

## Official Development Assistance in Latin America and the Caribbean 2010: some trends

The following summary of Official Development Assistance (ODA) and other international cooperation in Latin America and the Caribbean (LAC) is the result of an Internet-based research activity carried out between April and July 2010 with the purpose of identifying any new trends in this area. Information was gathered from online media, bilateral and multilateral donor websites, and publications on international cooperation from DAC, non DAC, as well as private donors. Finally, a selection of both public and private university websites from the region (Brazil, Peru and Nicaragua in particular) was studied for information on research funding sources.

According to the OECD, America's share of total net ODA has gradually fallen from 12% in 2001 to 7% in 2008. Since many of the region's countries can be considered middle income countries, they have been losing relative importance as recipients.<sup>1</sup> Some donor countries such as Denmark<sup>2</sup> and the United States<sup>3</sup> appear to be cutting aid to Latin America and the Caribbean in order to concentrate their aid in more vulnerable and troubled nations. Sweden has also communicated that their support to the region will drop by \$7 million by 2011, most troubling news to the research for development community since Sweden is one of the few donor countries with a clear focus on research.<sup>4</sup>

Meanwhile, the relative importance of multilateral agencies is on the rise. While ODA net commitments in the Americas rose 5.2% between 2007 and 2008 net disbursements from total multilaterals in the region rose 7.3% during the same period. In 2009, World Bank loans to the region increased, especially from the International Bank for Reconstruction and Development (IBRD), with Brazil, Mexico and Argentina being the biggest borrowers.<sup>5</sup>

There is evidence that both non OECD Development Assistance Committee (DAC) assistance and private aid is increasing globally. Data on private aid is not completely reliable but it was estimated in 2007 that private aid from DAC countries may already have been contributing \$58-\$68 billion annually, with private aid for projects estimated somewhere between \$33-\$39 billion, on par with DAC donor aid for projects and programming.<sup>6</sup>

Meanwhile, according to the Report on South South Cooperation (SSC) in Ibero America 2009, between 2007 and 2008 the number of horizontal bilateral South South

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<sup>1</sup> Emerging Trends in Official Development Assistance and its Impact on Financing Poverty and Hunger Eradication in Latin America and the Caribbean. Background paper prepared by ECLAC and presented at the Regional Consultations on the Economic and Social Council Annual Ministerial Review on Key Challenges of Financing Poverty and Hunger Eradication in Latin America and the Caribbean, Brazil, 17-18 May 2007

[http://www.un.org/en/ecosoc/docs/pdfs/AMR\\_BRAZIL\\_ECLAC\\_PAPER\\_FINAL\\_rev.pdf](http://www.un.org/en/ecosoc/docs/pdfs/AMR_BRAZIL_ECLAC_PAPER_FINAL_rev.pdf)

<sup>2</sup> Danish aid to Latin America to be reduced. March 27, 2010

<http://www.icenews.is/index.php/2010/03/27/danish-aid-to-latin-america-to-be-reduced/>

<sup>3</sup> Obama pretende bajar la ayuda a América Latina desde octubre. 21 April 2010

[http://www.poder360.com/efe\\_article.php?id\\_article=1863](http://www.poder360.com/efe_article.php?id_article=1863)

<sup>4</sup> Nordling, L. Sweden slashes research aid budget. 1 September 2009

<http://www.scidev.net/en/news/sweden-slashes-research-aid-budget.html>

<sup>5</sup> Datos extraídos de la sección Préstamos y créditos de la web del Banco Mundial.

<http://web.worldbank.org/WBSITE/EXTERNAL/BANCOMUNDIAL/NEWSSPAINISH/0,,menuPK:1074637~pagePK:117705~piPK:51190015~theSitePK:1074568~PageNo:1~PageSize:20~startIndex:1,00.html>

<sup>6</sup> Kharas, H. Trends and Issues in Development Aid, Working Paper 1 November 2007. Wolfensohn Center for Development at the Brookings Institute,

[http://www.brookings.edu/~media/Files/rc/papers/2007/11\\_development\\_aid\\_kharas/11\\_development\\_aid\\_kharas.pdf](http://www.brookings.edu/~media/Files/rc/papers/2007/11_development_aid_kharas/11_development_aid_kharas.pdf)

cooperation projects increased by 27% in the region. This comes at a time when LAC's proportion of ODA among the world's regions has fallen

In 80% of these SSC, Cuba, Argentina, Mexico and Brazil were the donor country. Unlike ODA which is increasingly destined towards social projects, almost 55% of these examples of horizontal cooperation were targeted towards strengthening capacities in the economic area.

Private philanthropy is directed at the same types of activities as government aid such as disaster relief, economic growth and trade, health, democracy and governance and education<sup>7</sup>, but foundations are often more specialized in their scope than government agencies.<sup>8</sup> American foundations have two priority areas for their funds: health (34%) and the environment (18%). When they work directly with foreign grantees they tend to work in emerging countries like India, Brazil and Mexico. When they want to direct their support towards the Least Developed Countries, they in general use intermediary organizations from Northern countries in the US, Canada and Europe who already work in these countries to channel their giving.<sup>9</sup>

## REGIONAL TRENDS

- BRAZIL

Brazil's firm base of established research institutions and a public commitment to research spending (65% of the 13 billion USD in 2007 was contributed by the public sector<sup>10</sup>) make an attractive partner for foreign researchers, academics and donors. Its relatively mature research atmosphere (national research investment is comparable to Portugal<sup>11</sup>, but serious research regional disparity exists) means that its relationship with donors has changed from recipient to active partner, with new emphasis on trilateral cooperation in areas of technological cooperation. Brazil's major research areas can be divided into life sciences (medicine, health, ecology & environment, biotechnology, etc) and agriculture (1.23 billion USD in 2006)<sup>12</sup>. Unlike OECD countries 75% of the country's researchers work in public institutions<sup>13</sup>.

According to Brazilian Development Agency (ABC) information on active projects from 2006, multilateral organizations are most interested in funding projects in the

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<sup>7</sup> Adelman, Carol. *Global Philanthropy and Remittances – Reinventing Foreign Aid*. *The Broan Journal of World Affairs*. Spring/Summer 2009 • volume xv, issue ii [http://www.hudson.org/files/publications/BJWA\\_15%202\\_Adelman.pdf](http://www.hudson.org/files/publications/BJWA_15%202_Adelman.pdf)

<sup>8</sup> *Philanthropic Foundations and Development Co-operation* Off-print of the DAC Journal 2003, Volume 4, No. 3 Development Assistance Committee, OECD <http://www.oecd.org/dataoecd/23/4/22272860.pdf>

<sup>9</sup> "US philanthropy in the 21st century: a driving force in the landscape of Aid?" Joseph ZIMET, Agence Française de Développement, May 2006 <http://www.afd.fr/jahia/webdav/site/afd/users/administrateur/public/pdf/ABCDE-05-06-JZ-ve.pdf>

<sup>10</sup> Sennes, R., Camargo Mendes, R., Kohlmann, G. *Argumentos para um salto qualitativo da estratégia de inserção internacional do Brasil - Seminário A Estratégia Internacional do Brasil: Investimentos, Serviços, E Inovação Na Agenda Externa* [http://www.prospectivaconsultoria.com.br/attachments/609\\_Argumentos\\_insercao\\_internacional\\_do\\_Brasil.pdf](http://www.prospectivaconsultoria.com.br/attachments/609_Argumentos_insercao_internacional_do_Brasil.pdf)

<sup>11</sup> Adams, J., King, C. *Global Research Report Brazil – Research and collaboration in the new geography of science*, June 2009 <http://researchanalytics.thomsonreuters.com/m/pdfs/GRR-Brazil-Jun09.pdf>

<sup>12</sup> *The Brazilian Agricultural Research for Development (ARD) System - Country Brief* prepared for the International Workshop on Fast Growing Economies' Role in Global Agricultural Research for Development (ARD) held in Beijing, China, on 8-10 February 2010. <http://labexkorea.files.wordpress.com/2010/02/the-brazilian-agricultural-research-for-development-system1.pdf>

<sup>13</sup> Sennes, R., Camargo Mendes, R., Kohlmann, G. *Argumentos para um salto qualitativo da estratégia de inserção internacional do Brasil - Seminário A Estratégia Internacional do Brasil: Investimentos, Serviços, E Inovação Na Agenda Externa* [http://www.prospectivaconsultoria.com.br/attachments/609\\_Argumentos\\_insercao\\_internacional\\_do\\_Brasil.pdf](http://www.prospectivaconsultoria.com.br/attachments/609_Argumentos_insercao_internacional_do_Brasil.pdf)

environment, education, administration and social development while bilaterals concentrate on social development, the environment, agriculture and health.

Although ABC continues to receive funds from both multilateral and bilateral donors, the interest on the part of donors is often to cooperate with the agency in triangular projects that take advantage of Brazil's southern technological know-how to reach other countries in the region and its language (Portuguese) to reach countries such as Mozambique and East Timor. Brazil's largest bilateral donors (by number of project: Canada, Japan and Germany) all express strong interest in carrying out these types of projects). Its partners in triangular cooperation initiatives have included Canada, ILO, Norway, Spain, World Bank and the USA in areas such as vaccinations, school feeding, reforestation, malaria eradication and waste collection.<sup>14</sup>

On its own Brazil carries out South-South cooperation projects to the tune of \$356 million in 2006, with its 3 main beneficiaries being Haiti, Cape Verde and East Timor. In 2008, ABC approved, coordinated and carried out 236 South – South projects and technical cooperation activities in 58 countries mainly in agriculture, professional training, education, justice, sport, health and environment. Additionally, it carries out South – South triangular cooperation with Argentina and Chile as collaborators.<sup>15</sup>

Through a quick review of Brazilian university websites, it was possible to conclude that the majority of funding for research activities at these institutions came from government agencies such as the State of São Paulo Research Foundation (FAPESP Fundação de Amparo à Pesquisa do Estado de São Paulo) and the National Council for Scientific and Technological Development (CNPq - Conselho Nacional de Desenvolvimento Científico e Tecnológico). Private universities however did receive funds for projects or publications from additional, often private sources such as foundations or corporations.

## • ANDEAN REGION

According to the Peruvian International Cooperation Agency's (APCI), Peru executed 495 million dollars of international aid in 2006, of which 69% came from official donors, and 31% from private donors. Of the 340 million in official aid, the large majority (301 million) came from bilateral donors. The largest bilateral donor to Peru in 2006 was the United States representing 46% of all bilateral aid, followed by Spain (14.6%), the EU (8.4%) and Germany (5.3%). (These figures include both official and private aid). International cooperation carried out in the country in 2007 and 2008 held steady at half a billion dollars (500 million dollars and 497.5 million dollars respectively)<sup>16</sup> and according to figures from the OECD has hovered around that mark since 1985.<sup>17</sup> When considering only official bilateral aid in 2007 and 2008, Spain is the largest donor to Peru.<sup>18</sup> The non DAC donors who cooperate most with Peru are Chile, Brazil and Mexico in that order. Within the region, Peru ranks 7th in terms of official donor assistance during the 2006-2008 period.<sup>19</sup>

<sup>14</sup> *Cooperação Recebida por Agência Brasileira de Cooperação (ABC)*  
<http://www.abc.gov.br/projetos/cooperacaoRecebida.asp>

<sup>15</sup> *Ibid.*

<sup>16</sup> *Agencia Peruana de Cooperación Internacional APCI. Situación y Tendencias de la Cooperación Internacional en el Perú 2006*  
<http://www.apci.gob.pe/situaciontendencias.php?anno=2006>

<sup>17</sup> OECD. *Development Aid At A Glance – America*. 2010 Edition <http://www.oecd.org/dataoecd/39/50/42139289.pdf>

<sup>18</sup> *Agencia Peruana de Cooperación Internacional APCI APCI presenta Cifras, Logros y Avances de la Cooperación Internacional No Reembolsable* [http://www.apci.gob.pe/contenido\\_noticias.php?ID=4665](http://www.apci.gob.pe/contenido_noticias.php?ID=4665)

<sup>19</sup> OECD. *Development Aid At A Glance – America*. 2010 Edition <http://www.oecd.org/dataoecd/39/50/42139289.pdf>

The fastest growing sector for cooperation is the social sector although disaggregated data on more specifically where in the social sector funds are heading is not available.<sup>20</sup>

APCI underlines the important role Peru as a middle income country can play in triangular cooperation. The agency also draws attention to the technical cooperation Peru has offered to Central American countries such as Guatemala (8 projects), El Salvador (15 projects) and Colombia (5 projects).<sup>21</sup> As a recipient of South-South cooperation, in 2008 Peru received \$1.8 million dollars from Argentina in mostly agricultural cooperation, \$1.2 million from Colombia in agriculture and fishing and \$870,000 from Mexico in agriculture, fishing, and science and technology.<sup>22</sup> Peru is signing scientific agreements with other Latin American countries such as Argentina and Uruguay in order to collaborate on research and technological innovation projects in the areas of natural resource management, agricultural and fishing, forestry, health and information technology.<sup>23</sup>

A few national fund for technological innovation – el Fondo de Investigación y Desarrollo para la Competividad FIDECOM – has been created to promote research and technological development in the country. In January 2010, the Ministry of Economy and Finance transferred approximately 1.7 million dollars to the fund which will be used to finance a first round of knowledge transfer projects carried out jointly by private and academic entities.<sup>24</sup>

Information on funding for research at Peruvian post secondary academic institutions was scarce, however the little information revealed by private catholic universities in the country demonstrates a diverse list of financers for research, including several European Catholic institutions, government agencies, foundations and research centres. Information on funding for research at public universities was much more difficult to encounter and revealed fewer financial partners.

## • CENTRAL AMERICA

Meanwhile, in Central America while ODA to Honduras has climbed since the 1970s, ODA to El Salvador has been declining since its peak in the 1980s. Both countries have become targets of South South cooperation from other Latin American countries such as Chile, Mexico, Brazil and Argentina. Cooperation efforts focus on the social sector in both countries. Support for research in the Central American region exists, for example from the European Union but data on research for development issues is scarce.

Honduras ranks fifth among the region's ODA recipients at 564 million dollars or 6% of total ODA to the region. Since the 1970s, ODA to Honduras has been rising, peaking in

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<sup>20</sup> Agencia Peruana de Cooperación Internacional APCI. *Situación y Tendencias de la Cooperación Internacional en el Perú 2006* <http://www.apci.gob.pe/situaciontendencias.php?anno=2006>

<sup>21</sup> Agencia Peruana de Cooperación Internacional APCI. *Cooperación Técnica, Científica y Tecnológica Perú-Argentina* [http://www.apci.gob.pe/contenido\\_noticias.php?ID=4987](http://www.apci.gob.pe/contenido_noticias.php?ID=4987)

<sup>22</sup> Informe de la Cooperación Sur-Sur en Iberoamérica 2009. Estudios SEGIB nº4, Secretaria General Iberoamericana Noviembre de 2009 <http://www.oei.es/Sur-Surweb.pdf>

<sup>23</sup> Portillo, Zoraida. *Argentina y Perú, socios en investigación científica. Abril 2010.* <http://www.scidev.net/es/science-and-innovation-policy/south-south-cooperation/news/argentina-y-per-socios-en-investigacion-cientifica.html>

<sup>24</sup> Portillo, Zoraida. *Perú asigna recursos a fondo de innovación tecnológica. 7 enero 2010.* <http://www.scidev.net/es/latin-america-and-caribbean/news/per-asigna-recursos-a-fondo-de-innovacion-tecnologica.html>

2005 at 755 million dollars. The majority (44%) of ODA is targeted for social purposes followed by general program aid (17%), and economic sector aid (14%).<sup>25</sup> The most prominent bilateral donors to Honduras include the United States, Spain, Sweden, Germany, Italy, Canada, Japan and Taiwan who together account for 90% of bilateral aid. The two largest multilateral donors are the World Bank and the IDB. Assistance from the European Community has doubled over the last decade, concentrating primarily on the social sector (56%) and access to social services and Honduras is now the second largest recipient of EU assistance to Latin America after Nicaragua. Taken as a whole, European assistance (community + bilateral) accounts for more than 20% of assistance to Honduras making Europe its main donor. However, on a country by country basis, the United States is the largest bilateral donor, providing almost 40% of all public grants to the country.<sup>26</sup> In 2009, the United States destined 21 million in development assistance to Honduras<sup>27</sup>, and an additional 13 million in health and child survival assistance; however this total is less than the 48 million provided to Honduras in 2005 when aid peaked in the wake of Hurricane Mitch.<sup>28</sup>

Honduras is the recipient of 4.2% of triangular cooperation projects in LAC, receiving cooperation from Brazil, Mexico, Argentina, Chile and Colombia.<sup>29</sup>

El Salvador ranks 9th among ODA recipients in the region at 233 million in 2008<sup>30</sup>, however, according to the European Community ODA is of much less relevance in the country than in neighbouring Central American nations and is gradually declining.<sup>31</sup> The large majority of ODA (168 of the 361 million committed to the country in 2008) is targeted for social programs.<sup>32</sup> El Salvador is the number one recipient of South-South cooperation from Mexico, 3rd among recipients of Chilean aid and 4th among Argentina's aid targets. Roughly 40% of South-South instances of aid in 2008 in the social area were related to water issues and training on water supply and sanitation.<sup>33</sup>

The United States Agency for International Development (USAID) is the single largest source of grants to El Salvador, although its support is declining from 35 million in 2005 to roughly 24 million in 2008.<sup>34</sup> This appears to be the USAID trend in Central America; their aid to their Central American Regional Program is also on the decline from 24 million in 2007 to 12 million in 2008.<sup>35</sup>

Total investment in science and technology activities (STA)<sup>36</sup> in El Salvador in 2008 was estimated at 192 million dollars, with 12% of that investment in research and development (R&D). This portion of science and technology spending is growing in the country, albeit at a slow 1% annually reaching 24 million dollars in 2008. Within R&D

<sup>25</sup> OECD. Development Aid At A Glance – America. 2010 Edition <http://www.oecd.org/dataoecd/39/50/42139289.pdf>

<sup>26</sup> EC Honduras Country Strategy Paper 2007-2013 [http://www.delnic.ec.europa.eu/en/docs/HONDURAS\\_EN.pdf](http://www.delnic.ec.europa.eu/en/docs/HONDURAS_EN.pdf)

<sup>27</sup> Congressional Budget Justification FOREIGN OPERATIONS. Annex: Regional Perspectives Fiscal Year 2011. Department of State.

United States of America [http://www.usaid.gov/policy/budget/cbj2011/2011\\_CBJ\\_Annex.pdf](http://www.usaid.gov/policy/budget/cbj2011/2011_CBJ_Annex.pdf)

<sup>28</sup> US AID Country Profile Honduras

[http://www.usaid.gov/locations/latin\\_america\\_caribbean/country/honduras/Honduras\\_Country\\_Profile.pdf](http://www.usaid.gov/locations/latin_america_caribbean/country/honduras/Honduras_Country_Profile.pdf)

<sup>29</sup> Informe de la Cooperación Sur-Sur en Iberoamérica 2009. Estudios SEGIB n°4, Secretaria General Iberoamericana

Noviembre de 2009 <http://www.oei.es/Sur-Surweb.pdf>

<sup>30</sup> OECD. Development Aid At A Glance – America. 2010 Edition <http://www.oecd.org/dataoecd/39/50/42139289.pdf>

<sup>31</sup> EC El Salvador Country Strategy Paper 2007-2013 [http://www.delnic.ec.europa.eu/es/docs/CSP-El\\_Salvador\\_2007-2013.pdf](http://www.delnic.ec.europa.eu/es/docs/CSP-El_Salvador_2007-2013.pdf)

<sup>32</sup> OECD. Development Aid At A Glance – America. 2010 Edition <http://www.oecd.org/dataoecd/39/50/42139289.pdf>

<sup>33</sup> Informe de la Cooperación Sur-Sur en Iberoamérica 2009, Estudios SEGIB n°4, Secretaria General Iberoamericana

Noviembre de 2009 <http://www.oei.es/Sur-Surweb.pdf>

<sup>34</sup> US AID in El Salvador Country Profile

[http://www.usaid.gov/locations/latin\\_america\\_caribbean/country/el\\_salvador/El\\_Salvador\\_country\\_profile.pdf](http://www.usaid.gov/locations/latin_america_caribbean/country/el_salvador/El_Salvador_country_profile.pdf)

<sup>35</sup> *Ibid.*

<sup>36</sup> STA spending includes R&D spending, Teaching and Scientific and Technical Training, and Scientific and Technical Services.

spending, 53% is spent on research operation costs and 47% on capital costs, but very little of capital spending is used to build up the infrastructure for research (approximately 14%). Of total science and technology spending in El Salvador, only 1.5% is identified as originating outside of the country. This percentage rises to 4% when focusing in on R&D investment. When total STA spending is broken down by area, social sciences accounts for 32% of all investment, followed by natural sciences (19%), and engineering and technology (17%). Likewise in R&D, social sciences spending accounts for 36% and natural sciences 20%. Research carried out in El Salvadorian universities is funded mostly by the universities themselves (79%) and with foreign funding (11%) while support from the private sector and the government remains low. A survey of 15 institutions carrying out approximately 5 million dollars worth of STA in the country found that in 2008 they carried out 256 projects of which 61% were applied research. Projects in the agricultural sector were most numerous (36%) followed by the medical sciences (22%) and social sciences (22%). Only 18% of these projects used funding from outside of El Salvador.<sup>37</sup>

Both El Salvador and Honduras are participating countries in the Latin American Science and Technology Development Programme (CYTED) which has the main objective of contributing to the “harmonious and sustainable development of the Latin American region through cooperation in science, technology and innovation”. A further aim of the Programme is to enable interregional cooperation in S&T between Europe and Latin America. The Programme is cofinanced by participating countries and the budget has increased significantly since its inception as the number of projects carried out has grown. In 2006 CYTED coordinated 32 research projects and supported 51 thematic networks and had a budget of 6.2 million US dollars.<sup>38</sup>

A brief review of funding sources for research at Nicaragua’s two main universities, Universidad Nacional Autónoma de Nicaragua and La Universidad Centroamericana revealed a diverse group of funding sources for projects and publications including both American and European foundations, OECD bilateral and multilateral donors and research and trade centres.

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<sup>37</sup> Marroquin, William. *Indicadores de Ciencia y Tecnología. Estadísticas Sobre Actividades Científicas y Tecnológicas*. Sector de Educación Superior y Gobierno. Consejo Nacional de Ciencia y Tecnología. Noviembre 2009  
<http://www.conacyt.gob.sv/DocumentoCONACYT2009.pdf>

<sup>38</sup> Programa Iberoamericano de Ciencia y Tecnología Para el Desarrollo. [www.cytcd.org](http://www.cytcd.org)