

International Cooperation as an Instrument for Strengthening Regional Integration Processes: the Mercosur Sub-regional Program of the Spanish Cooperation Agency

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Introduction

The role played by international aid in strengthening regional integration processes is a topic that has yet to receive the attention it deserves in the academic field of International Relations. This aspect has not been dealt with to any significant extent in the universities of the countries that form part of the Southern Common Market (Mercosur), despite the fact that the support offered by the European Union (EU) and some multilateral and bilateral agencies has been a significant factor in the creation and consolidation of some of its institutions (such as the Administrative Secretariat, Parliament, and Committee of Permanent Representatives), as well as in setting into motion integration initiatives in such fields as environmental policy and gender equality in family farming, and even in strengthening civil society networks. This paper aims at fostering discussion and debate about the possibilities of international cooperation in supporting Mercosur.

The text will be structured in three sections which will be followed by some brief conclusions. The first part will introduce the institutional structures and the regulations of the integration organs regarding international cooperation. The second part will describe and analyze the cooperation received by Mercosur in three categories: bilateral agencies, EU, and multilateral organisms. The third part will introduce the incipient Mercosur Sub-regional Cooperation Program, of the Spanish Agency for International Development Cooperation (AECID). Finally, some conclusions will be drawn about the state of the cooperation received by Mercosur.

1.- International Cooperation in Mercosur Regulations

The Protocol of Ouro Preto (POP), signed on December 17, 1994, establishes the institutional structure of Mercosur. It stipulates that the Common Market Group (CMG) has, among others, the following duties and powers:

Negotiating, with the participation of representatives of all the Member States, by express delegation of the Common Market Council and within the limits laid down in specific mandates issued for that purpose, agreements on behalf of Mercosur with other countries, groups of countries, and international organisations. The Common Market Group, when so mandated, shall sign the aforementioned agreements. (Article 14, VII).

Common Market Council (CMC) Decision No. 12/04, adopted on July 7, 2004, authorizes the CMG to sign agreements within the framework of the negotiation of technical cooperation programs, according with the stipulations of article 14, section VII, of the POP. The CMG must submit a report containing a complete list of all signed agreements to the CMC every six months.

The Mercosur Technical Cooperation Committee (TCC) was established as a permanent body by Resolution No. 26/92 of the CMG on October 2, 1992. The TCC is subordinate to the CMG and its composition and functioning is regulated by CMG Resolution No. 57/05, which lists among the TCC's functions the identification, selection, negotiation, approval, monitoring, and evaluation of all horizontal technical cooperation activities of Mercosur, in addition to channeling all offers received by Mercosur and requesting technical cooperation for projects originated within the TCC.

In 2004, Decision No. 20/04 of the Common Market Council, Article 1, authorized the Mercosur Committee of Permanent Representatives (MCPR) to negotiate and sign technical cooperation projects and agreements with institutions and entities from Member States, other countries, groups of countries, and international organisms bearing direct relation with the functions and competences assigned to the MCPR and the Mercosur Secretariat, and with strengthening those organs.

Decision No. 20/04 institutes a consultation procedure between the Secretariat and the TCC for the identification and selection of projects that meet the requirements established in Article 1. They must also analyze the projects in order to prevent overlaps in the allocation of funds or with tasks performed or currently under negotiation.

There are two CMG resolutions regulating the procedures of submission and evaluation of technical cooperation projects: Resolution No. 47/01, of December 5, 2001, establishes the

system and the forms for the evaluation of cooperation projects in Mercosur. The 5 criteria for evaluation are:

- Efficiency (successful execution)
- Effectiveness (extent to which goals are met)
- Impact (effect produced on the level of development)
- Relevance (symmetry, needs and design)
- Sustainability (self-sufficiency prospects)

CMG Resolution No. 57/05, of November 25, 2005, approves the regulations of the TCC and the procedures for cooperation in Mercosur. Once again, the TCC's faculties are stated to be:

- Advising, identifying, selecting, negotiating, approving, monitoring, and evaluating technical cooperation; channeling proposals from other entities.
- Guaranteeing that cooperation initiatives achieve the goals of strengthening the integration process.
- Approving—with the CMG's consent—the appointment of a coordinating Member State for the various cooperation projects received, of an entity to manage the project, and of directors, as well as authorizing the managing entity to open bank accounts for the projects.

Resolution No. 57/07 requires that the evaluation and approval of all cooperation proposals be divided in four stages: submission, analysis, approval, and negotiation. All proposals must be submitted for the TCC's consideration, by a competent authority, through the Pro Tempore Presidency of Mercosur, allowing sufficient time before the Ordinary Meetings of the Committee.

The following entities are considered competent authorities for the the negotiation of cooperation agreements with Mercosur organs: non-Mercosur countries, regional and sub-regional blocs, and international organizations. Initial project proposals must include the following components: objectives, description of the field, rationale, expected results, activities, execution schedule, coordinating country and performing institution, duration, budget estimation, and counterpart.

All submissions must fit into at least one of the following categories of cooperation: training, institutional strengthening, knowledge and technology transfer, study and diagnosis of particular matters, and creation of fora for discussion and debate. The TCC will not consider proposals involving investment in infrastructure, financial loans—except for non-recoverable funds associated with the implementation of cooperation activities; humanitarian aid, and donations. During the preliminary analysis stage of cooperation project proposals, the TCC may

approve them, recommend modifications, or reject them. The TCC does not hold or manage the financial resources for the projects, while the MCPR and the Mercosur Secretariat do.

This brief overview of the Mercosur authorities that are competent to negotiate and define received technical cooperation projects must be borne in mind in order to understand the long and convoluted process that international aid agencies must go through from the moment they first express their will to cooperate with Mercosur until the time when the projects are finally executed. In some cases, the process can take between two and five years, and it must always be mediated by the TCC.

2.- Cooperation received by Mercosur

We will divide our brief description of the main providers of cooperation according to the classical division between bilateral agencies and donors on the one hand, and multilateral organizations (mainly those belonging to the United Nations) and financial organizations (the IADB in particular) on the other. Due to its special status and importance, the EU will be included as a bloc—that is to say, through cooperation carried out by the European Commission.¹

Bilateral Agencies and Donors

Japan

The Japan International Cooperation Agency (JICA), executes programs and specific projects at the regional level. One of the axes of its technical cooperation programs deals with Mercosur cooperation. There are two projects currently in execution: one in the ‘packaging technologies for the transportation of goods’ and another one in the area of ‘tourism promotion’.

The projects are implemented on the basis of technical cooperation agreements between the Japanese government and individual governments of Mercosur Member States. The goals are supporting the socio-economic integration of Mercosur, training professionals in order to create networks in a specific field, and contributing to the technological development, diffusion, and improvement of the management system of the organizations in Mercosur countries.

JICA provides support during all stages of a project, by combining activities such as dispatching specialists, offering training courses, acquiring the necessary equipment for technological transfer, holding seminars, performing the necessary studies for the establishment

¹ The fact that the TCC does not have a web site of its own from which to retrieve information about received cooperation, makes the elaboration of an exhaustive list of all cooperation with Mercosur a difficult task. The information presented in this section is based on the minutes of the CMG and the TCC, which are available at <http://www.mercosur.int>

of 'reference values' and integrated standards. JICA can also provide support for the formulation and evaluation stages of a project.

The length of JICA-Mercosur projects oscillates between two and five years, and the budget varies between one and four million U.S. dollars. Rather than act as a funding agency by directly providing funds for a project, JICA itself employs the amount contemplated in the budget to cover the cost of project activities. In this way, its contributions are technological rather than financial, and the money itself is managed by the Japanese side.

The criteria used by JICA to select cooperation projects with Mercosur are the following:

- The project must be relevant to Mercosur.
- The cooperation must be within the framework of the cooperation policy of the Japanese government.
- The Japanese technology to be transferred must be new to the recipient country.
- The goal of the project must be clear and the evaluation indicators must be easily determined.
- The activities to be carried out must be defined in a way that ensures their sustainability. The recipient organization must assign and maintain personnel involved in the project, and must have financial capability.
- The Japanese side has to guarantee the funds for the execution of the project.
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Some cooperation projects between JICA and Mercosur:

- 'Technical prospection project on mechanical (shock and vibration) and environmental conditions, with a view to improving the methods for the control of quality/cost of packaging for physical distribution' (Beneficiary: Mercosur Institute for Industrial Technology; Execution: Argentine organization).²
- 'Project on Tourist Promotion of Mercosur in Japan' (Beneficiary: Mercosur Specialized Meeting on Tourism; Execution: Uruguayan organization). The First Phase of this project was signed in 2004 and went into operation in January 2005. JICA contributed 3.5 million U.S. dollars to this project between 2004 and 2007. 'Mercosur Tourism Promotion Project Phase II' was signed in January 2008.³

² <http://www.inti.gov.ar/jica-inti-mercosur/>

³ <http://www.jica.org.ar/jica-arg-mercosur.htm>

Germany

German cooperation with Mercosur focuses for the most part on the environment, industry, and SME support areas. The most important projects are the following:

- ‘Competitiveness and Environmental Protection (CyMA)—Fostering environmental management and cleaner production in small and medium enterprises.’ This project is under the responsibility of the Working Subgroup on the Environment (SGT 6) and the GTZ. The overarching goal of the project is ‘to contribute to the sustainable development of the productive sector of Mercosur, within the framework of a regional integration policy, through strategies and programs that foster environmental management and cleaner, more efficient production.’ The project seeks the cooperation of relevant institutions of the public and private sectors in Mercosur countries, aiming at the implementation of a strategy that will promote environmental management and cleaner production in SMEs.

Still within the framework of the Working Subgroup on the Environment (SGT 6), the GTZ committed itself in July 2007 to finance the meeting of the Ad Hoc Group in order to progress on the development of the web portal of the Mercosur Environmental Information System (SIAM).

- Corporate Social Responsibility Center for Mercosur. Financial backers: the chambers of commerce of Germany, Argentina, Brazil, Paraguay, and Uruguay; the GTZ; Inwent; and the Federation of German Industries. This center was created in 2005, within the framework of the program ‘Fostering Social Cohesion in Mercosur.’ It generates synergy through joint work with the World Bank Institute. Seminars and training have been offered through an online course, in both Spanish and Portuguese, entitled ‘Corporate Social Responsibility and Sustainable Competitiveness.’

At present, German cooperation is in the process of negotiating and signing a Memorandum of Understanding with Mercosur. The German proposal is aimed at integrating its various instruments and cooperation agencies (GTZ, SIM, Inwent) into a single Mercosur support program. Three areas have been given priority: renewable energy, efficient energy use, and support to civil society through the *Somos Mercosur* initiative, with the participation of the Montevideo Training Center for Regional Integration (CEFIR), which receives direct support from German cooperation and informs it about the activities of Mercosur countries.

Italy

Italian cooperation is strongly bilateral in Mercosur countries due to the large number of immigrants from different regions of Italy living in the area. A regional cooperation program focused on capacity building was launched in 2007.

The most important initiative is the program for 'Advanced Training For Government Officials in Mercosur Countries,' financed by the Italian government and various Italian institutions. The first round of training took place in 2007 and 2008. The goal of the program is to support the recently created Mercosur Training Institute (IMEF). The program was allocated a budget of 700,000 euros and was financed by the General Direction for Development Cooperation of the Italian Ministry of Foreign Affairs (70%) and by a Temporary Consortium (the executive organ for this project), which was formed by the ITACA Department of the Sapienza University of Rome, the International Training Consortium (CFI), the Interuniversity Research Centre on Sustainable Development (CIRPS), and the Center for Social Analysis (CAS) of Rome.

The program aims at training specialists chosen from among the leading officials of Mercosur countries. An analysis of the progress, obstacles and development undergone by Mercosur can accelerate the joint training of leading officials to deal with the most pressing and sensitive Mercosur problems. The general objective of the project is to contribute to the construction of regional integration, of a common market, and of a geographical macro-region, through the gradual development of a community culture. The specific objective is to activate a particular phase of the human resources training process that is needed to create community structures in Mercosur countries.

The program has already trained 64 officials chosen from Argentina, Brazil, Paraguay, and Uruguay. The training seminars were held in Montevideo. The program included training in Europe (Rome and Brussels) for 16 Mercosur officials. The Member States of Mercosur selected four issues on which to focus: the development of integrated regional transportation; cooperation in the energy and environment areas; the integration of the food industry; and science and technology.

The president of the Mercosur Committee of Permanent Representatives (MCPR), which operates in coordination with the TCC, was appointed to monitor the execution of the program. The second phase, in execution until April 2009, includes training courses on the

following areas: science, technology and innovation for the strengthening of Mercosur; productive integration; social inclusion policies, and operating officer training.⁴

European Union

The EU has been committed to supporting Mercosur since the Interinstitutional Cooperation Agreement between the Southern Common Market Council and the Commission of the European Communities was signed in 1992. Ever since then, the main goal of European cooperation has been to strengthen the integration process.

It was not until the signing of the Interregional Framework Cooperation Agreement between the EU and Mercosur in December 1995, that cooperation between the two blocs started in earnest. The agreement established an architecture of relations based on three dimensions (commerce, economy, and cooperation), which provided the regulatory framework needed to deepen earlier efforts. More concretely, from that point onwards EU-Mercosur cooperation would be aimed at institutional support and training, at the performance of studies and the execution of joint projects, at technical assistance, and at information exchange through the creation of computer systems and networks.

In July 2001, the EU became the main partner and donor of Mercosur when a Memorandum of Understanding was signed for an estimated total amount of 48 million euros until 2006. The Regional Strategy Paper (RSP) for the 2002-2006 period outlines three cooperation priorities and a series of actions aimed at strengthening the institutional and market integration in the region:

1. Support to the institutionalization of Mercosur (12,500,000 €).
 - Support for the Administrative Secretariat
 - Support for the Joint Parliamentary Committee
 - Improvement of the dispute-resolving mechanism
- 2.- Support to the implementation of the Mercosur Internal Market and increase of interregional trade (21,000,000 €)
 - Customs cooperation (executed by the National Customs Department of Uruguay in coordination with its counterparts in other countries).
 - Harmonization of veterinary and phytosanitary policy and procedures (coordinated by the Agriculture, Livestock, Fishing, and Food Secretariat of Argentina)
 - Harmonization of statistical production (executed and managed by the National Institute for Statistics and Censuses of Argentina)

⁴ For further information on the training program, visit <http://www.mercosul.it/>

- Regional development of biotechnology (executed by the Science and Technology Secretariat of the Ministry of Education, Science and Technology of Argentina).
- Macroeconomic monitoring (executed by the Ministry of Economy of Argentina)

3.- Support to the civil society of Mercosur (14,500,000 €)

- Social-Labour Dimension of Mercosur
- Support for the Mercosur Mobility Program in Higher Education and the Information Society program.

The results of the cooperation that took place between 1992 and 2002 were evaluated in 2004. It was confirmed that EC aid consolidated and improved trade within Mercosur and with the EU, helped Mercosur enterprises, and aided in the creation of new opportunities.

Furthermore, superior results were obtained in projects that considered the existence of asymmetries within Mercosur. Some 'gray areas' were detected, such as the excessive ambition of the goals and limited resources, and the fact that most of the projects suffered delays and administrative disagreements between Mercosur members.

Among the recommendations made in the aforementioned report, the following stand out: aiding Mercosur in the elaboration of a medium- and long-term strategic plan to support integration; supporting the creation and diffusion of a 'Mercosur culture' through activities aimed at reducing the differences between Mercosur political authorities and civil society; fostering greater involvement of Mercosur in the definition and planning of projects; offering technical assistance to Mercosur structures to improve the identification, scheduling, and planning of projects; promoting the creation of a centralized structure with legal authority over all technical cooperation to deal effectively with all aid-related problems. The absence of such a structure is one of the main problems hampering international cooperation in Mercosur, as the Technical Cooperation Committee only negotiates and acts as an intermediary with contacts.

The conclusions drawn by the EU from these evaluations and from its experience in cooperating with Mercosur can be summarized in two points:

1. Cooperation with Mercosur was difficult because the recipients failed to be sufficiently involved and there was little political commitment. Thus, it is necessary to improve the dialogue with partners and interested parties during the identification and formulation phases.
2. During the execution phase, Mercosur projects required lengthy internal debate in order to identify the beneficiaries and the organisms responsible for implementation. On the other hand, the implementation unit was not usually a Mercosur institution, but rather an organization belonging to one of the four Member States, which diluted the Mercosur dimension in the project.

For the 2007-2013 period, 50 million euros have been allotted to the Mercosur program. They will be invested in three main priorities:⁵

1. Support for Mercosur institutionalization, (10% of the funds)
2. Support for the deepening of Mercosur and implementation of the future EU-Mercosur Agreement (70% of the funds)
3. Efforts to strengthen civil society participation, knowledge of the regional integration process, mutual understanding and mutual visibility. Centers of excellence and support will be created for enhanced intra-Mercosur cooperation in the field of education (20% of the funds).

The EU is the main donor to Mercosur, not only in terms of total amount (totalling 97% of all aid received during the 2002-2006 period), but also in the quality of its diagnoses, analyses, and identification of the main problems hindering cooperation with Mercosur.

Multilateral organizations

Multilateral cooperation with Mercosur carries significantly less weight than bilateral agencies. Nevertheless, due to the quality of their actions, the work of the following agencies needs to be highlighted:

- The United Nations Environment Program (UNEP), in supporting the Working Subgroup on the Environment (SGT 6) in the elaboration of the Action Plan on Hazardous Substances and Chemical Products.
- The International Fund for Agricultural Development (IFAD), which is the main support of the Specialized Meeting on Family Farming (REAF), a CMG consultative group. REAF does not have a budget of its own. Since 2004, IFAD has contributed two million dollars to guarantee the effective participation of small agricultural sectors in the making of decisions on policies on agriculture. The IFAD-Mercosur program⁶ promotes institutional and regulatory support with a view to reducing rural poverty in Mercosur.
- The International Labor Organization (ILO) is carrying out a Program for the Implementation of Decent Work Programs in Mercosur Countries and Chile (2008-2010). Its goals are providing technical assistance and strengthening governments' capabilities to design and implement employment strategies both at the level of the region and of the countries involved in the program.

⁵ EC: MERCOSUR. Regional Strategy Paper 2007–2013. 08.02.2007 (E/2007/1640). http://ec.europa.eu/external_relations/mercosur/rsp/07_13_en.pdf

⁶ IFAD-Mercosur program (Spanish): http://www.fidamerica.org/fida_old/seccion.php?seccion=230

Inter-American Development Bank (IADB)

The IADB has been one of the main partners of Mercosur since the beginning of the integration progress. There were projects as early as 1992 to foster the creation and strengthening of institutions and to support the bloc's external commercial negotiations. The first stage of IADB cooperation was aimed at contributing to the establishment and setting in motion of Mercosur by offering the technical support needed by countries in the various areas and subgroups of the sub-regional integration process (financing research, expert advice, and other activities).

The IADB has financed projects for regional management training, Mercosur SME competitiveness, local economic development, technology transfer between Mercosur countries, ecotourism, rural poverty reduction instruments, Mercosur education fund support, foot-and-mouth disease control, decentralization, urban development, and the integration of the social security system.

IADB cooperation started with the Non-Reimbursable Technical Cooperation Agreement between the CMG and the IADB, signed on March 27, 1993, with an allotted budget of 4,050,000 U.S. dollars. That agreement created a Programming and Evaluation Committee (PEC), based in Argentina, with IADB and CMG representatives, to coordinate tasks and accelerate their execution. This phase of technical cooperation was completed during 1997.

A Memorandum of Understanding with the IADB for the 1998-2000 period was approved in the Thirteenth Meeting of the Common Market Council (held in Montevideo on December 14 and 15, 1997). The IADB regional programming paper for the period 1998-2000 allotted approximately 10 million U.S. dollars with the objective of defining a list of projects.

Regional Programming for Mercosur (2005-2008) identified the following areas of cooperation: deepening access to a unified market; consolidating the customs union, supporting physical infrastructure, strengthening institutions, and addressing asymmetries.

IADB-Mercosur cooperation has been assigned a budget of 40.5 million U.S. dollars and consists in aid for Mercosur institutions, for statistics institutes in the four countries, and for improvement of the legal framework for regional trade.⁷

The most important IADB-Mercosur projects for the 2005-2008 period are the following:

- Regional strategy on the fight against the enslavement and trafficking of girls, boys, and adolescents for the purposes of sexual exploitation.
- Institutional strengthening and consolidation of regional trade.

⁷ IADB projects: <http://www.iadb.org/search/?query=MERCOSUR&site=Projects&lang=en>

- Support to the Mercosur Parliament for the Training of Opinion Shapers.
- Technical support to the Mercosur Trade Commission.
- Mobility of judges, students, professors and researchers, in the areas of law and legal practice.
- Development of regional clusters.
- Implementation of an Agreement on the Mercosur Policies on Environmental Management of Special Waste of Universal Generation and Post-consumption Responsibility.

3.- The Mercosur Sub-Regional Program (PSM) of the Spanish Cooperation Agency

On July 31, 2007, the Pro Tempore Presidency of Uruguay in Mercosur established contact with the General Manager of Ibero-American Cooperation of the Spanish Agency for International Cooperation (AECI), expressing interest on behalf of Mercosur in forming a closer relationship with the Spanish government, based on active cooperation aimed at having a positive impact on the regional integration process.

During its 70th Ordinary Meeting, held in Montevideo, on December 10 and 11, 2007, the CMG expressed its approval of the contact established between the TCC and AECI for the negotiation of a Framework Cooperation Agreement and ordered the TCC to contact the various working sub-groups, technical committees, and specialized meetings of Mercosur to request the development of specific projects in the areas previously identified by Mercosur and AECI.

During the early months of 2008, the Pro Tempore Presidency of Argentina maintained intense dialogue with AECI in order to agree on the terms and contents of the Memorandum of Understanding between Mercosur and AECI that was eventually signed on June 20, 2008.⁸ The Memorandum identifies five main areas of action for the deepening of regional integration, development, and competitiveness in the region and for the strengthening of political and social cooperation between the countries. Furthermore, the Memorandum acknowledges that one of the main priorities in Mercosur's foreign relations strategy is signing agreements that can create closer ties to other countries.

The MOU established the following five areas of action—which may be revised periodically—and identified possible counterpart entities:

- Capacity building and institutional strengthening — Mercosur Secretariat, Permanent Administrative Secretariat of the Mercosur Parliament, Technical Secretariat of the Permanent Review Tribunal, Commission of Permanent Representatives, Mercosur

⁸ MERCOSUR CMG, Resolution.No. 17/08

Training Institute, Training Center for Regional Integration (CEFIR), ‘*Somos Mercosur*’ Initiative, and Mercosur Social Institute.

- Gender — Specialized Meeting on Women (REM), feminist organization MARCOSUR, Mercosur Women’s Forum, and national institutes and secretariats specialized on gender issues.
- Environment — Meeting of Ministers of the Environment (REMA); Working Subgroup on the Environment (SGT 6); Ad Hoc Groups on Biodiversity, Climate Change, Desertification, Environmental Management of Waste, and Environmental Goods and Services.
- Productive Integration — Working Subgroup on Industry (SGT 7); Commission on Micro-, Medium, and Small Enterprises; Ad Hoc Group on Productive Integration; Specialized Meeting of Mercosur Cooperatives; Mercosur Standardization Association (AMN).
- Local, Rural, and Frontier Development — Consultative Forum of Mercosur Municipalities, Federated States, Provinces and Departments (FCCR); Ad Hoc Group on Frontier Integration; CRECENEA and CODESUL; frontier municipalities and city councils; Specialized Meeting on Family Farming (REAF).

In order to implement the activities considered in the Memorandum of Understanding, AECI committed 500,000 euros for 2008 and 1,000,000 euros for the 2009 period.

The Subregional Mercosur Program is the latest in a series of subregional program of the Spanish cooperation agency in Latin America. The fruitfulness of the Central American Cooperation Program⁹ and the Andes Program,¹⁰ added to the experience gained by AECI in those enterprises, suggested cooperation with Mercosur as the next logical step—though, naturally, a somewhat different approach was necessary, on account of the particular needs of bloc in question, with its higher level of development, peculiar intergovernmental institutional system and considerable asymmetries.

The Subregional Mercosur Program will complement Spain’s bilateral cooperation with each individual country. In 2006, Spain was the number one donor of Official Development Assistance (ODA), in Uruguay, the third in Argentina and Paraguay, and the fifth in Brazil, but there was a need for regional level actions than would aid in eliminating development problems and deficiencies which required joint effort above the national level.

The main objectives of the Subregional Mercosur Program are contributing to the strengthening of Mercosur institutions, fostering development action, and contributing to the generation of higher levels of social cohesion, as well as reducing asymmetries between

⁹ http://www.aecid.es/03coop/4program_coop/centroamerica/

¹⁰ <http://www.comunidadandina.org/cooperacion/aecid.htm>

Mercosur Member States. The PSM is a decisive proposal of the Spanish Cooperation Agency in support of regional integrational organizations and processes in Latin America. Considered from this angle, Mercosur support is a relevant contribution to the provision of Public Goods, the invigoration of the region and the political and social stability of the subregion.

Operational plans in each of the five areas of action are scheduled to be elaborated and set in motion during 2009. AECI will select projects and actions in each area in accordance with the following criteria:

- Projects must be in line with the priorities established by the PSM and coincide with the Mercosur agenda.
- The Spanish Cooperation Agency should have established capabilities and comparative advantages for the execution of the project.
- Projects must be based on a regional approach and show a clear will to tackle problems with joint policies at the regional level.
- Projects must take on challenges and opportunities that affect several countries, exceeding national boundaries, particularly in the case of pilot experiences or public policies aimed at replicating solutions to similar problems.
- Projects must deal directly with organizations in the integration system and must strengthen their institutionality, without excluding the creation or consolidation of social networks.
- Projects should generate typically regional products, such as plans, programs, and strategies—for example, within the framework of Mercosur working subgroups and specialized meetings—or joint publications, regional observatories, web pages, etc.
- Projects should preferably be technical cooperation actions—that is to say, studies, seminars, diagnoses, technical assistance, training courses on regional and integrational matters for officials and members of civil society organizations, information systems development, common methodologies, etc.
- Projects should encourage horizontal experience exchange between Mercosur Member States, benefiting the states most affected by the existence of asymmetries, in the most direct fashion possible.
- The assets generated by possible investments in equipment or infrastructure should remain in regional institutions within the integration system or in those that play a regional coordination role.
- The capacities and leadership necessary for the management and execution of the project must exist or be eventually created by the program.
- Projects must not concur or overlap with the actions of other donors (particularly the EU) and must be ready to explore connections with other cooperation projects.

- The form and procedure requirements required by the Mercosur TCC and by AECI regarding their management, execution, transparency, and accountability must be met.

To summarize, the PSM is in its initial phase, but is backed by the experience accumulated by the Spanish Cooperation Agency in its work on the institutional strengthening of the Centro-American and Andean integration systems. The challenge of cooperating with Mercosur will require deeper dialogue and mutual understanding of the way AECI and Mercosur work, as well as the performance of a diagnoses of problems in various areas of action, a task which will be carried out with the cooperation of Spanish public and private actors on the one hand, and of Mercosur institutions on the other.

4.- Conclusions

The perception of cooperation by the organs of Mercosur is founded on the notion that it is a mechanism for the procurement of knowledge, human resources, and financing, aimed at transferring technical, managerial, and technological capabilities in order to create the necessary expertise in the target countries to generate development activities. Cooperation is considered a complement to the tasks that each country must carry out internally. In this view, cooperation is not neutral, as it has implications for both the donor and the beneficiary. For that reason, the TCC keeps tracks of Mercosur policies and makes the necessary consultations to all involved organs before choosing to accept cooperation.

Among the difficulties that were detected in Mercosur cooperation are the regulatory rigidity of some of the donors; the lack of management training for the beneficiaries of the cooperation; the low level of involvement of the beneficiaries; low level of sustainability; delays in the established schedules; overambitious goals that are difficult to reach for Mercosur, and the lack of participation from Mercosur institutions and forums.

The main achievements Mercosur owes to cooperation, according to the TCC, are the development of capabilities; the harmonization of surveys and research work; the deepening of group integration and the generation of alliances; the development of the bloc's foreign relations; the application of resources in areas essential to integration; the adaptation of projects according to the negotiations under way; the creation of spaces for discussion and agreement; the extension of the Mercosur dimension to working groups and civil society; the generation of manuals and publications, and the training of officials.

In summary, the Mercosur organs in charge of cooperation consider that it has made a significant contribution to the integration process, in accordance with the wishes of Mercosur Member Countries. Said contribution must be regarded as a complement, since the

strengthening of integration is not the responsibility of the donors, but of the Mercosur countries themselves.

Some cooperation actions have had direct influence on the process of integration, while others have been involved in a more indirect fashion, but in all cases the influence was in harmony with the objectives of the bloc. Mercosur has rejected cooperation when an offer did not fit its interests and its standpoint. Ultimately, cooperation is seen as an evolving process aimed at supporting and nourishing Mercosur using the tools available to the various counterparts.

In conclusion, we can say that international cooperation should not take on the role of financing and proposing initiatives that, due to internal problems or ideological resistance and political issues, the Member States of Mercosur themselves do not wish to carry out. Our examination of the cooperation received so far reveals several limitations and obstacles in its practical execution—in some cases due to the defects in the collaborating agencies themselves, in others to the role that the bloc itself expects cooperation to play, which for the most part can be traced to the attitudes of governments and of national diplomatic corps regarding the scope, depth, and margin of maneuverability that can be expected of international cooperation.

That fact that Brazil—due to its size, capabilities and economic resources—remains unwilling to accept the costs of the regional integration process, partly out of a misguided diplomatic prudence, and partly in order to avoid hurt feelings on the part of the other Member States, added to the fact that Argentina is materially incapable of making the economic contributions to cover the costs of regional integration, lead to a situation in which international cooperation in general—and that of the EU in particular, due to its weight and experience in the matter—may well become an ‘external federator’ of sorts.

Bilateral cooperation, as in the case of the Spanish cooperation, can provide limited resources and capabilities to support Mercosur in specific areas determined by the strengths of the agency (gender, local development, and environment). In short, there are many possibilities and prospects for future cooperation with Mercosur, but only if the bloc decides whether it really desires mere financial backing for its activities or a true association that will drive regional integration.

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