

Comments to the EU bilateral strategies 2014-2020 with El Salvador, Guatemala, Honduras and Nicaragua

1. Introduction

We welcome the invitation to openly discuss with the European Parliament representatives on the content and scope of the bilateral strategies of the EU with El Salvador, Guatemala, Honduras and Nicaragua. We welcome the invitation was sent with enough time to include inputs by our members and partners colleagues working in these countries. Due to that fact, the following document has been built upon contributions from civil society organisations present in these countries and includes NGO networks members and partners overall visions on the EU cooperation in Central America.

We also reiterate our regret over the lack of transparency on the content of the documents prepared by the European Commission, highlighting once again the difficulties of contributing to EU processes without clear background information.

2. Assessing EU priorities for the 2007-2013 period

In the case of the Central America priorities for the 2007-2013 financial period, the main challenges identified do not differ highly from the previous ones¹. Though we recall there has been a change in focus over the past decades, away from democracy, governance and human rights towards a stronger focus on trade and economic growth. Already in a position presented for the Mid-Term Review², several CSOs expressed their concerns on the 2007-2013 strategies, being the main ones:

- That as a result of the shift in focus sectors by the EU, the modified strategies do not respond adequately to the problems of poverty, injustice and inequality in Central America, problems which are also highlighted in the context analysis of the strategies. Therefore, reality is not adequately reflected in the implementation of the cooperation strategies of the EU and should be priority given the fragility of the state institutions and systems in many Central American countries.
- Progress in good governance, democracy and human rights is fundamental for poverty reduction and sustainable development in the region, and should therefore not be reduced to cross-cutting issues as is the case in many current EC strategies.
- On transparency, access to information and accountability:
 - o Answers on the financial implementation of the Country and Regional Strategy Papers 2007-2013, the amount of aid spent under each heading of the strategies, amounts channelled through CSO and projects implemented, proved difficult to find.
 - o Annual reports by the EC provide global figures and no information on how much money was spent and on what in each country. On the Europe Aid website there is a database for searching grants and contracts, which contain a good amount of

¹ The priority sectors for Central America between 2007-2013 are: strengthening the institutional system for integration; reinforcement of the regional economic integration process; and Regional governance and security matters.

² ALOP, APRODEV, CIDSE and CIFCA, October, 2009: Mid Term Review of RSP/CSP of the EC development cooperation with Central America.

information, but it is not possible to get an overview of the payments made to a country during a specific year.

- It has not been possible to access annual or other reports on the implementation of the strategies in Central American countries, or any other information, to facilitate a comparison between how EC money was actually spent in relation to the sectors and amounts defined in the strategies.
- Annual Action Plans (AAP) can be found on the Europe Aid website, providing more detailed information regarding the implementation. However, for some countries and years neither AAPs nor reports are available, making it impossible to follow-up the implementation of the AAPs.

The main comments shared in the Mid-Term Review, are still valid to assess the whole 2007-2013 period and unfortunately, despite efforts announced by the EC and the EU Delegations, little progress has been made. In particular, we reiterate that the lack of reliable information continues to be a serious impediment for the monitoring of EC development cooperation. In this sense, we highly encourage to pay particular attention to the need to:

- Count on aggregated information on the EU spending per country, sector and objective
- Make publicly available Annual Action Plans and progress and monitoring reports,
- Publically share progress and impact indicators of EU cooperation per country and sector
- Convene regular updates with CSOs at country level, on the impact of EU aid

3. Comments on EU bilateral priorities for the 2014-2020 period

Twenty-five years on from the Central American Peace Accords, poverty, violence, environmental vulnerability and widespread inequality remain serious challenges for the region. This inequality is starkly shown by the high rates of malnutrition and poverty in the poorest communities across the region, particularly in rural areas. Women and young people are even more vulnerable because of gender-based violence and the exclusion of youth. Both groups face high levels of unemployment and reduced access to healthcare, education and culture.

Together with Haiti, Guatemala, Nicaragua, Honduras and El Salvador are the poorest and most unequal countries in Latin America and the Caribbean. Current tax policies shed some light on the problem: the average tax revenue in the region is just 15.95 per cent, leaving Central American governments without sufficient resources to invest in social spending.

Against this backdrop, Central America has become the most violent region in Latin America and the Caribbean. ‘femicide’ is prevalent and youth are stigmatised, because of a perception that they are involved in violent gangs, and denied their essential rights to education and employment. Across the region, the closing of spaces within which civil society organisations and social movements can participate is worrying. This has created a very precarious and alarming situation for human rights in Central America.

The region’s climatic vulnerability is worsening, with recurrent droughts, flooding and hurricanes. These events always hit the poor hardest.

Given the prior analysis of the current situation in the Central America region, the EU support to El Salvador, Guatemala, Honduras and Nicaragua should:

1. Put people at the centre of EU cooperation policies with El Salvador, Guatemala, Honduras and Nicaragua. Rights and gender based approaches should be accordingly mainstreamed throughout the four NIPs, foreseeing particular interventions that address the empowerment of women and vulnerable groups such as indigenous and afro-descendant populations.
2. Allocate at least 20% of the allocations to ‘basic social services with focus on education and health, and secondary education’, as stated in the 2012 financial regulation for the 2014-2020 period, including data to monitor the compliance of this commitment.
3. Include concrete support to civil society organisations in the four countries and across all sectors. Effective dialogue with and participation of CSO would be an added value for the designing and implementation of EU money in the region. Also, it would reinforce the role of the EU as a development actor that promotes citizenship, human rights and democracy. In particular, the EU should:
 - a. Ensure civil society participation in development processes to advance political, social and economic dialogue at local, regional and international levels;
 - b. Promote an enabling environment for citizen participation and action;
 - c. Identify and include in the bilateral envelopes concrete areas of cooperation with civil society, promoting dialogue between civil society and governments and its monitoring and social auditing roles.
 - d. Support more inclusive and broaden mechanisms for the participation of civil society in all formal mechanisms for dialogue at regional (eg: the CC-SICA) and bi-regional levels (EU-ECLAC dialogue) and capacity building support to guarantee this.
4. Both country and regional strategies should include concrete measures to effectively advance on greater policy coherence between EU trade, development, agriculture and other related policies (see the CAP versus free trade agreements with other regions).
5. On aid for trade which is foreseen to be mainstreamed in the bilateral strategies, we believe it can be an important tool in order to strengthen production capacity and competitiveness in the Central American countries. Nevertheless, it is important that commitments on aid for trade are additional to existing ODA and is targeted towards small and medium size producers encouraging local and regional market development and access.

One issue to highlight is the recent implementation of the trade pillar of the Association Agreement between the EU and Central American countries. Trends in the EU activities in the region relate to the promotion of this Agreement at all levels. Its development and political dialogue pillars will enter into force upon ratification of all of both regions parties. That said we expect bilateral strategies of the EU in El Salvador, Guatemala, Honduras and Nicaragua are linked to this agreement, but are not a central focus of EU development aid, recalling the focus of EU development in Latin America should aim at achieving the goal of poverty reduction while addressing social cohesion and inequalities.

4. Comments to the priority sectors per country

El Salvador

Regarding the EU bilateral cooperation with El Salvador, consultations with CSOs kept us informed on the future priority sectors chosen. In that sense, we regret climate change is no longer one of the

main priorities in this country, as it is one of the major challenges faced in particular related to future impacts on access to service, housing and the use of land.

Concerning support to 'youth and social inclusion':

- El Salvador has high rates of crime and violence, predominantly driven by drug trafficking, youth violence and gangs. Young people are often the victims of targeted acts of murder, and as a group they are stigmatised, excluded from development opportunities and denied their essential rights to education and employment under the perception that all young people are involved in violent gangs. In this sense, the truce between the Salvadorian government and gangs is considered an important step to address violence and organised crime. However, policies to guarantee inclusion, rehabilitation and employment of former gang members still need to be proved effective.
- EU support to Projóvenes III programme would be relevant, as its main objective is to mitigate risks of violence and gang involvement of young people.
- Other major problem in the country is gender related violence and femicide. Therefore, we believe support to existing policies and programmes, such as 'Ciudad Mujer' should focus in two main interventions: attention to gender violence cases and sexual and reproductive health.
- Other interesting initiatives on the area of education and health have been promoted. In particular, the respective ministries of Education and Health have promoted 'Escuela Inclusiva de Tiempo Pleno' programme and a reform of the Health system which should be supported both, at political and funding levels.

Regarding EU support to the priority 'private sector development':

- This sector should focus on strengthening MSMEs and social economy actors (cooperatives, small rural producers), in particular ensuring access to vulnerable communities, such as youth and women to training for employment. This should be also linked to the work done by the Ministry of Education, in order to ensure future sustainability of such support.
- Another focus could be put into strengthening the productive tissue supporting initiatives related to agro and aquicultural cooperatives which have fewer possibilities to access new markets and funding.
- In order to address the lack of focus on climate change, productive initiatives with a clear focus on climate change adaptation should be supported.

Guatemala

On the 'food security' priority sector:

Food crisis continues to wreak severe havoc in Guatemala, and international indicators on prices of food and fuel as well as figures from the Guatemalan Secretary for Food and Nutritional Security (SESAN), suggest an increase in cases of acute malnutrition. This affects people unequally and is determined by factors such as ethnicity and the education level of mothers.

The State continues to make efforts via the National Food Safety and Nutrition (SINASAN), but these efforts have not been duly accompanied by changes in structural policies that address the causes of poverty and famine in the country. At the same time, land conflicts have multiplied. The level of

forced evictions has continued, as well as the expansion of biofuel production and the implementation of mega-projects which have serious and proven impacts on the right to food. Therefore, the EU should³:

- Ensure the right to food approach is in the centre of this priority and that the NIP includes concrete references to the way the EU will ensure it.
- Ensure support to the National Strategy for Food Security and Nutrition, encourage greater coordination between government agencies working on the issue of food security, supporting monitoring mechanisms with increased participation from civil society.
- Include financial support for the promotion of small-scale agriculture for small farming communities, Afro-descendants and indigenous peoples.
- Support the implementation of the Integral Rural Development Law (Law once approved by the Guatemalan Congress).

On 'conflict resolution, peace and security':

Different dimensions of this general sector should be tackled by the EU, such as support to overcome high rates of violence and impunity in the country, giving a special focus to violence against women and violence and criminalisation of human rights defenders related to large extractive projects. Following major attention to the prior sector, financial allocations to this priority should be high. High rates of violence and impunity are linked to the generalized weakness of public institutions and the lack of a comprehensive State policy to address them. Therefore, the EU should:

- Support policies to strengthen the CICIG - Comisión Internacional contra la Impunidad en Guatemala - in order to inter alia strengthen and consolidate the work advanced by the General Attorney's office.
- Promote training programs for national human rights institutions and institutes for legal defence aimed at strengthening the judicial system.

Due to high rates of femicide and violence against women in the country the EU should actively support the 'Law against femicide and other forms of violence against women' which constitutes a significant advance in terms of justice for women in Guatemala. In particular, the EU should:

- Strengthen CONAPREVI's⁴ strategic plan, support the continuation of PLANOVI⁵ and its comprehensive action plan for the prevention and eradication of violence against women,
- Support the strengthening of CAIMUS⁶, including the creation of new centres.
- Support the development of harmonious and complementary coordination between different national and local public entities that deal with the issue.

Growing trends in criminalisation, persecution of human rights defenders and civil society actors deserve further attention from the EU within this priority sector. Particular focus should be given to people defending economic, social and cultural rights such as peasants and indigenous peoples;

³ It's very important for the EU to support the national implementation of the Voluntary Guidelines on Responsible Governance of Tenure of Land, Fisheries and Forests, and the Global Strategic Framework for Food Security and Nutrition, approved by the Committee on World Food Security in 2012.

⁴ Coordinadora Nacional para la Prevención de la Violencia Intra-familiar y de las Mujeres.

⁵ Plan Nacional de Prevención y Erradicación de la Violencia Intrafamiliar y Contra las Mujeres 2010-2014.

⁶ Centros de Apoyo Integral para Mujeres Sobrevivientes de Violencia.

especially in the rural regions where there are ongoing or planned investment projects. Interventions that address these challenges while promoting multi-stakeholders dialogues are relevant to attack conflict, promote a culture of peace and prevent violence and insecurity.

On 'competitiveness':

- This priority should be highly linked to the food security one. In this sense, special focus should be given to support actors from the social economy sector (cooperatives, small rural producers) in rural areas, which are key actors to effectively guarantee the right to food. Also support to MSMEs should be foreseen, in particular ensuring access to vulnerable communities, such as youth and women to training for employment.
- On the other hand, competitiveness is not just affected by the capacity of entrepreneurs to produce, but also by state policies, in particular the ones related to tax equity and tax institutions. In this sense, tax incentives to attract foreign investments are affecting government capacities to collect resources and translating tax pressure over small and medium producers and entrepreneurs. Special attention should be given to strengthening state control systems, improving transparency and accountability.

Honduras

According to the alignment principle of the aid effectiveness agenda, the EU is supporting the National Plan of Honduras 2010-2022⁷, focusing in two objectives related to productivity and sustainable development and to the strengthening democracy. In this sense, further analysis of the national plan and support to better integrate its objectives and coordinate actions, putting human rights in the centre of its policy are recommended. The EU should also support complementary interventions to the ones foreseen in the NDPs.

At the same time, indicators on the spending of EU money through budget support should be given special attention. In particular because the United States have suspended funding to some projects due to the lack of transparency and accountability on the utilisation of such resources by the Honduran government. Therefore, EU money should be closely followed not to risk state corruption cases.

Finally, a high risk is the levels of debt and fiscal crisis the Honduran state is currently facing. Even financial organisations are reluctant to lend money to the country due to the risk of default. This trend could even impact on the EU's flagship blending mechanisms. In 2014, 1,350 million US dollars have been directed to pay public debt (more than the 2014 budget for public education - de US\$1,150 million).

Regarding the EU chosen sector on food security:

- In Honduras, this priority is related to and should address different factors that prevent the effective accomplishment of the right to food in this country. Among these factors, we find historical difficulties to smallholders to access to land while large agro-business projects are expanding; social and environmental conflicts around land and agro-business investments with consequent human rights violations.

⁷ See: <http://www.plandenacion.hn/>

- In this context, it is important the EU actively supports small scale and family agriculture while following and focusing the above mentioned factors that prevent to advance on the right to food within its political dialogue with the Honduran government.
- Special attention should be given to holistic and integrated policies that increase the potential of the most vulnerable groups, including indigenous people, afro-descendants and women.
- Supporting policies to strengthen capacities of young people to enter in family agriculture.

On the 'Employment' sector, the EU should:

- Support policies that promote the creation of jobs to young people and the most vulnerable groups: women, indigenous and afro-descendant communities which are the ones that suffer unemployment the most.
- Support interventions focusing on training of young people and women in order to empower them to enter the labour market.
- Support policies that strengthen labour laws according to international labour commitments, in particular the ones related to access to social security.

Rule of law

Strengthening the rule of law and fight against impunity in Honduras is fundamental to address challenges in terms of security, human rights violations and citizen participation. Indeed, following the coup d'état in 2009, the situation in terms of security and human rights violations has deteriorated. Currently, Honduras is considered the most violent country in Latin America and one of the most violent in the world (85.5 homicides in 2012), characterisation aggravated by the fact that it's not a country in an open conflict situation.

Many factors have produced this context. However, the EU should give special attention to:

- The effective and active participation of civil society actors in decision making processes related to security and justice state policies. In particular, civil society should participate in the definition and implementation of citizen security policies. This has not been the case in recent policies, which had had the tendency to militarise security given further faculties to military forces⁸.
- Strengthening the judicial system to effectively investigate and prosecute violence, insecurity and human rights violations cases. Particularly, focus on supporting victims.
- Support programmes to prevent violence, in particular those who involve different actors in their setting and implementation.

Finally, holding the State and its institutions accountable for its policies and measures towards citizens is relevant for the success of this intervention.

Nicaragua

Nicaragua faces many inter-related challenges, in particular concerning inequalities, the effects of climate change and lack of strong governance. Recent economic growth has not resulted in

⁸ Hybrid police-military Special Forces have been recently created by the Congress and have been given constitutional range.

distribution of wealth and tackling poverty and inequalities, being the most affected ones vulnerable groups from rural areas. Economic growth and the expansion of the agriculture are also impacting on climate change and environmental sustainability. To address this main challenges, participation of all actors in the shaping and implementation of policies to address these problems is crucial and the EU should actively promote enabling environment for this participation.

On support to productive sectors, the EU should:

- Promote sustainable social business models.
- Work with a variety of actors to try to develop a holistic and financially sustainable intervention in the production value chains.
- Promote dialogue across the main value chain actors from small producers to buyers, processors and exporters, service providers such as financial institutions and certifiers, and government.

On the 'effective education for employment' sector, the EU should:

- Give special attention to young people in rural areas, being the most affected population in terms of unemployment, due to education limits.
- Prioritise interventions focusing on training for women in rural areas

On adaptation to climate change:

Forestry areas and even protected natural areas are diminishing in number and extension due to the expansion of agriculture. This is also producing land conflicts in indigenous populations. Moreover, big extractive projects promoted by the government on mines and wood are impacting on the access of populations to livelihoods.

The EU should:

- Support the development of a national plan for adaptation to climate change which Nicaragua currently lacks. Several local CSOs and platforms have been advocating for this, but dialogue with the government has been reduced.
- Coordination, articulation and further coherence between local, national and regional policies to adapt to climate change are needed.
- Support improvement of statistic systems to measure and follow climate change indicators in the country
- Promote multi-stakeholders dialogue for the definition and implementation of policies and plans for adaptation to climate change, built on existing successful initiatives.

5. Comments on the consultation process with Civil Society Organisations

We acknowledge the advances and efforts made by the European Commission, the EEAS and the EU Delegations at country level in the four countries to ensure consultations with different stakeholders including government, donors and civil society actors on the field since 2012.

Specifically, consultations were held in:

El Salvador	2012: Introduction of the Structured Dialogue between government, donors, CSO
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	and local authorities, by the creation of a four parties committee. One forum per actor to present its vision to work together in the framework of bilateral programmes. Intended to be a first step to further reflexion within the programming process 2013: Invitation to send written contributions to the priority sectors
Guatemala	2012: Informative session where the government introduced its priorities, the EU and Member States the whole programming process (joint programming). Session on questions and answers 2013: Consultation on the CSO-LA programme. Definition of two sub-priorities to support CSO which are the same as the global programme ones. 2013: Consultation where the process and the priority sectors were presented and working groups per sector discussed the main approaches.
Honduras	2013: Questionnaire sent to CSOs together with invitation to participate in the consultation meeting. Questions included the possible role of CSOs and preferred approaches within each of the priority sectors, ways of improving CSOs participation and ways of improving the work of the EU within each sector. 2013: Update on the process by the EU Delegation.
Nicaragua	2012: Consultation where the process and the priority sectors were presented and working groups per sector discussed the main approaches. 2013: Invitation to a consultation.

Regardless the efforts made, we believe there is still room for improvement, in particular:

- a. Creating regular discussion spaces with CSO instead of consultations fragmented in time;
- b. Setting clear follow up processes including feedback on how its contributions were taken into account;
- c. Improving information sharing and invitations to participate in advance;
- d. Not reducing dialogue with civil society to a technical issue for the implementation of EU aid, but to make it an open dialogue to enable CSOs to openly discuss the role of the EU within local contexts and policies.

We believe there are some interesting experiences that could be replicated at country level, such as the idea of the EU Delegation in El Salvador to organise regular meetings with CSO, called 'structured dialogue' or the 'Filter Group' of CSO in Guatemala, which is the main interlocutor for inter-sectorial dialogue with CSOs.

6. Contributions for implementation and aid modalities

EU bilateral cooperation with the four countries in question should take into account key issues related to good governance in these countries when deciding on aid modalities for the implementation of EU aid, in particular through budget support. Continuing deficiencies include:

- Lack of transparency and accountability
- High levels of corruption⁹
- Weak rule of law (especially in Nicaragua and Honduras)

⁹ In relation to transparency and corruption, it is worth pointing out that the countries where budget support has most advanced (Nicaragua, Honduras) are among those with the worst indicators relating to corruption, according to Transparency International.

- Impunity (especially in Guatemala)
- Consultation on public policies with non-state actors is very weak in the majority of the countries.

We also recommend that:

- The implementation of these programmes should be done through a mix of aid modalities, depending on how effective they can be to achieve the set goals of tackling poverty, including support to CSOs when their added value is high.
- For each aid modality used it is important that there is a fair and transparent monitoring system including indicators on impacts that would allow further assessment of each modality.
- When deciding on aid modalities per sector and country, civil society organisations and other partners should be invited by the EU Delegations to exchange on the best way to implement a programmes and possibly how to guarantee a fair mix of modalities.
- Regarding blending of loans and grants which is expected to be the flagship to implement EU regional and even bilateral programmes in Latin America, we reiterate the main asks we have been promoting in the last years, including¹⁰:
 - o Making sure that sustainable development, poverty reduction objectives and policy coherence for development are the main focus.
 - o Development, environment and poverty impact assessments should be carried out on the existing EU blending facilities including at project level.
 - o The impact of blending on the debt level of partner countries needs to be taken into account ahead of a project approval.
 - o Transparency and accountability mechanisms need to be reinforced and the involvement and consultation of CSOs at governance and project level of blending facilities needs to be ensured.

¹⁰ ALOP, APRODEV, CIFCA, EURODAD and GRUPO SUR. “New European Union development cooperation strategies in Latin America: The Latin American Investment Facility (LAIF)”.