN, PR, PE, UR, VE
Central American System for Disaster Management	BE, CO, CR, ES, GU, HO, MX, NI, PN

En ejecución

2009 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Monitoring & Evaluation Framework for Disaster Risk Management in Tourism Sector	BH, BA, BE, GY, HA, JA, SU, TT, DR
Common Framework for a Literacy Survey	BH, BA, BE, GY, HA, JA, SU, TT
Harmonized System of Bovine Trazability in Central America, Belice, Panamá and D	BE, CR, DR, ES, GU, HO, NI, PN
Plan of Action for Roaming Services in Mobile Telecomunications	AR, BO, BR, CO, MX, PE, UR
Regional instruments for adaptation to climate change by the health sector	BR, BO, CO, MX, PR
Operational Framework for Statistics	BR, CH, CO, EC, ES, HO, MX, PR, PE, DR, UR
Regional Framework to control Youth Contagious Diseases	AR, BR, PR, UR
Institutional Framework for Scientific Publications	AR, BR, CH, CO, EC, MX, PE, VE
Regional Strategy of Advanced Formation in Applied Economics	CR, DR, ES, GU, HO, NI, PN
Cooperation System on operational Information and Industrial Property	AR, BR, CH, CO, EC, PR, PE, UR, SU
Regional Strategy for Management and Trade of Chemical Products	AR, BR, CH, UR, PR
Regional Strategy of Export Promotion and Investment Atraction	AR, BO, BR, CH, CO, CR, DR, EC, ES, GU, MX, NI, PN, PR, PE, UR
Institutional and Normative Framework for a Regional Competence Policy	CR, ES, GU, HO, NI, PN
Governmental Purchases Policy	AR, BO, BR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PN, PR, PE, DR, UR, VE, GY, BE, HA, TT, BA, JA, SU, BH

2010 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Grazing lands conservation in Southern Cone Rural Establishments	AR, BR, UR, PR
Database Management System for a Regional Integrated Observing Network for Environmental Change in the Wider Caribbean	BE, BH, BA, JA, GY, TT, SU, HA, Saint Lucia, Dominica
Regional Strategy for the Regulation and Supervision of Stock Markets in Central America	ES, CR, PN
Strengthening and Harmonization of Banking Resolution and Deposit Process in CA, DR and PN	CR, ES, GU, HO, NI, PN, DR
Caribbean Regional Tourism Satellite Account (TSA) Implementation Initiative	BH, BA, JA, TT, BE, GY
Micro SME Regional Information System for Central America	BE, CR, ES, GU, HO, NI, PN
Strategy to increase agricultural productivity using satellite information	AR, CH, UR, PR
Climate Change and Biodiversity Information in the Tropical Andes	BO, EC, PE
Regional Strategy for a citizenry with social security culture	AR, BH, BE, BO, BR, CH,CO, CR, EC, ES, GU, HA, HO, MX, PN, PR, PE, DR, UR, OECS
Interactive Center for Peace and Conflict Resolution	CR, CO, ES, GU, PN
Regional System for Information on LAC Services Sector	AR, BO, BR, CH, CO, CR, EC, ES, GU, MX, NI, PN, PR, PE, UR
Forest Sanitary Framework for the Southern Cone Countries and Bolivia	AR, BR, CH, BO, UR, PR
Regional Epidemiology Protocol for Border Areas	AR, PR, UR

2011 APPROVED RPG PROJECTS

TITLE	COUNTRIES
Latin American Regional Network to Strengthen Competition Policy	AR, CH, CO, CR, EC, ES, GU, HO, MX, NI, PE, DR
Longitudinal Social Protection Survey (LSPS)	CO, CR, EC, ES, HO, MX, PR, UR
Learning in the Schools of the 21st Century	AR, BA, CH, CO, CR, HO, MX, PR, DR
Broadband Development for Competitiveness and Integration	CR, ES, GU, HO, PN
Caribbean Hotel Energy Efficiency and Renewable Energy Action - Advanced Program	BA, JA, BH, SU, TT, BE, HA, DR, GU
Observatory of firm and entrepreneurship and regional productive integration INTEGRATION	AR, BR, PR, UR
Regional System to Evaluate the Impact of Public Policies in the Area of Citizen Security in Latin America.	AR, CH, CO, CR, ES, HO, MX, UR
Development and Strengthening of Official Environmental Statistics for the Formulation of Public Policies in Latin America and the Caribbean.	CO, CR, MX, PN, RD, VE

COUNTRY ACRONYMS

AR	ARGENTINA
BA	BARBADOS
BE	BELIZE
BH	BAHAMAS
BO	BOLIVIA
BR	BRAZIL
CH	CHILE
CO	COLOMBIA
CR	COSTA RICA
DR	DOMINICAN REPUBLIC
EC	ECUADOR
ES	EL SALVADOR
GU	GUATEMALA
GY	GUYANA
HA	HAITI
HO	HONDURAS
JA	JAMAICA
MX	MEXICO
NI	NICARAGUA
PE	PERU
PN	PANAMA
PR	PARAGUAY
SU	SURINAME
TT	TRINIDAD AND TOBAGO
UR	URUGUAY
VE	VENEZUELA

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