

New partnerships for development: Keys to strengthen the relationship between the EU and Central America

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EXECUTIVE SUMMARY

Current growing global challenges expose the need to strengthen a partnership between the European Union (EU) and Latin America and the Caribbean (LAC). In the case of Central America, there are shared objectives and interests that provide ample opportunities to strengthen the partnership and move towards renewed bi-regional cooperation. This cooperation can focus on common agendas such as an inclusive recovery from the pandemic and the promotion of fair digital and green transitions as ways to comprehensive address national, regional and global challenges.

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This recovery requires measures such as: new cooperation approaches and metrics, renewed institutional framework, concrete policies for a fair green and digital transition, increased exchange for integrated risk management in the face of future disasters and pandemics, and enhanced scientific cooperation and innovation. This document presents the main conclusions of the EU-Central America Dialogue Days that took place on 1-2 June 2022 in Panama City. The Dialogue was organised by the EU-LAC Foundation with the support of the Fundación Carolina, the OECD Development Centre, and the Ministry of Foreign Affairs of the Republic of Panama. The aim of the meeting was to assess the state of affairs and identify opportunities for further cooperation between the two regions in the framework of post-pandemic recovery.²

INTRODUCTION AND CONTEXT

While high global interdependence is more and more evident, the actions of the international community do not reflect a conclusive position in favour of increased cooperation. The current international context, in which old and new cross-border challenges are being processed, features a heightened geopolitical competition. Even though the pandemic is not over yet, new conflicts are emerging and more comprehensive agreements to address global challenges, in particular the climate crisis, are not yet fully in place.

The obstacles to be overcome in the relationship between the EU and LAC are not insignificant. On the one hand, LAC's leadership on the international stage and the intensity of its regional integration process have been weakened by fragmentation and political polarisation among its countries. On the other hand, many EU states show little interest in LAC, and the region is not among the political priorities of the EU, which has developed an international agenda centred on security (Sanahuja, 2022). As a result, summits between the Community of Latin American and Caribbean States (CELAC)-EU have been interrupted since 2015, maintaining political dialogue at the bilateral level and through more informal mechanisms.

2. <https://www.youtube.com/watch?v=Q07NGKGGExo&t=3s> & <https://www.youtube.com/watch?v=csPZos-JgYQ>

In this context, the EU-Central America partnership marks a turning point which, if opportunities are seized, can allow for further mutually beneficial developments by presenting specific advantages to redefine a positive bi-regional agenda.

The meeting took place in Panama on the 3rd of May 2022 between the EU High Representative for Foreign Policy, Josep Borrell, and his counterparts from the Caribbean Community (CARICOM) and SICA nations. It was a clear political signal of the commitment to maximise opportunities and face challenges such as climate change, the effects of the pandemic and the international crisis in a coordinated manner. (EEAS, 2022).

The Association Agreement (AA) between the two regions is a valuable tool to foster bi-regional cooperation. Signed in 2012, it is the first bi-regional agreement for both the EU and Central America. Additionally, it is the first agreement that integrates the elements of political dialogue, cooperation and trade. The results of the AA are positive, but of low intensity (Caldentey, 2022). Its strengthening and updating through innovative instruments could allow both regions to overcome their respective challenges and tackle common issues more decisively.

“The current moment presents important challenges that we can overcome if we can, one, act as regional bloc, and two, build bridges and strategic alliances. The European Union gives us this opportunity, a strategic alliance in this difficult moment.”

**ERIKA MOUYNES,
MINISTER OF FOREIGN AFFAIRS OF PANAMA.
01.06.2022**

Source: <https://www.youtube.com/watch?v=tvFsxF9N-is>

CHALLENGES AND OPPORTUNITIES

FOR STRENGTHENING THE EU-CENTRAL AMERICA PARTNERSHIP

In the case of Central America, the challenges are diverse, structural, and interconnected. The vulnerability and inequalities of its countries have deepened with the health and socio-economic crises. This is particularly worrying in terms of social cohesion in a region that was already showing setbacks and a high degree of dissatisfaction among its population with the functioning of democracy and the capacity and efficiency of the state (Fundación ETEA, 2021).

Although the region compensated the economic decline in 2020 with accelerated growth in 2021, the social impact has yet to be reversed. Real GDP in Central American countries and the Dominican Republic recorded an average growth of 9.9% in 2021, after a 7.3% drop in 2020 (R.Padilla Pérez, 2022). This recovery was uneven across countries, with slower improvement in poverty and employment, which especially affected women and young people (IADB, 2022).

Central America continues to face challenges in the areas of productivity, social inclusion, institutions, and the environment. Like most LAC countries, countries in the isthmus may be facing "development traps", i.e., vicious circles that hinder progress towards an inclusive, people-centred, and sustainable development path (OECD et al., 2019). Several factors cause inequality and exclusion to continue. For example, the productive system is highly heterogeneous, but concentrated in primary sectors with low added value and little employment opportunities (Fundación ETEA, 2021). This reinforces vulnerability to high exposure to disasters and the impact of climate change, mainly affecting the most marginalised populations.

The pandemic caught the Central American Integration System (SICA) in a moment of political stalemate, but the SICA was nonetheless able to offer a joint response (Caldentey, 2022). Trade among Central American Common Market members was the most resilient in LAC, falling by only 5.6% (Bárcena, 2021), the SICA-COVID 19 Regional Observatory was created (SICA, 2022), the Regional Contingency Plan was approved (SICA, 2020a) and the "Plan for the Recovery, Social Reconstruction and Resilience of Central America and

"In the current geopolitical context it is most important than ever, and for me, personally, it is a priority to strengthen our association, to emphasize the importance of Central America and the Caribbean as partners of the European Union. The agenda that we share is to work together in a triple transition: the green transition in reaction to climate change; the digital transition and, yes, tackle inequalities and promote social cohesion."

**JOSEP BORRELL,
HIGH REPRESENTATIVE AND VICE PRESIDENT
OF THE EUROPEAN COMMISSION. 04.05.2022**

Source: <https://www.panoramical.eu/birregional/69996/>

the Dominican Republic" (SICA, 2021) was launched with the support of the ILO, FAO, UN Habitat, and the EUROsociAL+ Programme.

The EU, for its part, is not without its own challenges. Since 2008, it has faced a series of crises that are part of the broader crisis of globalisation. The austerity policy implemented after the global financial crisis has brought economic recession, social crisis, greater inequality, and a decline in its social and territorial cohesion. Brexit, the resurgence of far-right parties and the failed response to the

migration crisis that worsened in 2015 are the main expressions of a change in Europe's worldview of itself and the world, from a cosmopolitan and confident stance to a more defensive and security-oriented one (Sanahuja, 2022).

Nevertheless, the response to the pandemic has generated a mobilising effect on the European project with a new development agenda (Caldentey, 2022). Since 2019, the EU has attempted to respond to its challenges through the European Green Deal, the new European Consensus on Development and the search for 'strategic autonomy'. The pandemic has been an accelerator of change, exposing its weaknesses and triggering a real 'geopolitical' and socio-economic 'awakening' (Sanahuja, 2022). With the NextGenerationEU Recovery Plan the EU aims to invest €806.9 billion in the green and digital transition of the economy and social cohesion. Additionally, with Global Gateway, up to €300 billion will be invested in digitalisation, climate and energy, transport, health, education, and research in partner countries (Sanahuja, 2022a).

The remaining and shared challenges call for both regions to seize the present window of opportunity. The global pandemic recovery scenario enables a framework for the definition of a new global and bi-regional development agenda. The new recovery and cooperation plans (European Commission, 2021) make it possible to act on shared interests and carry forward global public investments for the green, social, and digital transition of both regions.

The renewal and strengthening of the EU-Central America alliance could not only serve as a kick-start for the revitalisation of the agenda between the EU and LAC, but also as an immediate response to the pandemic. It could also help redefine and deepen the economic and social development model, in terms of sustainability, aligning it with the 2030 Agenda. For this to happen, it is essential that the three dimensions of the partnership - political dialogue and engagement, trade and investment, and development cooperation - move in synergy towards this mission.

KEY ELEMENTS

FOR THE NEW EU-CENTRAL AMERICA PARTNERSHIP

APPROACHES AND METRICS FOR A NEW BI-REGIONAL COOPERATION AGENDA

The multi-dimensional and connected effects of the pandemic highlighted the need to advance both multidimensional development measurement tools to understand vulnerabilities and risks, and innovative cooperation tools to allow action to be tailored to these needs.

The concept of Development in Transition (DiT) is crucial to foster the new cooperation agenda. This agenda moves away from seeing North-South cooperation as a transfer of resources to instead a mutually beneficial partnership. It is a multilateral, multi-level approach that includes a wide range of actors, modalities, tools, and financing instruments to support knowledge sharing, capacity building and the delivery of the transfers needed to overcome development traps, contributing to the generation of regional and global public goods (OECD et al. 2019). This concept was developed in the framework of the Regional Facility for Development in Transition in LAC by ECLAC, the European Commission and the OECD Development Centre.

Some transformations in development metrics already go beyond GDP per capita. This is the case of the Multidimensional Vulnerability Index for Small Island Developing States or the multidimensional measures of well-being implemented by the OECD. These new indicators have yet to be further developed and incorporated more decisively into the allocation and management of international development cooperation.

New partnerships should make use of these multidimensional indicators to act on results - so-called mission-driven partnerships (OECD et al., 2021) that mobilise multi-stakeholder efforts. This means involving not only the public sector but also the private sector and civil society. It is vital that partnerships holistically connect the national level with the international level, improving the provision of global public goods. The remaining challenges cannot be addressed from a purely national perspective; instead, multi-level action is required.

Mission-driven partnerships should serve to align cooperation, as well as trade and investment initiatives. The aim is to generate productive investment as well as financial and technical assistance to support long-term policies to overcome development traps and generate global public goods from which both regions will benefit. Development banks in both regions, such as the European Investment Bank (EIB), the Inter-American Development Bank (IADB), the Development Bank of Latin America (CAF) and the Central American Bank for Economic Integration (CABEI), are key actors in mobilising public-private funds and financing development projects of regional and extra-regional partners.

The recent approval of a new EU-Central America Partnership Facility (EUreCA), financed by the Neighbourhood, Development and International Cooperation Instrument (NDICI-Global Europe), is an excellent opportunity to promote this agenda with a focus on the needs and potential of this sub-region. Central America has much to contribute to these new cooperation schemes given its rich experience in South-South and Triangular Cooperation.

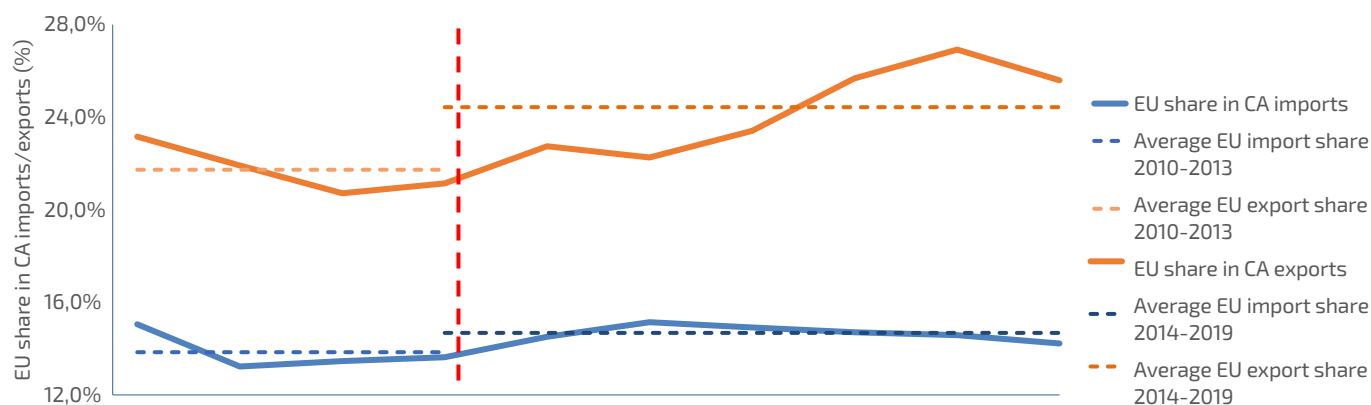
The incorporation of citizens in international cooperation is fundamental to address their discontent, as well as to produce actions that have a relevant and positive impact on society. It is important to make sure to connect the policy dialogues that cooperation fosters with concrete issues that affect citizens, such as, for example, the care economy.

THE ASSOCIATION AGREEMENT AS A PILLAR OF THE BI-REGIONAL ALLIANCE

The AA is an extraordinary milestone in interregionalism, but it is still far from having fulfilled its potential and from meeting the expectations imagined during its negotiations. Signed in 2012, only its trade pillar has entered into force so far. The dialogues and committees in this pillar have been held on a regular basis. However, the political dialogue and cooperation pillars are still awaiting ratification because Belgium has not yet ratified them. Therefore, the bodies derived from the Political Dialogue and Cooperation Agreement signed in 2003 are still in operation (Caldentey, 2022).

The trade pillar has had a positive but moderate impact, consolidating the European market as the third largest source and destination market for Central American exports and imports. Since its signing, exports from Central America to the EU increased by 31%, mainly based on low value-added products (fruits and vegetables, sugar and coffee), while exports from the EU to Central America increased by 40%, mainly concentrated on high value-added products (machinery, automobiles and medicines). A more significant increase was recorded in the case of trade in services, with an increase of 73% for Central American exports and 61.5% for European exports. According to EUROSTAT data, the trade flow between the EU and Central America amounted to €10.7 billion in 2020. However, bilateral trade between the EU and Central America has been severely affected by the COVID-19 pandemic (Fierro, 2022).

Figure 1. Relative EU share in CA imports/exports (pre-/post-Agreement, %)



Source: https://trade.ec.europa.eu/doclib/docs/2022/february/tradoc_160031.pdf

It is important to ensure that the progressive implementation of the AA does not generate new dynamics of reprimarisation and external dependence. Social organisations and academics have been warning since before the signing of the AA that a trade liberalisation agreement between two regions with such unequal levels of development could deepen extractive activities in Central America (Arenas et al., 2019). Such activities concentrate land ownership, create little employment, require large areas of land, and have little or no linkage to other productive activities, thus deepening the primary export character of Central American economies (EU-LAT Advocacy Network, 2012).

This caution is reinforced by the fact that the trade pillar of the AA is of the “WTO Plus” type, which promotes more favourable conditions for large and transnational EU companies (Caldentey, 2022). In addition to the liberalisation of trade in goods, this type of agreement encompasses the liberalisation of international trade in services, greater protection of intellectual property and other aspects that, for the time being, are not regulated by the WTO (such as foreign investment and government procurement) (Arenas et al., 2019). The latter are a development tool that states use to favour growth and innovation in domestic companies, but which in this case would compete on an equal footing with European companies.

It is essential that the three pillars of the AA are implemented in a coordinated manner so that it can contribute to a multidimensional development agenda within the framework of the bi-regional partnership. At present, the political dialogue and cooperation bodies of the agreement meet less frequently than those of the trade pillar of the AA. Thus, the cooperation agenda goes through other channels, without establishing synergy among the three pillars, one of the most innovative aspects of the agreement.

Ratification should not be an obstacle to progress in a renewed bi-regional partnership. Pushing for ratification of the agreement is certainly an option, but if this is not viable or if the institutional framework of the AA is too rigid, an ambitious bi-regional cooperation could also be developed by using more informal political dialogue mechanisms (Caldentey, 2022). EureCA Facility is an opportunity in this regard.

Another possible option is to continue developing dialogues with variable geometries within the existing spaces and mechanisms. An example of this is the Alliance for Development in Democracy that emerged in 2021, in which Costa Rica, Panama and the Dominican Republic have committed to work with the EU in the promotion of democracy, human rights and economic growth (EEAS, 2022).

In this scenario, it is even more important that Central America has strategic clarity in its alliance with the EU. The definition of these should incorporate the different development actors, improve coordination between the countries of the region and strengthen SICA. In this sense, the Charter for the Future of Central American Integration that SICA published in October 2020 (SICA, 2020), with proposals on the axes of a development agenda with a regional approach, is promising. This can function as an input to advance an agenda with the EU based on shared priorities without the multiplicity of spheres hindering the achievement of the objectives.

INCLUSIVE AND SUSTAINABLE DIGITAL TRANSITION

The physical distance imposed by the pandemic reinforced the urgency of promoting digital transformation in Central America. While in OECD countries, on average, 84% of the population uses the Internet, and in LAC an average of 67% does so, in the subregion comprising Central America, Panama and the Dominican Republic (CAPARD) this figure is only 47% (IADB, 2021a). Moreover, there are marked differences between quintiles, as well as between urban and rural areas (ECLAC, n.d.).

On the one hand, the era of digitalisation brings with it risks that could impede progress towards a path of inclusive and sustainable development in Central America. Inequality, which already increased in the pandemic, could suffer even greater growth given the different possibilities for teleworking or the lack of effective mechanisms for the taxation of digital businesses. In this context, the digital economy in CAPARD amounted to USD 21.7 billion, equivalent to 6% of GDP (IADB, 2021).

On the other hand, a just digital transition brings immense opportunities to overcome development traps. This involves integrating technology into all aspects of business, industry, and governance. Closing the gap between LAC and OECD countries would generate more than 15 million direct jobs, boost regional economic growth by 7.7%, increase productivity by 6.3% (IADB, 2021a) and it could reduce CO2 emissions by 15%. Central America could also leverage the advantages of digitalisation to improve its governance, international insertion, financial inclusion, poverty reduction and access and democratisation of health and education services.

This will be achieved through investments and coordinated policies at the national, regional, and international levels, processes in which the EU can play a key role, as this is a priority issue in its new development agenda. Closing the connectivity gap between LAC and the OECD requires an investment of USD 68.5 billion (IADB, 2021), so financial cooperation and Foreign Direct Investment (FDI) provided by the EU will be key. The role of development banks, public enterprises and the private sector will also be important here.

New international partnerships based on policy dialogues and the exchange of bi-regional experiences are essential to make the most of the digital transformation. SICA, which already has a Digital Regional Strategy, would benefit greatly from the EU's experience in developing and implementing regional policies for its Member States. Examples of the EU's regional policies are the Digital Compass, the Path to the Digital Decade and the European Declaration on Digital Rights and Principles (European Commission, 2022).

Expanding digital infrastructure, including telecommunication networks, is the foundation for digital transformation. The EU and LAC already have a successful joint experience in education and research

with the BELLA Programme and Panama has recently seen the arrival of the EllaLink. This is a digital highway of more than 35,000 km that includes the first ever submarine cable directly connecting Europe and Latin America. This programme not only generates capacities for social and productive inclusion in LAC through digital tools, but also allows the countries of the region to reduce the gap between national and international priorities (OECD et al., 2020). New investments in digital infrastructure should also involve sustainable infrastructure and cut across the different links in the value chains of the productive sector.

Digital transformation must be approached with a multidimensional perspective focused on people. Beyond the availability of infrastructure, a key issue is the digital skills of Central Americans for an increasingly digital world. The region has advantages in this regard, with a large proportion of young people who have grown up with technology. However, it is necessary to invest in digital education and level the digital skills of the workforce to move towards more inclusive economies and higher aggregate level. ECLAC's proposal (2020) to provide a "basic digital basket" is a policy option to consider.

This is an opportunity to strengthen States and public policies, incorporating technologies such as artificial intelligence and blockchain into public procurement and services, adequately overseeing the digital economy and protecting the digital rights of its citizens. The pandemic accelerated some of these processes in Central America, as is the case of the Maritime Single Window (VUMPA) and the Foreign Trade and Logistics Portal (Portcel) of Panama.

The EU-LAC Digital Alliance, to be launched in 2022, is an opportunity that should be seized by governments and civil society entities to carry out larger joint projects, promote convergence of rules and standards in the two regions and promote human-centred digital innovation.

GREEN ALLIANCE FOR A FAIR GREEN TRANSITION

The current crisis presents an opportunity to base bi-regional cooperation on a long-term green partnership. This will be key to promoting economic transformation, strategic autonomy, and the renewal of the social pact with an inclusive perspective in terms of gender and generations. In the case of Central America, the health and socio-economic crisis triggered by the COVID-19 pandemic further highlighted the vulnerability of monoculture-based production systems, which increase the risk of economic and food insecurity.

The bi-regional partnership for a just green transition will have an important basis in the diversification and greening of energy and production matrices. Together with investments in clean energy, this can drive industry towards more circular and competitive value chains. The case of green hydrogen can help drive both. Considering that most European countries will be net importers of this energy, this offers a promising new export option for Central American countries and an opportunity to move towards a diversified, knowledge-based economy by taking green hydrogen as a basis for creating industrial clusters and regional value chains with higher added value (Albaladejo et al, 2022).

The European Green Deal can serve as a regulatory framework not only for the EU but also for its partners, in this case Central America. European leadership in regulatory matters and the generation of green taxonomy should serve as an opportunity for the Latin American region, including Central America, to adapt its products and processes to the new regulations and standards of environmental sustainability. This, however, should not be used as a form green protectionism by the EU, which would generate the effect of "kicking the ladder away" (Chang, 2004).

The green transition envisioned in this way will require international cooperation, increased horizontal coordination between countries, technology transfer, policy experiences and technical assistance (OECD et al., forthcoming). To this end, the Team Europe strategy can serve to integrate EUROCLIMA+ actions and the climate objectives of the Global Gateway into all bi-regional initiatives. Programmes such as AL-Invest Verde, which promotes the generation of sustainable employment and the incorporation of sustainability principles in MSMEs, are also relevant here.

"In a team Europe approach, we aim to promote the potential of Latin America and the Caribbean as a green superpower. We are also working to support the region's health manufacturing for better human development. We will harness the full power of digital to support this green transition across the continent and this includes building on successful programs such as BELLA, the digital highway that connects Europe and Latin America with a direct 34,000 kilometres long optic fibre cable."

**JUTTA URPIAINEN,
COMMISSIONER FOR INTERNATIONAL
PARTNERSHIPS OF THE EUROPEAN
COMMISSION. 14.07.2022**

Source: <https://redclara.net/index.php/en/noticiasyeventos/noticias/2416-jutta-urpilainen-comisaria-de-la-ue-para-asociaciones-internacionales-bella-es-la-autopista-digital-que-conecta-europa-y-america-latina>

Financing plays a key role in translating ambition into action, and this requires further innovation in financial instruments that leverage public and private resources. For example, green guarantees and green bonds or contingent credit lines for disasters or green fiscal policies that generate incentives to advance in this transition (ECLAC, 2020a). Development banks and multilateral agencies are redirecting their portfolios towards green objectives. The IADB will allocate \$24 billion between 2022 and 2026 for climate change, while CAF and CABEL will make up to \$50 billion available for climate action over the next five years (CAF, 2022). The EU supports sustainable development through the

EIB, which will implement part of the funds allocated in the European Fund for Sustainable Development plus (EFSD+), as well as through hybrid financing (blending) through the Latin America and Caribbean Investment Facility (LACIF), which includes the CABEL-KfW credit line for climate disasters, and the provision of sovereign, sub-sovereign, and private guarantees (Fierro, 2022).

Finally, the green transition also has social costs which need to be mitigated by a proactive welfare state and greater cooperation. Among the policies to be pursued, the retraining of the labour force with a focus on the most disadvantaged is a priority. With its vast experience in the region, the experience of EUROCLIMA+ and EUROSOCIAL+ should be key in generating agreements and transferring experiences for a fair green transition.

RISK MANAGEMENT IN THE FACE OF FUTURE DISASTERS AND PANDEMICS

The pandemic demonstrated that risks are increasingly diverse and global, and therefore need to be mainstreamed into national development plans. Not only to address vulnerabilities and enhance resilience, but also to construct the necessary international instruments to complement and strengthen these efforts. The pandemic showed that the risks are increasingly diverse and global and that the necessary international instruments need to be built and incorporated in national development plans. Central America is highly vulnerable to the effects of climate change as evidenced by the increased frequency of extreme weather events as recurrent droughts aggravate food insecurity and migration.

Scientific cooperation has demonstrated, in the light of the pandemic, that it is possible to work together in record time towards a shared mission. A good example of this is the creation of the Ibero-American Epidemiological Observatory. It also showed that there is much to be done in terms of early detection, epidemiological surveillance, and data exchange between countries.

Although some risks have no borders, there are inequalities that require a multidimensional and multi-systemic view of risk, incorporating gender and generational perspectives. Cohesive welfare states across sectors and levels of government are needed to address the underlying drivers of risk, reduce

vulnerabilities, and improve the effectiveness of efforts to increase resilience and preparedness, including in terms of health, finance, food, and climate.

Central America has extensive experience in comprehensive regional disaster risk management policies through the Coordination Centre for Disaster Prevention in Central America and the Dominican Republic (CEPREDENAC). This centre coordinates regional actions for integrated risk management and has protocols that operationalise cooperation between countries in anticipation, preparedness, and response to disasters. Its experience shows the importance of carrying out sporadic drills, incorporating the human rights perspective to work with vulnerable populations in response processes and having a reserve corps to attend to crises and emergencies.

For risk management policies to be successful and lasting, they must be built with the community. International cooperation has a very important role to play in empowering people and articulating multi-stakeholder dialogue, as the case of the Platform of Community Resilience Practitioners in Latin America makes clear. The gender perspective is also fundamental here, so that women can co-construct the responses. Women are central agents in the response to emergencies, by weaving the networks that public policies need to be implemented at the local level. The management of community cooking pots to ensure food security during the pandemic is a notable example.

The inclusion of the territorial dimension and the strengthening of local governments is an essential task to increase resilience in the region. Given that disaster risk materialises at local scales, well-functioning governments are critical to ensure that regulations are enforced, to identify the needs of their communities and to maintain a functioning feedback mechanism between sub-national scales and central governments.

Improving cooperation in information systems is essential to prevent, respond and act prospectively to anticipate future shocks. Investment in information systems is crucial in this regard. Central America has demonstrated that it can have robust information systems, but there is still work to be done. The creation of the Copernicus (EU Space Programme) Emergency Management Service in Panama will help Central

America in environmental management and risk reduction related to climate change and disasters, as well as in climate change adaptation and biodiversity protection. The CABEL-KfW credit line is aimed at the same objectives.

Central America is one of the regions of the world most vulnerable to the impact of climate change and the ties with the European Union should be strengthened to enhance public policies and civil society in the context of recurring disasters.

EU-CENTRAL AMERICA SCIENTIFIC COOPERATION AS A PLATFORM FOR NEW TRANSITION

The achievements of science systems during the pandemic have demonstrated, once again, the critical role of science and international scientific cooperation in addressing the unprecedented challenges facing the world, while improving competitiveness and social welfare. With the right approaches and instruments, this cooperation can serve to close educational, technological, and professional gaps, in favour of young people and women. In this sense, Science, Technology & Innovation (ST&I) cooperation should take a leading role in the AA and in the bi-regional relationship in general.

Given that the ELLA Link has arrived in Panama and that Global Gateway has research among its priorities, there is an opportunity to renew the bi-regional alliance with Central America through the generation of scientific networks, technical assistance, and funding. With Horizon Europe, the EU has a €100 billion fund to invest in R&D until 2027 (European Commission, 2021), which focuses on shared missions such as the aforementioned green and digital transitions, and other challenges such as smart cities, health and oceans.

Europe and Central America already have valuable experiences of working together. The Ibero-American Programme on Science and Technology for Development (CYTED), created in 1984, has formed thematic networks and strategic projects with a flexible operating scheme (CYTED, 2022). During the pandemic this was reflected when the "Emerging Virus Network" was adapted to work on SARS-CoV-2, allowing Ibero-American diagnostic services and health policies to be

connected. Other important projects for the exchange of experiences and mobility of researchers are Horizon Europe, EURAXXES and Marie Skłodowska Curie.

Central America has had little access to these instruments compared to the rest of the Latin American region. Of 438 initiatives in which LAC has participated, Central America participates in only 29, and of these, most are with Costa Rica (Ratso, S., 2022). It is necessary to democratise access to these instruments so that more Central American researchers actively participate, spreading the opportunities for cooperation to more actors, translated into Spanish and in user-friendly communication formats.

The link between science and public policy at national and international level needs to be improved. It is important to strengthen articulation that allows research to focus on global and local problems that affect people and the planet and result in sustainable public policies. To this end, it is important that Central America and LAC strengthen coordination at the regional level to connect with European networks through agendas that respond to shared problems, such as food security or climate change. The region can rely on existing instruments such as the Latin American and Caribbean National Contact Points Network, CYTED, the CILAC Forum, or the CLARA Network. A desirable outcome of this articulation would be better sharing of existing scientific infrastructures, as well as investment in new infrastructure projects and EU programmes offer a great opportunity to establish or energise projects with a regional scope.

POLICY RECOMMENDATIONS:



01.

ON INTERNATIONAL DEVELOPMENT COOPERATION

- Strengthen regional coordination and integration in Central America so that the region proactively acts with more coordination and effectiveness, in the bi-regional partnership. This means strengthening the capacity of regional and national institutions to take advantage of the AA.
- Seize the opportunity presented by the realignment of the development agenda (NextGenerationEU, Green Deal) and European cooperation (Global Gateway, Team Europe) with the Central American agendas (the Regional Environmental Strategy Framework, the Regional Strategy for Blue Growth in SICA countries, the SICA Regional Digital Strategy, the Regional Policy for Gender Equality and Equity, the SICA Social Policy 2020-2040, and the SISCA Recovery, Social Reconstruction and Resilience Plan) to actively propose initiatives that respond to the challenges set out in the AA and the 2030 Agenda.
- Advance the application of multidimensional metrics in the allocation and implementation of Official Development Assistance in Central American countries in transition to development, such as the multidimensional measurements of well-being developed by the OECD.
- Strengthen new results-based development partnerships that promote greater regional coordination and integration addressing shared challenges such as the green and digital transition and social cohesion.
- Deploy multilateral, multi-level and multi-stakeholder cooperation mechanisms that enable policy and political dialogue, such as the new EUreCA Facility. These mechanisms should especially consider the inclusion of historically marginalised groups, such as women, the youth, and indigenous peoples.
- Re-launch the ratification of the AA or, at the very least, recover previous mechanisms for political dialogue - more informal, but more dynamic - or generate new frameworks for cooperation.
- Monitor that the three pillars of the partnership - trade, political and cooperation - simultaneously contribute to the sustainable and inclusive development of both regions and generate effective response mechanisms when this is not the case.



02.

FOR FAIR DIGITAL AND GREEN TRANSITIONS

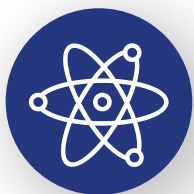
- Incorporate an intersectional perspective in national public policies and international cooperation strategies, involving women, youth, and indigenous people in the co-creation of solutions that advance the green and digital transition while reducing inequalities in socio-economic, territorial, gender and generational terms.
- Increase investment in green and digital infrastructure, both public and private, by implementing innovative financing mechanisms.
- Strengthen SICA, sharing successful European regional experiences such as the Green Deal and the Adaptation, Biodiversity, Farm to Fork and Circularity strategies, the Digital Compass, as well as providing region-to-region technical assistance and funding.
- Investing in people through digital education and upgrading the digital skills of the workforce to move towards more inclusive and higher value-added economies, leaving no one behind.
- Integrate green and digital transitions at the state level, taking advantage of technological opportunities to generate public innovations that improve efficiency and access to services provided by states.
- Take advantage of the opportunity presented by green hydrogen to simultaneously advance in a green transition and diversify towards activities with a higher aggregated value. This will generate a higher level of quality employment and facilitate an intelligent insertion in global value chains.



03.

FOR DISASTER AND PANDEMIC RISK MANAGEMENT

- Improve integral disaster risk management from a multi-level perspective: local, by strengthening local governments and citizen participation; national and regional, by improving coordination between institutions; international, by generating shared information systems such as the Copernicus Project, whose regional data centre will be installed in Panama.
- Incorporate a multidimensional and multi-systemic view of risk that incorporates a gender and generational perspective to address the fundamental factors underlying disaster risk management.
- Invest in monitoring and information systems to reduce vulnerabilities, detect risks in time and act prospectively to anticipate future crises.



04.

FOR A SCIENTIFIC PARTNERSHIP THAT ADVANCES TOWARDS THE FULFILMENT OF THE 2030 AGENDA

- Increase Central America's access to EU scientific cooperation programmes such as Horizon Europe, EURAXXES, Maria Skłodowska-Curie, and BELLA, disseminating cooperation opportunities to more actors, translated into Spanish and in user-friendly communication formats.
- Promote the development of projects focused on missions that respond to the challenges of the citizens of both regions and the planet, promoting the SDGs of the 2030 Agenda.
- Strengthen coordination at the level of the Central American region and LAC as a whole, to connect to European networks. The Latin American and Caribbean Network of National Contact Points, the CYTED, the CILAC Forum or the CLARA Network are important networks to strengthen this coordination.
- Promote the shared use of existing scientific infrastructures in both regions, as well as joint investment projects in new scientific infrastructures.

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