

## ANNEX III

### HEMISPHERIC COOPERATION PROGRAM (HCP)

Recognizing the broad differences in the levels of development and size of the economies of the countries participating in the FTAA negotiations, the Ministers responsible for Trade, in their Buenos Aires meeting, reaffirmed their commitment to create opportunities for the full participation of the smaller economies and to increase their level of development.

At the same time, they stressed the importance of cooperation to enable the strengthening of the productive capacity and competitiveness of countries with different levels of development and size of the economies, especially the smaller economies. They also reaffirmed the need for technical assistance, as well as specific provisions for addressing these situations.

On that occasion, the Ministers considered that the Third Summit of the Americas constituted an opportunity to continue to build on the Plans of Action approved at earlier Summits, in order to strengthen the hemispheric cooperation programs, which facilitate the support of each country's effort on areas relevant to its effective participation in the negotiations and benefits of the FTAA.

On the other hand, the Ministers instructed the Trade Negotiations Committee to formulate, with the support of the Consultative Group on Smaller Economies and the Tripartite Committee, some guidelines or directives on way of applying the treatment of the differences in the levels of development and size of economies.

In meeting this mandate, in the IX Meeting of the Trade Negotiations Committee (TNC), held in Managua, Nicaragua in September 2001, the TNC approved the guidelines or directives. By way of complementary supporting measures to the guidelines, the Trade Negotiations Committee instructed that the Consultative Group on Smaller Economies, with the technical support of the Tripartite Committee and based on the contributions of the Negotiating Groups, would submit to the TNC a proposal for a **Hemispheric Cooperation Program**.

#### **PRINCIPLES**

- Be included within the context of the Summit of the Americas process, that has broader objectives linked to the strengthening of democracy, the creation of greater prosperity, social justice, and the realization of human potential. This Program shall recognize that the strengthening of the socioeconomic environment sought by the Summit process is intimately linked to the success of the FTAA.
- The Hemispheric Cooperation Program will be a central element of support for the FTAA.
- Be conceived in the context of national development objectives and strategies and be part of an agenda for economic growth and development and poverty reduction.
- Respond in an effective manner to the requirements and challenges to development arising from trade liberalization, in general, and implementation of the FTAA, in particular.
- Involve the private sector as well as other sectors of civil society in the identification of proposals and execution of programs.
- Enable countries, especially the smaller economies, to participate beneficially and equitably in the FTAA

## **OBJECTIVES**

- Strengthen the capacity of countries to implement and participate fully in the FTAA in order to contribute to growth with equity and broad-based economic development.
- Assist countries to effectively address and overcome the challenges and maximize the benefits associated with trade liberalization in the FTAA.
- Promote greater interrelationship between the objectives and requirements of development and those of trade liberalization.
- Complement current and future multilateral, sub-regional and national programs aimed at:
  - Strengthening productive capacity and fostering the competitiveness of the economies;
  - Encouraging the development of innovation capacity and the transfer of appropriate technology;
  - Improving mechanisms for responding to economic shocks.
- Enhance institutional strengthening and capacity building for policy-making, development of negotiating strategies and implementation of the FTAA.
- Increase coordination among donors and between donors and recipients with the objective of maximizing cooperation and technical assistance.

## **CHARACTERISTICS**

- Contain plans or subprograms, objectives and goals reflecting the priorities identified by countries for the short, medium and long term.
- Have a dynamic character which will enable it to respond to the changing needs of countries.
- Comprise activities that address concrete needs.
- Include mechanisms for monitoring and evaluation.
- Could be executed through programs and actions of regional and sub-regional scope or by countries or groups of countries.
- The thematic content shall reflect the issues addressed by the FTAA agreement both during the negotiation and implementation phases.
- Should include mechanisms for coordination and communication between and among FTAA Governments, donors, and beneficiaries under the Hemispheric Cooperation Program.
- Shall promote a more efficient use of the existing Technical Assistance Database, through, among other mechanisms, its updating and dissemination.

## **MODALITIES**

The Hemispheric Cooperation Program will include, *inter alia*, the following modalities:

- Establishment of a mechanism to receive, disseminate, evaluate, and consider possible financing of specific project profiles submitted by FTAA countries and groups of countries or negotiating groups.

- Establishment of a mechanism to enable countries to define, prioritize, and articulate needs related to strengthening the capacity for: i) preparing for negotiations; ii) implementing trade commitments; and iii) adjusting to integration.
- Interaction between countries seeking assistance to improve their trade-related capacities and those countries and institutions that are in a position to provide assistance, through, for example, roundtable meetings focusing on specific areas of need, including the preparation of studies related to fiscal scenarios, socio-economic impact and competitiveness analysis. Information on needs identified in the Database, project profiles, and other sources will be used as input to facilitate exchanges between donors and countries.
- Additional forms of technical assistance, to be determined.
- Financial assistance.
- Institutional cooperation that complements current and future multilateral and bilateral programming.
- Experience and knowledge transfer related to FTAA topics through workshops, internships, and other mechanisms.

Additional modalities may be developed in keeping with the evolution of the FTAA process and the Hemispheric Cooperation Program.

## **GUIDELINES FOR IMPLEMENTATION**

Countries participating in the FTAA that seek assistance under the HCP shall develop national or regional strategies that define, prioritize, and articulate their needs related to strengthening the capacity for:

- i) preparing for negotiations,
- ii) implementing trade commitments, and
- iii) adjusting to integration.

The aforementioned categories should be addressed simultaneously, taking into account the changing needs over time.

In order to facilitate coordination and sharing of experiences, the strategies should follow a common format that will be developed by the Consultative Group on Smaller Economies, with the assistance of the Tripartite Committee. The Tripartite Committee and other donors will assist countries, upon request, in the timely development of national or regional strategies.

While these strategies are being prepared, the HCP will also respond to immediate assistance needs for the purpose of strengthening the participation of countries in the negotiations. Without prejudice to new inclusions, the attached Appendix summarizes requests to date, many of which have application to more than one country. This document, as revised, can be used to select those projects that require immediate technical assistance and implementation for a country or a group of countries to strengthen their participation in the negotiations.

## **ADMINISTRATION**

The CGSE will ensure the effective and transparent execution of the HCP and will supervise and evaluate its progress. Under this overall management, the Tripartite Committee will coordinate the activities below and present periodic progress reports to the CGSE.

With the support of the Tripartite Committee, each country or group of countries shall provide timely reports to the CGSE on progress made.

To ensure progress in the implementation of the HCP, a transparent management process could include:

1. Sessions on lessons learned from prior experiences of countries and the Tripartite Committee in preparation for the participation in negotiations, implementation of trade commitments and adjustment to integration and related technical and financial assistance programs. Other institutions can be invited to attend.
2. Round table discussions between donors and recipients, including early identification of funding requirements.
3. Effective participation in these discussions by representatives of interested parties.

## **FINANCING**

FTAA countries recognize that successful development and implementation of a Hemispheric Cooperation Program will require financial support for HCP activities to complement the resources of beneficiary countries. This issue will require coordination and consultation within FTAA governments, and between governments and multilateral and regional financial institutions. These sources of support, financial and non-financial, should be secure, predictable and multifaceted.

Sources of support, financial and non-financial, for the HCP could include, among others, the following:

- Countries participating in the FTAA and their cooperation agencies,
- Academic institutions,
- Private sector entities,
- Foundations and other organizations, and
- Regional and multilateral financial and development institutions.