

ANNEX

MID-TERM REVIEW

AND

NATIONAL INDICATIVE PROGRAMME

2011 – 2013

ARGENTINA

1. EXECUTIVE SUMMARY

Following the major crisis of 2001, which had disruptive effects on the economic and social fabric, Argentina has been experiencing sustained economic growth, mainly driven by recovery in the industrial sector (especially the SME sector) and export of primary goods. As a result, the poverty indicators have significantly improved although data for 2009 show a new deterioration. Cristina Fernández de Kirchner (CFK) was elected President of the Republic in October 2007, succeeding her husband Nestor Kirchner, who had run the country from 2003 to 2007. CFK set out to continue her husband's policies but her coalition lost its majority at the mid-term parliamentary elections in June 2009. This may set the stage for increasing tensions between the executive and the parliamentary opposition. Argentina has been adversely hit by the global economic crisis in 2008-2009, but the economic outlook is relatively benign. Securing sustained economic growth and mitigating poverty and social inequalities continue to be the main challenges for the years to come.

The EU and Argentina continue to enjoy good relations, based on a strong foundation of shared values and common interests. Both parties agree that there is scope for broadening the relationship and consultations are being held on ways to expand dialogue and cooperation to areas of mutual interest.

The EU cooperation envisaged for the period 2007-2013 rests on two pillars: 1) **supporting Argentina's social and economic recovery** with an eye to social cohesion and 2) **building the capacity of players in the public and academic sectors** to contribute to improved governance, social cohesion and sustainable development.

The present document considers that, in order to maximise the impact of the intervention and make better use of the limited financial resources available, activities should concentrate on a very limited and mutually reinforcing number of sectors where the EU can provide added value. Additionally, selection of efficient Argentinean counterparts and coordination with other international donors and IFIs is considered essential. The Mid-Term Review of the National Indicative Programme (NIP) concludes that the priorities identified in the 2007-2013 CSP remain consistent with the situation of the country. They will keep focusing on: i) **strengthening education and training** with a view to enhancing social inclusion in Argentina; ii) **improving the country's economic competitiveness**, with special emphasis on the SME sector; and iii) **capacity building in the public and academic sectors**.

The total appropriation of €65 million has been allocated to the implementation of the EU-Argentina NIP I (2007/2010) and NIP II (2011/2013) for the Country Strategy Paper (CSP) 2007/2013. €1.40 million were already committed to the education sector during the NIP I of CSP 2007/2013 (€12 million in 2007 and €9.4 million in 2010);

€2.8 million has been dedicated to SME development (of this, €0.8 million allocated in 2010 and €1.3 million between 2011 and 2013); €1.4 million has been allocated to funding the Higher Education Programme (€0.5 million for 2007-2010 and €0.8 million for 2011-2013). The remaining €0.5 million available will go towards supporting the policy dialogue process (€0.7 million for 2007, €0.2 million for 2010 and €0.6 million for 2011-2013).

2. ANALYSIS OF THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION

2.1. Political situation

Argentina is the second biggest country of Latin America by area and the third biggest by population, with 39 million inhabitants. It is a constitutional democracy made up of three independent powers: an executive led by a directly elected President, a bicameral legislature and a judiciary. The political system is presidential with a federal structure. The 24 provinces reflect the central model while having some tax collection, security, education, health and justice responsibilities.

The combination of adverse conditions in the international financial markets, the rigidities of the macro-economic model and the social consequences of the economic policies pursued since the mid-1990s triggered an unprecedented crisis in 2001-2002, which resulted in a dramatic rise in unemployment and poverty. The economic crisis gave rise to a sharp fall in income per capita, from USD 7 730 in 2000 to USD 2 712 in 2002. This meant that over 50% of the total population of the country fell below the poverty line.

In October 2007, Cristina Fernández de Kirchner (CFK) was elected President of the Republic, succeeding her husband Néstor Kirchner, who had headed the National Executive Power since May 2003. The new government, which counted on an ample parliamentary majority and strong approval rates for the President, set out to continue Néstor Kirchner's policies, aiming at promoting a national development agenda based on re-industrialisation and an expansionary fiscal stance.

However, a few months after CFK took office, a proposal to increase export taxes on key agricultural commodities caused a protracted stand-off with farmers. At the June 2009 mid-term legislative elections, the coalition supporting CFK lost the majority in both chambers.

Argentina participates fully in **regional integration** initiatives. It is a member of MERCOSUR, the Organisation of American States and the Rio Group and is vigorously promoting the new regional organisation, UNASUR. Relationships with neighbouring countries are amicable, apart from occasional friction with Brazil over trade and economic issues and the ongoing dispute with Uruguay over the construction of a pulp mill on the bank of the Uruguay River. Argentina is highly committed to multilateralism, demonstrating its commitment by playing an active part in most of the international forums.

Although the country has made great strides in recovering from the 2001 crisis, social inequalities and poverty remain high on the national policy agenda.

Human rights have been a key issue for both the current and previous government. Since the end of the military regime (1976-83), there have been marked improvements in the country's situation. The current government is strongly committed to sanctioning past violations of human rights and has instigated legal proceedings against those responsible for abuses in the time of the military regime. Also, the most recent international reports indicate that progress has been made in the **prison system**¹. However, the improved situation in provincial prisons still needs to catch up with the progress made in federal prisons. In this respect, at the EU-Argentina Human Rights Dialogue held in October 2009, the Argentine authorities undertook to step up efforts aimed at tackling cases of ill-treatment and abuse of power on the part of the police and other sectors of the security service.

There have been significant changes in the country's **judicial system**. Reforms are under way to improve access to justice for the most vulnerable sectors of society, the administration of the lawcourts, civil service training and infrastructure.

As regards **illegal drugs**, although Argentina is not one of the region's main producing nations, it is a major consumer, with marked annual increases in the prevalence of cocaine, marihuana, amphetamines and ecstasy², and is also a transit country.

Corruption is another of the country's key concerns. The fight against corruption and clientelism has long been at the forefront of public debate. In the corruption perceptions index measured by Transparency International, Argentina ranks 23rd out of the 31 American countries and 106th out of 180 countries worldwide³.

¹ Argentina: Situación penitenciaria y alternativas a la justicia penal y a la prisión, Instituto Latinoamericano de las Naciones Unidas para la Prevención del Delito y Tratamiento del Delincuente – ILANUD, http://www.ilanud.or.cr/biblioteca_SP.html

² UN World Drug Report 2008.

³ http://transparency.org/policy_research/surveys_indices/cpi/2009/cpi_2009_table

2.2. Economic situation

After the crisis of 2002, Argentina embarked on a path of **economic growth**, according to official statistic. Between 2003 and 2008, the average annual GDP growth rate was 8.5%. The increase in activity, wages and inflation, with a relatively stable exchange rate, was accompanied by a significant increase in GDP per capita in current currency (from € 766 in 2005 to € 599 in 2008). Having soared to 100% in 2002, interest rates fell dramatically.

The high rates of economic growth were initially fuelled by the export boom linked to peso depreciation, rising commodity prices and available installed capacity utilisation, which was later sustained by a boom in domestic consumption and investment. Investments rose steadily from 11.2% of GDP in 2002 to 23.0% of GDP in 2008, a 20-year high.

Argentina has been one of the five main recipients of foreign direct investment (FDI) in Latin America. In 2008, FDI totalled USD 7.97 billion, up 23.2% on the 2007 level and accounting for 2.4% of total investment. The distribution of investment reveals a partial decline in the importance of the service sector since 2001, reflecting the end of the public services privatisation process and the investment-unfriendly regulations introduced following the 2002 crisis. In this context, European investors have been experiencing a progressive degradation of the business climate. By contrast, investment in manufacturing (e.g. the automotive sector), mining and other internationally tradable products has risen significantly in this same period.

The **European Union** is by far the **main foreign investor** in Argentina: 52.4% of Argentina's FDI stock (equivalent to €17.9 billion) belongs to companies of the EU. The weighting of European investment in Argentina is the result of decades of heavy investment and European companies' readiness to remain in the country despite the 2002 crisis.

Since the 2002 crisis, Argentina has enjoyed a fiscal surplus. The primary fiscal surplus has at all times in this period been between 3.1% (2008) and 4%, a performance unprecedented in the last 40 years. Monetary policy was designed to build up international reserves and keep the peso at a level that would guarantee the competitiveness of the internationally tradable goods sector (i.e. above AR\$ 2.90/USD 1) as well as to prevent fluctuations that would impact on the rate of inflation. However, inflationary pressures began to emerge from 2005 onwards, which led to a level of inflation that as of 2008 stabilised at around 7.8%, according to the consumer price index (Greater Buenos Aires).

With regard to the **real sector**, in addition to the comparative advantages it enjoys in the agro-industrial, mining and energy sectors, in the 1990s Argentina benefited from a significant modernisation of its service infrastructures on the back of the substantial influx of FDI. In 2008, the service-producing sector accounted for 68.7% of GDP and the goods-producing sector for 31.3% (6.3% of which corresponding to the primary sector and the remaining 25% to manufacturing, construction, etc.). The rapid growth enjoyed by the country from 2002 on was led by recovery in the industrial sector (average annual growth of 9.4% between 2002 and 2008). The primary sector expanded at an average annual rate of 3.6% between 2003 and 2008 while the services sector expanded at an average annual rate of 7.3% in the same period. In 2008, the services sector grew 8.2% vs 2007 while the industrial sector slowed and the primary sector eased slightly.

Much of Argentina's productive sector is composed of **SMEs**, which employ around 70% of the country's economically active population. The development of the SME sector was badly hurt by the 2001-2002 crisis but, from this point on, the devaluation of the peso provided important stimuli for typical SME activities (exports and import substitution). However, the growth enjoyed by the country over the past six years has not been sufficient to create the conditions necessary to overcome historical barriers such as limited legal security, high interest rates, limited access to credit, etc.

Growth in **external trade** has been a revitalising force for the Argentine economy in recent years. In 2008, the trade surplus was €8.9 billion, up 27% on 2007 as a result of exports of €47.8 billion (up 27% on 2007) and imports of €38.9 billion (up 28% on 2007). The EU is Argentina's main trading partner outside MERCOSUR by a considerable margin. In 2008, trade in goods reached a record high €15.1 billion. Argentine exports to the EU totalled €8.9 billion (up 18.7% on 2007) while imports from the EU came to €6.2 billion (up 15.7% on 2007).

However, in 2009 the international financial crisis had an adverse impact on the Argentine economy through the trade channel. Given that the lion's share (approximately two thirds) of Argentine exports are related to the primary sector, the fall in commodity prices coupled with the decline in trade volumes caused the value of exports and imports to contract. Even so, forecasts are relatively benign. Argentina should maintain a healthy trade surplus, even though the net supply of foreign currency originating from external trade transactions fell in 2009.

Clearly, for a country with trade ties as important as Argentina's, a trade liberalisation regime with the EU would offer considerable opportunities. According to an analysis carried out by the Centre for International Economics of the Argentine Foreign Office, in terms of GDP the positive impact of an EU-MERCOSUR agreement would for

Argentina be equivalent to 4.3% of GDP, exceeding the potential benefits of other integration options.

Most of the gains would come, firstly, from the liberalisation of trade flows in goods and, secondly, from the liberalisation of cross-border trade in services. Particular beneficiaries would be the primary products, agricultural manufacturing, light manufacturing and transport materials sectors.

2.3. Social situation

In 2008, Argentina had the second highest level of **human development** in Latin America after Barbados, ranking 38th in terms of the UNDP Human Development Index.

The 2001 crisis had brought about an unprecedented deterioration in social conditions that dramatically transformed Argentine society. After six years of uninterrupted growth, the country has now been able to mitigate much of the impact of this transformation. According to official statistics (INDEC), by the second half of 2008 **poverty** in Argentina had been reduced to 15.3%, down from a massive 57% at the peak of the crisis in 2002. Even so, a total of almost seven million Argentines still live in poverty. **Extreme poverty** has also fallen, to 4.4% (from 27% in 2002), albeit meaning that around two million people are still unable to cover their basic needs. By comparison, before the 2001 crisis the poverty rate was 30% and 14% lived below the subsistence level.

Huge **regional disparities** nevertheless persist. Most of the poor live in Greater Buenos Aires, while the northern provinces have the highest rates of poverty and extreme poverty, at 28.7 % and 8.6% respectively, double the national average. The provinces also differ in terms of competitiveness and productive development. Five areas (the province and city of Buenos Aires, Cordoba, Santa Fé and Mendoza) generate 85% of GDP, with the other nineteen provinces accounting for the rest. In the absence of a national strategy to increase their competitiveness, the northern provinces are struggling to improve their level of development and reduce their current marginalisation.

Continued economic growth also enabled the government to reduce **unemployment** from 21.5% in 2002 to 7.2 % by December 2008. The **underemployment** rate has also fallen to 9.1% of the economically active population, i.e. to about 1.8 million people. Despite these improvements, the unemployed and underemployed combined account for a total of around three million people, with young people aged between 15 and 24 being the most severely affected. Informal employment peaked in May 2003, when 44.8% of employees were without social security cover, but by the third quarter of 2008 this percentage had dipped to 36.3%.

Considerable **gender inequalities** persist. Integration of women in the labour market has increased by 11% since 1995 as a result of rising education levels. However, this trend is not always reflected in better jobs and remuneration (women's salaries are still 30% lower and their income per hour 10% lower than men's).

For the first time since 1968, in 2001 Argentina included an additional question in the national census that enabled the number of households with persons belonging to an **indigenous group** to be quantified. The number of households identified by this means was 57 000. Subsequent research has enabled the government to make, for the first time in many years, a provisional estimate of the number of **indigenous people** in the country: 485 460 (1.33% of the total population). Thirty-one different indigenous groups have been identified, with the Mapuche, Kolla, Toba, Wichi and Guaraní, in that order, being the most numerous. These groups are concentrated in the northern provinces of the country and in the Andes, but many have moved to Greater Buenos Aires in search of better paid jobs.

To tackle the social problems that arose in the aftermath of the crisis, the government launched a broad array of **aid programmes** mainly addressing unemployment, health, social inclusion, food emergency and education issues.

Two sectors were hit particularly hard by the crisis and remain at the centre of the government's policy agenda – namely, the health sector and the education sector.

In spite of significant advances over the last twenty years, the Argentine **health system** suffers from structural weaknesses that were exacerbated by the crisis, so dramatically reducing the quality of healthcare services. The impact was particularly severe in the poorest provinces and among the most vulnerable sectors of the population.

In response to the crisis the government focused its actions on strengthening the Federal Health Council (*Consejo Federal de Salud* or COFESA) and launched a host of short and medium-term programmes primarily targeting the most vulnerable sectors of the population. These measures led to the definition of a Primary Healthcare Strategy (*Estrategia de Salud Primaria* or EAPS) which forms the central plank of the Federal Health Plan adopted by COFESA in May 2004.

The measures implemented since 2003 have helped mitigate the devastating effects of the crisis on health conditions, particularly among the most vulnerable groups dependent on the public health service. Despite the existence of a broad network of primary level health services in all provinces, further efforts are still needed in the fields of health promotion and prevention and for the provision of quality services.

The Argentine **education** system offers a broad range of services to more than 11 million people. The country allocated 5.1% of GDP to education in 2002. Literacy levels are extremely high (97%). However, after primary education, attendance levels tend to drop significantly, in particular among vulnerable population groups. Poor teenagers aged between 15 and 17 have an attendance rate of 83.8%, compared with 96.6% of young people from more comfortable backgrounds. More generally, Argentina has a very low secondary education completion rate (only 50%) and the secondary school dropout rate is as high as 39%.

Against this backdrop, since 2003 the government has placed education at the heart of its social and economic policies, launching numerous scholarship programmes to foster educational inclusion and retention, providing assistance to the more vulnerable sectors of society, and strengthening technical education. These initiatives enjoy the support of most of the country's provincial governments and teachers' unions and are generously funded by international financial organisations.

In 2005 the government won congressional approval for its **Vocational Technical Education Act**. The adoption of this law prompted a revival of Technical Schools and a change in educational formats, the design of the curriculum and the organisation of educational institutions, with the aim of reintroducing into the Education System the mid-level technical training not provided for in the Federal Education Act. In addition, at the start of 2006, the government enacted the **Educational Funding Act**, which provided for a progressive increase in the percentage of GDP allocated to education, setting an investment target of **6% of GDP** for 2010. Since the approval of this law, the targets for increasing educational investment have been met.

Additionally, at the end of 2006, after an extensive consultation process involving education specialists, NGOs, the church, international organisations, the business community and trade unions, a new **National Educational Act** was approved. The **central lines of the new law** are designed to provide a **coherent structure for the educational system** at national level that makes **secondary education compulsory** (increasing the duration of compulsory schooling to 13 years) and **basic education available to all**.

As regards the university system, at present 11.8% of the population aged over 15 (around 3.4 million people) have completed a university degree, and more than 1.1 million students are currently studying in universities.

In December 2007 the Argentine national government created the new **Ministry of Science, Technology and Innovative Production (MINCyT)**, which has been giving

new momentum to scientific research, particularly in the areas of biology, energy, nanotechnologies, biotechnologies and engineering. There have been significant increases in the state budget in this connection, to €400 million in 2009.

2.4. Environmental and energy trends

Argentina faces considerable challenges in relation to the preservation of its environment. Its rich biodiversity is threatened by deforestation and land erosion. The country is also affected by degradation of marine and coastal ecosystems, water pollution, uncontrolled urbanisation, and inadequate management of solid waste and air pollution, particularly in Buenos Aires and other major cities.

Efforts to raise awareness of environmental issues have increased very significantly over the past 20 years, and the legal framework governing such issues has been improved substantially. Minimum sustainable management prerequisites were established by a 2002 Law on National Environmental Policy, which declares the environment to be a legally protected asset and takes precedence over all other laws governing specific environmental issues. The provinces are responsible for supervising and protecting natural resources in their own territory.

Because environmental responsibilities are shared between various organisations operating at national, provincial and municipal levels, environmental policies can lack consistency and there is a risk of jurisdictional overlap that can render controls less effective. Through the Federal Environmental Council (the *Consejo Federal de Medioambiente* or COFEMA), the national government is working to coordinate policies via discussion and reconciliation of the interests of provinces and municipalities within the framework of a Federal Environmental System.

Roll-out of the various environment-related government programmes has been hampered by the severe budget restrictions imposed by successive administrations. The need to foster the country's recovery after the 2001 crisis led both the population and public bodies to postpone the implementation of sustainable practices and habits, and the corresponding control mechanisms, which are key to compliance with prevailing legislation.

As a result of this situation, rather than a general environmental policy the government has tended to implement isolated environmental initiatives that are generally subordinate to its policies and objectives for other areas (e.g. the economy, employment). However, the intervention of the Supreme Court of Justice has been pivotal to advances on environmental matters. A number of rulings may be cited in this

respect, in particular those that resulted in the definition of jurisdictional and sanitation responsibilities in the Matanza-Riachuelo Basin and the suspension of deforestation programmes in the province of Salta.

3. RESULTS, IMPLEMENTATION AND LESSONS LEARNT

There is a clear consensus that increasing financial aid is not in itself sufficient to produce results if there is no accompanying improvement in the capacities of the recipient countries. The Paris Declaration, the European Consensus on Development and the Monterrey Declaration all recommend more effective integration of capacity-building measures in external aid programmes.

This is particularly important in the case of EU cooperation with Argentina, since a reduced level of cooperation prevents the EU from making any substantive contribution to the requirements of policies that will entail major financial appropriations.

It is also considered desirable to open up the traditional model of cooperation to incorporate a more dynamic design and heighten the importance of relationships with counterparts, bringing new players into the process that can respond to the interests of both parties and the need to deepen bilateral relationships between the EU and Argentina.

In this regard, it should be also noted that a further step in order to increase transparency has been done in March 2007 through the signature of an Administrative Cooperation Arrangement (ACA) between OLAF and the *Fiscalía de Investigaciones Administrativas* (FIA) de la República Argentina.

3.1. Lessons learnt

Although no overall external evaluation of EU cooperation with Argentina has been carried out while the current programme has been operating, some important **lessons** can be learnt **from past experience**. To better contribute to the formulation and implementation of public policies in Argentina and to maximise the impact of the interventions, it is considered vital to concentrate activities on a very limited number of sectors where the EU can provide clear added value through its cooperation. As far as possible, the priorities identified should be mutually reinforcing.

The selection of sound and efficient Argentine counterparts is essential to guarantee timely project implementation in accordance with EU procedures. This is particularly relevant following the process of decentralisation of responsibility towards Argentine counterparts and the elimination of project management units. Efforts must be made to reinforce the capacity of counterparts beyond the technical assistance provided by each project.

The dynamism and quality of proposals presented by civil society within the framework of thematic lines have substantially improved. This trend justifies the continued provision of additional support for civil society and decentralised agents in the form of thematic funding and heightened coordination with government within the framework of bilateral cooperation.

3.2. Implementation of cooperation

At the end of 2009, 46% of the current NIP had been committed, as follows: Mid Education and Vocational Training Programme for Young People (€2 million), Support for Policy Dialogue (€0.7 million), and Erasmus Mundus Argentina (€6.5 million). Under the AAP 2010 three additional actions were presented: one project on education for €0.4 million, one project on SMEs for €0.8 million and one project on policy dialogues for €3.2 million. Should these projects be approved, the indicative allocation for NIP I will be fully committed.

The eighth meeting of the EU-Argentina Joint Committee took place in Buenos Aires in November 2008. At the meeting, both parties stressed their interest in maintaining the strategic directions set out in the Country Strategy Paper 2007-2013. They also agreed to increase dialogue on sectoral policies and look into the possibility of bringing other issues, including fiscal governance, regional development, international cooperation and gender equality, into this dialogue.

There are 15 ongoing projects in Argentina which are co-funded under Thematic Budget Lines, most of them connected with "Non-State Actors & Local Authorities" (NSA-LA) and "Support to Democracy and Human Rights" (EIDHR) thematic programmes. Altogether (ongoing, under preparation, and closed), EU funds allocated to Argentina under Thematic Budget Lines (incl. NGO-PVD) account for more than €15 million.

- **NSA-LA:** 8 projects are ongoing, for a total amount (EU contribution) of more than €1.9 million. In addition, 10 new projects (incl. 8 NSA) are being concluded for a total maximum amount of about €1.56 million.

- **EIDHR** (local + global calls): To date, 5 projects are ongoing, for a total amount of €2.64 million. In addition, 2 new projects are being contracted for a total amount of €1.3 million.
- Under the thematic programme for **Environment**, only one project is still in progress at present, with an EU grant of €258 381. It may be noted that there is an ongoing multi-country Call for Proposals for "Environment, sustainable management of natural resources, including energy", in which Argentina-based organisations are competing (pending).
- In the sector of **Human Development/Investing In People** (IIP), a new grant project for fighting against child trafficking in the region is being contracted for a value of €464 372.

Argentine institutions are also very active participants in regional EU cooperation programmes. In response to the first call for proposals under **ALFA III**, 13 higher education institutes in Argentina submitted proposals in 12 of the 14 approved projects. The EU's financial contribution to the projects in which Argentina is involved is €17.3 million.

Two Argentine institutions are taking part in the **AL-INVEST IV** project titled "Internationalisation and competitiveness of SMEs in MERCOSUR, Chile and Venezuela for sustainable development". Argentina is also among the countries most actively involved in the **@LIS** program, participating in three projects and chairing four working groups in the eLAC process implemented by the Economic Commission for Latin America and the Caribbean (ECLAC).

Eleven local authorities in Argentina are currently involved in the third phase of the **URB-AL** program. One of these, the province of Santa Fe, coordinates the project titled “Institutional innovation in intermediate government: Regionalisation as a key instrument for promoting neighbourhood democracy”, besides forming part of a consortium that has established an Office of Coordination and Orientation within the framework of the URB-AL III project.

Similarly, Argentine institutions also participate in activities in all areas of the **EUROSociAL** programme. To date more than 80 institutions have taken part in 101 activities, which involved 550 participants. Of the participating institutions, 26 were actively involved in the exchange of experience and good practice while 74 were recipient parties.

The Agreement for Scientific and Technological Cooperation between the European Union and Argentina was signed in 1999. It came into force in 2000 and was ratified in 2006. This Agreement facilitates and promotes Argentine participation in the **Framework Programmes** and in various thematic projects.

As a result, Argentina became the seventh country in the world and the first in Latin America to sign an instrument giving legal support to development activities and declaring joint Scientific Research and Technological Cooperation activities to be of strategic interest.

With regard to the **6th Framework Programme** (2002-2006), Argentine researchers, groups and institutions presented 1 756 proposals for participation in consortia with European and other partners. 72 projects were successful. The European contribution to these projects was €17 million.

With regard to the **7th Framework Programme** (2007-2013), to date (February 2010), there are 90 successful Argentinean participations in 66 projects, making Argentina's participation the second largest in the whole region after Brazil.

In addition, the *Liaison Office with the European Union on Science, Technology and Innovation* was set up as a platform for enhancing and expanding cooperation between Argentina and the European Union in science and technology.

In 2009 a follow-up project has been funded to expand further the links with researches from the EU, as well as with other third countries.

Also, consideration will be given to Disaster Risk Reduction (DRR) as a cross-cutting issue. In this regard, synergies will be consolidated where possible with projects being implemented under the European Commission's disaster preparedness programme, DIPECHO.

4. THE EU RESPONSE STRATEGY

4.1. Rationale for the choice of focal sectors

As detailed in the analysis set out in earlier chapters, the consensus view is that the **priorities established in the *Country Strategy Paper 2007-2013* remain valid.** Accordingly, the EC response strategy rests on two key priorities: firstly, supporting Argentina's social and economic recovery with an eye to social cohesion and, secondly, building the capacity of players in the public and academic sectors to contribute to improved governance, social cohesion and sustainable development.

This dual focus reflects the need to concentrate available budgets on a limited number of focal sectors, thereby maximising the impact of programmes. In order to avoid duplication and overlapping with other programmes, coordination and distribution of tasks among other international community donors and IFIs should be improved by setting up a regular consultation mechanism.

Funded activities will focus on **three main focal sectors**: i) strengthening education and training with a view to enhancing social inclusion in Argentina; ii) improving the country's economic competitiveness; and iii) capacity-building in the public and academic sectors.

Education has a significant positive impact on poverty reduction, social and political participation, equal opportunities and sustainable economic growth since it provides the core skills people need to access labour markets. Its positive effect in terms of people empowerment also helps foster good governance. Education is also essential to improving economic competitiveness. As a consequence of the structural weaknesses of the education system, and of the socioeconomic crisis of late 2001, **a significant and ever-growing section of the young population remains excluded from the education system and lacks the minimum skills** (both social and instrumental) **necessary to access the labour market** in Argentina. This not only contributes to rising

unemployment levels but also poses a genuine threat to social cohesion, thus affecting long-term prospects for economic recovery.

Improving the competitiveness of Argentina's economy is clearly linked with strengthening the crucially important **Small and Medium-sized Enterprises (SME) sector**. SMEs are the single most important source of employment and economic development in many countries. In Argentina, the sector accounts for around 70% of employment and 60% of production and harbours a huge potential for economic growth in the years to come. The SME sector is critically important to the Argentine economy from both the growth/efficiency and equity standpoints; yet, in general terms, it has so far failed to realise its potential.

Activities in the education and SME development sectors will be highly complementary and mutually reinforcing. Investment in the development of human capital and the creation of skilled labour, which enhances employability, will be accompanied in practice by employment creation via improvements in the conditions governing the development and creation of SMEs.

EU intervention in the education and SME sectors will take account of the potential impacts in terms of strengthening social cohesion, focusing in particular, wherever possible, on the most vulnerable groups of the population (women, young unemployed, indigenous peoples). The SME development cooperation will be built around the concept of sustainable development and, in particular, the promotion of environmentally-friendly methods of production and consumption and legal and regulatory frameworks that guarantee a high degree of environmental protection. The cooperation will also support a regional policy for SME development and cooperation between SMEs and universities, particularly in the field of technological innovation.

Lastly, the strategy also seeks to contribute to the strengthening of capacities in the public sector and universities. Effective cooperation activities in **higher education** can reinforce the strong links between the higher education systems of Europe and Argentina, giving university graduates in Argentina the opportunity to make a greater contribution to sustainable development and social cohesion.

Furthermore, **the strengthening of the capacities of Argentina's public sector** will focus on those sectors that were identified as being of mutual interest at the sixth, seventh and eighth meetings of the EU-Argentina Joint Committee, and on any others that the parties may identify in future years. Policy dialogue is focused on sectors that will be key to long-term economic and social development, including the information society, information technologies and the development of the GALILEO Satellite Navigation System, in conjunction with deeper bilateral dialogue on key political and economic issues that are of particular importance in the context of multilateral forums, including economic and financial issues, cooperation in the UN, human rights, energy,

education and culture. At the same time, emphasis will be placed on the key issues agreed upon at the 5th Latin America and Caribbean – European Union Summit in Lima, such as poverty, inequality and the need for more inclusive societies, sustainable development, the environment, climate change and energy.

The priority sectors have been selected on the basis of the significant **added value** that can be generated through EU involvement. Over the years, cooperation at European level in education and training has become steadily stronger thanks to the development of European programmes. The prominent role of education as an integral part of economic and social policies, an instrument for strengthening Europe's competitiveness and a guarantee for the cohesion of European societies and the fuller development of its citizens, has been clearly acknowledged, and has thus been made a key action priority at EU level. Education and training are a pivotal part of the EU's Lisbon Strategy, the stated aim of which is to transform the EU into the world's most dynamic knowledge-based economy. The EU's experience in the sector undoubtedly constitutes an important benchmark for fostering the development of Argentina's education policy.

Effective implementation of the measures forming the EU response strategy inevitably presents a number of **risks** that could undermine its relevance and ultimate impact. These risks are political, economic, social and operational.

The **main economic and social risks** would be a slowdown in the economy and a dampening effect on growth as a result of inflation, combined with a rise in unemployment levels. However, given current trends such risks should be considered as a "worst-case scenario" and a relatively remote possibility.

Operational risks are concentrated on absorptive and institutional capacity problems in the management of large-scale reform-based sector programmes. Argentina has proven capacity to plan and manage large-scale programmes successfully, but in the case of EU-Argentina cooperation much depends on the specific Argentine counterpart authority concerned, its competence and its commitment to the reform objectives in question. This problem is compounded by the high level of politicisation in the civil administration, which leads to high staff turnover in ministries, inevitably generating a high degree of instability in project management.

5. NATIONAL INDICATIVE PROGRAMME 2011-2013 – MID-TERM REVIEW

This National Indicative Programme (NIP) is based on the analysis set out in the Mid-Term Review of the Country Strategy Paper 2007-2013.

The implementation of operations under the EU/Argentina NIP for the current Country Strategy Paper, for an indicative total of €65 million, will be financed pursuant to Regulation (EC) No 1905/2006 of the European Parliament and of the Council establishing a financing instrument for development cooperation.

The priorities and objectives set forth in the NIP II were identified following consultations with representatives of Argentina's civil society and government, in close collaboration with the EU Delegation in Argentina and representatives of those EU Member States with permanent missions in Argentina.

The CSP mid-term review has concluded that the focal sectors – after the changes to temporal planning implemented – remain consistent with the situation in the country.

Results and indicators are indicative. They are not exhaustive. They will be finalised with the Annual Action Programmes.

1) Education (DAC code 110)

Main priorities and goals

To make a relevant contribution to the development of human capital in Argentina by supporting some of the main government education and training policies and programmes.

Specific Objective

To promote the completion of secondary education and increase labour qualification of young people from 18 to 29 years, broadening access to high-quality education and training opportunities.

Expected results

- Strengthened policy management of the System for Permanent Education of Young People and Adults
- Expanded and improved Secondary Education for Young people and Adults
- Improved relevance and quality of the training offered to young people, adults and teachers
- Establishment of partnerships among schools and enterprises and launch of joint initiatives in order to strengthen the link between education and access to labour market

This programme is due to start in 2010 and will be funded under NIP I. **No new programmes will be implemented in pursuit of these objectives as the forecast allocation has been entirely committed during NIP I.**

Middle Education and Vocational Training Programme for Young People (DAC codes 11230, 11320 and 11330)

The design of the programmes will reflect the specific objectives, expected results, performance indicators and detailed implementation mechanism which EU cooperation entails.

Indicative impact indicators

- Reduction in the rate of unemployment of the target group in the selected regions
- Directives foreseen in National Education Law implemented
- Reduction in the inter-annual drop out of the programme's beneficiaries.
- Number of young people who complete secondary education and graduate in at least one labour training course in the offer provided by the programme.
- Increase in the rate of matriculation for Secondary Education in the Permanent Education of Young people and Adults in beneficiary provinces
- Increase in the rate of matriculation for Vocational Education in the Permanent Education of Young people and Adults in beneficiary provinces

Integration of cross-cutting issues

As regards strengthening of the educational inclusion programme, particular attention will be given, wherever possible and appropriate, to the most disadvantaged areas of the country with a view to generating stable employment opportunities for vulnerable sectors of the population (i.e. women, indigenous people, and unemployed people from the poorest backgrounds). Whenever appropriate, environmental considerations will be taken into account in the development of the programme.

Total appropriation

No appropriation over the 2011/2013 period.

2) Economic competitiveness (DAC codes 250 and 321)

Main priorities and goals

To enhance Argentinean SMEs' efficiency and productivity by supporting the public sector in defining key sector policies conducive to innovation, sustainable development, protection of the environment and job creation, especially with regard to the under-developed areas of the country.

Specific objectives

1) Strengthening the institutional framework and the State's capacity for promoting innovation and facilitating the transfer of technology in order to improve the productivity of SMEs; 2) Promoting regional policies in order to strengthen the role of SMEs in production sectors where Argentina has an advantage in terms of availability of natural resources; and 3) Supporting local players in the creation, development and consolidation of SMEs.

Expected results

With regard to objective 1:

- Increased capacity of public sector bodies to promote the development of SMEs through technological assistance in the least-developed areas
- Creation of a unique platform for regions to cooperate, exchange information and best practices and learn from each other
- Governmental schemes for innovation and technology transfer improved

With regard to objective 2:

- Launch of regional innovation strategies in order to strengthen the global competitiveness of Argentinean regions by promoting sustainable use of natural resources
- Strategies aiming to increase export diversification and enhance trade opportunities designed and implemented

With regard to objective 3:

- Provision of ancillary non-financial services directed at SME development and enhancement of the market for Business Development Services (BDS)
- Training courses for business owners in management and entrepreneurship designed and delivered
- Policies to increase employment in the SME sector and to promote better working conditions designed and launched

Programmes to be implemented in pursuit of these objectives and type of assistance to be provided (DAC codes 25010 and 32130)

The design of the programmes will reflect the specific objectives, expected results, performance indicators and detailed implementation mechanism which EU cooperation entails.

Indicative impact indicators

With regard to objective 1:

- Increase in the cooperation between Universities and Industry in key technology areas (number and amounts of contracts and sectors involved)
- Increase in the accredited services in the areas of testing and conformity assessment (laboratories etc.) providing necessary support in the area of Quality Assessment to SMEs in key technology sectors.
- Establishment of business regional network (cooperation platform)
- Increase investment in public knowledge goods that help reduce transaction costs particularly for SMEs

With regard to objective 2:

- Increased number of SMEs that form part of value and / or supply chains on regional and national level
- Increase in number of initiatives linked to innovation and sustainable use of natural resources
- Increase in the output and productivity of SMEs participating in programme initiatives, including diversification in production and export

With regard to objective 3:

- Increase in the number of entrepreneurs as a consequence of training programmes in management & entrepreneurship.
- Increased percentage of population from disadvantaged sectors/areas employed in the SME sector
- Increased access to risk capital for SMEs

Integration of cross-cutting issues

Cooperation will focus, whenever possible and appropriate, on the most disadvantaged areas of the country with a view to generating stable employment opportunities for vulnerable sectors of the population. Protection of the environment will be an essential benchmark for all activities supporting SMEs' development. This could include promoting environmental certification and increasing awareness and understanding of environmental standards in the EU market so as to assist smaller companies in adopting clean production technologies. Environmental impact assessments will be carried out where relevant.

Total appropriation

€13 million between 2011 and 2013.

3) Strengthening of capacities for social cohesion and sustainable development
(*DAC codes 114 and 150*)

Main priorities and goals

To support the process of strengthening the Argentine public sector's capacity to generate and develop public policy on issues central to social cohesion and sustainable development through the implementation of sectoral policy dialogues and the exchange of people, knowledge and skills at higher education level.

Specific objectives

1) To advance bilateral dialogue between the EU and Argentina on the key sectors jointly identified; 2) To contribute to transfer of know-how, exchange of information and better mutual understanding between the parties; 3) To reinforce EU-Argentina cooperation activities in higher education in order to contribute to social cohesion and sustainable development in the country.

Expected results

With regard to objective 1:

- Progress in dialogues concerning the agreed areas

With regard to objective 2:

- Organisation of study visits, seminars/workshops and other information dissemination initiatives
- Performance of studies on specific topics of mutual interest
- Implementation of various pilot projects on specific sectoral issues arising from the policy dialogues
- Funding of mechanisms to foster the policy dialogues such as networks of experts

With regard to objective 3:

- Delivery of capacity-building for Argentinean universities and easier exchange of teachers
- Participation of experts/civil society representatives/academics in joint events
- Funding the system of scholarships designed to enable students and scholars from Argentina to complete postgraduate studies at European universities
- Increase the number of returns of Argentinean PhDs and scholars from abroad

Indicative impact indicators

With regard to objective 1:

- Conclusions of EU-Argentina annual Joint Cooperation Committees

With regard to objective 2:

- Increase in number of study visits and seminars/workshops
- Increase in number of dissemination initiatives
- Performance of studies on various specific topics of mutual interest
- Conclusions of study visits and seminars/workshops
- Greater number of projects related to transfer of know-how and information exchange

With regard to objective 3:

- Increased contribution of academics and civil society representatives to joint events and activities
- Increase in the number of Argentine students carrying out postgraduate studies in Europe
- Increased number of returns of Argentinean PhDs and scholars from abroad

Programmes to be implemented in pursuit of these objectives and type of assistance to be provided

The design of the programmes will reflect the specific objectives, expected results, performance indicators and detailed implementation mechanism which EU cooperation entails.

Integration of cross-cutting issues

Particular attention will be given to the most vulnerable sectors of the population, to which dissemination activities and scholarship programmes should be ultimately addressed. Whenever possible and appropriate, the protection of the environment will be integrated into the scope of workshops, seminars and studies.

Total appropriation

€10.4 million for 2011-2013.

Thematic lines and other horizontal instruments

Activities financed under thematic lines and other horizontal instruments should, where possible and appropriate, have a high degree of consistency with the present strategy. Adequate coordination mechanisms will be set up to ensure coherent and effective use of these instruments. Inputs from the EU Delegation in Argentina, which will work in close coordination with the relevant authorities in the country, can effectively contribute to this end.

FINANCIAL ALLOCATIONS

SUMMARY TABLE OF INDICATIVE FINANCIAL ALLOCATIONS

Sector	2007	2008	2009	2010	2011-2013 ⁽¹⁾	Total
1. Education	12			9.4	0	21.4
Strengthening of educational inclusion and work-related skills	12				0	21.4
2. Economic competitiveness				9.8	13	22.8
Support for SMEs				9.8	13	22.8
3. Strengthening of bilateral relations and mutual understanding between the EU and Argentina	0.7	2.1	4.4	3.2	10.4	20.8
Higher Education Programme		2.1	4.4		7.8	14.3
Support for policy dialogue	0.7			3.2	2.6	6.5
Total	12.7	2.1	4.4	22.4	23.4	65

(1)

NIP

II

List of Abbreviations	
CFK	Cristina Fernández de Kirchner
COFEMA	Consejo Federal de Medio Ambiente
COFESA	Consejo Federal de Salud
CSP	Country Strategy Paper
ECLAC	Economic Commission for Latin America and the Caribbean
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IFIs	International Financial Institutions
INDEC	Instituto Nacional de Estadística y Censos
NIP	National Indicative Programme
SMEs	Small and Medium-sized Enterprises
UNASUR	Unión de Naciones Suramericanas
UNDP	United Nations Development Programme

Annex 1

Data Profile (Argentina)				
	2000	2005	2006	2007
World view				
Population, total (millions)	36,90	38,75	39,13	39,50
Population growth (annual %)	1,1	1,0	1,0	0,9
Surface area (sq. km) (thousands)	2.780,4	2.780,4	2.780,4	2.780,4
Poverty headcount ratio at national poverty line (% of population)	..	..	..	..
GNI, Atlas method (current US\$) (billions)	275,57	172,68	201,35	238,72
GNI per capita, Atlas method (current US\$)	7.470	4.460	5.150	6.040
GNI, PPP (current international \$) (billions)	327,07	403,91	456,63	512,40
GNI per capita, PPP (current international \$)	8.860	10.420	11.670	12.970
People				
Income share held by lowest 20%	..	3,4	..	..
Life expectancy at birth, total (years)	74	75	75	75
Fertility rate, total (births per woman)	2,5	2,3	2,3	2,3
Adolescent fertility rate (births per 1,000 women ages 15-19)	64	58	58	57
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..
Births attended by skilled health staff (% of total)	..	99	99	..
Mortality rate, under-5 (per 1,000)	21	18	..	16
Malnutrition prevalence, weight for age (% of children under 5)	..	2	..	..
Immunization, measles (% of children ages 12-23 months)	91	99	97	99
Primary completion rate, total (% of relevant age group)	99	97	..	..

Ratio of girls to boys in primary and secondary education (%)	..	104	..	..
Prevalence of HIV, total (% of population ages 15-49)	0,5	0,5	0,5	0,5
Environment				
Forest area (sq. km) (thousands)	337,7	330,2	..	..
Agricultural land (% of land area)	47,1	47,3	..	..
Renewable internal freshwater resources per capita (cubic meters)	..	..	..	6.987
Improved water source (% of population with access)	96	..	96	..
Improved sanitation facilities, urban (% of urban population with access)	91	..	92	..
Energy use (kg of oil equivalent per capita)	1.678	1.639	1.766	..
CO2 emissions (metric tons per capita)	3,7	3,9	..	..
Electric power consumption (kWh per capita)	2.087	2.418	2.620	..
Economy				
GDP (current US\$) (billions)	284,20	183,19	214,24	262,45
GDP growth (annual %)	-0,8	9,2	8,5	8,7
Inflation, GDP deflator (annual %)	1,0	8,8	13,5	14,2
Agriculture, value added (% of GDP)	5	9	8	9
Industry, value added (% of GDP)	28	36	36	34
Services, etc., value added (% of GDP)	67	55	56	57
Exports of goods and services (% of GDP)	11	25	25	25
Imports of goods and services (% of GDP)	12	19	19	20
Gross capital formation (% of GDP)	16	21	24	24
Revenue, excluding grants (% of GDP)	..	..	..	..
Cash surplus/deficit (% of GDP)	..	..	..	..
States and markets				
Time required to start a business (days)	..	31	31	31

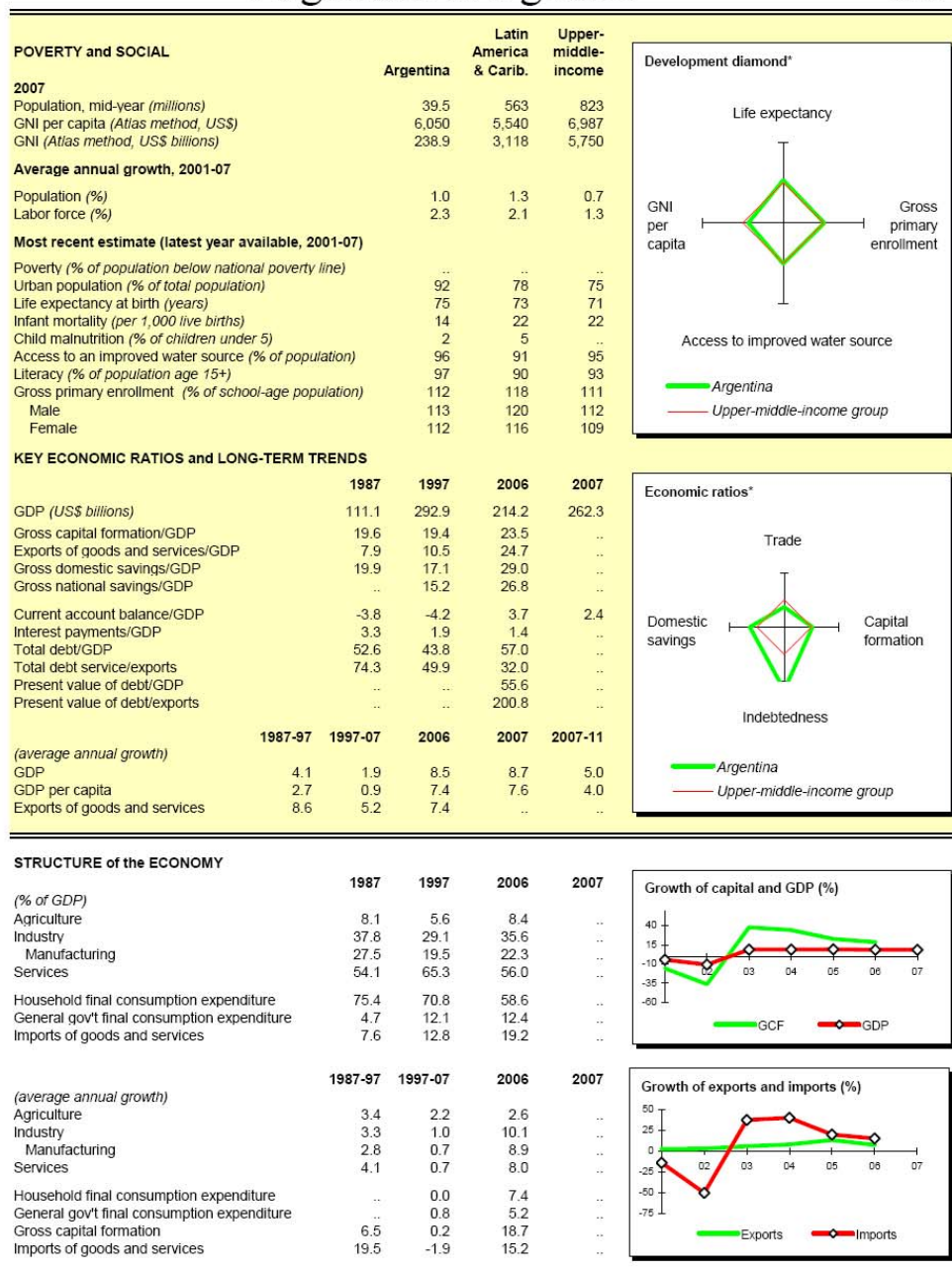
Market capitalization of listed companies (% of GDP)	58,4	33,6	37,2	33,0
Military expenditure (% of GDP)	1,3	1,0	0,9	0,7
Mobile cellular subscriptions (per 100 people)	18	57	81	102
Internet users (per 100 people)	7,0	17,7	20,9	25,9
Roads, paved (% of total roads)	29	..	..	..
High-technology exports (% of manufactured exports)	9	7	7	7
Global links				
Merchandise trade (% of GDP)	18,1	37,7	37,7	38,4
Net barter terms of trade (2000 = 100)	100	107	113	116
External debt stocks, total (DOD, current US\$) (millions)	140.914	124.979	115.856	127.758
Total debt service (% of exports of goods, services and income)	69,3	20,2	31,1	13,0
Net migration (thousands)	-100	-100	..	..
Workers' remittances and compensation of employees, received (current US\$) (millions)	86	432	541	604
Foreign direct investment, net inflows (BoP, current US\$) (millions)	10.418	5.265	5.537	6.462
Official development assistance and official aid (current US\$) (millions)	53	98	114	82

Source: World Development Indicators database, April 2009

Annex 2

Argentina at a glance

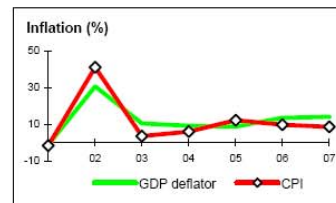
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Argentina

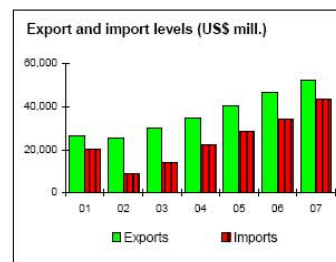
PRICES and GOVERNMENT FINANCE

	1987	1997	2006	2007
Domestic prices				
(% change)				
Consumer prices	169.2	0.3	9.8	8.6
Implicit GDP deflator	127.1	-0.5	13.5	14.1
Government finance				
(% of GDP, includes current grants)				
Current revenue	0.0	18.4	24.2	..
Current budget balance	0.0	-0.4	4.3	..
Overall surplus/deficit	0.0	-1.5	1.8	1.6



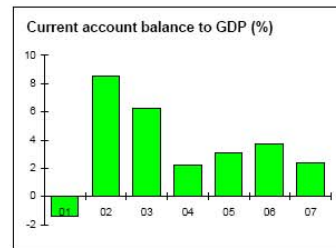
TRADE

	1987	1997	2006	2007
(US\$ millions)				
Total exports (fob)	8,934	26,431	46,569	52,238
Food	744	3,007	2,964	..
Meat	655	1,025	1,610	..
Manufactures	3,661	8,335	14,801	..
Total imports (cif)	5,820	30,450	34,159	43,700
Food	..	..	..	..
Fuel and energy	653	970	1,729	..
Capital goods	973	13,259	14,384	..
Export price index (2000=100)	83	114	123	..
Import price index (2000=100)	104	112	108	..
Terms of trade (2000=100)	80	102	114	..



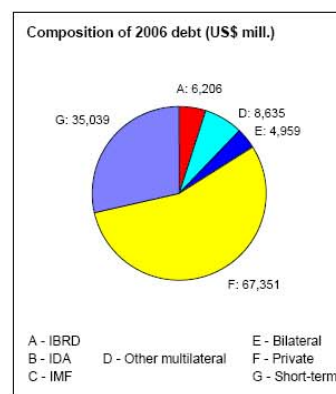
BALANCE of PAYMENTS

	1987	1997	2006	2007
(US\$ millions)				
Exports of goods and services	8,134	30,943	54,058	..
Imports of goods and services	7,627	37,481	41,121	..
Resource balance	507	-6,538	12,937	..
Net income	-4,738	-6,202	-5,456	..
Net current transfers	..	..	..	..
Current account balance	-4,239	-12,224	7,997	6,246
Financing items (net)	2,070	8,951	-11,527	..
Changes in net reserves	2,169	3,273	3,530	..
Memo:				
Reserves including gold (US\$ millions)	1,617	22,320	..	..
Conversion rate (DEC, local/US\$)	2.10E-4	1.0	3.1	3.1



EXTERNAL DEBT and RESOURCE FLOWS

	1987	1997	2006	2007
(US\$ millions)				
Total debt outstanding and disbursed	58,458	128,156	122,190	..
IBRD	2,146	5,494	6,206	5,674
IDA	0	0	0	0
Total debt service	6,244	18,192	18,994	..
IBRD	224	635	1,480	1,387
IDA	0	0	0	0
Composition of net resource flows				
Official grants	5	37	47	..
Official creditors	664	-69	-761	..
Private creditors	939	8,765	2,515	..
Foreign direct investment (net inflows)	-19	9,160	4,840	..
Portfolio equity (net inflows)	0	2,319	662	..
World Bank program				
Commitments	639	1,221	960	1,184
Disbursements	795	797	459	505
Principal repayments	133	299	1,134	1,037
Net flows	662	498	-675	-532
Interest payments	91	335	346	350
Net transfers	571	162	-1,021	-882



The World Bank Group: This table was prepared by country unit staff; figures may differ from other World Bank published data.

9/24/08

Annex 3



Country Data Report for ARGENTINA, 1996-2008

This Data Report provides a summary of the six aggregate governance indicators, together with all of the publicly-available disaggregated data on which the aggregate indicators are based. The underlying data as well as methodological issues are described more fully in "Governance Matters VIII: Governance Indicators for 1996-2008" (June 2009).

The Report displays the country's performance for all available years between 1996 and 2008 in six governance dimensions: i) Voice & Accountability, ii) Political Stability and Lack of Violence/Terrorism, iii) Government Effectiveness, iv) Regulatory Quality, v) Rule of Law, and vi) Control of Corruption. Each page shows the country's percentile rank on one of the six governance indicators. Percentile ranks indicate the percentage of countries worldwide that rate below the selected country. Higher values thus indicate better governance ratings. The graph also reports the margins of error displayed in the line charts by dashed lines, and corresponding to a 90% confidence interval. This means that there is a 90 percent probability that governance is within the indicated range.

Underneath the line charts, the Report also displays data from all the underlying sources used for that indicator. Individual ratings have been rescaled to run from 0 (low) to 1 (high). These scores are comparable over time and across countries since most individual measures are based on similar methodologies over time. Scores from different individual indicators are not however directly comparable with each other since the different data sources use different units and cover different sets of countries. The data from the individual indicators are in fact further rescaled to make them comparable across data sources before constructing the aggregate governance indicators. Note that for some variables we present an "NP", where "NP" stands for "Not Public", because the data is confidential and cannot be publicly disclosed at the request of the organizations producing the data. To find out more about each source/organization click on the provided links. More information about each of the underlying organization/source can also be found in Appendices A and B of the Governance Matters VIII paper.

Relevant links:

www.govindicators.org
www.worldbank.org/wbi/governance/

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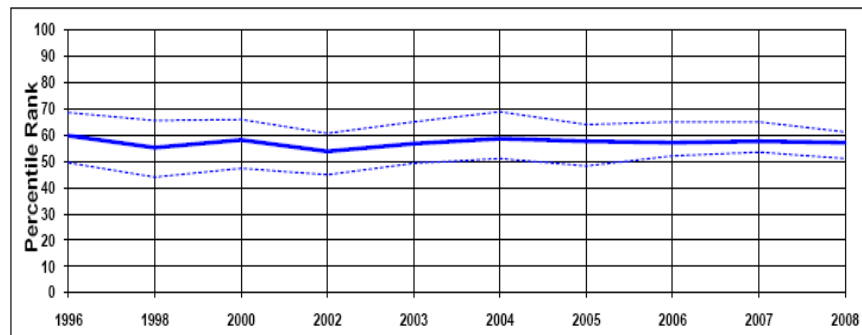
The data and research reported here do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.



Governance Matters 2009 *Measuring the Quality of*
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008

Aggregate Indicator: Voice & Accountability



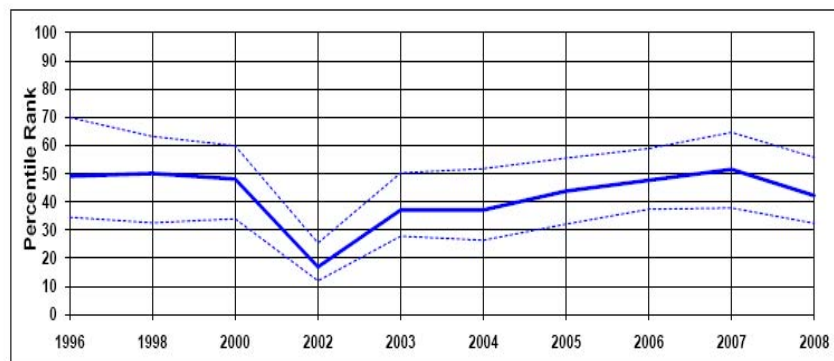
Individual Indicators used to construct Voice & Accountability

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aeo	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.75	0.75	0.82	0.82	0.82	0.82	0.82
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.38	0.38	0.38	0.50	0.50	0.56	0.56	0.42	0.61	0.61
FRH	Freedom House	http://www.freedomhouse.org	0.72	0.63	0.79	0.64	0.74	0.71	0.69	0.67	0.68	0.67
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.70
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	0.33	0.28	0.29	0.30	0.32	0.31	0.26	0.27
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	0.69	0.69	0.50
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.36	0.32	0.30
HUM	Cingraneli-Richards (CIRI) Human Rights Database	http://www.humanrightsdata.com	0.75	0.75	0.75	0.88	1.00	1.00	1.00	1.00	1.00	1.00
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.58	0.58	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.82	0.82	0.82
LBO	Latinobarometro	http://www.latinobarometro.org	0.30	0.39	0.38	0.11	0.10	0.31	0.30	0.40	0.28	0.33
MSI	IREX Media Sustainability Index	http://www.irex.org	..	..	..	..	..	..	..	..	..	..
OBI	International Budget Project Open Budget Index	http://www.internationalbudget.org/	..	..	..	..	..	..	0.39	0.39	0.39	0.56
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.83	0.75	0.75	0.71	0.71	0.71	0.75	0.75	0.75	0.75
RSF	Reporters Without Borders Press Freedom Index	http://www.rsf.org	..	..	..	0.88	0.85	0.80	0.87	0.84	0.78	0.86
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	..	..	0.44
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.36	0.51	0.34	0.07	0.08	0.22	0.16	0.19	0.15	0.08
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.56	0.50	0.56	0.56	0.57	0.56	0.56	0.56	0.56

Governance Matters 2009
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008

Aggregate Indicator: Political Stability and Absence of Violence



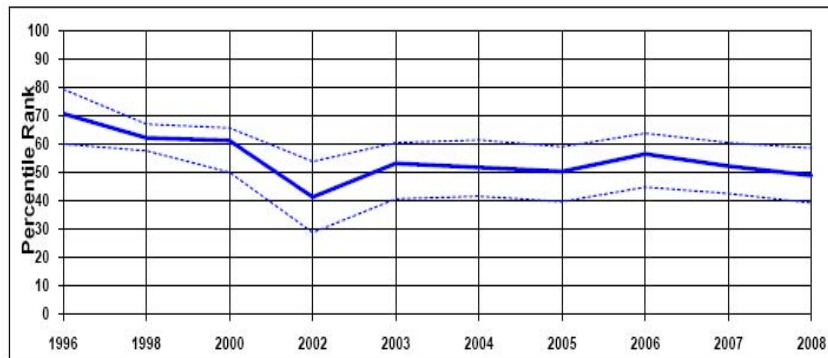
Individual Indicators used to construct Political Stability and Absence of Violence

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
AEO	OECD Development Center African Economic Outlook	http://www.oecd.org/dev/aao	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.bri.com	0.68	0.67	0.65	0.54	0.56	0.57	0.59	0.62	0.63	0.60
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.91	0.92	0.87	0.14	0.73	0.83	0.89	0.88	0.88	0.87
EIU	Economist Intelligence Unit	http://www.eiu.com	0.55	0.55	0.60	0.35	0.50	0.55	0.60	0.55	0.60	0.65
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.65
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	..	..	..	0.73	0.78	0.74	0.78	0.82	0.89	0.83
HUM	Cingranelli-Richards Human Rights Database & Political Terror Scale	http://www.humanrightsdata.com	0.65	0.48	0.54	0.56	0.63	0.54	0.71	0.63	0.71	0.71
IJT	IJET Country Security Risk Ratings	https://worldcue.ijet.com/tip/login.iso	..	..	..	..	..	0.50	0.50	0.50	0.50	0.50
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.92	0.92	0.92
MIG	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.50	0.45	0.45	0.30	0.40	0.55	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.84	0.87	0.81	0.69	0.84	0.80	0.85	0.88	0.84	0.76
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	..	..	0.61	0.09	0.18	0.35	0.26	0.45	0.57	0.50
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.63	0.56	0.56	0.56	0.49	0.63	0.63	0.63	0.56

Governance Matters 2009
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008

Aggregate Indicator: Government Effectiveness



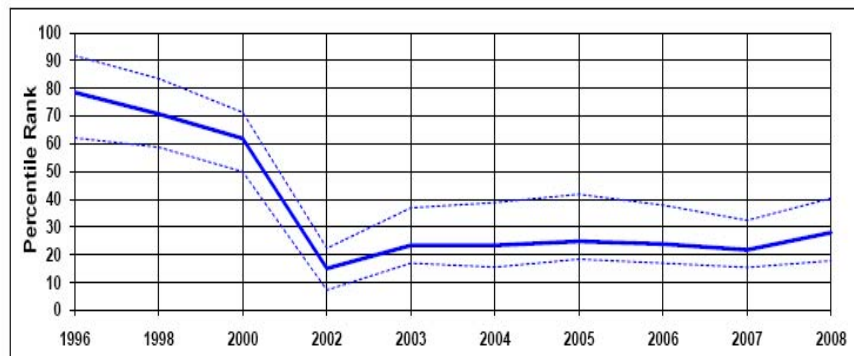
Individual Indicators used to construct Government Effectiveness

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/legal/governance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.40	0.38
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.41	0.41	0.63	0.63	0.63	0.71	0.71
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.62	0.56	0.59	0.00	0.09	0.35	0.43	0.43	0.43	0.49
EGV	Brown University's Center for Public Policy	http://www.insidepolitics.org/egov06int.pdf	..	..	..	0.42	0.29	0.24	0.26	0.26	0.33	0.29
EIU	Economist Intelligence Unit	http://www.eiu.com	0.63	0.50	0.38	0.38	0.38	0.38	0.38	0.38	0.38	0.38
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.52	0.50	0.56	0.49	0.54	0.50	0.52	0.51	0.32	0.31
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.50	0.48	0.48
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.70	0.77	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.59	0.59	0.59
LBO	Latinobarometro	http://www.latinobarometro.org	0.20	..	..	0.11	0.45	0.43	0.42	0.55	0.35	0.31
MIG	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.15	0.20	0.20	0.30	0.30	0.30	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.50	0.33	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.48	0.39	0.34	0.22	0.22	0.28	0.24	0.27	0.28	0.22
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.56	0.44	0.44	0.44	0.47	0.44	0.44	0.44	0.44

Governance Matters 2009
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008

Aggregate Indicator: Regulatory Quality



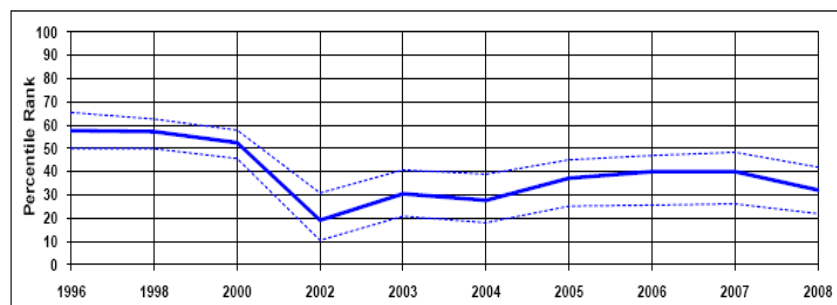
Individual Indicators used to construct Regulatory Quality

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/legalgovernance	..	..	..	..	..	..	..	..	..	..
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.50	0.50	0.65	0.65	0.65	0.63	0.63
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.89	0.69	0.87	0.13	0.76	0.72	0.71	0.56	0.56	0.58
EBR	European Bank for Reconstruction & Development Transition Report	http://www.ebrd.org	..	..	..	..	..	..	..	..	..	..
EIU	Economist Intelligence Unit	http://www.eiu.com	0.65	0.65	0.65	0.35	0.40	0.40	0.35	0.25	0.28	0.30
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.75
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.46	0.52	0.47	0.33	0.36	0.39	0.40	0.35	0.35	0.35
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.70	0.70	0.70	0.40	0.40	0.40	0.40	0.45	0.45	0.45
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.63	0.70	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr	..	..	..	..	..	..	..	0.57	0.57	0.57
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.43	0.38	0.38	0.38	0.38	0.39	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	NP	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.45	0.67	0.36	0.36	0.41	0.41	0.55	0.50	0.50	0.41
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.66	0.57	0.54	0.41	0.41	0.35	0.35	0.38	0.35	0.29
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.63	0.50	0.44	0.44	0.45	0.50	0.50	0.50	0.50

Governance Matters 2009
 Measuring the Quality of
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008

Aggregate Indicator: Rule of Law

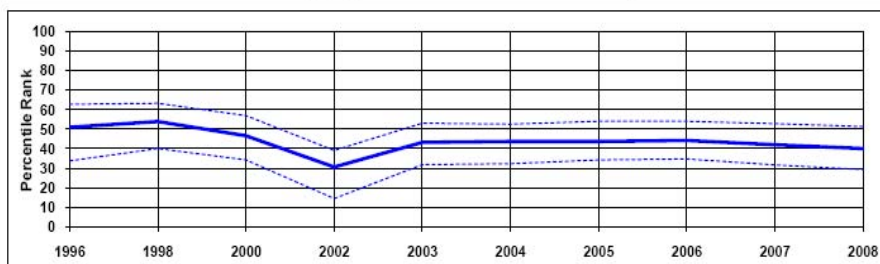


Individual Indicators used to construct Rule of Law

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org/	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/legalgovernance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.44	0.45	0.45	0.43	0.41	0.38	0.37	0.39	0.41	0.38
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	0.50	0.50	0.63	0.63	0.63	0.60	0.60
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.86	0.84	0.80	0.06	0.59	0.58	0.69	0.66	0.65	0.67
EIU	Economist Intelligence Unit	http://www.eiu.com	0.50	0.50	0.44	0.34	0.34	0.38	0.38	0.38	0.39	0.41
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.40
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.46	0.39	0.43	0.27	0.30	0.29	0.36	0.34	0.33	0.33
GI	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	0.63	0.49	0.43
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	..	0.52	0.50
HER	Heritage Foundation Index of Economic Freedom	http://www.heritage.org	0.70	0.70	0.50	0.30	0.30	0.30	0.30	0.30	0.30	0.20
HUM	Cingranelli-Richards (CIR) Human Rights Database	http://www.humanrightsdata.com	0.50	0.50	0.50	0.50	0.00	0.50	0.50	0.50	0.50	0.50
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.57	0.57	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.52	0.52	0.52
LBO	Latinobarometro	http://www.latinobarometro.org	0.55	0.36	0.38	0.32	0.33	0.43	0.40	0.44	0.33	0.37
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.20	0.30	0.30	0.28	0.30	0.35	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.83	0.83	0.83	0.33	0.25	0.50	0.50	0.42	0.42	0.42
TPR	US State Department Trafficking in People report	http://www.state.gov/g/tip/lfs/tiprpt	..	..	..	..	0.67	0.67	0.33	0.33	0.33	0.33
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	..	..	0.46
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.31	0.28	0.27	0.18	0.18	0.18	0.20	0.26	0.24	0.23
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.63	0.56	0.50	0.50	0.45	0.63	0.63	0.63	0.63

Governance Matters 2009
 Worldwide Governance Indicators, 1996-2008

ARGENTINA, 1996-2008
 Aggregate Indicator: Control of Corruption



Individual Indicators used to construct Control of Corruption

Code	Source	Website	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008
ADB	African Development Bank Country Policy and Institutional Assessments	http://www.afdb.org/	..	..	..	..	..	..	..	..	..	..
AFR	Afrobarometer	http://www.afrobarometer.org	..	..	..	..	..	..	..	..	..	..
ASD	Asian Development Bank Country Policy and Institutional Assessments	http://www.adb.org/	..	..	..	..	..	..	..	..	..	..
BPS	Business Enterprise Environment Survey	http://www.worldbank.org/eca/governance	..	..	..	..	..	..	..	..	..	..
BRI	Business Environment Risk Intelligence Business Risk Service	http://www.beri.com	0.35	0.35	0.35	0.33	0.31	0.32	0.32	0.32	0.32	0.32
BTI	Bertelsmann Transformation Index	http://www.bertelsmann-transformation-index.de/	..	..	..	..	..	0.50	0.50	0.50	0.50	0.50
CCR	Freedom House Countries at the Crossroads	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
DRI	Global Insight Global Risk Service	http://www.globalinsight.com	0.65	0.65	0.50	0.01	0.66	0.52	0.56	0.54	0.54	0.55
EIU	Economist Intelligence Unit	http://www.eiu.com	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
FRH	Freedom House	http://www.freedomhouse.org	..	..	..	..	..	..	..	..	..	..
GAD	Cerberus Corporate Intelligence Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	..	..	..	..	..	..	0.40
GCB	Transparency International Global Corruption Barometer Survey	http://www.transparency.org	..	..	..	..	..	0.61	0.63	0.66	0.65	0.59
GCS	World Economic Forum Global Competitiveness Survey	http://www.weforum.org	0.42	0.39	0.46	0.37	0.33	0.44	0.45	0.42	0.32	0.30
GII	Global Integrity Index	http://www.globalintegrity.org/	..	..	..	..	..	..	..	0.85	0.73	0.83
GWP	Gallup World Poll	http://www.gallupworldpoll.com	..	..	..	..	..	..	..	0.24	0.17	0.21
IFD	IFAD Rural Sector Performance Assessments	http://www.ifad.org	..	..	..	..	..	0.62	0.67	..	..	..
IPD	Institutional Profiles Database	http://www.cepii.fr/	..	..	..	..	..	..	..	0.33	0.33	0.33
LBO	Latinobarometro	http://www.latinobarometro.org	..	..	0.76	0.75	0.81	0.82	0.86	0.86	0.77	0.86
MIG	Merchant International Group Gray Area Dynamics	http://www.merchantinternational.com	..	..	..	0.15	0.20	0.25	0.25	0.25	0.21	..
PIA	World Bank Country Policy and Institutional Assessments	http://www.worldbank.org	..	NP	NP	NP	NP	NP	NP	NP	NP	NP
PRC	Political Economic Risk Consultancy Corruption in Asia	http://www.asiarisk.com/	..	..	..	..	..	..	..	..	..	..
PRS	Political Risk Services International Country Risk Guide	http://www.prsgroup.com	0.50	0.33	0.50	0.33	0.42	0.42	0.42	0.42	0.42	0.42
VAB	Vanderbilt University Americas Barometer Survey	http://www.lapopsurveys.org	..	..	..	..	..	..	..	..	..	0.15
WCY	Institute for management & development World Competitiveness Yearbook	http://www.imd.ch	0.24	0.16	0.15	0.07	0.07	0.07	0.08	0.14	0.14	0.12
WMO	Global Insight Business Conditions and Risk Indicators	http://www.globalinsight.com	..	0.50	0.38	0.38	0.38	0.39	0.38	0.38	0.38	0.38

Annex 4

Millennium Development Goals (Argentina)					
	1990	1995	2000	2007	2015
Goal 1: Eradicate extreme poverty and hunger					
Employment to population ratio, 15+, total (%)	54	54	56	58	...
Employment to population ratio, ages 15-24, total (%)	43	44	42	39	...
GDP per person employed (annual % growth)	10	-4	-3	7	...
Income share held by lowest 20%	4,6	3,9	3,1	3,4	...
Malnutrition prevalence, weight for age (% of children under 5)	..	..	..	2,3	...
Poverty gap at \$1.25 a day (PPP) (%)	1	1	3	1	...
Poverty headcount ratio at \$1.25 a day (PPP) (% of population)	2	2	10	5	...
Prevalence of undernourishment (% of population)	5	5	..	5	...
Vulnerable employment, total (% of total employment)	..	25	23	20	...
Goal 2: Achieve universal primary education					
Literacy rate, youth female (% of females ages 15-24)	99	..	99	99	100
Literacy rate, youth male (% of males ages 15-24)	98	..	99	99	100
Persistence to last grade of primary, total (% of cohort)	..	..	91	..	100
Primary completion rate, total (% of relevant age group)	..	..	99	97	100
Total enrollment, primary (% net)	..	..	100	99	100
Goal 3: Promote gender equality and empower women					
Proportion of seats held by women in national parliaments (%)	6	25	28	40	45
Ratio of female to male enrollments in tertiary	..	..	155	145	100

education					
Ratio of female to male primary enrollment	104	..	100	99	100
Ratio of female to male secondary enrollment	..	..	..	111	100
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	37,1	39,9	42,6	45,0	45
Goal 4: Reduce child mortality					
Immunization, measles (% of children ages 12-23 months)	93	99	91	99	...
Mortality rate, infant (per 1,000 live births)	25	23	19	15	8,5
Mortality rate, under-5 (per 1,000)	29	25	21	16	9,9
Goal 5: Improve maternal health					
Adolescent fertility rate (births per 1,000 women ages 15-19)	..	70	64	57	...
Births attended by skilled health staff (% of total)	96	..	98	99	99
Contraceptive prevalence (% of women ages 15-49)	..	..	..	..	...
Maternal mortality ratio (modeled estimate, per 100,000 live births)	..	..	..	77	...
Pregnant women receiving prenatal care (%)	..	95	98	99	...
Unmet need for contraception (% of married women ages 15-49)	..	..	..	..	...
Goal 6: Combat HIV/AIDS, malaria, and other diseases					
Children with fever receiving antimalarial drugs (% of children under age 5 with fever)	..	..	..	..	...
Condom use, population ages 15-24, male and female (% of males ages 15-24)	..	..	..	67	75
Incidence of tuberculosis (per 100,000 people)	60	49	40	31	23,1
Prevalence of HIV, pregnant female (% ages 15-24)	..	..	..	0,35	0,32
Prevalence of HIV, male (% ages 15-24)	..	..	..	1	...
Prevalence of HIV, total (% of population ages 15-49)	0,2	0,4	0,5	0,5	...

Tuberculosis cases detected under DOTS (%)	..	4	31	76	90
Goal 7: Ensure environmental sustainability					
CO2 emissions (kg per PPP \$ of GDP)	0,6	0,4	0,4	0,4	...
CO2 emissions (metric tons per capita)	3,4	3,4	3,7	3,9	...
Forest area (% of land area)	13	13	12	12	...
Improved sanitation facilities (% of population with access)	81	85	89	91	...
Improved water source (% of population with access)	94	95	96	96	98
Marine protected areas, (% of surface area)	..	..	..	..	...
Nationally protected areas (% of total land area)	..	..	..	6,3	...
Goal 8: Develop a global partnership for development					
Aid per capita (current US\$)	5	4	1	2	...
Debt service (PPG and IMF only, % of exports, excluding workers' remittances)	35	20	45	7	...
Internet users (per 100 people)	0,0	0,1	7,0	25,9	...
Mobile cellular subscriptions (per 100 people)	0	1	18	102	...
Telephone lines (per 100 people)	9	16	21	24	...
Other					
Fertility rate, total (births per woman)	3,0	2,7	2,5	2,3	...
GNI per capita, Atlas method (current US\$)	3.190	7.360	7.470	6.040	...
GNI, Atlas method (current US\$) (billions)	103,9	256,4	275,6	238,7	...
Gross capital formation (% of GDP)	14,0	17,9	16,2	24,2	...
Life expectancy at birth, total (years)	72	73	74	75	...
Literacy rate, adult total (% of people ages 15 and above)	96	..	97	98	...
Population, total (millions)	32,6	34,8	36,9	39,5	...
Trade (% of GDP)	15,0	19,7	22,4	45,0	...

Source: World Development Indicators database

Source for 2015 targets: Objetivos del Milenio – Informe País 2007