



# South-South Cooperation and Capacity Development in Action:

Regional Public Entrepreneurship in  
Latin America and the Caribbean

*Prepared by*

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Regional Public Goods – from Theory to Practice, Editors: Antoni Esteveadeordal, Brian Frantz and Tam Robert Nguyen, IDB-ADB (2002)



# I. Globalization Calls:

How to take advantage collectively  
of our own capacity

Prepared by  
**Laura Bocalandro and Rafael Villa<sup>1</sup>**

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## Sebastian joins the BUSS

In the early 1990s, Argentina, Brazil, Paraguay and Uruguay established the Southern Common Market (Mercosur) following the process of liberalizing trade barriers and shaping a potential regional common market. Within Mercosur, member countries agreed to free movement of labor and to promote social security policy coordination. This turned out to be a significant challenge, since it required maintaining a network of social security services (pensions, unemployment, occupational hazards, health, etc.) in a rapidly changing environment. In parallel, Mercosur countries expressly granted freedom of movement to the other members' nationals, and started recognizing professional degrees, further facilitating the movement of labor.

In 2004 the four countries identified an opportunity for developing a regional public good that would allow for pension portability, starting with a mechanism to jointly manage information on workers and social services for workers from the four national social security systems. This became possible by agreeing on a normative framework and technical standards for setting up a Single-Based Social Security System (BUSS, after the Spanish Base Única de la Seguridad Social). This public good deepens labor integration and facilitates cooperation in areas associated with social security systems.

In less than three years more than 800 workers including Sebastian, who had worked in more than one country, were pensioned through the Single-Based Social Security System. The BUSS project was selected in 2007 as the model for the design of the Ibero-American pension system.

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“How, How is this possible?” was Sebastian Leite’s surprised response when the postal officer knocked at his door. Sebastian was a septuagenarian construction worker residing in the outskirts of Asuncion, Paraguay. The Paraguayan Pension Agency was notifying him that he had been awarded a pension after having worked several decades in Brazil, Argentina and Paraguay. He had worked hard and deserved the pension; there was no question about that. But, how had this happened? He had not initiated the burdensome pension procedures in each of the three countries he had worked in, and anyway he did not have enough years of service in any single country. Why had this not happened before? These were the questions that kept Sebastian puzzled until he heard of the Mercosur Single-Based Social Security System, a Regional Public Goods solution owned by Argentina, Brazil, Paraguay and Uruguay.

A similar joy was felt on September 8, 2000b – and a similar concern on the how – when 189 heads of state agreed on the Millennium Development Goals. There was a clear vision on the urgency to eliminate hunger and poverty, on the importance of education to have a better future. There is no major controversy on the need for development. Human Development embraces the agreed upon goals for, and of, every human being.

Clarity on “what” we want is not at issue. “How” to achieve it has been, and still is, the challenge.

Capacity Development complements Human Development. While the latter focuses on the goals and the resources necessary to address them (the inputs), Capacity Development looks at the abilities and processes that will combine those resources to achieve the desired results effectively (outcomes). The abilities and processes permitted Sebastian Leite receive his pension after years of waiting for that postal officer.

## **Development Shortcomings**

Among the concepts that have dominated the world of ideas for development in the last decades, two assumptions appear particularly relevant for the set of policies implemented by the developing countries to tackle their challenges. These two assumptions shortchange the process of achieving development.

A first assumption is that the market is a perfect self-correcting mechanism, and therefore countries will have to wait until “the forces” of the market correct the misallocation of resources. Several cases show the inability of the market to self-correct, and emphasize more than ever the need to drop the

concept of “market perfection”. Among the evidence of these inabilities are the inefficiency in the allocation of the burdens caused by carbon emissions, or the concentration of capital following the absolute productivity of factors instead of the relative productivity, and more recently, the treatment of financial crisis started in Wall Street that contradicts the concept of a self-correcting pricing system for risk and failure. Market failures such as imperfect information, lack of coordination and asymmetries on capabilities among market actors reduce the efficiency of the market. Applying the market optimal point to the demand and supply of food by vulnerable populations or the market for medicine and vaccines in high-risk neglected diseases areas will lead us, necessarily, to failure.

The second assumption is the idea that countries can only act at the national level because it is what is compatible with the sovereignty concept. As a consequence, global (supranational) or local (sub-national) challenges fall outside the picture (market scope). The dynamic that globalization has taken during the last decades cannot be ignored. The global village is here to stay and it is necessary to learn how to take advantage of it instead of ignoring it. Globalization has opened the door to spillover effects (externalities both positive and negative) from one country to another, from one person to another. These externalities multiply their potential effect along their path, making them a powerful source of bad or good depending on the nature of the externality. Channels to spread externalities not only are physical (borders, human contact, rivers) but could also be virtual such as financial markets, internet, diasporas, etc. Tackling globalization’s negative effects and consolidating the positive ones demands action not only at the level of the source of the spillover or at the main recipient, but also at the level of the channel, which most times entails articulated action at the supranational, national and sub-national levels.

Under both assumptions acting together, the lack of market self-correction has a worse effect. When the self-correction is addressed at the national level only, the overall outcome tends to be non-optimal. Albeit what economic historian Charles Kindleberger said about the Great Depression refers to events of the 30’s, it is more relevant today than ever, “When every country turns to protect its national private [and public] interest, the world interest went down the drain and with it the private [and public] interest of all.”<sup>2</sup> Correction of market failures under a global environment is therefore only possible either by coercion or by cooperation. The first has a poor record at the national level and no record at

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<sup>2</sup>Kindleberger, Charles, “The World in Depression: 1929–1939”, University of California Press, 1973.p292

the transnational level. The latter, cooperation, has potential, particularly at the regional level. If the two assumptions are disregarded, then, there will be two options for allocating resources to achieve development: the unilateral provision of solutions as a donation, or the coordinated provision of the solution through mutual cooperation as global and regional public goods.

## **Global and regional public goods as an instrument for development: how to correct market failures under globalization**

When international cooperation is viewed from an optic beyond that of national foreign policy, there is an opportunity for development. Initially, technical cooperation was a mean to reduce asymmetries on technical capacities so that local resources could function. This model was mainly anchored on bilateral (government to government) relations. Going forward will require leaving aside the assumptions of market self-correction and of relations between countries only at the national level. This will entail acknowledging that markets fail and that those failures are not self-correcting, and recognizing that they are not rare in a global environment. Further, this will allow for induced corrections (beyond the mythical self-correction), that when coordinated among the actors, become public goods and as such produce public benefits.

Allocating resources under a model of coo-petition (cooperation while competing) will turn the game from a win-lose situation (such as country A donate, country B receives) to a win-win situation (such as country A and B jointly reduce social pressure of migration and elevate competitiveness in international labor markets as in the BUSS case – see box above). Coo-petition focuses on correcting market imperfections collaboratively through the harmonization of public policies and the articulation of investments in order to achieve more competitiveness at the individual and collective level. Collective action therefore implies a transnational endeavor, a “how-to”, undertaken by different partners, that focuses on taking value from the externalities of the cooperation, on identifying opportunities out of spillovers and multiplying rather than just adding resources to produce the much desired and needed Human Development.

Global and regional public goods (GRPGs) are “how-tos” necessary to achieving the “what”. Several characteristics differentiate these “how” from other “hows”. They are induced corrections that result in solutions; they are social productions that hinge on collective action and, as any other social production, rely on who defines it and who controls it. Some of the defining elements of an approach



that could work are the horizontality in the relation among partners, a decision-making process anchored in those directly responsible for the endeavor (government agencies at the correspondent level when the public good relates to public policies and shareholders when it relates to investments) and the cooperative nature.

One of the current challenges of development is to strengthen capacities for undertaking responsibly the governance of the decision-making process and for reducing asymmetries in these capacities in the development actors. Countries collectively and people individually can produce their solution. They need partners to overcome the typical risks of collective action and to invest on them. Latin America and the Caribbean has already started to make globalization work for the region, through regional public goods. This has been a good pilot to learn from and to invest in.

### **Promoting Innovative Solutions for Latin America and the Caribbean: the IDB's RPG Program**

Countries participating in these cooperation endeavors are responsible for the identification, design, and the implementation of the regional public goods, nationally and/or regionally. The Inter-American Development Bank (IDB) through the Regional Public Goods (RPG) Program supports LAC countries that cooperate in the coordination or harmonization of public policies by taking a South-South collective-action approach towards the creation of regional public goods. These address transnational market failures aggravated as a result of globalization.

The RPG Program supports groups of countries in a wide range of policy sectors, in accordance with the countries' priorities. A minimum of three countries participate in each project; in some projects as many as 17 countries. The current portfolio of RPG projects averages 8.7 participating countries per project. Projects currently underway focus on solving challenges of collective action, such as initial lack of trust, extended discussions on costs and allocation of benefits, and fragility of communication channels between countries. Participants overcome these challenges with institutional arrangements for dialogue, and by avoiding obstacles, resolving disputes and cooperating among themselves. At the same time, each project promotes regional integration. Some deepen integration in the economic realm; others seek institutional harmonization, while still others reduce asymmetries. All RPG projects create and strengthen enabling environments for solving the common challenges of development and globalization.

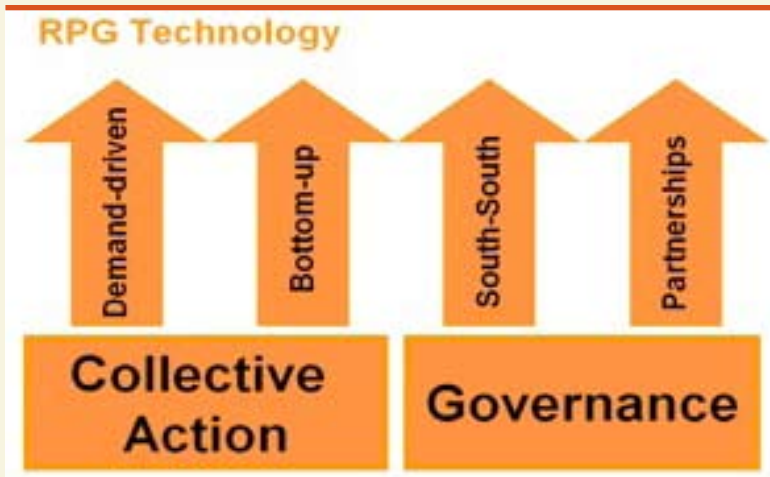
The Program not only fosters South-South collective solutions between LAC countries, but also helps disseminate best practices and lessons from sub region to sub region and from country to country. The process of identifying, prioritizing, and programming, as an endogenous process, increases the likelihood that these solutions will not only benefit the countries in the short run, but also prove to be long-term investments in capacity development as a result of ownership by the countries involved in developing the solutions.

## **The Regional Public Goods Technology**

The RPG Program follows a model of pragmatic innovation, institutional coordination and capacity development at the regional level, strategic partnerships and value added. Investments in such innovative and complex projects are usually risky and the IDB helps strengthen the consortium of countries by giving them responsibility for the governance of the regional public goods and also for their production. Thus, the RPG Program serves as an incubator of regional public policy through projects that promote an entrepreneurial approach to policy formulation. As such, it seeks to improve the likelihood of project success by transferring technologies associated with institutional arrangements and by providing services that reduce difficulties at the initial stage.

Unlike traditional technical assistance, where an independent consultant or a third party produces solutions for the countries, RPG solutions are prioritized, created and implemented by the countries themselves. Throughout the process, public policy agencies are “at the driver’s seat” and take the decisions based on experiences brought to the table by other partners and on input provided by experts. This results in innovative solutions at the local level and in the adaptation of outside technologies to local conditions thus multiplying the benefits of collective action and individual contributions. The result is an endogenous system of governance totally anchored in the countries.

The RPG Program also adds value by creating strategic partnerships with various groups of stakeholders to guarantee governability, effectiveness, and ownership needed to ensure medium- and long-term sustainability. Such stakeholder groups include public policy agencies, private sector and civil society entities. These partnerships may be created within each project and/or with the program as a whole, and their contribution may be technical, organizational and/or financial. These partnerships are created to the extent that the public-policy agencies of the participating countries are willing to have them.



Thus, the six pillars of RPG Program technology are: collective action, governance as the countries' responsibility, demand-driven orientation, bottom-up focus, South-South innovation, and strategic partners coordinating groups.

The IDB many roles pursuant to the Program include that of venture capital investor, regional disseminator of innovation, incubator of regional public policy projects, and honest-broker partner. As a participant in this South-South cooperative effort, the Bank plays the role of honest broker in building trust and collective action reducing tensions resulting from free-ridership and other challenges, while guaranteeing a certain degree of transparency and commitment to project objectives.



## II. Case Study on Single Social Security System for Mercosur

Employing the principles agreed upon in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

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### Project Details

#### Project Name:

Single-based Social Security for MERCOSUR

#### Countries:

Argentina, Brazil, Paraguay and Uruguay

#### Organisations:

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 –	US\$ 1,330,000
Local Counterpart	US\$ 900,000
Total	US\$ 2,200,000

#### Executing Agency:

Administración Nacional de la Seguridad Social (ANSES), Argentina

#### Execution Timetable:

Execution Period	48 months
Disbursement Period	54 months

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## Overview

This initiative aims to contribute to protecting the social security rights of migrant workers of the MERCOSUR countries, through the creation of a Single Data Base for Social Security Institutions (SDSI) in the MERCOSUR region. The purpose is to integrate the social security systems of the MERCOSUR countries by through developing and implementing a Data Transfer and Validation System (DTVS) to process retiree benefits under MERCOSUR's Multilateral Social Security Agreement. The initiative focuses its resources on promoting a horizontal partnership and capacity development, carrying out baseline studies to assess the situation before the project, 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 that work or have worked in one or more of the MERCOSUR countries, and their families.

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 a worker's data to honor his or her pension benefits was done manually. This took both time and resources. The more countries a beneficiary had worked in, the longer it would take to transfer and validate the data, and consequently the longer the delay 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 current inadequate procedures.

This initiative anticipated and achieved the following results: i) the implementation of the Data Transfer and Validation System, ii) the reduction in the time to receive benefits; iii) the reduction of the number of workers evading social security contributions; and iv) a reduction in the number of cases where benefits were still being paid to retirees that had passed away. The initiative also generated some unexpected yet positive results. The most important perhaps are 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/division from the social security agencies of all four countries, iii) the request from Chile to join the initiative of a single based social security system, and iv) the great interest generated internationally on the experience, even to be selected as the base for an Ibero-American Pension System.

## **Implementation**

From outset, the initiative involved active participation from the partner countries. One of the MERCOSUR countries originally promoted the idea of an integrated

social security system for the region, and once the partner countries had agreed to it, it was that country that brought the IDB and the 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 partner countries to participate 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 partner countries was an intricate task. The political context was complex. The actors kept changing and this affected 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 Inter-American Development Bank (IDB) and the Ibero-American Social Security Organization (ISSO) generated trust among the partners and brought experience in the sector to the efficient and effective execution of the initiative.

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 visit 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 , Paraguay and Argentina signed an agreement in which the latter committed to deliver the service – digital signature. This action enhanced horizontal cooperation and saved time in getting Paraguay on board .



## Outcomes

More than 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 initiative. At the same time 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 initiative 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 of the number of workers evading social security contributions; and iv) a reduction of 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 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/division from the social security agencies of all four countries, and iii) the great interest generated internationally on the experience.

As far as the sustainability of the benefits, it is clear to the stakeholders that there is no going back 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 the honest brokers of the operation. 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 obvious and potential big 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 the plans actions and budget of their original proposal. This has enhanced knowledge exchange, south -south cooperation, and of course the demand driven character of the operation.

As stated above, the single social security data base initiative was proposed by one of the MERCOSUR partners. Even before the project started, the MERCOSUR countries had already initiated negotiations and signed the Multilateral Social Security Agreement. Therefore the partner countries have exercised leadership and ownership from the very conception of this proposal. In addition, throughout the execution of the initiative, the partner 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 partners 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 partner 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 initiative. The IDB and the ISSO have limited themselves to coordinating, administering and facilitating the execution of the project. On the other hand, the initiative 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. Having the participation of so many countries, it would have complicated the administration of the initiative if the IDB or ISSO tried to use the national systems and procedures from only one of the partner countries.

## **Capacity Development**

It could be argued that the entire focus of the project is capacity development: 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. So 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.

### III. Case Study on Enhancement of Know-how and Institutional Capacity at Public Debt Management Agencies

Employing the principles agreed upon in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

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#### Project Details

##### Project Name:

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

##### Countries:

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

##### Organisations:

National Debt Management Offices of the Ministries of Finance and Economy of Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Colombia, Chile, Costa Rica, the Dominican Republic, Ecuador, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Strategic partners accompanying 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 World Bank.

##### Sources of Funding:

IDB –	US\$ 500,000
Local Counterpart	US\$ 200,000
Total	US\$ 700,000

##### Executing Agency:

Inter-American Development Bank

##### Execution Timetable:

Execution Period	36 months
Disbursement Period	42 months

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## **Overview**

This initiative focuses on creating and using knowledge transfer mechanisms and share 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 the necessary resources for: i) facilitating shared research in the subject area and knowledge transfer activities among participating countries, including south-south cooperation ii) designing a regional information system; and iii) developing environments 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 an approach to conduct uninterrupted sharing of experiences and information and innovation in policies and policy instruments for debt management. This framework will lead to greater transparency, coordination, and integration of Public Debt Agencies across participating countries. This initiative is also serving as a technical and policy debate forum for discussing state-of-the-art issues in an attempt to concoct common views; and encouraging 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. By July 2005, the IDB began supporting the Group's enterprise under the Regional Public Goods Initiative, providing entrepreneurial resources and the RPG technology 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 the process of instituting mechanisms for sharing know-how, lessons learned and best practices among the participating countries.

These actions are expected to yield the following results: i) improvement of debt management conditions, ii) debt cost reductions thus freeing up country resources, iii) dialog facilitation and enhancement among participating countries,

iv) support the creation of capital markets, and v) harmonization of norms and regulations related to the sector in Latin America.

## **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 initiative is supporting a number of activities and setting the grounds for others that: i) promote capacity development through south-south cooperation among partner countries, ii) a well established horizontal partnership, iii) a cost effective model to participate in, and iv) a demand driven model, leaving the recipients to lead the decision making process based on their needs and priorities.

Consistent with the above, a few examples can be mentioned in which the SSC concept has been applied. 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 of cooperation. As trivial as it may sound, 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. It is worth mentioning, that 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 meeting happens around April and is a more general meeting; its main objective is to exchange experiences and technical knowledge. 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, it also opens 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-refundable resources, its role has been intentionally limited to that of a project coordinator and technical advisor. Such relationship has been productive and effective in meeting the projected goals at the level of outputs and outcomes.

IDB and participating countries have had a good relationship since the design of the project. Furthermore, such relationship has improved throughout the execution period, as captured by surveys applied at certain meetings, comments received and higher rates of participation in events sponsored by the project or participating country.

## **Outcomes**

The initiative focused in 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, enclosing information regarding public debt statistics, publications –news and documents, and 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 inadvertently created an informal channel of communication among participating countries, it has also made evident the comparative advantages some countries and therefore enhanced the potential of capacity development among partners through the reduction of their asymmetries.

Several partner 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 of first in Colombia and then Brazil in 2008. Such was the case of the Monetary Council of Central America (CMCA) that contacted Colombia's Public Debt Agency to request assistance for the Dominican Republic to develop a secondary bond market. Although different in size and 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. As of now, the Dominican Republic is in the process of creating such market.

Brazil's experience in debt management has been recognized as valuable and worth exploring by countries in the region and so the government took the initiative and expressed interest in sharing such knowledge. 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 and lasted five days. Among the participants were the representatives of Public Debt Agencies from 21 LAC countries. It's worth mentioning that not only did Brazil covered the costs of executing the seminar itself, but it also covered travel expenses of some participants together with the IDB and the Caribbean Regional Technical Assistance Centre (CARTAC), -who supported the participation from the Caribbean. As a result of the seminar some countries expressed interest in studying more in-depth specific debt management issues, some of these were covered in later seminars.

In all these achievements is undeniable the level of involvement the IDB has had, although not as a decision making partner, but as a facilitator and triangulator of some of the cooperation from "south" partners, as well as financier of some of the actions executed by the project. Such contributions provide a strong argument against 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 concerned 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 of an honest broker, triangulator of SSC and facilitator the IDB has played, might not be easily replaced. More has to be done to provide continuity for those benefits achieved so far, perhaps gradually transferring some of these responsibilities to a participating country and promoting an agreement to periodically contribute with financial resources to the initiative.

More has to be done to measure how cost effective the initiative has been, yet despite how limited the information is to make such assessment, one is able to say 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 other, undoubtedly exceed the resources so far invested in the project.

## **Aid Effectiveness**

In the case of a regional initiative such as the enhancement of know-how 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 clear was the role of the IDB during the execution, that of a triangulator of SSC and facilitator. This involvement supported the ownership of the initiative 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. The Steering Committee is integrated by 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 partner countries and what the challenges of a current time of the financial crisis imposed to them. For instance, a reflection of this was the decision taken by the partners not to finance more studies but to shift project resources to support more knowledge exchange meetings among participating countries, deemed more effective. In such example partners' leadership was also demonstrated. Additionally, such involvement, as well as the leadership exercised by the participating countries 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 other. These actions allow the initiative 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 spite of this, 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 (World Bank, IMF, CARTAC, CMCA etc.) are invited systematically to some of the recurrent events the initiative has.

## **Capacity Development**

As exemplified above, the initiative has promoted mechanisms to facilitate south-south cooperation, creation of capacities and knowledge transfer by continuously sharing experiences across countries and 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.



## IV. Case Study on the Caribbean Regional Non-Communicable Diseases Surveillance System Project

Employing the principles agreed upon in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

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### Project Details

#### Project Name:

Regional Non-Communicable Disease Surveillance System

#### Countries:

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

#### Organisations:

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 – FRPG	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

#### Execution Timetable:

Execution Period	36 months
Disbursement Period	42 months

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## **Overview**

The purpose of the project is to develop a Caribbean Regional Non-Communicable Disease (NCDs) Surveillance System which will contribute to better plan, deliver and monitor 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, both at the regional and the 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.

Tackling this challenge, at the September 2007 regional Summit of Heads of Government of CARICOM on NCD, the Governments agreed that immediate collective actions was necessary to manage and control NCD, and mandated their Ministries of Health to 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 NCDs surveillance and responses. 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 leverages on 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 on existing experiences and initiatives and by bringing countries together to work collectively, a regional solution is being sought for a regional problem.

## **Implementation**

A Steering Committee, comprising the Chief Medical Officers (CMOs) from the participating countries, acts in an oversight and decision making capacity,



Photo: Willie Heinz

while the network of Focal Points in each country identifies the functional 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 NCDs national registries and information systems, including on the minimum dataset.
- ii. The design of the regional NCDs surveillance system and its components.
- iii. The development of health protocols and mechanisms for regional harmonization of public policy on the promotion, prevention, treatment and rehabilitation of NCDs.

Several challenges have emerged in the early stages of implementation of the project. For example, there is a concern that momentum and leadership of the project may be lost because project participants, such as the Focal Points, either change or are unable to participate in project activities because of limited resources. Similarly, other pressing national priorities, such as the H1N1 influenza pandemic, distract attention and resources from the project. Another potential obstacle is the possible legal issues that may arise regarding the ownership and use of the data gathered by the surveillance system. Finally, the countries have expressed a concern about the future sustainability of the surveillance system once it has been developed.

## **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 from the 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 is expected at the end of 2010.

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 leverage on experiences in one country to build the 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 by virtue of being 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 on the ground experiences 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 country 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 it is agreed 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 local contexts, thereby increasing the effectiveness of the resources invested in the project.

## V. Case Study on Promotion of the Regional System of Standardized Citizens Security and Violence Prevention Indicators

Employing the principles agreed upon in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

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### Project Details

#### Project Name:

Regional System of Standardized Citizens Security and Violence Prevention Indicators

#### Countries:

Colombia; Dominican Republic; Ecuador; Honduras; Paraguay; Peru; and Uruguay

#### Organisations:

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 accompanying 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 –	US\$ 1,800,000
Local Counterpart	US\$ 890,000
Total	US\$ 2,690,000

#### 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

#### Execution Timetable:

Execution Period	48 months
Disbursement Period	54 months

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## Overview

Before the inception of this South-South cooperation project, the countries in the Latin American region 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, the 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 the joint collaboration of the participating institutions and countries. Also, the capacity of institutions 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 purposed and overall goal of the project 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 beneficiary countries to formulate, implement and evaluate crime and violence prevention public policies.

The development challenge that the countries in the LAC region faced at the time of 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, common to all countries in the LAC region, 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 crime and violence data needed to develop preventive policies and strategies originated



from different sources and had different levels of quality that made it difficult to compare and standardize.

The expected results of the project were the following: 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 the beneficiaries countries; and the systematization of good practices and their dissemination accessible to all participating countries.

The partners believed that it was useful to engage in this activity because the levels reached 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 and delegates from Ecuador, Perú, Colombia, Panamá and Venezuela met to further develop and strengthen the proposal for the establishment of the regional system of indicators.

## **Implementation**

The 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 that the national institutions interacted, finding out what information each had and how could each institution 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 made 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 from the beneficiary countries participated with the purpose of selecting the group of indicators conforming 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 an agreement by consensus was reached among the countries' representatives on the 19 indicators conforming the regional system. The Steering Committee of the project consisting of delegates from each country with decision-making capacity.

In subsequent regional workshops, a technical brief for each indicator was prepared that included the definition of the indicators, variables and sources to be used for its measurement. Also, methodological protocols were prepared and agreed. Only the representatives of the beneficiary countries participated in the decision-making process.

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 institutions. Through the interaction between the staff of the participating institutions, 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 for a venue for the interchange of views and opinions in how to deal with a problem affecting the LAC 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 have seen not only the usefulness of improving their own information systems and data collection efforts, but also through collaborative efforts with other institutions, upgrade the nation's quality of information regarding crime and violence and thus ameliorate the country's response to these issues. At the international level, the participating institutions are collaborating with each other in addressing issues of their interest and in other endeavors.

The outcomes are sustainable since agreement 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. The project outcomes can also be replicated in regions with high levels crime and violence and needing a regional approach to deal with the issues. The African Region is prime candidate to implement a similar regional approach

## **Aid Effectiveness**

The national leadership supported the project by sending a written commitment expressing their interest in the project, naming a delegate to Steering Committee of the project to act on their behalf and committing resources to the implementation of the project. Also, the project provided support to the national institutions with 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, verification of 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 (CDC) of the United States, Pan American Health Organization and the World Health Organization and the Organization of American States, the latter being responsible of providing guidance of public security issues in the region.

## **Capacity Development**

This initiative has support the development of capacity in 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 produce from their consensus.

The participating institutions in each beneficiary country received assistance in 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.



## VI. Case Study on Promotion of the Management of Water as a Regional Public Good in the Upper Lempa River Basin in the Trifinio Region

Employing the principles agreed upon in the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action

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### 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:

#### Countries:

El Salvador, Guatemala and Honduras

#### Organisations:

45 Municipalities from the three countries that comprise the Trifinio region's Upper Lempa River Basin, 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 (state) and municipal education units, associations and unions in the private sector, local NGOs and civil society.

#### Sources of Funding:

IDB –	US\$ 830,000
Local Counterpart	US\$ 110,100
Total	US\$ 940,100

#### Executing Agency:

Administración Nacional de la Seguridad Social (ANSES), Argentina

#### Execution Timetable:

Execution Period	48 months
Disbursement Period	54 months

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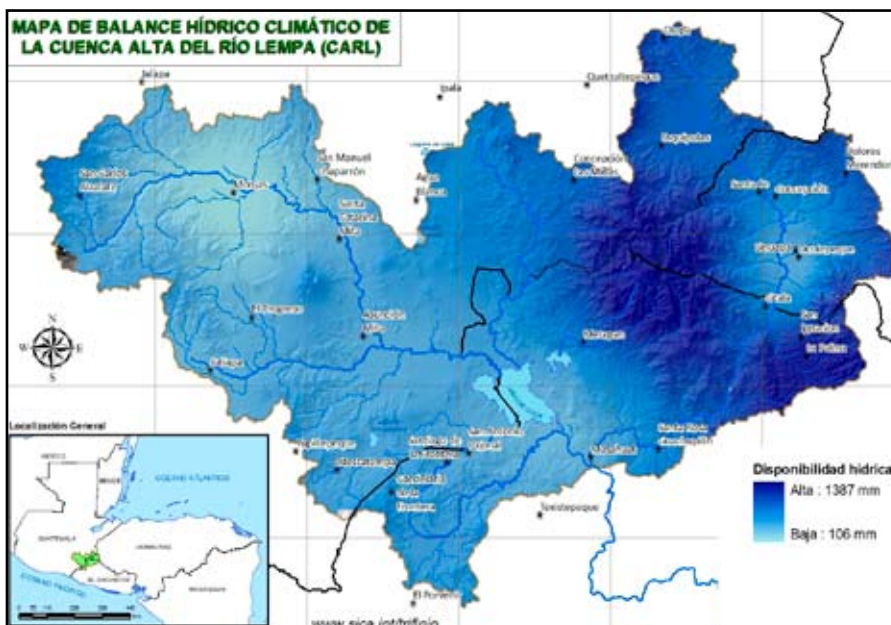
## Overview

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 strong horizontal cooperation among the participating countries –El Salvador, Guatemala and Honduras. The project involved 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 km<sup>2</sup> shared by El Salvador (56%), Guatemala (14%), and Honduras (30%). At 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. More than 50% (10,255 km<sup>2</sup>) of that country 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 initiative 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 joint action.

This initiative was demand-driven and it set the basis for a more efficient and effective partnership, through the development of municipal normative 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 partner 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 this shared resources through the coordination of policies, programs and projects. National, state and local institutions, as well as 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 the classroom in grades first through nine. Ministries of Education for 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 actors 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 is clear that the promotion of a horizontal cooperation between

the three countries to resolve the problems affecting the ULRB was more cost-effective than single country initiatives would have been. 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 trinational 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 water through dialog among the partners. Also, inhabitants of the Trifinio region 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 at least 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 of 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 dialog, 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 actors. More specifically, it encouraged local actors 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 initiative, 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 initiative was coordinated with other initiatives being executed in the Trifinio region, avoiding duplication of efforts or countermeasures. Specifically the initiative 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 partners encouraged the participation of a broad range of regional actors in setting priorities, including the national governments, Mancomunidades, civil society and private sector. Finally, even though disbursements were not tied to the accomplishment of any specific result, the initiative 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 implemented.

## **Capacity Development**

As mentioned before, the initiative contributed to strengthening the capacity of the partner countries in many ways. Water monitoring and educational plans and materials for the Trifinio Region both improved through the exchange of knowledge and experiences. Such examples were described in detail earlier in the document.



