

## SUMMARY

### EC-Costa Rica cooperation 2007-2013 – Country Strategy Paper

#### MID TERM REVIEW

##### *SHORT VERSION FOR TRANSLATION*

## **1. SUMMARY OF POLITICAL, SOCIAL AND ECONOMIC DEVELOPMENTS**

Costa Rica has not experienced any fundamental changes since 2007, whether political, economic or social. Between May 2006 and February 2010 the government remained the same, while the challenges facing the country generally increased, despite the efforts of the Arias administration. The economic and social situation improved in 2007, but the international financial crisis had an impact at the end of 2008, although not all economic sectors were affected. The negative effects were felt more the following year.

Negotiations on an EU-Central America Association Agreement were launched in 2007. Costa Rica played a central role and is particularly interested in the future free-trade area because it alone accounts for over 70% of Central American exports to the EU. This Agreement, and the slow progress made towards integration of the Central American region, validates the choice made in the 2007-2013 Country Strategy Paper (CSP) to focus on regional integration (25% of funding). Similarly, the global economic crisis, and particularly the direct impact of the North American recession on Costa Rica's economy, strengthens the case for maintaining social cohesion (75% of funding) as the cooperation priority in 2007-2013.

Concerning the EU's new policy guidelines, the mid-term review concluded that more needed to be done to better reflect crosscutting environmental issues, climate change in particular.

## **2. MID-TERM REVIEW**

### **Results, performance and lessons learned**

The **2002-2006 cooperation programme (€31.5 million)** was designed to address three priorities: administrative modernisation and decentralisation, economic cooperation, and scientific and technical cooperation. Three projects were selected, but some experienced difficulties.

In 2007 the European Commission Delegation in San José organised a seminar to analyse the strengths and weaknesses of cooperation and draw lessons for the preparation of the projects described below. Two regional integration projects have been formulated for the **2007-2013 programming exercise (€34 million)**.

In the social cohesion sector two projects are being identified for approval in 2010, one in public education (preventing school dropouts) and the other aimed at women entrepreneurs. Two other projects should be presented between 2011 and 2013. Note that the negotiations on the EU-Central America Association Agreement created a new impetus in 2008 and 2009, particularly in the field of regional integration.

The main result of the mid-term review is a consensus on the need **to take better account of environmental issues in the formulation of new projects**. In particular, the authorities consulted (the Ministry of Planning and Economic Policy and the Ministry of Foreign Affairs) and representatives of civil society who took part in a seminar, welcomed the Commission's proposal to mainstream environmental issues and **climate change** into projects, whatever their nature.

Other topics raised during these consultations included **support for SMEs** (already addressed in the context of regional integration projects), **employment** and the fight against **drug trafficking, violence and insecurity**.

Efforts to **increase the involvement of civil society organisations** in the design and implementation of cooperation projects should be pursued.

## **Conclusions**

The European Commission, national authorities and civil society representatives consulted concluded that cooperation should continue on the lines set out in the 2007-2013 CSP and that its priorities were still relevant. In view of the global economic crisis, the struggle against social inequalities and social cohesion projects are an even greater priority for the country. Similarly, progress toward Central American regional integration is crucial for Costa Rican exporters.

## **3. NATIONAL INDICATIVE PROGRAMME 2007-2013 (€34 million)**

Since the amounts of aid are quite modest, a single National Indicative Programme (NIP) has been drawn up for 2007-2013. As social cohesion and regional integration remain priority sectors, it did not seem necessary to revise the NIP. However, some impact indicators have been fleshed out. The broad outlines are as follows:

### **Social cohesion**

The overall objective is to help reduce poverty, exclusion and social and geographical inequalities by supporting the modernisation of the state in the areas of local development and social policy, and of the tax system.

The specific objective is to support:

- improvements in public policies in order to improve social indicators. Particular attention will be paid to building the capacity of local social services in health, education, employment and the environment. Measures will focus on the most economically marginal regions where the most disadvantaged groups live (poverty rates higher than the national average), and in particular immigrant communities;
- the strengthening of social policies and of the capacity of local authorities in the social sector, provided that this is accompanied by fiscal reform and decentralisation of responsibility for social provision, with the allocation of corresponding funding for local authorities. Accordingly, measures will include training and local-authority capacity building in resource management, which will involve application of the principles of good governance, equal treatment, transparency, including accountability and the need to follow good practice in public procurement, and the introduction of auditing and reporting systems at nation level. These measures will help fight corruption.

Sustainable and participatory development will be promoted, with particular emphasis on participation by women. The programme will follow on from the current Prugam and Fomude programmes which underpin the process of decentralising regional and urban planning powers; it will consolidate achievements on a long-term basis.

Programmes/activities: support for the government's social programmes including modernisation of the apparatus of government, studies, surveys, training courses, seminars, supplies of equipment and logistics; demonstration projects; exchanges of experience, etc.

### **Regional integration**

The overall objective is to facilitate Costa Rica's integration into the Central American region, with special attention to its needs for participation in the Central American customs union.

The specific objective is to develop a set of measures to strengthen national institutions in the following areas:

- harmonisation of industrial, veterinary, phytosanitary, and intellectual-property-related technical legislation and standards;
- measures promoting Costa Rica's integration into the region and fulfilment of the technical conditions required for future negotiations on the EU-Central America Association Agreement;
- measures aimed at making the country more competitive so that it can cope with the opening up of markets.

Programmes/activities: studies, training and supply of equipment.

**Table summarising the indicative breakdown of funds by sector**

**Costa Rica (€34 million)**

	2008	2009	2010	2011-2013
Regional integration	4.5	4		
Social cohesion			12.5	13