



Draft Work Programme for the year 2020

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F O R E W O R D

The Work Programme of the Permanent Secretariat for the year 2020 is based on the guidelines established by the XXVIII Regular Meeting of the Latin American Council, through Decision No. 440, according to which the activities of SELA are structured into three areas, namely: Intra-Regional Relations, Economic and Technical Cooperation and Extra-Regional Relations.

This new Work Programme focuses on strengthening programmes and projects undertaken in the year 2017, following up on the process of knowledge generation and dissemination of tools to ensure the consolidation of small and medium-sized enterprises (SMEs) in the region in the long term; in 2018, promoting the identification of production niches for export; and in 2019, taking into account the social dimension of development as a cross-cutting axis of public interventions in order to improve people's living conditions. It also reflects the firm intention of the Permanent Secretariat to continue promoting efforts aimed at strengthening interinstitutional cooperation, within and outside the region, with a view to promoting integration, developing information and communication technologies (ICTs) as a factor to enhance social participation and as an essential expression of digital integration, trade facilitation and expansion of knowledge about the opportunities for Latin America and the Caribbean in other regions.

In addition, in the year 2020, the Permanent Secretariat intends to undertake new initiatives to ensure the strengthening of cooperation, coordination and complementarity, in accordance with the commitments made during the Second United Nations High-Level Conference on South-South Cooperation (PABA+40), with activities that contribute to economic and social development, within the framework of the Sustainable Development Goals, which constitute the roadmap for the desired common goal: The improvement of well-being for the countries in the region.

This programme is designed in accordance with the Draft Administrative Budget of the Permanent Secretariat (SP/CL/XLV.O/DT N° 5-19), particularly in terms of the costs indicated therein, without any increase in the annual contributions from the Member States. However, it does envisage complementary funds through technical cooperation agreements with international and regional

institutions. A detailed account of direct costs for each of the three areas and their projects can be seen in the Chapter entitled "Budget – Work Programme of SELA for the year 2020 – Direct Costs", of the aforementioned document.

In general terms, the Work Programme for 2020 includes 8 studies and 19 meetings of different nature and scope, 2 of which are activities of the SELA-CAF Productivity Programme and 3 correspond to the SELA-SMEs Programme. In addition, it provides for the conduction of 8 activities related to the promotion of the integration process and economic growth, 4 concerning the strengthening of economic and technical cooperation among Latin American and Caribbean countries, and 3 corresponding to economic and social development.

In addition, 75% of the 8 studies will be conducted internally, and the rest will be assigned to external consultants on the basis of the terms of reference outlined by the Permanent Secretariat for each case.

INTRODUCTION

Through the activities planned for the upcoming year, the Permanent Secretariat complies with its mandates and maintains its commitment to the development of the region through initiatives that contribute to the decision-making process by the Member States with a view to strengthening the integration process, increasing productivity and promoting digital tools. Thus, the Permanent Secretariat gives continuity to the process of knowledge generation and dissemination that facilitates the consolidation of small and medium-sized enterprises. Furthermore, it reinforces, through interinstitutional cooperation, regional strategic partnerships that promote talents and resources.

The activities, contained in the Work Programme for the year 2020 (WP 2020), were structured on the basis of three main thematic areas, as mandated by the Latin American Council through Decision No. 440, "Restructuring SELA" (XXVIII Regular Meeting. Caracas, Bolivarian Republic of Venezuela, 7 to 9 April 2003).

INTRA-REGIONAL RELATIONS

In the Area of **Intra-Regional Relations**, the Work Programme provides for the incorporation of the migration dimension and the challenges that flows of people, whether as consumers, tourists and workers, pose to the integration processes in the region. This line of work will be addressed with the support of different entities. Moreover, the Integration Index of Latin America and the Caribbean (INTALC), developed by the Permanent Secretariat of SELA, was updated in terms of the components of its dimensions, so that they reflect more rigorously the dynamics – and interconnections - leading to the convergence and integration of countries. This update will be part of the Permanent Secretariat's contributions to the activities it will carry out in coordination with the main regional organizations that promote the integration process, namely: ALADI, IDB, SEGIB, CAF-development bank of Latin America and ECLAC. These activities will be attended by experts in the field, who will contribute to the analysis and evaluation of the prospects for the integration process in the long term. These activities are expected to generate a comprehensive document that leads to policy recommendations and deepens our understanding of the regional integration processes.

The Permanent Secretariat also plans to develop sectoral research projects that are of great interest to the Member States, such as migration in the region, identification of production niches, and update of the External Vulnerability Index (EVI) and Trade Introversion Index (TII). Efforts will also be made for the evaluation of trade promotion and investment strategies, as well as the implementation of activities related to the export of knowledge-based services. In this thematic area, SELA will continue to conduct the various regular reports, workshops and studies that deepen the knowledge of productive structures and the regional economic growth.

As regards the promotion of new information and communication technologies, a regional meeting will be held with the purpose of contributing to institutional capacity-building for the implementation of e-government-based strategies. These activities are expected to strengthen the new platforms based on the digital economy, while contributing to the understanding of the role of the public sector and the nature of the most appropriate regulatory frameworks. They would also deepen the evaluation and study of digital transformation as a key challenge to the region.

In the area of trade facilitation, the Permanent Secretariat will hold the V Meeting of Logistic Port Communities within the framework of the Programme for the Creation of the Latin American and Caribbean Network on Digital and Collaborative Ports, with a focus on the Pacific Alliance (PA)

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countries. This important initiative is being developed as a result of a non-refundable technical cooperation agreement between CAF-development bank of Latin America and SELA, through which the creation of a Network of 27 port communities in 13 Member States has been possible. In this context, for the year 2020, the Permanent Secretariat is expected to continue strengthening this programme with the incorporation of new logistics communities and with technological and information improvements that will boost the usefulness of the specialized portal for both the members of the Network and the general public. In addition, activities related to the cultural and creative industries will be monitored: new opportunities for regional development.

In addition, the Work Programme for 2020 aims to regularly update the various specialized portals which, along with other digital resources, make up the offer of specialized information made by Permanent Secretariat through its Web site.

Finally, it is worth noting the signing of three cooperation agreements between the Latin American and Caribbean Economic System and the following organizations:

- South Centre
- The Organization for Economic Cooperation and Development (OECD)
- Latin American Faculty of Social Sciences (FLACSO)

AREA OF ECONOMIC AND TECHNICAL COOPERATION

In the **Area of Economic and Technical Cooperation**, for 2020, the Permanent Secretariat will expand projects that have been developed with the incorporation of a space for activities related to the economic and social development. Thus, the organization is committed to the inclusion of highly sensitive social issues, of the utmost importance for the region, such as the strengthening of statistical systems for the construction of national multidimensional poverty indices and the development of public policies aimed at reducing inequalities in disadvantaged social groups. In addition, the Permanent Secretariat of SELA is expected to play a more active role in strengthening South-South and Triangular Cooperation, through the development of a portfolio of offers and demands for technical assistance in public policies for social development and the conduction of a technical cooperation table for the effective coordination of these offers and demands. The XXXI Meeting of International Cooperation Directors for Latin America and the Caribbean will also be held with the purpose of identifying strategies that incorporate the private sector into existing South-South and Triangular Cooperation strategies, as well as the search for new sources of financing for these strategies.

As regards the evaluation of public policies, and in monitoring the social agenda of SELA, a seminar will be held for the evaluation of the effectiveness of social inclusion policies in the region. In addition, the IX Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean will take place. This ensures the continuity of the Work Programme of SELA in the context of the Sendai Framework for Disaster Risk Reduction, so that economic growth is both inclusive and resilient.

Recognizing that the region still presents productivity-related problems, the coordination of strategies that promote private sector growth, with particular emphasis on small and medium-sized enterprises (SMEs), remains relevant. Pursuant to the above, and in compliance with the SELA-SMEs Programme, the Permanent Secretariat of SELA will carry out activities related to the promotion of incubators for the development of SMEs, their incorporation into public procurement systems in

the region , as well as the presentation of the results of the construction of the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC) for the Central American subregion.

As regards the project for strengthening economic and technical cooperation in Latin America and the Caribbean, in 2020, the Permanent Secretariat will continue to address these topics that, by their nature in the field of international cooperation, have been well received among the Member States of SELA. In this regard, the following activities are worth mentioning: (i) the *XXXI Meeting of International Cooperation Directors for Latin America and the Caribbean*; with the support of the Pérez-Guerrero Trust Fund (FFPG) of the Group of 77 (G-77) and the Peruvian Agency for International Cooperation (APCI); (ii) the *X Annual Meeting of the Working Group on Trade and Competition (WGTC) of Latin America and the Caribbean*, to be organized within the framework of the joint UNCTAD-SELA project; and (iii) the *IX Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean*, in cooperation with the United Nations Office for Disaster Risk Reduction (UNISDR).

Finally, within the framework of the *SELA-CAF Productivity Programme*, the Permanent Secretariat of SELA will continue its efforts to identify production niches for export. In recognition of the potential of bringing the financial sector closer to SMEs for the development of these enterprises in the region, the Permanent Secretariat will carry out activities related to the use of financial technologies, financial education and microfinance with the support of CAF-development bank of Latin America, the Inter-American Development Bank (IDB) and the Andean Community (CAN).

AREA OF EXTRA-REGIONAL RELATIONS

In the **Area of Extra-Regional Relations**, the Permanent Secretariat plans to organize a meeting on *international trade promotion networks*, underpinning a rapprochement among Latin America and the Caribbean, the European Union and Asia. Moreover, due to the similarity between Arab countries and Latin American and Caribbean nations in terms of the production and export matrix, the Permanent Secretariat is expected to participate in Expo Dubai 2020.

In addition, the Permanent Secretariat will take advantage of the institutional acquis, as a significant number of multilateral agreements have been signed in recent years to establish relations with academic, economic and social institutions and thus strengthen the exchange of experiences, knowledge and best practices in different areas of their competence.

Finally, as in the year 2019, the Permanent Secretariat has proposed, by means of interinstitutional cooperation, forging partnerships, and adding up talents and resources that facilitate the efficient compliance with the Work Programme in order to give the best and more timely responses to their Member States.

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BACKGROUND: WORK PROGRAMME FOR THE YEAR 2019

In the Permanent Secretary's second year in office, several projects have been conducted and launched in accordance with the Work Programme adopted at the XLIV Regular Meeting of the Latin American Council, held from 26 to 28 November 2018. Thus, the Permanent Secretariat has been focused on addressing the region's main needs; has reactivated the commitment to serve as a promoter of a consultation and coordination system to reach common positions and strategies, and has joined other institutions in increasing links and ties of cooperation for the benefit of the Member States.

In this context, and according to Decision No. 440 adopted by Latin American Council at its XXVIII Regular Meeting (Caracas, 07 to 09 April 2003), the activities contained in the Work Programme for 2018 were grouped into three major thematic areas: Intra-Regional Relations, Economic and Technical Cooperation and Extra-Regional Relations. Within these areas, the Permanent Secretariat has developed some initiatives, such as meetings, workshops, seminars, studies, updating of specialized portals, among others.

In the area of **Intra-Regional Relations**, the Permanent Secretariat has carried out activities focused on the following topics:

- Universal health coverage as a mechanism to facilitate regional integration;
- Analysis of integration processes in Latin America and the Caribbean;
- Cultural and creative industries: new opportunities for regional development; and
- E-commerce and its development in Latin America and the Caribbean

In addition, the organization continued its work on trade facilitation, with an emphasis on the Latin American and Caribbean Network of Digital and Collaborative Ports, achieving the following goals:

- The conformation of the Network (Phase III), in compliance with the non-refundable technical cooperation agreement with CAF-development bank of Latin America; and
- The IV Latin American and Caribbean Regional Meeting of Logistics Port Communities, held in Port of Spain from 8 to 10 August, and the III Latin American and Caribbean Scientific Colloquium on Port Logistics Chains, attended by industry executives, senior officials and public institutions, consultants and researchers from 13 countries and 28 port systems.

SELA continued to strengthen the statistical information system of its Web site, as well as the management and coordination of its specialized portals:

- Community of Latin American and Caribbean States (CELAC);
- International Cooperation Directors for Latin America and the Caribbean: promotion of South-South Cooperation;
- Public-private partnerships for disaster risk reduction in Latin America and the Caribbean;
- SELA-SMEs Programme;
- Free Trade Zones in Latin America and the Caribbean; and
- Portal of the Network of Digital and Collaborative Ports.

In the Area of **Economic and Technical Cooperation**, SELA developed actions aimed at complying with the activities referred to in this area for strengthening economic and technical cooperation in Latin America and the Caribbean:

- Meeting of International Cooperation Directors for Latin America and the Caribbean;
- Meeting on Public-Private Partnerships for Disaster Risk Reduction; and
- Meeting of the Working Group on Trade and Competition.

In addition, SELA carried out regional seminars and meetings focused on the following topics:

- Achievements in public policies for poverty reduction in Latin America and the Caribbean: A multidimensional approach;
- Food and nutrition security in Latin America and the Caribbean: Treatment of food losses and waste;
- Migration challenges in Latin America and the Caribbean: Analysis in the light of the theory of networks 1995-2017; and
- Seminar on impact evaluation of public policies in Latin America and the Caribbean. Policies for disaster risk reduction.

Within the framework of the Permanent Secretariat's Work Programme priority, SELA developed several activities under the Latin American and Caribbean Regional Programme for Small and Medium-sized Enterprises (SELA-SMEs Programme), aimed at:

- Productive articulation programme for strengthening and developing small and medium-sized enterprises (SMEs) in the region; and
- Presentation of the results of the Public Policy Index for MSMEs in LAC (IPPALC) applied to the member countries of the Pacific Alliance, Argentina, Ecuador and Uruguay.

This shows the Permanent Secretariat's commitment to supporting SMEs, providing them with tools and developing instruments that contribute to their strengthening, development and sustainability over time. In addition, two seminars on the topic were held:

- Seminar-Workshop on experiences of formalization of MSMEs in Latin America and the Caribbean; and
- Seminar: Perspectives of internationalization of SMEs in Latin America and the Caribbean.

In the Area of **Extra-Regional Relations**, and in order to strengthen ties and serve as a bridge to greater cooperation between its Member States and extra-regional nations, SELA organized two seminars:

- Seminar "Eurasian Economic Union and Latin America and the Caribbean: Cooperation for greater regional integration". This event was organized with the collaboration of the Government of Guatemala, through the Ministry of Economy of (MINECO), the Secretariat for Central American Economic Integration (SIECA) and the Eurasian Economic Union, through the Eurasian Economic Commission (EEC). The event aimed to identify opportunities and challenges for strengthening relations between Latin America and the Caribbean and the Eurasian region through the evaluation of a cooperation agenda on regional integration between the governments of the EEU and those of Latin America and the Caribbean; the analysis of opportunities for the establishment of trade and cooperation agreements between the business community of the countries in the EEU and that of Latin America and the Caribbean, including small and medium-sized enterprises (SMEs); the identification of areas for cooperation in the field of regional economic integration between the governments of the EEU and those of Latin America and the Caribbean; and the proposal for the creation of a

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group to follow up economic relations between the countries making up the EEU and those in Latin America and the Caribbean, monitor and promote the formation of partnerships among SMEs in both regions; and

- “Seminar on experiences and opportunities for internationalization of Latin American SMEs with India” . This Seminar is being organized with the collaboration of the Brazilian Service of Support for Micro and Small Enterprises (SEBRAE) and has the following objectives: Analyze the evolution and status of economic and cooperation relations between India and Latin America and the Caribbean; showcase current opportunities to forge economic and cooperation agreements between India and Latin America and the Caribbean; reflect on the development of SMEs as a key element to strengthen and take better advantage of economic and cooperation relations between India and Latin America and the Caribbean; and create a roadmap of public policies that allows for deepening economic and cooperation relations between India and Latin America and the Caribbean.

AREA I. INTRA-REGIONAL RELATIONS

PROGRAMME: INTEGRATION PROCESS AND ECONOMIC GROWTH IN LATIN AMERICA AND THE CARIBBEAN

PROJECT I.1. Assessment of the Latin American and Caribbean integration process

Activity I.1.1. Technical Support Committee for Regional Integration

A. Background and justification

The Permanent Secretariat of SELA, committed to strengthening intra-regional relations and actively contributing to regional integration processes, has organized successive meetings related to the analysis and monitoring of regional integration processes during its Work Programmes for 2018 and 2019.

During these meetings, the Permanent Secretariat has been able to identify an agenda for convergence, based on reflection and the conduction of innovative and strategic diagnoses by the technical divisions of multilateral organizations. Regional development banks have gradually become part of this effort. For this reason, the Permanent Secretariat organized the "Seminar: A prospective vision of Latin American and Caribbean integration" with the collaboration of the Economic Commission for Latin America and the Caribbean (ECLAC). During the Work Programme for 2018, an emphasis was made on the need to boost a more effective policy coordination among promoters of effective integration and to provide tools that facilitate decision-making by policy makers.

Under this premise, during the implementation of the Work Programme for 2019, the Permanent Secretariat of SELA formed a working group made up of the main technical promoters of regional integration and development banks at the General Secretariat level, for the presentation of actions envisaged by the various organizations promoting integration and the design of intra-regional coordination strategies.

The first meeting of this technical group was held during the *Seminar: Evaluation of the integration process in Latin America*, where representatives of participating organizations promoted the use of quantitative approaches for the measurement of achievements in Latin American integration processes in the different dimensions under review, the conduction of studies on productive diversification and regional convergence, and the generation of technical and financial cooperation mechanisms for strengthening the institutional framework that underpins regional integration.

In the second meeting, held within the framework of the Seminar "Closing Gaps in Latin American integration processes", participants identified economic asymmetries and social disparities as the aspects that need to be addressed in order to boost the effectiveness of regional cohesion policies. In this connection, they highlighted two topics for the coming year -the expansion of the ecosystem and the digital economy- to promote the regional digital transformation process. The importance of moving towards higher levels of regulatory convergence in regional integration processes was also highlighted.

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In addition, the Latin American and Caribbean Economic System (SELA) has created tools for the analysis of regional integration in its different dimensions, such as the conceptualization of asymmetries, the review of prospects, the Trade Introversion Index and the Integration Index of Latin America and the Caribbean. The Trade Introversion Index measures commercial links between Latin America and its partners within and outside the region, providing information on trade preferences of the countries in the region. For its part, the Integration Index of Latin America and the Caribbean measures the degree of linkage and convergence of economic integration mechanisms (MERCOSUR, Pacific Alliance, SICA, Andean Community, CARICOM) in five dimensions, namely: social, political, economic, cultural and environmental. The Permanent Secretariat has worked on the methodological review of these indicators to give robustness to its estimates, thus providing measurement tools for diagnosing the situation and policies.

The meetings of the follow-up group have raised expectations for strengthening complementarity and interinstitutional cohesion among its participants. Given the growing interest of regional integration mechanisms in expanding their horizons, it has become a *Technical Support Committee for Regional Integration*.

B. Objectives

1. Strengthen the cohesion of the interinstitutional follow-up group for integration with the incorporation of new stakeholders;
2. Structure a shared and complementary work plan for the reduction of information asymmetries in the regional integration agenda;
3. Analyze the new approaches that the follow-up group for integration has defined as priorities: Regulatory convergence and digital transformation;
4. Provide the representatives of the follow-up group and of regional integration initiatives with methodologies for estimating the progress of the integration process; and
5. Position the institution as a leader in the coordination of strategies and cooperation related to the integration of its Member States.

C. Expected results

The goal is to formalize the action of the interinstitutional follow-up group in the different dimensions of work that its members propose. This is expected to generate methodological and public policy recommendations aimed at improving the well-being of the citizens of the region and contributing to the reduction of information asymmetries among the different promoters of integration through the development of an agreed work agenda. In addition, a white paper containing the update of the methodology for the calculation of the Integration Index and the results for the various integration mechanisms referred to in the study will be available.

Activity I.1.2. Regional integration and migration challenges

A. Background and justification

Migration, together with birth and mortality rates, modify the population structure and dynamics of a territory, and therefore these issues must be analyzed as a dynamic and ever-changing social fact. The different migratory patterns show the multi-dimensional complexity of this phenomenon, understood as the result of the inter-relation of social, economic, ecological and

political processes of any given society where they may occur. In Latin America and the Caribbean, migratory processes form an essential part of its history and the formation of its national States.

For decades, Latin America was a region that received migrants from different contexts and circumstances. Later on, as a result of economic and political changes, some countries began to experience emigration processes, which led to think, at the regional level, that such experiences were concentrated in a group of countries. However, since the 1980s, important changes have occurred in the region, which are reflected in new migratory forms and patterns. Migrations not only intensified but also spread throughout the region. Countries that once were receivers became exporters, and vice versa.

It should be noted that in the last two years the number of migrants has increased within the region. According to the United Nations, more than 4 million Venezuelans have migrated to countries such as Colombia, Peru, and Ecuador, among others. The same applies to Central America, the Northern Triangle of Central America, composed of Honduras, Guatemala and El Salvador. The region accounts for 8% of the world's asylum applications, but its population amounts to only 0.4% of the global total.

Diversity in patterns, types and flows is increasingly more associated to development and its various dimensions. It is worth mentioning that population movements do not occur only for economic reasons, associated with employment, but they are also linked with issues such as violence, violation of civil and political rights, environmental factors and scientific and technological exchanges, among others. On the current world scenario, mass migrations constitute one of the most difficult phenomena to deal with. In the coming years, migrations in the region will be complex and will face challenges that will require to determine their triggering factors, and foresee their consequences in the light of the development of the countries and the region as a whole.

One of the factors influencing migration processes is the free movement of people. In the European Union, it is considered one of the main and indispensable features in the development of the European economic integration project and was legally enacted by Article 45 of the Treaty on the Functioning of the European Union. This treaty led to the creation of the European Union passport, which allows free movement among EU countries and has had a significant impact on the social and economic integration of the region.

In Latin America, there have been two attempts to create documents like the European Union's passport, allowing for free movement among the countries in the region. The Andean passport, with which citizens of Bolivia, Colombia, Ecuador and Peru could move freely in the space covered by the territories of those countries without the need for a visa. Venezuela also issued an Andean passport until 2006, when the country withdrew from the Andean Community. It is a travel document based on a uniform model that could be used by nationals of the Member States (Venezuela, Ecuador, Peru, Colombia and Bolivia) in their migration movements, in order to meet the goals set out in the Cartagena Agreement and contribute to the consolidation of the community awareness and cohesion among nationals of the member countries and to the international identification of the Andean Community as a group of countries committed to a common inclusive project, pursuant to Decision 504 issued by the Andean Council of Foreign Ministers.

The second document is the MERCOSUR passport. In 2008, with an amendment in 2014, the Agreement on Travel Documents of MERCOSUR States Parties and Associated States was adopted, establishing in the case of Venezuela the Identity Card and the Passport as valid travel documents within MERCOSUR. This was also applied to MERCOSUR Associated States: Chile, Colombia, Ecuador

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and Peru. However, the new passport, which takes the form of other MERCOSUR States Parties', does not grant the right to reside in any MERCOSUR country until the country issuing said document accedes to the Agreement on Residence for Nationals of MERCOSUR States Parties signed in 2002. Although this document does not allow free movement of persons according to the European integration scheme (freedom to work and reside in any country of the European Union, without the need to comply with any further procedures before the immigration authorities), it grants, after fulfilling certain requirements, rights to obtain legal residence and work in the territory of another MERCOSUR State Party, including Chile, Colombia, Ecuador and Peru (MERCOSUR Associated States).

The Latin American and Caribbean Economic System is an organization whose main objective is to promote cooperation and integration of the region. One of SELA's main issues of interest is migration and how to make migration processes within the region more standardized and facilitate mobilization from one country to another, which would strengthen economic ties among nations.

B. Objectives

1. Analyze current migration patterns within the region;
2. Identify and share best practices promoted by parliaments in the region that facilitate integration;
3. Promote solutions to obstacles and issues arising from current migration flows; and
4. Submit proposals that can be adapted by all parliaments to allow for a better movement of people in the region and promote integration.

C. Expected results

1. Identify and understand migration patterns within the region;
2. Share best practices promoted by parliaments that have enabled organized migration; and
3. Delve into the analysis of the obstacles and possible problems that migration may pose to the region.

The national authorities of SELA Member States responsible for public social development policies, as well as representatives of regional and international organizations, experts and scholars linked to migration, will participate in the event.

Activity I.1.3. Follow-up reports on subregional integration mechanisms

A. Background and justification

In 2016, the Permanent Secretariat began to publish the *Follow-up Reports on Integration Mechanisms*. These reports provide readers with synthesized information on the regional dynamics of Latin America and the Caribbean, making emphasis on the analysis of the macroeconomic environment and the variables of the external sector of the five subregional integration mechanisms, namely: the Pacific Alliance (PA), the Common Market of the South (MERCOSUR), the Central America Integration System (SICA), the Andean Community (CAN), and the Caribbean Community (CARICOM).

Published every six months, these reports gather updated statistics of the regional situation, offering a description of the main events of interest occurred during the half, as well as the situation of the mechanism with respect to the region in terms of population size, life expectancy, size of the

economy and per capita income. In addition, they analyze the main facts about the macroeconomic performance of each mechanism, using variables such as economic growth, the composition of the Gross Domestic Product (GDP) according to the approach, expenses (specifically consumption, investment, public spending, and exports), inflation and unemployment. They also summarize the performance of the external sector through the analysis of the behaviour of the trade balance, foreign direct investments (both in flows and balances), the external public debt as a percentage of GDP, and net international reserves.

Data published in the report come from the official institutions of each country and are supplemented with information provided by qualified institutions in the survey of socio-economic data at the regional level, such as ECLAC and the IMF. In 2020, the Permanent Secretariat will continue to update these reports on a regular basis, in accordance with the accessibility and availability of official data from countries.

B. Objectives

1. Prepare biannual reports that analyze the situation of key economic variables, within the framework of each subregional integration mechanism;
2. Build a consistent database of such variables for economic monitoring; and
3. Keep the Member States, and the public in general, informed about the economic situation of the countries in the region through the electronic portal of SELA.

C. Expected results

Biannual reports on the economic performance of subregional integration mechanisms that will allow the reader to be up to date on the regional dynamics and prospects. These reports will add value to the portfolio of products of SELA by allowing the Permanent Secretariat to expand its base of readers.

Activity I.1.4. Case studies for regional integration

A. Background and justification

The case studies for integration are short articles based on an in-depth analysis, written in a less academic tone. The logic behind these reports is to submit the decision-makers of the region various intra and extra-regional initiatives that show experiences, best practices and topics of interest to the economies of Latin America and the Caribbean.

In 2018, these reports were designed as a complementary product of SELA's database. Their structure is appropriate to develop a variety of topics in an easy-to-read format aimed at the general public.

The purpose of the Permanent Secretariat is to continue publishing these case studies with the same purpose as in years before.

B. Objectives

1. Identify new initiatives to evaluate the economic situation;
2. Promote debate to generate proposals for high-impact, innovative initiatives that contribute to the promotion of integration in the region; and

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3. Keep the Member States and the general public informed about the economic situation of the countries in the region.

C. Expected results

Quarterly reports on the initiatives and situations of interest related to the promotion of cooperation, coordination and articulation among nations and among integration mechanisms, which could serve as a reference and topical information, for the benefit of the regional integration process.

Activity I.1.5. Report on the regional integration process

A. Background and justification

Regional integration is a matter of paramount interest to Latin America and the Caribbean. From 1960 to date, at least seven economic integration projects have been launched, mainly focused on deepening intra-regional trade relations. In addition, several supranational organizations have been created with the purpose of offering spaces for coordination and cooperation among the countries in the region. In this context, regional integration is expected to continue to play an important role on the public agenda both inside and outside the region.

Despite the efforts made by various regional organizations to understand the integration process in Latin America and the Caribbean, today's challenges stress the need for a regular and rigorous analysis of the regional economic and social dynamics. In this connection, frequent monitoring of the evolution of integration in Latin America and the Caribbean makes it possible to orient the formulation and implementation of action strategies, both jointly and individually, by the countries in the region, by providing a detailed knowledge of trends and the context of intra-regional economic and social relations.

The report on the regional integration process in Latin America and the Caribbean provides a detailed technical view on the annual changes in the regional situation in terms of business inter-relations, movements of capital and labour, coordination of economic policies, development of common regional institutions, among other issues related to regional integration. The Member States of SELA and the general public will count on a regular consultation document, prepared according to the leading methodological practices in this area and on the basis of updated statistical information and documents that are relevant to the countries in the region.

B. Objectives

1. Describe, in a clear and rigorous manner, the evolution of the social and economic integration process in Latin America and the Caribbean;
2. Provide the Member States of SELA with useful and up-to-date information for decision-making in the field of extra-regional and intra-regional economic and social relations in Latin America and the Caribbean;
3. Submit for consideration of the Member States of SELA possible lines of action for making progress in the regional integration process and achieving an optimal development of the economies in the region; and
4. Strengthen SELA as a leading organization in the analysis, coordination and cooperation related to the integration of its Member States, in particular, and of Latin America and the Caribbean, in general.

C. Expected results

A technical report on the changes that have occurred in Latin America and the Caribbean over the last year in terms of business inter-relations, movements of capital and labour, coordination of economic policies, development of common regional institutions, among other topics related to regional integration

Activity I.1.6. Integration Index of Latin America and the Caribbean

A. Background and justification

In 2016, the Permanent Secretariat began to develop an indicator whose main objective is to quantify the degree of integration among the various integration mechanisms of the region, namely: the Pacific Alliance (PA), the Common Market of the South (MERCOSUR), the Central American Integration System (SICA), the Andean Community (CAN), and the Caribbean Community (CARICOM). This study (*Integration Index for Latin America and the Caribbean (IINTALC)*) (SP/RRIIALC- DT N° 2-16) served as the basis for the exchange of opinions and discussion at the "Regional Meeting on the Integration Index for Latin America and the Caribbean", which was held in Guatemala on 11 October 2016 at the headquarters of the Secretariat for Central American Economic Integration (SIECA). On that occasion, the Permanent Secretariat of SELA presented the proposed methodology for the construction of said indicator, which facilitates the measurement of the stage of integration at which each subregional mechanism is located and quantifies the behaviour at the different stages of integration identified in economic theory and the evolution over time.

In 2017, the indicator was updated, but the methodological structure developed in 2016 was maintained and some improvements were incorporated into the method for rescaling it, in order to improve the reading of the indicator for public policymakers.

In 2018, the Permanent Secretariat made the methodological revision of the indicator, based on three cornerstones: 1) Reduction in the number of indicators used as input for the calculation of the index, as well as the replacement of some indicators for those that collect more efficiently the behaviour of the integration mechanisms in the established dimensions; 2) use of new statistical techniques for the calculation of the index; and 3) implementation of different methods for the graphic representation of the results, in order to facilitate the reading of the index.

These methodological improvements point to the optimization in the calculation process, enhancing robustness to the index. The evaluation and follow-up of each dimension making up the index (political, social, economic, environmental and cultural) will pave the way for the development of public policies aimed at guiding policy-makers on the control variables they can use and should incorporate with a view to using the instruments that will help them achieve the objectives, which in this case is greater regional integration.

For 2020, the indicator will be updated according to the availability of statistical information and the discussion will take place at the expert level, incorporating the scientific community in order to continue improving and authenticating the index.

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B. Objectives

1. Update the IINTALC with available statistical information; and
2. Provide public policy makers with a useful tool that contributes to the improvement of subregional integration processes.

C. Expected results

A document that explains the methodological changes and the statistical update of the IINTALC of Latin America and the Caribbean.

Activity I.1.7. Vulnerability index. Update and evaluation of results for Latin America

A. Background and justification

The Work Programme of the Permanent Secretariat for the year 2017 included the creation of an indicator that allows timely identification of episodes of high speculative pressure that could lead to the occurrence of a crisis in the countries of the region. As a result, it published the study *Early Warning Indicators for Central America: A tool for times of crisis*. Then, among the activities of the Work Programme for 2018 was the update of indicators used for creating the External Vulnerability Index (EVI) and the assessment of the evolution of this indicator, whose main purpose is to optimize the time available for countries to forecast the occurrence of a crisis or episodes of high speculative pressure.

For 2020, given the relevance for the countries in the region to rely on tools that allow them to predict external shocks that can compromise compliance with debt obligations and hamper their economic performance, SELA proposes to continue the work of updating this indicator. Even though the study presented in 2017 was applied to Central American countries, this update of indicators includes the incorporation of the member countries of the Pacific Alliance (PA). The continuation of these measurements contributes to the creation of coordinated policies that help mitigate external shocks and their effects on economies. It should be noted that one of the fundamental functions of the EVI is to identify the moment when a crisis could break out, in order to take measures on time to prevent it or minimize its impact.

B. Objectives

1. Update the indicators used for the construction of the External Vulnerability Index (EVI) for Central America and the countries of the PA;
2. Estimate the future behaviour of the External Vulnerability Index (EVI) for the countries that were analyzed; and
3. Update and produce aggregate indicators that allow countries to identify a profile of potential external challenges with the purpose of contributing to the progress of regional integration processes.

C. Expected results

Update of the External Vulnerability Index (EVI) for Central America and the countries of the PA.

PROJECT I.2. Analysis of productive structures and economic growth in the region**Activity I.2.1. Trade Introversion Index (TII). Update and follow-up of trade linkages in Latin America****A. Background and justification**

Intra-regional trade in Latin America and the Caribbean has reported a progressive decline since 2008. Figures published by the IMF show a loss of dynamism in trade in the region since that year, from 20.3% in 2008 to 16.4% in 2016.

Despite the efforts made in the region to increase intra-regional trade, the commercial link among them seems to grow at lower than expected rates, with this slowdown exacerbating over time. In addition, many indicators used for calculating trade integration tend to yield wrong results and misinterpretation due to the biases inherent in the calculation method.

In this context, the Permanent Secretariat proposed the creation of an indicator that relies on the intrinsic characteristics of regional data and produces a measurement of commercial links between Latin America and its partners inside and outside the region. Thus, in 2018, according to the methodology proposed by Iapadre (2004), the Permanent Secretariat created the Trade Introversion Index (TII), which has the property to mitigate the limitations or bias showed by traditional indicators that quantify trade links between countries and regional blocs. The calculation results seem to indicate that there are different levels of commercial links in the integration mechanisms evaluated: The Pacific Alliance (PA), the Andean Community (CAN), the Common Market of the South (MERCOSUR), and the Central American Integration System (SICA).

In 2020, the Permanent Secretariat will continue to update the IICO in order to assess the current situation of intra-regional trade and monitor progress, both in aggregated and disaggregated terms, of the main exporting products by country. Thus, the organization could give impetus to actions that stimulate the exchange of those products that encourage productive capacity-building and more complex activities for the productive articulation of the region.

B. Objectives

1. Update the introversion index for the countries of the PA, CAN, MERCOSUR and SICA;
2. Calculate commercial links by industrial sectors and products; and
3. Provide inputs to the methodology for identifying productive niches at the regional level.

C. Expected results

An update of the indicator for the countries making up the various integration mechanisms: PA, CAN, MERCOSUR and SICA. In addition, the TII will include new calculations by industrial sectors and products.

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Activity I.2.2. Ecotourism and its role in the promotion of sustainable development

A. Background and justification

Among the goals and objectives outlined in the Agenda 2030, which has been agreed upon by the heads of State and senior representatives of the nations of the world within the United Nations Organization (UN), is the promotion of productive transformation of the economies in the region towards sustainable and inclusive growth. This promotes poverty reduction, the support to the economy of subsistence concerning primary goods and the incorporation of small States to the use the most modern technological tools.

Within this context, tourism is one of the activities that are constantly being subject to evaluation, due to the impact that it can have on the environment. This activity, according to the World Tourism Organization (UN WTO, 2016), generates more than 8.7% of the employment in Latin America and represents 9.3% of global GDP.

In addition to encouraging greater promotion to tourist destinations as an important activity for these countries, a mechanism of preservation and conservation of the environment must be encouraged. Thus, ecotourism emerges as a new way of continuing with tourist activities as a source of resources, while raising awareness about the need and importance of preserving the environment for future generations.

The International Ecotourism Society defines this new form of tourism as a responsible way to enjoy natural areas, which seeks to preserve the environment and improve well-being of local residents through the prevention and mitigation of the environmental impact of tourist activities and the promotion of environment awareness and culture.

Ecotourism aims at a sustainable growth, in the sense that it is aligned with the Agenda 2030, particularly in terms of its objectives, including: i) ensure sustainable consumption and production patterns; ii) take urgent measures to combat climate change; iii) preserve and use oceans, seas and marine resources in a sustainable manner; and iv) promote the sustainable use of terrestrial ecosystems.

There are successful experiences in the development of this type of activities. Such is the case of the initiative of the Spanish Ministry of Industry, Energy and Tourism, which, in 2012, decided to aim at the transformation of the tourism model based on the concepts of innovation, sustainability and accessibility, in order to preserve the tourist capacity of this nation. It should be noted that Spain is the second country in tourism expenditure and the third one in the number of tourists received annually at the global level.

Within the region, several countries have worked to promote this form of tourism and implement best practices in environmental conservation.

With this initiative, the Permanent Secretariat of SELA aims to open up a space for the generation of debates and discussions on ecotourism and sustainable development, in order to expand links with other regions that are more advanced in this field, and share experiences and best practices. Thus, this is a contribution towards the achievement of the goals of the Agenda 2030 through the promotion of tourism and the increase of well-being of communities.

B. Objectives

1. Disseminate experiences and regional and extra-regional initiatives on smart destinations and ecotourism, highlighting the barriers that have been faced in implementing these activities, from the institutional standpoint, and the various ways to overcome them through public-private partnerships;
2. Identify the benefits of ecotourism in terms of environmental, economic, cultural and social matters, while considering the objectives of the 2030 Agenda; and
3. Provide a meeting space for cooperation between public and private organizations with the purpose of promoting ecotourism initiatives and Smart Tourism Destinations in the region, through the collection and dissemination of statistical data (Open Data) for designing and implementing the most suitable public policies.

C. Expected results

1. Holding a Regional Meeting that convenes tourist focal points of the Member States of SELA, with the purpose of promoting ecotourism in Latin America and the Caribbean as an engine for sustainable growth; and
2. Establishing working groups between public and private organizations, which addresses the recommendations stemming from that forum.

PROGRAMME: TRADE FACILITATION**PROJECT I.3. Programme for strengthening the Latin American and Caribbean Network of Digital and Collaborative Ports****Activity I.3.1. V Latin American and Caribbean Regional Meeting of Port Logistics Communities****A. Background and justification**

In compliance with the Work Programme of the Permanent Secretariat for 2019, the IV Regional Meeting of Port Logistics Communities was held in Port of Spain, Trinidad and Tobago, from 8 to 10 August, and was attended by industry executives, ministry officials and public agencies, consultants and researchers from Latin America, the Caribbean and Spain. The main objective of the event was to start drawing up a draft 2030 agenda for regional port transformation of major ports; and bring together representatives of the main port logistics communities, members of the Network, national and local authorities who will continue medium- and long-term strategic definitions with multidisciplinary teams based on competitiveness and sustainability priorities.

Prior to the IV Latin American and Caribbean Meeting of Port Logistics Communities, the "III Colloquium of scientific research in port logistics chain" took place. Participants discussed the importance of networks in scientific collaboration in regional port logistics, and shared views on some applied research projects in the port logistics chain.

The host country presented the port system of Trinidad and Tobago. Participants discussed the role of public policies in the promotion and facilitation of port logistics communities and their potential impact on industry. The major regional port systems presented their experiences and vision on governance, community technology, sustainability, and integrated logistics corridors.

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In this V Meeting, participants will present a work agenda on a priority logistics and trade network that will accompany regional integration initiatives. In addition, this event is expected to be a high-level meeting space among ministries, national port authorities, logistics communities, logistics associations, scholars and international technical cooperation organizations, to learn about projects of implementation of change management solutions in port environments.

B. Objectives

1. Present a work agenda on a priority logistics and trade network that accompanies regional integration initiatives;
2. Submit the results of the implementation of the Priority Logistics and Trade Network of the Pacific Alliance; and
3. Present the new features of the specialized portal of the Network of Digital and Collaborative Ports.

C. Expected results

Conduction of the V Latin American and Caribbean Regional Meeting on Port Logistics Communities, as part of the strategies of cohesion and dissemination of the work advanced during the implementation of a new phase of this Programme. The V Meeting provides for the participation of representatives of port systems linked to the Programme, as well as ministerial authorities related to this issue, other organizations and experts interested in contributing to the ongoing collaborative work in this context.

Activity I.3.2. Trade promotion strategies, exports and investments in Latin America and the Caribbean

A. Background and justification

The pace of growth in the economy is currently moderate. The International Monetary Fund (IMF) estimates that the world economy will have a growth rate of 3.2% at the end of 2019, which is a drop compared to expectations at the beginning of the year (3.1%). Demands of major global economies show modest growth rates, which is why international trade and foreign direct investment have been affected.

At the regional level, economic activity in Latin America shows a significant reduction in early 2019, according to figures published by the IMF. The region is expected to grow at a rate of 0.6% in 2019 (0.8 percentage points less than previously estimated), reflecting the deterioration of the macroeconomic context in the largest economies.

In this scenario, Latin America needs to generate shares that boost trade flows and create incentives that attract new flows of foreign investment; thus, the effects of the extra-regional context can be mitigated and the loss of dynamism in some economies in the region can be remedied.

Trade promotion and investment agencies play an essential role in a country's growth and development dynamics. These agencies are responsible for promoting strategies for the dissemination of sectors producing potential goods and services, strengthening their exports and creating attractive conditions for new investments. It should be noted that these are just some of the many tasks and objectives of these institutions.

For the Permanent Secretariat of SELA, trade promotion and investment agencies are indispensable for the formulation and design of strategies to promote the development of key sectors at the regional level. In this connection, the Permanent Secretariat proposes a work agenda that would allow for the creation of a space for discussion among promotion agencies at the regional level, where recent experiences in this area will be shared, thus creating a space for feedback among the parties.

In addition, SELA aims to contribute to decision-making and strategy generation by providing the respective tools, such as the methodology for identifying potential productive niches. This tool makes it possible to know, by industries, products and geographical areas, those sectors that show greater comparative advantages for the creation of a new industry or a new export of a good. Thus, promotion agencies will be able to strengthen the proposals put forward to decision-makers.

B. Objectives

1. Conduct a Regional Seminar for the presentation of the latest strategies of trade promotion and investment agencies, as well as their results;
2. Prepare a compilation report on the experiences presented and contrast the results with the potential productive niches identified in the respective countries, using the methodology developed by SELA; and
3. Conduct training and dissemination workshops on trade promotion and investment techniques and programmes.

C. Expected results

Conduction of a Regional Seminar, and development and publication of a compilation report on the experiences and results of trade promotion and investment strategies at the regional level. Based on this report, the implementation of activities to train the relevant technical staff with the aim of improving the design of trade promotion and investment strategies.

Activity I.3.3. Presentation of the Latin American and Caribbean Network of Digital and Collaborative Ports

A. Background and justification

After four years of work, the Network of Digital and Collaborative Ports has become a reference model for the management of community initiatives with prospects for growth in the use of technologies that promote innovative solutions, thus encouraging technical cooperation in each port linked to the Programme. Such is the case of strategic diagnosis workshops, formation of Methodological Support Groups (MSG), and training workshops for the industry

Therefore, as more countries and port communities join real networks of trade and transport facilitation, with emphasis on the reference model for competitiveness of the port logistics chain, designed within the framework of this Programme, it is necessary to advance in minimizing structural failures in the region.

The Network has been able to identify a new space for development of international technical cooperation, in port environments, that traditional multilateral organizations have not addressed in a comprehensive, dynamic and results-oriented manner. In a short period of time, it has captured the attention of 27 port systems that need to adapt their management approach in order to make a

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quantitative leap in competitiveness, adopt technological changes and work collaboratively with the maritime business, import and export value chains, logistics user community and transport public policies. Today ports should move quickly in collaborative business and innovation networks, so as not to lag and miss opportunities to grow as port cluster, and thus boost the economic and social development of their port cities and foreign trade competitiveness.

Despite the advances and consolidation of the Programme, based on the background that is considered today, the status of the Programme for the creation of the Network of digital and collaborative ports stands out for the incipient formalization of port logistics communities in the ports of each country related to the Programme. Therefore, a proposal is made to structure the organization of the D&C Ports Network towards its sustainability, based on: (1) the reaffirmation and commitment by its members to the activities of the Network; (2) balanced and representative corporate governance; and (3) adequate funding to implement its activities in the medium term.

Based on the information collected during all phases of the Programme, articulation of coordinated actions is expected from CAF, SELA and the organizational structure of the Network (committees) with a view to developing some strategies for the formulation of short and long-term agendas, focused on the institutional strengthening of the Network, permanent measurement of the evolution of regional competitiveness, and dissemination of national and regional public policies on logistics-port modernization.

In addition, and in order to provide greater visibility and be able to disseminate, transfer and share knowledge and information generated within the framework of the Programme for the creation of the Network of Digital and Collaborative Ports, in this meeting a presentation will be made of the improved D&C Ports Network portal, which is expected to become a key element for digital support at the stage of institutionalization of the Network of Digital and Collaborative Ports promoted by SELA.

For this purpose, the Transitional Steering Committee presented the work plan for each of the technical committees and the group of experts, highlighting among its fundamental objectives the formalization of the Network, and a roadmap was generated to define the future of the Network as a regional non-profit association.

B. Objectives

1. Present a formalized Network as a regional non-profit association;
2. Offer the materialization of legal and technical studies to legitimize SELA as technical secretariat of the Network; and
3. Present the new facilities of the specialized portal of the Network of Digital and Collaborative Ports as a functional tool for the collaborative work of the community.

C. Expected results

A meeting for the presentation of the Network of Digital and Collaborative Ports, formalized with regulations and a technical secretariat and linked to a specialized portal as a functional tool for its institutionalization and collaborative work of its members.

PROGRAMME: INFORMATION AND COMMUNICATION TECHNOLOGIES AND KNOWLEDGE SOCIETY**PROJECT I.4. Promotion of innovation and technological development****Activity I.4.1. Strategies to promote business digitization in Latin America and the Caribbean****A. Background and justification**

Digitization is defined as the intensive use of digital technologies and data for the development of new products, promotion of efficiency of business processes (production, distribution, marketing and sales), facilitation and acceleration of interconnection with consumers and related businesses. Its use is no longer an option and has become a necessity, to the point that International Data Corporation states that the level of growth of companies will be determined by their degree of digital transformation.

The changes generated by digitization have permeated all spheres of society and resulted in the Fourth Industrial Revolution (Revolution 4.0). Technological trends, such as the Internet of Things (IoT), cognitive automation, artificial intelligence, robotics and the analysis of large volumes of data, have been disruptive agents in the traditional conception of communications, business models and industrial processes.

In Latin America and the Caribbean, there are some individual success stories, but business digitization strategies remain incipient and have a smaller-than-expected impact on productivity. In fact, the benefits of new technologies are not linear and require some initial conditions, such as a minimum threshold for digital knowledge, organizational capabilities and specific competencies of human capital, which much of the business sector lacks.

These shortcomings in the adoption of digital technologies are key determinants in the stagnation of regional productivity vis-à-vis the most advanced countries, and largely explain the performance gaps between smaller production units and large companies.

Thus, in order to achieve sustained economic growth and successful integration into international markets in a competitive global economic context, the region must deepen its digital transformation processes with strong progress at the institutional level, involving representatives of the public, private and academic sectors and implementing public policies aligned with international best practices.

As part of the challenges faced, ECLAC (2019) has identified three areas into which policy interventions can be broken down. First, factors of the business environment, such as institutional frameworks, telecommunications infrastructure, support for education systems; then, factors that are inherent to investment and maintenance of technologies; and, finally, factors associated with the company which include the internal capabilities and characteristics of the industry in which it carries out its activities.

Specific actions, such as the establishment of advisory services for entrepreneurs and MSMEs on the existence and use of digital technologies, the implementation of incentives for investment in new technologies, the strengthening of innovation systems and the Spillover effect, are part of the strategies that countries in the region could undertake to capitalize on the benefits of digitization.

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B. Objectives

1. Survey regional efforts to promote business digitization;
2. Analyze and evaluate the main challenges and opportunities provided by business digitization programmes in Latin America and the Caribbean;
3. Encourage the exchange of regional and international best practices in the implementation of a reform agenda that promotes business digitization; and
4. Promote the creation of a continuous network of work for the exchange of information and experiences in this thematic area.

C. Expected results

Conduction of a regional meeting that serves as a space for synergy and exchange of regional and international best practices, guiding and supporting reform processes aimed at promoting business digitization in an economic context of increased competitiveness and integration of economic circuits.

Activity I.4.2. The Knowledge Economy as a tool to boost regional trade

A. Background and justification

Global exports of knowledge-based services (KBS) have been very dynamic over the past two decades. While Latin America and the Caribbean (LAC) did not remain aloof from this trend, the region's export performance in this sector was lower than in the rest of the world, albeit with heterogeneity across different countries.

Significant opportunities arise to boost KBS exports, as trade in these sectors will remain one of the most growing activities in the coming years. Countries in the region have important advantages, such as the time zone and cultural and language similarities, for export to the United States, LAC and Europe. Some Latin American economies are also noted for the availability of skilled human capital at competitive costs, while many have implemented different support mechanisms for these sectors.

However, major challenges for the development of KBS exports in the region impose a change in trade policy, including difficulties in moving up in small countries, the need for more appropriate regulatory frameworks, human capital bottlenecks in some segments, lack of articulation with other sectors to promote indirect exports and connectivity constraints.

In order to overcome these obstacles and promote the use of existing opportunities, two workshops are proposed in this activity. First, a training workshop for the exchange of best practices for officials from SELA Member States; and, secondly, a workshop on productive integration of KBS for business chambers or representatives of business entities from other sectors with comparative advantages to promote productive integration.

B. Objectives

1. Strengthen the public officials' and business sector's knowledge of the general aspects of KBS, including the main characteristics of these services, regulations impacting international trade and policies oriented to their promotion;
2. Promote the development of contact networks, the exchange of best practices on public policies and explore the possibilities for convergence in this area among the countries of the region; and

3. Enhance the productive integration of KBS through the development of contact networks among companies in the Member States of SELA, the promotion of associativity, and the construction of productive linkages with other sectors that form part of the productive fabric of the countries in the region.

C. Expected results

Training of two groups of participants on the main policy instruments on KBSs and the possibilities for convergence in LAC, reduction of barriers to trade, agreements on services and other trade issues, double taxation avoidance agreements, migration issues, agreements on the recognition of professional education, among others. In addition, this activity is expected to stimulate cooperation mechanisms that generate greater value in exports, develop supplier networks and regional productive linkages, coordinate joint trade promotion actions and other relevant aspects.

Activity I.4.3. Electronic commerce as a tool to support the internationalization of SMEs

A. Background and justification

Since the end of the 20th century, electronic commerce has acquired an increasingly relevant role on the world economic stage. According to data collected by the United Nations Conference on Trade and Development (UNCTAD), in the United States, between 2002 and 2012, the participation of business income from e-commerce doubled from 15% to 30% of the total income of companies in that country. In turn, companies in Asia, such as Alibaba Group (China) or Rakuten (Japan), have assumed the leadership in the provision of electronic commerce services in the region, which has enabled them to achieve milestones such as providing the greatest volume of goods in the world (in terms of their market value) and offer electronic mechanisms for placement of Asian goods in markets of other regions of the world.

In Latin America and the Caribbean, e-commerce also has gained spaces in regional economic relations, although unevenly and on a smaller scale in comparison with other countries of the world. In this connection, it has been reported that Brazil, Mexico and Argentina accumulate nearly 65% of e-commerce between businesses and final consumers in the region. Also, it has been reported that Argentina, Chile and Uruguay accumulate the largest proportions of online shoppers, reaching values close to 70% of Internet users in those countries.

Despite the challenges existing in the field of digital media in Latin America and the Caribbean, electronic commerce has the potential to become a very useful tool for the empowerment of the participation of small and medium-sized enterprises of Latin America and the Caribbean in international markets. The use of online trading mechanisms is accompanied by a significant reduction of the transaction costs incurred by both firms and consumers, in view of the presence of economies of scale derived from the flexibility in the flows of information without additional costs. Therefore, Internet trade offers a path outward to companies with scales of production so small that they could not take up the typical costs of export through traditional mechanisms.

As part of SELA's activities regarding the digital economy and the use of information and communication technologies for trade, the meeting "E-Commerce in Latin America and the Caribbean: Opportunities and Challenges for the internationalization of SMEs seeks to take a first step in addressing the concerns of small and medium-sized enterprises with export potential in the region. Through this meeting, both business leaders as public policy makers will get a picture of the

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usefulness of electronic commerce as a tool for internationalization, and will envisage concrete solutions in this area, in accordance with the needs faced by small and medium-scale enterprises in the region.

B. Objectives

General objective

Identify the specific opportunities and challenges that must be addressed by the countries of Latin America and the Caribbean for the use of electronic commerce as a tool for the insertion of small and medium-sized enterprises into international markets.

Specific objectives

1. Identify the specific opportunities and challenges that must be addressed by the countries of Latin America and the Caribbean for the use of electronic commerce as a tool for the insertion of small and medium-sized enterprises into international markets.
2. Define a concrete framework of public policies for the use of electronic commerce in the insertion of small and medium-sized enterprises of the region into international markets.

C. Expected results

A regional meeting in which the issue will be discussed on the basis of the objectives proposed, and a document outlining the use of e-commerce as a mechanism for the internationalization of small and medium-sized enterprises in Latin America and the Caribbean.

PROJECT I.5. Management and coordination of specialized portals

Activity I.5.1. Management and maintenance of specialized portals

A. Background and justification

In order to optimize the contents of its Web site related to institutions and the development of integration in Latin American and Caribbean economies, in 2018 SELA continued the work of updating its specialized portals, through which some issues of the utmost importance on the agenda of the organization have been addressed, namely: disaster risk reduction in Latin America and the Caribbean, South-South cooperation, free trade zones, SMEs, and digital and collaborative ports (D&C Ports).

It should be noted that in the field of SMEs, through the portal dedicated to the SELA-SMEs Programme, the Permanent Secretariat supported cooperation actions for the creation and strengthening of micro, small and medium-sized enterprises in the region. For that purpose, the portal is becoming a reservoir of information which, in addition to facilitating access to regional legislation by countries, keeps a network of contacts with public and private entities up-to-date, facilitating interaction with the authorities responsible for public policies, as well as with representatives of the sector in the Member States. For 2020, the Permanent Secretariat plans to include new facilities and strengthen the existing ones in the portal.

As regards digital and collaborative ports, the Permanent Secretariat is building the portal dedicated to the Network of Digital and Collaborative Ports (D&C Ports Network). Thus, SELA contributes to

the strengthening of ports and their communities to address the challenges of the growing volume of foreign trade and the strategies of the major international stakeholders in ports of the region. In addition, it gives a boost to facilitation of intra and extra-regional trade of Latin America and the Caribbean and guarantees, especially exporters and importers and relevant authorities, a space for them to timely access key information for their activity.

Designed according to collaborative work, this portal includes a technical-administrative environment of limited access for D&C Ports Network staff and a public environment to which end users can access to make their queries. The portal enables registered users to share, in real time, documents, memos, tasks, agenda and meeting guidelines with other users of the same working group and even with other working groups within the same space.

In 2018, the Permanent Secretariat has continued working on the coordination of the structuring of the portal, which is shared responsibility of several authorities linked to the 27 port logistics communities making up the D&C Ports Network. This tool will be available to the public at the end of the second half of 2019.

B. Objectives

Maintain and enrich the offer of specialized information that the Permanent Secretariat makes to the Member States, through the various tools on its Web site, optimizing its access and consultation.

C. Expected results

Optimized portals, converted into authentic reservoirs of relevant and up-to-date information, related to key aspects of development and integration processes of Latin America and the Caribbean, reflected in this Work Programme.

AREA II. ECONOMIC AND TECHNICAL COOPERATION

PROGRAMME: SUPPORT TO ECONOMIC AND TECHNICAL COOPERATION AMONG LATIN AMERICAN AND CARIBBEAN COUNTRIES

PROJECT II.1. Strengthening economic and technical cooperation in Latin America and the Caribbean

Activity II.1.1. XXXI Meeting of International Cooperation Directors for Latin America and the Caribbean: Innovative mechanisms for South-South and Triangular Cooperation (SSTC) in Latin America and the Caribbean

A. Background and justification

What today is known as South-South Cooperation originated from the adoption of the Buenos Aires Plan of Action for Promoting and Implementing Technical Cooperation among Developing Countries (BAPA) on 18 September 1978 in Argentina.

Signed by 138 States, the Plan created an inter-institutional cooperation bridge among the least developed countries, established the first reference framework for such cooperation, and incorporated in its practices the basic principles of relations among States: Respect for sovereignty, non-interference in internal affairs, and equal rights, among others. At the same time, it defined a series of innovative and concrete recommendations aimed at establishing legal frameworks, institutional foundations and financing mechanisms at the national, regional, inter-regional and global levels. At that moment, technical cooperation was therefore defined in Buenos Aires as an instrument capable of promoting exchanges of experiences among countries that share similar challenges and historical realities.

In 2018, the BAPA marked 40 years of its creation. On such occasion, it held in 2019, in Argentina, the II High-Level UN Conference on South-South Cooperation (PABA+40), whose central topic was how South-South and Triangular Cooperation provide an opportunity to achieve the 2030 Agenda for Sustainable Development, approved in 2015 and raised as the new roadmap to global transformation. It integrates as fundamental pillars the social, economic and environmental dimensions of development, and in order to materialize it, it is necessary to meet the goals framed within the 17 Sustainable Development Goals.

In addition, as the substantial core of the 2030 Agenda, there is the request of the signatories to abide by the principles of *not to leave anyone behind* and *shared responsibility*, which grant international cooperation a privileged position. It also involves the participation of different stakeholders as an essential element to promote environments leading to sustainable development, such as local governments, the academia, civil society and the private sector.

Latin American and Caribbean countries have shown that, despite their heterogeneity and the challenges they face, they have many experiences to share in favour of sustainable development and universal implementation of the 2030 Agenda; in this connection, Such South-South and Triangular Cooperation in Latin America and the Caribbean has been formed on the basis of affinities and shared experiences, of common goals, inspired by the principles of horizontality,

consensus, equity, solidarity, respect to sovereignty, while taking into account national contexts and priorities, free from any conditionality. At the same time, both modalities are characterized by being a necessary complement to increase the range of successful experiences and to strengthen and build capacities, generate knowledge, promote regional integration, and work for the design of public policies in compliance with the SDGs.

An analysis of the evolution of SSC in Latin America and the Caribbean shows that, for the period 2007-2016, annual projects increased from 746 to 845. However, in making a more detailed observation, there is a shift in preference from short-term projects (initiatives) to medium and long-term projects (actions). In fact, for the period under review, actions increased from 341 to 680, while initiatives fell from 405 to 165

As for TC, this modality is less common in the region, but has also seen a gradual increase in projects for the period 2007-2016, from 60 to 137 per year. Its behaviour also shows a preference for medium and long-term projects, since at the beginning of the period there were 34 projects, while at the end of it the figure increased to 100. However, the regional TC is variable by nature and focuses on certain activities, such as training courses, workshops or internships.

In this scenario, the Latin American and Caribbean Economic System (SELA), as an organization that promotes intra-regional cooperation, in order to accelerate the economic and social development of the region, will make the necessary efforts to maximize the efficiency of international cooperation in its three modalities (North-South, South-South and Triangular), respond to the challenges posed in the new international context, as set forth in the 2030 Agenda for Sustainable Development, and support the meeting of the objectives adopted in the 17 Sustainable Development Goals: i) Incorporate new non-governmental actors; ii) diversify funding sources, with an emphasis on national financial resources; and iii) strengthen national, regional and United Nations System institutions with competence in international cooperation to improve coordination and distribution of responsibilities, as well as to make the many interests of all the actors involved more consistent and meaningful.

B. Objectives

1. Submit a general assessment of the main initiatives developed by specialized international organizations and governments in Latin America and the Caribbean to strengthen the regional architecture in South-South and Triangular Cooperation (SSTC);
2. Promote an institutional framework and guiding principles that contribute to greater involvement of the private sector in Triangular Cooperation (TC) regional strategies; and
3. Disseminate and exchange best practices related to the diversification of sources of funding for South-South and Triangular Cooperation (SSTC) projects in the region.

C. Expected results

1. Conduction of the Meeting of International Cooperation Directors for Latin America and the Caribbean;
2. Evaluation of public policies implemented to date in order to improve and strengthen national and regional institutions in Latin America and the Caribbean in charge of South-South and Triangular Cooperation (SSTC) for the implementation of the 2030 Agenda for Sustainable Development;
3. Survey the main programmes and projects that are being implemented by the different regional and subregional cooperation schemes in Latin America and the Caribbean, favouring

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the identification of successful experiences and best practices on the private sector involvement in SSTC strategies;

4. Identify proposals and mechanisms for better use of domestic resources, as well as incentives for diversification of the source and nature of financing for South-South and Triangular Cooperation projects; and
5. Gather information on the opportunities for international cooperation, South-South Cooperation and Triangular Cooperation that are available to Latin American and Caribbean countries.

This project will be supported by the Government of the Republic of Peru, through the Peruvian Agency for International Cooperation (APCI) and the Pérez Guerrero Trust Fund of the Group of 77.

Activity II.1.2. Roundtable on triangular cooperation in technical assistance for pro-youth social development policies in Latin America and the Caribbean

A. Background and justification

Latin America and the Caribbean (LAC) is undergoing a transitional period charged with high uncertainty. In most countries in the region, democratic values are stronger than a few decades ago and in other regions of the world. However, there are risks of setbacks considering the States' challenge of reducing levels of inequality, violence and corruption, increasing levels of social cohesion, in order to ensure the protection and promotion of the rights of all people, in accordance with the highest international standards.

In this scenario, the 2030 Agenda for Sustainable Development requires the alignment of public policies that are cross-cutting and serve the most vulnerable populations. Social policies facilitate a multidimensional approach to the development phenomenon, and they must be inter-sectoral and accelerate the implementation of multiple Sustainable Development Goals in the fewest possible interventions, in order to ensure budget efficiency and prioritize a results-based approach. For this reason, the region must maintain and expand the achievements made in welfare and social inclusion. It must also meet Sustainable Development in its most vulnerable population, which will be the basis of economic growth and human capital in the next 15 years: the youth population.

The youth population (0-18 years) in the region finds itself in the most severe situation of multidimensional poverty, mainly due to factors associated with malnutrition, child mortality, school attendance and unemployment. Effective responses to this situation should include new measurement methods and indicators that clearly reflect the characteristics of this age group in the above-mentioned situation, as well as coordination among national authorities, international organizations and institutions with technical, operational and financial competences in this area, for the design and implementation of programmes and public policies aimed at improving living conditions and expanding opportunities for young people.

Based on its role as a mechanism for the promotion and strengthening of international cooperation, the Latin American and Caribbean Economic System (SELA) held in 2019 the *Technical Workshop on advances in public policies for poverty reduction in Latin America and the Caribbean*, in which the Permanent Secretariat of SELA had the opportunity to present the project *Alliances for the welfare of Latin American and Caribbean youth*, which focuses on the provision of technical support through a Triangular Cooperation Agreement for the strengthening of a public policy project for the youth population (0-18 years).

The implementation of the project consists of several phases: i) Regional appeal; ii) Mapping of needs and technical support capabilities in public policies for social development; and iii) Triangular Cooperation Agreement. The Permanent Secretariat of the Latin American and Caribbean Economic System (SELA) will serve as the coordinating body of the project through technical virtual roundtables and preparatory negotiations.

Finally, the triangular cooperation table will help formalize the agreements reached and thus initiate the channelling of technical resources. In addition, it will provide a space for the exchange of offers and demands for cooperation that may arise within the framework of the activity.

B. Objectives

1. Present the portfolio of technical cooperation needs and offers in social development policies for young people in Latin America and the Caribbean, as part of the project *Alliances for the welfare of Latin American and Caribbean youth*;
2. Formalize the previously agreed Triangular Cooperation Agreements between the countries and institutions participating in the project *Alliances for the welfare of Latin American and Caribbean youth*; and
3. Identify proposals and mechanisms for better use of domestic and foreign resources aimed at technical and financial support of South-South and Triangular Cooperation projects for the social development of young people in Latin America and the Caribbean.

C. Expected results

1. Strengthening the development of public policies through South-South and Triangular Cooperation and public policy learning;
2. Contribution to the decrease in factors most frequently associated with multidimensional poverty levels in Latin America and the Caribbean; and
3. Promotion of South-South and Triangular Cooperation as strategies to accelerate the achievement of Sustainable Development Goals

Activity II.1.3. IX Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean

A. Background and justification

Since its inception, SELA has supported disaster risk management and prevention activities, a commitment embodied not only in the Panama Convention establishing the organization (Panama, 1975), but also in its interest, over time, in achieving greater cooperation and coordination with specialized bodies in the field.

Public-private partnerships for disaster risk reduction created a space that allows for greater burden-sharing to avoid duplication of efforts, time and resources, and focuses on the common goal of reducing disaster risk (DRR) in the Latin American and Caribbean (LAC) region. In this area, different specialized topics have been addressed as a contribution to the debates in the search for better solutions, with emphasis on providing technical assistance and supporting national risk management systems through the strengthening of national capacities and disaster preparedness and response. This refers to disasters that not only are the result of natural and man-made phenomena, but they also are linked to climate change.

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The United Nations Framework Convention on Climate Change (UNFCCC), in Article 1, defines “climate change” as: “a change of climate which is attributed directly or indirectly to human activity that alters the composition of the global atmosphere and which is in addition to natural climate variability observed over comparable time periods”.

In this scenario, SELA, in collaboration with public–private entities aims to provide objective data on the vulnerability of communities to disasters and the impact of climate change; report on humanitarian action in the region; and help identify and implement public policies aimed at setting disaster priorities and making the best decisions.

According to the Centre for Research on the Epidemiology of Disasters (CRED) at Louvain University, in 2018, 315 natural disaster events were recorded with 11,804 deaths, more than 68 million people affected, and US\$ 131.7 billion in economic losses worldwide. However, with respect to the previous decade (2008-2017), in 2018 there were fewer disasters compared to the annual average of 348 events, fewer deaths compared to the annual average of 67,572, fewer people affected compared to the annual average of 198,8 million, and less economic losses compared to the annual average of US\$ 166.7 billion.

This decrease not only is due to the absence of massive disaster events, but it also demonstrates the effectiveness that has been developed in identifying early warning systems in combination with disaster management. This does not disregard the fact that disaster risk management remains a complex situation that requires continued international cooperation to address the challenges that may arise. In this context, resilience in cases of climate change-related disasters deserves special attention.

However, some countries have lower capacity to respond to natural phenomena, such as Small Island Developing States (SIDSs), which face serious economic, social and financial challenges as a result of extreme weather events due to climate change. The negative effects of climate change hamper the growth of these countries and threaten the prospects for sustainable development. Effective response measures are urgently needed, with the participation of the different bodies of the international community, due to the vulnerability of these economies to the impact of climate change and natural disasters, as noted recently with the passage of Hurricane Dorian in the Caribbean, where vulnerability of SIDSs was exposed.

This situation shows that the focus should be on prevention, preparedness and reconstruction assistance in addition to the emergency care process itself. Official development assistance (ODA) flows in humanitarian aid, as well as countries' domestic policies, should be channelled into long-term action plans that identify early the occurrence and risks of these events in order to optimize the use of financial resources in emergency care, risk management and disaster care.

Support for Latin American and Caribbean institutions dedicated to disaster contingency care must continue. The experience gained with the implementation of policies and programmes in emergency and risk care should be deepened by adding the implementation of assistance projects promoted by specialized international organizations and development banks for this purpose. Greater efficiency in disaster risk management response requires improvements in coordination, articulation and convergence between such institutions, and in the incorporation of environmental and risk variables into national development plans. Interinstitutional synergy promotes the exchange of information and identification of action strategies that facilitate the design and implementation of plans that incorporate the five pillars for disaster risk management, such as: i) Risk identification; ii)

risk reduction; iii) preparation and training; iv) financial protection; and (v) resilient recovery and reconstruction.

The Latin American and Caribbean Economic System (SELA), in fulfilling the mandates on the issue of DRR conferred by its Member States to the Permanent Secretariat and in understanding that intra-regional cooperation is another tool for the economic and social development of the region, incorporates in its Work Programme the contributions of international cooperation to the management of crises generated by natural disasters. In this context, SELA promotes a system of consultation and coordination between those providing technical assistance and the various governmental and private focal points in the region in order to increasingly achieve the optimization of resources aimed at supporting initiatives that seeks to minimize the impact of natural disasters on national development policies in Latin American and Caribbean countries.

B. Objectives

The general objectives of this activity are as follows:

1. Analyze the main challenges and perspectives of risk management and the impact of climate change at the Latin American and Caribbean level, with particular emphasis on the vulnerabilities of Caribbean countries;
2. Strengthen the establishment of public-private partnerships with a view to consolidating a coordinated and efficient cooperation that reduces disaster risk and climate change vulnerability and to implementing public policies developed to that end;
3. Continue the exchange of experiences and knowledge in the area of risk management and impact of climate change, which will serve as the basis for guiding public policymaking and decision-making; and
4. Stress the importance of best practices in international cooperation in disaster risk management and climate change, as well as in investment and in efficient, sustainable and responsible construction.

C. Expected results

Conduction of the IX Meeting on Public-Private Partnerships for Disaster Risk Reduction in Latin America and the Caribbean.

Activity II.1.4. X Meeting of the Working Group on Trade and Competition. Joint UNCTAD-SELA project

A. Background and justification

The Working Group on Trade and Competition in Latin America and the Caribbean (WGTC) is made up of the corresponding national authorities of the Member States of SELA, with the cooperation of SELA and UNCTAD as its executive and technical secretariats, respectively.

This Group was created at the II Regional Seminar UNCTAD-SELA on Trade and Competition, held in Brasilia, Brazil, in 2010. Authorities in charge of trade and competition in the event concluded that there were multiple needs for institutional strengthening in this area in the region, which should be addressed by deepening integration and cooperation among national authorities, in order to achieve, inter alia, similar levels of technical capacity that eliminate asymmetries in this area in the

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regional integration process. In this regard, they proposed the creation of a Working Group on Trade and Competition in Latin America and the Caribbean.

The Latin American Council of SELA supported the establishment of the WGTC and the accompaniment by the Permanent Secretariat for the necessary technical support in the organization, preparation and development of the activities identified by the Group, through Decisions N° 519 (2010) and N° 530 (2011). Thus, the Permanent Secretariat of SELA has been closely linked to the organization and conduction of the Group's meetings in collaboration with UNCTAD.

The WGTC's mission is to achieve the institutional strengthening of the countries in the region in the field of trade and competition by facilitating the exchange of knowledge and experiences, promoting regional consultation and looking for economic and technical cooperation from both the region and the relevant international organizations. The WGTC, in coordination with the Permanent Secretariat of SELA and the General Secretariat of UNCTAD, has met in: Bogota, Colombia (2011); Lima, Peru, (2012); Buenos Aires, Argentina, (2013); Punta Cana, Dominican Republic, (2014); Manta, Ecuador, (2015); Roatán Island, Honduras (2016); San Salvador, El Salvador; (2017), Brasilia, Brazil (2018); and Asunción, Paraguay (2019).

B. Objectives

1. Exchange experiences among authorities in charge of trade and competition in the Member States as regards priority issues on the regional agenda;
2. Promote cooperation, consultation and coordination in the field of trade and competition in Latin American and Caribbean countries and their trade and cooperation institutions and forums;
3. Identify and promote measures aimed at the preservation and promotion of competition at the national level and economic relations of the countries of Latin America and the Caribbean;
4. Promote bilateral, subregional and regional projects for cooperation, assistance, consultation, coordination and integration; and
5. Contribute to the institutional strengthening and training of human resources of trade and competition institutions, as well as the deepening of relations with the judicial authorities of the Member States.

C. Expected results

1. Based on the conclusions and recommendations of the IX Meeting of the WGTC, prepare an analytical study on the subject that is considered of a regional high priority in the field of trade and competition; and
2. Organize the X Annual Meeting of the Working Group on Trade and Competition in Latin America and the Caribbean (WGTC).

Activity II.1.5. Taking advantage of digital technologies to boost cultural and creative industries in Latin America and the Caribbean

A. Background and justification

According to figures from the Inter-American Development Bank (IDB), in 2015 the cultural and creative industries generated more than US\$ 124 billion in revenues and employed more than 1.9 million citizens in Latin America and the Caribbean. This classification includes goods and services

associated with visual arts, sculpture, painting, music, the dissemination of culture and the development of digital tools with high creative content.

In view of the relevance and potential of this productive sector, in August 2019 the Permanent Secretariat held in Medellín the [“Regional Meeting on orange economy: Creating opportunities for regional development”](#) with the support of the Ministry of Commerce, Industry and Tourism of Colombia, in partnership with the Medellín Mayor’s Office and the Medellín Chamber of Commerce for Antioquia, from which interesting findings were obtained.

These industries are an engine for economic growth and the generation of decent and quality employment. In this connection, they have demonstrated extensive resilience capabilities to permanently resist and reinvent themselves in times of crisis, enabling faster recovery from adverse events in the economic environment.

In addition, projects that are part of the cultural and creative economy have great potential to boost the productivity of economies, accelerating the dynamism of related activities, such as tourism, trade, infrastructure and transport. This high degree of articulation also positions this sector as a tool to enhance productive diversification with great strength to encourage exports.

In this regard, the cultural heritage and creativity of the population are an inexhaustible source of opportunities for the economic and social development of the region. However, capitalizing on all the benefits of these industries will require progress in multiple areas of the public policy agenda and its linkage with private sector actors.

In particular, since the emergence of the Fourth Industrial Revolution, new technologies have emerged as disruptive agents in all spheres of society, profoundly changing consumption patterns, dynamics of production processes and mechanisms for communication and interaction.

In the face of these changes, cultural and creative industries are no strangers. On the contrary, the growth of the digital sector has supported the increase in the rest of the branches of the cultural economy, especially due to the massification of Internet access. Today, new technological devices and the creation of applications and platforms are creating a more digital, individual and personalized consumption of culture.

Similarly, new technologies are affecting the productive processes of cultural and creative goods and the dynamics of international trade due to a greater flow of information and communication. These advances could mean gains in productivity, access to export markets, and greater integration, if countries in the region manage to delve into digitization.

In view of the relevance of this topic to SELA Member States and as a continuation of the effort made in 2019, the Permanent Secretariat will hold a regional meeting to assess regional capacities to take advantage of the benefits of new digital technologies in the development of these industries, in order to enhance regional cultural values and boost economic growth and integration.

B. Objectives

1. Highlight regional opportunities in the use of digitization as a tool to enhance cultural and creative industries;
2. Address the main challenges in the use of new technologies within the framework of the activities of the cultural and creative economy; and

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3. Recognize and analyze successful international practices likely to be implemented in the countries of the region.

C. Expected results

The conduction of a regional meeting to address regional opportunities and challenges in the use of digital technologies in order to boost the performance of cultural and creative industries.

PROJECT II.2. ECONOMIC AND SOCIAL DEVELOPMENT

Activity II.2.1. Multidimensional poverty and inequalities in Latin America and the Caribbean: Policies for social inclusion and welfare

A. Background and justification

Poverty can be understood as the phenomenon in which monetary income fails to meet a minimum threshold or a person suffers a certain number of deprivations that affect his/her quality of life. In this context, the Oxford Poverty and Human Development Initiative (OPHI) and the United Nations Development Programme (UNDP) developed the Multidimensional Poverty Index (MPI), in order to have an instrument capable of capturing, robustly and with a replicable methodology among countries, the state of the art regarding the number of deficiencies or deprivations that people suffered, for more than 100 countries, in the dimensions of health, education and access to basic goods and services.

The Multidimensional Poverty Index (MPI) is updated every year and published based on the statistical information needed to be able to perform analyses and comparisons among countries. For the 2019 issue, the results showed that 1.3 billion people are in multidimensional poverty, 66.6% live in middle-income countries and 50% of them are people under 18 years of age, reflecting a critical situation: Increase in income is a necessary but not sufficient condition for societies to fall out of the cycle of poverty, and young and dependent people are the most vulnerable to multidimensional poverty (OPHI, 2019).

The eradication of poverty and extreme poverty and the reduction of inequality in all dimensions continue to be a major challenge for the countries of Latin America and the Caribbean. While the region made significant progress in this area from the beginning of the last decade to the middle of this decade, since 2015 there have been setbacks, particularly in extreme poverty (ECLAC, 2018).

In 2017, 10.2% of Latin America's population was in extreme poverty and 30.2% in poverty. Moreover, while income inequality has been reduced over the past 15 years, the rate of decline has slowed in recent years, and Latin America and the Caribbean remains the most unequal region in the world. In 2017, the simple average of Gini indices of 18 Latin American countries was 0.47. This fact is worrying and sends warning signs, especially in a regional context of low economic growth and profound demographic and labour market transformations (ECLAC, 2019).

Understanding the different dimensions of poverty, and recognizing that inefficient inequality represents an obstacle to growth, development and sustainability, it is necessary to promote and implement policies for equality and reconsider the synergy between equality and growth, insofar as many social policies, because of their impact on human capacities, contribute to increased productivity and are a stimulus to economic growth .

The Permanent Secretariat, as a regional member of the *Multidimensional Poverty Peer Network*, conducted in 2019 the *Technical Workshop on advances in public policies for multidimensional poverty reduction in Latin America and the Caribbean*, in collaboration with the Government of the Republic of Paraguay, through the Ministry of Social Development and the Social Cabinet of the Presidency, and the support of the Mercosur Social Institute (ISM). In order to strengthen the organization's social agenda, it will continue the thematic line of multidimensional poverty, expanding its understanding by adopting the paradigm of social inclusion and analyzing socio-economic inequalities as structural barriers to overcoming multidimensional poverty in the region.

B. Objectives

1. Train officials in charge of social development and planning in the management of the concepts and methodologies used for measuring multidimensional poverty;
2. Disseminate best practices and experiences of successful social programmes and policies for poverty reduction in Latin America and the Caribbean; and
3. Facilitate better coordination among national authorities in Latin America and the Caribbean responsible for social development, multilateral organizations and regional development banks in the design and implementation of public policies and programmes for poverty reduction in the region.

C. Expected results

Conduct the regional workshop "*Multidimensional poverty and inequalities in Latin America and the Caribbean: Policies for social inclusion and welfare*". Its objectives are:

1. Promote methodologies to analyze the phenomenon of poverty from a multidimensional vision among public policymakers in Latin America and the Caribbean;
2. Support the creation of a national index, by country, that reflects multidimensional poverty in Latin America and the Caribbean;
3. Create a meeting space for relevant focal points in Latin America and the Caribbean, which allows for reflection on the causes and determining factors that guarantee the success or failure and the sustainability of public policies for poverty reduction; and
4. Establish regular channels that facilitate technical cooperation among national authorities of Latin America and the Caribbean, multilateral organizations and regional development banks in order to overcome technical, operational and financial problems in the design and implementation of poverty reduction programmes and policies in Latin America and the Caribbean.

Participants in the meeting will include the national authorities of SELA Member States responsible for public policies on social development, as well as representatives from regional and international organizations, experts and scholars linked to public policies for poverty reduction in Latin America and the Caribbean.

38**Activity II.2.2. Seminar on impact evaluation of public policies in Latin America and the Caribbean: Effective actions for social development****A. Background and justification**

The systematic and regular evaluation of public management contributes to strengthening the role of the State since it is the instrument *par excellence* to ensure democratic governance and governability, and along with them, collective well-being. In turn, the evaluation of public management necessarily hinges on the analysis and evaluation of the policies that support it. The objective is to achieve a systematic appreciation of the design, the implementation and, especially, the results and impact of such policies on society, with a view to developing better plans for optimization of public management.

In August 2017, the Permanent Secretariat of SELA organized the "Regional Seminar: Introduction to the Evaluation of the Impact of Public Policies and Programmes", whose objective was to train participants in the management and mastery of the necessary tools for the management, monitoring and evaluation of the impact of public policies, and exchange experiences on the process of formulating public programmes, in order to consolidate capacities for the use of impact assessment as an instrument for accountability and as a tool for the continuous improvement of public policies and programmes. The premise of this seminar was the certainty that only on the basis of impact assessment it is possible to determine what would have happened to the beneficiaries of a programme in the absence of it, because this methodology not only allows for a cause-effect analysis, but – as part of the public policy process – it also encourages learning of successful or failed cases and the accountability to citizens and the competent authorities, as the case may be.

To ensure continuity of this effort, the Permanent Secretariat organized in September 2018 the "Seminar on assessment of the impact of public policies for micro, small and medium-sized enterprises (MSMEs) in Latin America and the Caribbean", and for the year 2019, it planned another seminar on the same topic, making emphasis on disaster risk reduction (DRR). For 2020, a focus on social development policies is planned, with particular attention to those aimed at reducing multidimensional poverty and promoting social inclusion.

In the area of social development interventions, impact assessment has been a major issue in public administration in the region, since it provides technical inputs related to the exercise of good governance, namely: the results-based management, fiscal sustainability, accountability and transparency, while emphasizing that an effective intervention not only achieves expected results, but also responds, cost-efficiently, to the needs of citizens.

In this scenario, impact assessment is not a common methodology in public administrations and governing bodies of Latin American and Caribbean countries, and that is why emphasis is made on the exceptional and current quality of this niche to carry out technical cooperation initiatives for SELA Member States. For this reason, the Permanent Secretariat of SELA has considered it relevant and useful to organize the "Seminar on impact evaluation of public policies in Latin America and the Caribbean: Effective actions for social development" for experts and decision-makers in the field of social development to discuss it, strengthen technical capabilities and promote their use in the region.

This project is being developed by the Permanent Secretariat jointly with the Latin American Centre for Development Administration (CLAD), CAF-development bank of Latin America, and the Centre for Learning and Evaluation of Results of Latin America and the Caribbean (CLEAR-LAC). In 2020, the

Abdul Latif Jameel Poverty Action Laboratory for Latin America and the Caribbean (JPAL-LAC) will participate.

B. Objectives

1. Train participants of the seminar in the design, implementation and evaluation of public policies for social development;
2. Disseminate best practices and experiences in this respect, and
3. Promote technical cooperation among focal points for social development.

C. Expected results

Conduction of the Seminar on impact evaluation of public policies in Latin America and the Caribbean with a view to: i) identifying technical tools that allow for an appropriate design and experimental implementation of public policies; and ii) adopting a methodology for impact evaluation that contributes to greater efficiency in executing public policies.

Activity II.2.3. The future of labour markets in Latin America and the Caribbean: perspectives, opportunities and challenges

A. Background and justification

According to the International Labour Organization (ILO), the performance of labour markets in Latin America and the Caribbean has experienced a marked deterioration after the international financial crisis, largely undermining the progress achieved during the super cycle of raw materials. In 2018, the economic rebound allowed for a moderate recovery in employment, although threatened by higher levels of uncertainty and volatility.

A more detailed vision of this reality reveals that young people, women and migrants are the segments in which unemployment and low participation persist more strongly, and they are also the least favoured groups in their wage consideration. As for quality of employment, self-employment and informality continue to rise, while real wages rebound due to greater control of inflation levels and because they are not accompanied by increases in productivity.

ILO figures show that, at present, more than 120 million people are working in conditions of informality, without social protection coverage, without employment-related benefits and with tax-evading productive units. Informality, despite being an option in the face of poverty and necessity, has become the root of major economic and social problems by fostering corruption and weakening institutions, not generating contributions to tax revenue, distorting the functioning of markets through unfair competition and deepening inequality.

In this context, and with total factor productivity close to half that achieved by the United States of America, Latin American and Caribbean countries have undertaken productive transformation agendas to drive diversification and promote the development of higher value-added activities, which result in the generation of stable, decent and quality employment.

In this effort, new technologies play a leading role in expanding growth opportunities for productive sectors. With the emergence of the Fourth Industrial Revolution (Revolution 4.0) on a global scale, all spheres of society have undergone profound changes. Technological trends such as the Internet of Things, cognitive automation, artificial intelligence, robotics and the analysis of large volumes of

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data have been disruptive agents in the traditional conception of communications, industrial and labour processes.

In fact, technological changes are leading to profound transformations in labour markets at the global level. As production processes have incorporated achievements, the demand for skills required by companies has been substantially altered.

On the one hand, technological innovations are creating new jobs associated with new skills needed to develop and operate them. Thus, occupations such as "drone operator", "big data specialist" or "application developer", whose existence was unthinkable a short time ago, have emerged.

On the other hand, it has been demonstrated that automation and artificial intelligence have replaced humans in some occupations. Bank tellers, automotive plant operators and stock investment analysts are occupations replaced by machines, codes, and algorithms with higher levels of quality and productivity. According to empirical evidence, and as the IDB (2019) outlines, occupations with defined and repetitive tasks have a high susceptibility to being replaced.

In addition, the use of new techniques for communicating and processing large volumes of data has become a key part, not only to understand the dynamics of labour markets and to identify the skills required, but also to facilitate recruitment processes and modernize training and vocational training systems.

In this context, advanced countries have undertaken strategic efforts to understand the new dynamics of their labour markets and harmonize technological innovation processes with the generation of new skills in the working class. In contrast, in Latin America and the Caribbean, analytical work on the new determinants of labour behaviour should be deepened in order to promote a comprehensive reform agenda.

B. Objectives

1. Generate a space for synergy and reflection on the main challenges and opportunities of labour markets in the region within the context of globalization, digitization and profound demographic changes;
2. know the main determinants of labour market behaviour and the impact of new technologies on their performance; and
1. Promote the exchange of regional and international best practices in the implementation of policies for the formation of solid and inclusive labour markets.

C. Expected results

Conduction of a regional meeting that serves as a space for synergy and the exchange of regional and international best practices, guiding and supporting reform processes aimed at promoting the functioning of labour markets in a context of globalization, technological innovation and job automation.

PROGRAMME: SELA - SMEs**PROJECT II.3. Latin American and Caribbean Regional Programme for Small and Medium-sized Enterprises****Activity II.3.1. Launch of the Public Policy Index for MSMEs (IPPALC) project in the Central American subregion****A. Background and justification**

Since 2015, after the presentation of the document *Methodological considerations for developing an index of public policies for SMEs in Latin America and the Caribbean (IPPALC)* at the "Regional Meeting on Public Policies for Promotion and Support of SMEs", held in Cartagena de Indias, Colombia, the Permanent Secretariat started a conceptual and methodological adaptation of the similar indicator developed by the OECD, with emphasis on the promotion of productive articulation and transformation.

As a result, in 2016 two regional meetings were held in coordination with the OECD. The first one was the Regional Meeting on the Update Study on the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC), held in San José, Costa Rica. The second one was entitled "Workshop on the Implementation of the Public Policy Index for SMEs in Latin America and the Caribbean", which was held in Panama City. Both events were aimed at promoting the implementation of this tool, and allowed for identifying the countries interested in adopting such Index as part of their strategies to support MSMEs.

Later on, in October 2017, the "Technical Workshop on the Public Policy Index for SMEs in Latin America and the Caribbean (IPPALC): Central America" took place in San Salvador, with the purpose of gaining knowledge about the national visions to promote the launch of the IPPALC project in Central America, taking into account its specific needs and characteristics.

This workshop gave rise to letters of interest from Belize, El Salvador, Guatemala, Honduras, Panama and Dominican Republic, through which the authorities responsible in the area of MSMEs informed about their commitment to develop the IPPALC. Similarly, the Regional Centre for the Promotion of MSMEs in SICA countries (CENPROMYPE), through an official communication, informed about its institutional interest in supporting the process to create the index for the subregion.

Thus, on this occasion, the Permanent Secretariat of SELA, together with the Organization for Economic Cooperation and Development (OECD), will organize a subregional meeting to serve as a platform for launching this index, while providing a space for a technical discussion about the dimensions related to its implementation.

B. Objectives

1. Support Central American countries in their processes to determine and evaluate the objectives related to the development of policies for SMEs;
2. Offer a space to share national visions within the context of the adoption of the IPPALC;
3. Optimize the procedural framework designed by the Permanent Secretariat for the successful implementation of the IPPALC; and
4. Review and validate the assessment questionnaires for each dimension of the IPPALC in response to the needs and structural characteristics of the countries.

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C. Expected results

Conduction of a subregional meeting for the launch of the Public Policy Index for MSMEs (IPPALC) in the Central American subregion.

Activity II.3.2. Follow-up meeting on the implementation of the Public Policy Index for MSMEs in Latin America and the Caribbean (IPPALC) in the Central American subregion

A. Background and justification

As part of the efforts to support the performance of micro, small and medium-sized enterprises, since 2015 the Permanent Secretariat has promoted the implementation of the Public Policy Index for MSMEs. This tool allows for evaluating and monitoring the performance of institutional capacities in order to optimize the decision-making process aimed at this productive sector.

This index, created in 2006 by the Organization for Economic Cooperation and Development (OECD), has been implemented in the countries of Southeast Europe, the Association of Southeast Asian Countries (ASEAN) and the Middle East and North Africa region, enabling the achievement of important findings that have served as a platform during the process of designing the development plans of these countries.

For this reason, the Permanent Secretariat, in partnership with the OECD, has undertaken the task of disseminating the broad potential of this tool to support the productive transformation processes that countries in the region are going through and to overcome the constraints the smaller companies face.

In this connection, during 2016 and 2018, five meetings were held that led to the launch of the project for the Pacific Alliance countries, Argentina, Ecuador and Uruguay and in the receipt of letters of interest by the member countries of the Central American Integration System (SICA) with the support of the Regional Centre for the Promotion of Micro and Small Businesses of Central America (CENPROMYPE).

As regards the pilot project for the Pacific Alliance countries, Argentina, Ecuador and Uruguay, in 2019 the OECD and CAF-development bank of Latin America, in collaboration with the Permanent Secretariat and the Foundation for strategic analysis and development of the SME (FAEDPYME), completed the study "[Competitive Policies in the Pacific Alliance and South American Participating Countries](#)", which gathers the results achieved with the implementation of the index and incorporates recommendations aligned with the international best practices that will guide the process of reforms required.

This document was presented at the "[Meeting for the presentation of the results of the Public Policy Index for MSMEs in Latin America and the Caribbean \(IPPALC\), as implemented by the Pacific Alliance, Argentina, Ecuador and Uruguay](#)", held in April 2019 in Lima with the co-sponsorship of the Ministry of Foreign Trade and Tourism (MINCETUR) and the Ministry of Production (PRODUCE) of Peru.

Thus, with the success and relevance of the findings of the pilot project, at the end of 2019 the "Meeting for the launch of the Public Policy Index for MSMEs (IPPALC) in the Central American subregion" will be held in Guatemala, with the support of the Ministry of Economy (MINECO), the Organization for Economic Cooperation and Development (OECD), the Central American Bank for Economic Integration (CABEI) and the Regional Centre for the Promotion of Micro and Small Businesses in Central America (CENPROMYPE).

For this reason, as in the experience of the pilot project, the Permanent Secretariat will organize with its partners a follow-up meeting that will allow for evaluating the progress of countries in the requested information gathered, validating and discussing the preliminary results obtained.

B. Objectives

1. Support the efforts made by Central American countries in the search for the information required for the construction of the IPPALC;
2. Discuss and validate preliminary findings obtained from the information collected; and
3. Confirm the information obtained through self-assessment and independent evaluation.

C. Expected results

Conduction of a meeting that serves as a space for discussion of the preliminary results obtained and the exchange of relevant information to enrich the analysis of the final publication of the index for Central American countries.

Activity II.3.3. Mechanisms to promote and boost Small Business Development Centres (SBDC)

A. Background and justification

Small Business Development Centres (SBDC) are services that support micro, small and medium-sized (MSMEs) with the aim of fostering the growth of these businesses at the local and regional levels. SBDCs have been part of policies to support MSMEs since the mid-1980s globally, and in Latin America and the Caribbean they have had a boost in recent years with the support of institutions such as the Economic Commission for Latin America and the Caribbean (ECLAC) and the Organization of American States (OAS).

El Salvador was the first Central American country to implement the Business Development Centres model in 2010 and has about twelve centres that continue to expand. In addition, it has provided support to 6,600 MSMEs and created more than 3,000 jobs. Belize was the first Caribbean country to launch a SBDC in 2012, managing to form 800 MSMEs, create 200 jobs and access 29 new markets in its first year.

The development of these centres has been based on the provision of technical support to MSMEs in learning, innovation and transformation processes of local economic systems. In Latin America, more than 15 countries have made some headway in national policies for the promotion of these centres, managing to mobilize resources of the public, academic and private sectors with the aim of creating jobs and stimulating local economies by providing resources, business advice and training in areas such as business planning, marketing, regulatory compliance, investment generation, and international trade, among other issues.

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The importance of these Small Business Development Centres in recent years in the region reinforces the need to continue to make progress in efforts to support MSMEs in the medium and long term and improve their monitoring and evaluation mechanisms to address weaknesses that are still present in these systems.

Despite the progress of the Small Business Development Centres, some countries in the region are in the early stages of implementation of the centres and others are reviewing the scheme adopted so far. Among the things to be assessed are the lack of coordination among the development entities and the low integration between policies for MSMEs and national policies for productive transformation; the lack of adequately prepared and funded, stable and sufficiently autonomous entities that has limited the countries' ability to make transformations in long-term strategies; and the low presence of business associations.

In 2020, the Permanent Secretariat of SELA plans to hold a Regional Meeting on evaluation of Small Business Development Centres (SBDC) of Latin America and the Caribbean, which is expected to complement the initiatives of other regional and international integration and cooperation agencies and mechanisms that have focused on their promotion and development

B. Objectives

1. Exchange the regional experiences and best practices of Small Business Development Centres in Latin America and the Caribbean and their boom over the past decade;
2. Know the monitoring and evaluation mechanisms of Small Business Development Centres in Latin America and the Caribbean and their results in the region; and
3. Promote the integration of existing Small Business Development Centres in Latin America and the Caribbean through the promotion of inclusive public policies that take into account the private and academic sectors.

C. Expected results

Conduct the Regional Meeting on Evaluation of Small Business Development Centres of Latin America and the Caribbean.

PROJECT II.4. SELA-CAF Productivity Programme

Activity II.4.1 Competitiveness and internationalization of SMEs in Latin America and the Caribbean

A. Background and justification

The Permanent Secretariat developed a series of activities within the framework of the Productive Articulation Programme for the strengthening and development of small and medium-sized enterprises (SMEs) in the region, responding to the needs of this important sector of Latin America and the Caribbean.

Activities addressing topics such as financial inclusion, formalization, impact evaluation of public policies for small and medium-sized enterprises formed part of the Work Programme for 2019. In addition, SELA developed its own methodology to identify potential production niches, on which officials from 11 countries in the region were trained for its implementation. It should be noted that

this training included an induction into the management of STATA statistical software and databases used in the methodology.

This work agenda implemented by SELA, with the support of CAF-development bank of Latin America, has helped meet the needs of SMEs at the regional level. For the Work Programme for 2020, the continuation of this Productive Articulation Programme is proposed, making emphasis on the issues of competitiveness and internationalization of SMEs. This second stage of the Programme aims to continue to create spaces for opportunities that promote the insertion of SMEs into efficient production processes, which facilitate linkages and commercial ties for the diversification of these companies.

In this connection, the diagnosis of potential production niches represents an input to continue to develop activities that generate greater added value in the production process of SMEs. In addition, it represents a tool that facilitates the design of policies that promote the productive articulation of the business fabric and thus boost competitiveness and incorporate SMEs into internationalization processes.

B. Objectives

1. Gather and analyze the results by country of the implementation of the methodology for identifying potential production niches;
2. Regional meeting for the presentation of results by country and presentation of the compiled document;
3. Competitiveness workshops; and
4. Internationalization workshops.

C. Expected results

Development and publication of a study that compiles the results of the identification of potential production niches. Based on these results, implementation of activities that meet the needs in terms of competitiveness and internationalization.

Activity II.4.2 Financial education and financing instruments for SMEs in Latin America and the Caribbean

A. Background and justification

In Latin America and the Caribbean, micro, small and medium-sized enterprises (SMEs) represent an opportunity for regional socio-economic development. In fact, they make up a large part of the private sector and contribute significantly to job creation. However, they face a number of challenges to grow, increase their productivity, and develop a profitable business model. One of the most critical factors is the difficulty in accessing financing.

Financing is a fundamental tool for the survival of these companies, not only for their growth and expansion but also for staying in the markets. Better conditions for companies to access financing result in increases in productivity, increases in technological innovation and greater likelihood of entering and surviving in international markets, as well as avoiding bankruptcy or placing the company in the hands of third parties. Companies need financing opportunities and a financial strategy action plan that allows them to leverage acquired resources and achieve structured and successful growth. In this context, it is advisable to monitor the progress of financing and guarantees

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in Latin America and the Caribbean, as well as the incorporation of the analysis of innovative financing mechanisms available to MSMEs. In order to achieve greater protection of financing, it is necessary to strengthen security systems in the region, creating regional guarantee, refinancing, insurance and reinsurance mechanisms, and diversifying customer types.

Credit restrictions faced by smaller companies are due to several factors, including exclusion of the most vulnerable sectors from the banking system, information problems, higher transaction costs, and limited financial knowledge.¹ Despite the banking sector's efforts to promote the inclusion of those outside this sector with new business models, financial inclusion in its entirety has not been achieved. Financial education can counteract these effects by enhancing skills in entrepreneurship sectors to make the best use of the opportunities offered by the financial system. According to the Organization for Economic Cooperation and Development (OECD), financial education is "the process by which financial consumers/investors improve their understanding of financial products, concepts and risks and, through information, instruction and/or objective advice, develop the skills and confidence to become more aware of financial risks and opportunities, to make informed choices, to know where to go for help, and to take other effective actions to improve their financial well-being".²

The Permanent Secretariat addressed the issue of financing for MSMEs in previous opportunities from various perspectives. In its Work Programme, the Permanent Secretariat highlights the importance of financing for the development and consolidation of MSMEs, as well as the exchange of experiences and knowledge of the innovative financial instruments available to MSMEs, not only from the perspective of banks, but also from the view of the potential, advantages and risks they face in using Information and Communication Technologies (ICTs). It is clear that the public and private sectors must work hand-in-hand to improve MSMEs' access to sources of credit with adequate regulation, facilitating access to information, resolving market failures and narrowing differences in knowledge.

In addition to the issue of financing, MSMEs also deal with the issue of financial inclusion, highlighting the need to promote positive changes in economic behaviour and in the low levels of financial education in Latin America and the Caribbean. Faced with this situation, SELA, in its commitment to reaching common positions and strategies that benefit the quality of life of the population of the LAC countries, through its activities aims to reduce the impact of inequality and poverty in different ways, including the spread of financial literacy among entrepreneurs.

Financial education and inclusion are complementary concepts. The synergy between the two makes it possible that greater financial education generates higher levels of financial inclusion thanks to timely and broad access to financial products and services and the massive use of them. Initiatives focused on achieving financial inclusion in turn promote well-being and economic-social inclusion. For the LAC region, it is a priority that most companies are part of the financial gear, thus contributing to economic growth and, consequently, to reduction of inequality and poverty.

¹ OECD/CAF (2019), América Latina y el Caribe 2019: Políticas para PYMEs competitivas en la Alianza del Pacífico y países participantes de América del Sur, OECD Publishing, Paris.
<https://doi.org/10.1787/60745031-es>

² OECD (2005a), Improving Financial Literacy: Analysis of Issues and Policies, OECD Publishing.
<https://doi.org/10.1787/9789264012578-en>

SELA, through its SELA-SMEs Programme, promotes policymaking aimed at empowering entrepreneurs, giving them financial and economic planning tools that enable them to make business and financial decisions conducive to the development and growth of their businesses. Having and understanding financial information about products and services contributes to decision-making analysis, provides knowledge of rights as financial consumers, as well as the understanding of obligations by financial entities. This background creates financially literate entrepreneurs, whose decisions will tend to favour both their investments and the stability and development of the financial system, while endowing them with competences for understanding economic and social policies adopted in their economies.

As a key player of this approach emerge the FinTech companies, which offer financing options for growing enterprises that have exhausted the possibilities for obtaining credit from traditional banks, focusing primarily on growth projects of companies and providing for flexibility in the requirements to be met. FinTech have the potential to improve banking efficiency and promote the inclusion of traditionally neglected social groups, such as MSMEs, considering them a window of opportunity. With the use of technology, they manage to understand them as a customer and overcome the operational inefficiencies of traditional institutions. The gap in financing for MSMEs in LAC reaches approximately US\$ 250 billion³.

Since their emergence in the financial system, FinTech companies have entered all segments of a bank's value chain, from those serving the customer, such as financing, personal finance, transfers and financial advice, to those that support operations. The appeal of FinTech companies has to do with their competitive characteristics and value proposition, which far outweigh the service offer of traditional banks. They simplify technology and provide the customer with a simple, convenient and accessible connection anytime, anywhere. These characteristics allow FinTech companies to be the great allies of population groups that have normally been neglected by banks.

The Latin American and Caribbean region is a fertile ground for the development of FinTech companies. Some of the countries still have precarious banking systems, few branches and a high percentage of unbanked population, a scenario that can encourage the emergence of e-market and mobile operators, thus favouring financial inclusion. However, FinTech companies also face challenges for their development and entrenchment, such as the potential risks they can create to consumers, investors and even the financial system as a whole. The extension of new services may be affected by the adoption of regulatory approaches by governments aimed at risk prevention. Similarly, problems in the speed of digital data transmission affect the level of penetration of the Internet and cell phones, and thus the migration of operations and customers to digital banking. Many of the information technology platforms are obsolete and do not have the right capacity to store and process huge amounts of data. They must be modernized in order to access digital banking.

The Permanent Secretariat, in its Work Programme, incorporates the review of the evolution of FinTech companies in the LAC region, considering that they are part of the trend that will define the banking business model of the future with the consolidation of technology platforms, highlighting the systematization and dissemination of best practices in the financial inclusion and education of MSMEs.

This activity is aimed at the government focal points responsible for designing the monetary and financial policy of SELA Member States, representatives of the banking sector, national SME authorities, FinTech companies, regional organizations and experts in the field.

³ La Revolución Fintech. Oliver Wyman. Corporación Interamericana de Inversiones. September 2016.

48**B. Objectives:**

The Seminar on "Financial education and financing instruments for SMEs in Latin America and the Caribbean" has the following objectives:

1. Identify innovative financing and guarantee mechanisms in Latin America and the Caribbean that enable MSMEs to reach their potential;
2. Support the adoption of public policies on financial education that encourage MSMEs to use financial products and services, and promote the financial inclusion of beneficiaries;
3. Empower MSMEs, providing them with the knowledge necessary to acquire skills in managing their finances and defending their rights as financial consumers in the event of abuse by financial intermediaries; and
4. Recognize successful practices in the design of financial instruments and schemes aimed at meeting the needs of MSMEs, in particular the potential financing options, such as the "Fintech".

C. Expected results

Conduct a seminar to assess the impact and perspectives of financial technologies on financing and financial inclusion of MSMEs in Latin America and the Caribbean.

AREA III. EXTRA-REGIONAL RELATIONS

PROGRAMME: EVALUATION AND PROMOTION OF EXTRA-REGIONAL ECONOMIC RELATIONS OF LATIN AMERICAN AND CARIBBEAN COUNTRIES

PROJECT III.1 Follow-up and analysis of preferential trade agreements signed among extra-regional countries that could influence their economic, trade and investment relations with Latin American and Caribbean nations

Activity III.1.1 Analysis of economic, trade and cooperation relations of Latin America and the Caribbean with Arab countries

A. Background and justification

According to a study by the Inter-American Development Bank (IDB), Latin America and the Caribbean could increase its trade with the Arab Gulf countries by about US\$ 13 billion a year by signing trade agreements and increasing its diplomatic presence. The same study states that bilateral trade between the two regions is currently modest, totalling US\$ 16.3 billion in 2018, equivalent to 7% of the exchange between Latin America and the European Union.

According to the report, the Arab Gulf countries imported US\$ 10.9 billion from Latin America and the Caribbean (LAC) in 2018, while exporting US\$ 5.4 billion to LAC. The Arab Gulf countries are Bahrain, Iraq, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates (UAE). Calculations in the same report indicate that trade agreements could increase trade between the two regions by

about US\$ 9.8 billion a year. If more diplomatic representations are opened, bilateral trade would increase by about US\$ 3.3 billion a year.

Some products that attract the attention of the Arab Gulf countries include food, metals, pearls, semiprecious stones, mechanical and electrical machinery, and automobiles. Part of the appeal to most Latin American and Caribbean countries is that so far trade between the two regions is concentrated in a few of them. Only Brazil (US\$ 9.1 billion), Argentina (US\$ 2 billion) and Mexico (US\$ 1.3 billion) account for 76% of total trade with the Arab Gulf countries.

B. Objectives

1. Hold a special meeting of the Latin American Council within the framework of Dubai Expo 2020;
2. Evaluate options for cooperation and integration between LAC and the Arab region; and
3. Formalize Strategic Alliance between SELA and the United Arab Emirates Government.

C. Expected results

Conduct the regional meeting "*Analysis of economic, trade and cooperation relations of Latin America and the Caribbean with Arab Countries*", which is expected to achieve the following goals: i) Hold a special meeting of the Latin American Council on the premises of Dubai Expo 2020; ii) Explore opportunities for economic cooperation and integration between the two regions; and iii) Establish and formalize the strategic alliance between the Latin American and Caribbean Economic System and the government of the United Arab Emirates.

This activity is aimed at national authorities of SELA Member States responsible for public policies for social development, representatives of regional and international organizations, experts and scholars linked to the field of economic integration between Latin America and the Caribbean and the Middle East.

Activity III.1.2 Trade promotion and investment among Latin America, the European Union and Asia: Towards the creation of the international trade network

A. Background and justification

The global economy has experienced a decade of moderate growth as a result of global financial problems arising from the U.S. financial crisis in 2007. According to data from the International Monetary Fund (IMF), global economic activity moved from an average growth rate of 4.24% per year from 1998 to 2008 to an average growth rate of 3.43% per year from 2008 to 2018. This slower pace of global economic activity is largely due to the lower dynamism of developed economies and the fragile economic growth of Latin America and the Caribbean, which recorded average growth rates of their Gross Domestic Product (GDP) of 1.46% and 1.76% per year from 2008 to 2018, respectively. By contrast, Asia's economies have shown greater resilience in the face of a less favourable global context, reflected in average economic activity growth of 7.22% per year from 2008 to 2018. This has encouraged analysts and decision makers to look to the Asian experience, in order to understand the factors that explain its success and explore areas of economic cooperation between regions.

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Along with the slowdown in economic activity, global trade has been impacted by the restricted international context of recent years. The average pace of growth in the volume of world trade rose from 6.68% per year from 1998 to 2008 to 3.27% per year from 2008 to 2018, according to IMF data, dragged by less dynamism in the economic activity of developed countries and the non-compensatory terms of trade dynamics. In this connection, according to IMF figures, the terms of trade of advanced countries and Asia grew on average by 0.30% and 0.10% per year during 2008-2018, while the terms of trade of Latin America and the Caribbean fell on average by -0.33% per year during the same period. This data shows a limited business panorama on which governments must take action for the well-being of citizens.

For its part, Latin America and the Caribbean still has a long way to go in terms of the depth of its trade relations. As the most recent World Trade Organization (WTO) figures show, despite the geographical extent of the region, its exports accounted for only 3% of global exports in 2018, which contrasts with the 37% and 35% share of Europe and Asia, respectively, within world trade in 2018. For their part, exports of goods in Latin America and the Caribbean have focused on agricultural products, mining and fuels, as shown by the share figures of these items within the export basket of 62% and 67% in 2000 and 2017, respectively, according to WTO data. These facts limit the region's alternatives to boost its growth in the face of a less favourable national landscape and a less dynamic situation of transactions in primary goods sectors.

In this context, the development of trade promotion policies between Latin America and the Caribbean, Asia and Europe emerges as an interesting strategy for better trade positioning of the region. Asian economies are a highly dynamic and internationally trade-friendly market, which could serve as a destination for most goods of Latin America and the Caribbean. For their part, Europe's economies are among the most sophisticated in the world (according to the Economic Complexity Index estimated by the Centre for International Development at Harvard University), and therefore the strengthening of relations between this region and Latin America and the Caribbean could help permeate the knowledge and technology required for the productive transformation of the Latin American and Caribbean region. That is why SELA is addressing trade promotion policies between Latin America and the Caribbean, Europe and Asia through a meeting that will bring together decision-makers, leaders and representatives of the public and private sectors of these regions.

B. Objectives

1. Analyze the evolution and status of trade promotion schemes and policies for Latin America and the Caribbean, Europe and Asia;
2. Present opportunities for strengthening trade promotion among Latin America and the Caribbean, Europe and Asia;
3. Reflect on the momentum of small and medium-sized enterprises (SMEs) through trade promotion among Latin America and the Caribbean, Europe and Asia; and
4. Define a roadmap for the development of trade promotion policies for Latin America and the Caribbean, Europe and Asia.

C. Expected results

A meeting that brings together policy makers, public officials and leaders of SMEs from Latin America and the Caribbean, Europe and Asia at conferences and working tables on key topics of interest related to trade promotion among these regions with the aim of advancing the creation of an international trade promotion network.