



**STRUCTURAL CONVERGENCE  
FUND FOR MERCOSUR  
(FONDO PARA LA  
CONVERGENCIA ESTRUCTURAL  
DEL MERCOSUR - FOCEM)**

# WHAT IS THE FOCEM (in Spanish) ?

**It is the Structural Convergence Fund for MERCOSUR**

It is approved through Decision CMC N° 45/04 and completed through Decisions 18/05 and 24/05

**These funds are destined to finance:**

- **programs to promote structural convergence**
- **the development of competitiveness**
- **the promotion of social cohesion, in particular regarding minor economies and less-developed regions**
- **the support to fund the institutional structure and the strengthening of the integration process**

# INTEGRATION OF THE FOCEM

**With annual contributions by the  
States Parties  
carried out half-yearly**

It can receive contributions from:

- ✓ third countries
- ✓ institutions
- ✓ international organizations

# TOTAL ANNUAL AMOUNT OF CONTRIBUTIONS BY THE STATES PARTIES TO THE FOCSEM

**ONE HUNDRED MILLION DOLLARS**  
(US\$ 100,000,000)

# PERCENTAGE OF INTEGRATION OF THE CONTRIBUTIONS TO THE FOCEM

➤ **Argentina: 27%**

➤ **Brazil: 70%**

➤ **Paraguay: 1%**

➤ **Uruguay: 2%**

\* The implementation will be gradual: 1<sup>st</sup> year: 50%, 2<sup>nd</sup> year: 75%, and 3<sup>rd</sup> year: 100%

# DISTRIBUTION OF RESOURCES

The Resources of the FOCEM aimed at the financing of the projects in Programs I, II and III will be distributed among the States Parties, according to the following percentages:

- Projects presented by Paraguay: 48%
- Projects presented by Uruguay: 32%
- Projects presented by Argentina : 10%
- Projects presented by Brazil: 10%

# NATIONAL COMPENSATIONS OF THE FOCEM FUNDS

- The States Parties must participate in the financing of the projects approved in their favor, with their own equivalent funds, at least 15% of the total value of such projects.
- The States Parties must contribute, at least, 15% of the eligible expenses of the projects for which they are beneficiaries; they will also be responsible for all the non-eligible expenses.

# PRIORITY PURPOSES OF THE FOCEM CONTRIBUTIONS

- ✓ During the first four years, resources will be mainly aimed at Program I and, in particular, at increasing physical infrastructure in the States Parties in order to facilitate the integration process.
- ✓ During that period, up to 0.5% of the resources of the Fund may be granted to Program IV.



# ELIGIBILITY CONDITIONS OF THE PROJECTS

They must meet, simultaneously, the following conditions:

- They must be proposed and executed under the public sector responsibility of one or more States Parties, according to what was stated in the Regulations
- They must be adapted to one of the Programs defined in the Regulations
- They must have eligible expenses as well as non-eligible expenses of U\$500,000, or a higher amount, except in the case of the Projects presented within the framework of Program IV

# ELIGIBILITY CONDITIONS OF THE PROJECTS (cont. )

(cont.):

- All documentation required must be handed in
- They must have a socio-economic internal rate of return higher than the minimum social rate of return for Programs I and II, except for the projects related to drinking water and drains.

# ELIGIBILITY CONDITIONS OF THE PROJECTS (cont. )

- ✓ The FOCEM projects cannot substitute other projects under execution or public structural expenses or correlative ones that belong to the State Party and that are granted to the final beneficiaries of the project.

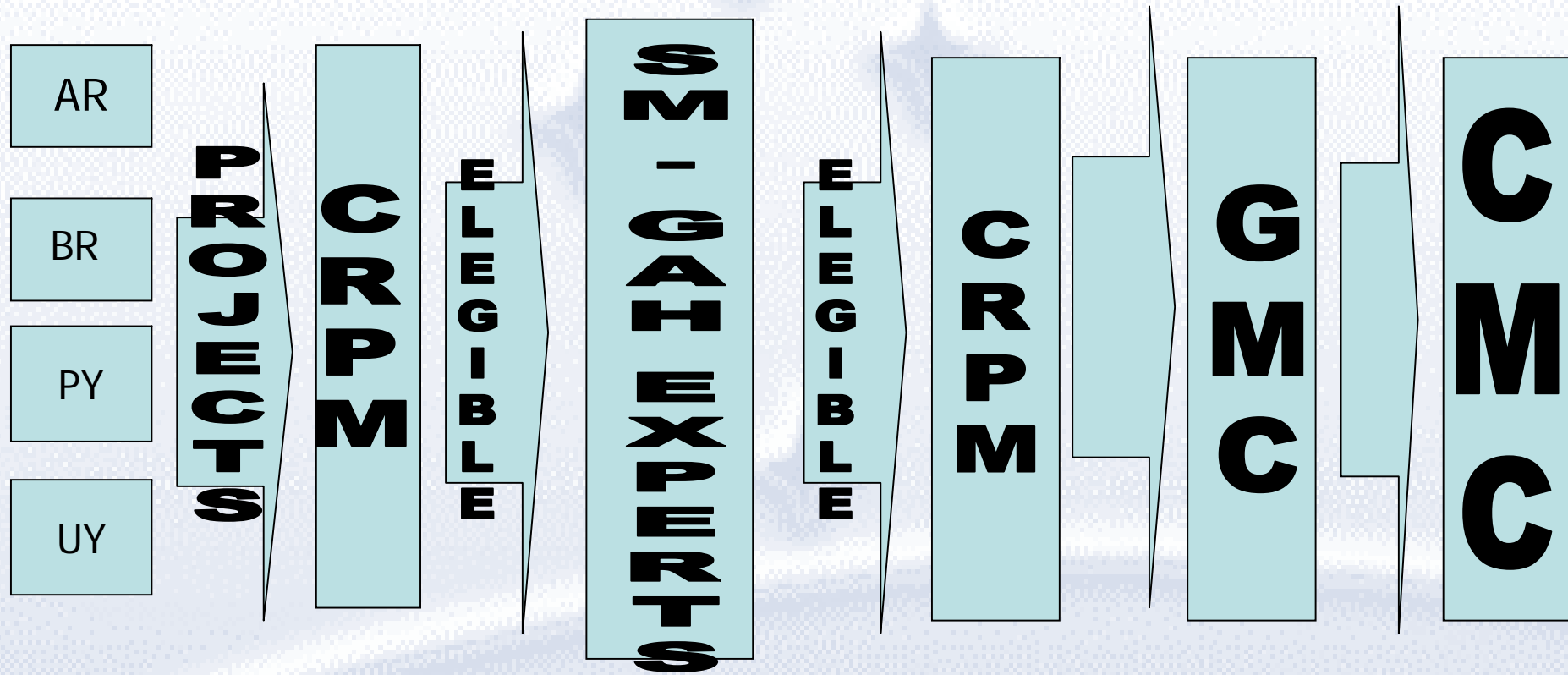
# INSTITUTIONAL ORGANIZATION

## WHICH FUNCTIONS DOES THE DIRECTOR OF THE SM PERFORM IN RELATION TO THE FOCEM?

- ✓The director must perform all the activities related to the administration, management and operation of the FOCEM, including its legal representation.

# FOCEM – PROCEDURE

PRESENTATION, ANALYSIS AND APPROVAL OF THE PROJECTS



# HOW ARE AGREEMENTS LEGALLY IMPLEMENTED FOR THE USE OF THE FUNDS?

- ✓ Through “legal instruments” called COF (Financing Agreement).

## IN WHICH CASES IS IT POSSIBLE TO LOSE APPROVED FINANCING?

If during a twelve-month period (as of the moment the first disbursement has come into effect), the beneficiary State has not requested another disbursement, or if it has not checked that the project is being executed.

# ARE THERE ANY APPROVED PROJECTS?

**"MERCOSUR - Habitat for Social Promotion, Strengthening of Human and Social Capital in poor settlements"**

➤ Presented by Paraguay

➤ Value: US\$ 12,914,680.00



# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “MERCOSUR ROGA”

- Presented by Paraguay
- Value: US\$ 9,705,882.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Refitting and improvement of Access Roads and Loop Roads of Gran Asunción”

- Presented by Paraguay
- Value: US\$ 14,860,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Program for the Integral Support of Micro-enterprises”

- Presented by Paraguay
- Value: US\$ 5,000,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Laboratory of Biosafety and Strengthening of the Laboratory for Food Control”

- Presented by Paraguay
- Value: US\$ 4,800,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

**"Road 26 - sections: Melo-Road 18 and border: Paysandú Tacuarembó – Sauce del Capote"**

- Presented by Uruguay
- Value: US\$ 5,310,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

**“Globalization of the productive specialization – technological development and training in the following areas: software, biotechnology and electronics and their own value chains”**

- Presented by Uruguay
- Value: US\$ 1,500,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Border Social Economics”

- Presented by Uruguay
- Value: US\$ 1,646,820.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## Project: “MERCOSUR Free from Foot-and-Mouth Disease”

- Presented by the Committee: MERCOSUR Free from Foot-and-Mouth Disease.
- Value: US\$ 16,339,470.00



# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## **“Institutional Strengthening of the MERCOSUR Secretariat for the Information System of the Common External Tariff”**

- Presented by the MERCOSUR Secretariat
- Value: US\$ 50,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Jurisprudential Data Base of MERCOSUR”

- Presented by the MERCOSUR Secretariat
- Value: US\$ 50,000.00

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Refitting of Road Corridors”

- Presented by Paraguay
- Amount: US\$ 16,990,294.00.
- FOCEM resources to be used: US\$ 14,441,758
- National Compensation: US\$ 2,548,536

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## “Development of Capacities and Infrastructure for Informal Classifiers of Urban Garbage in Uruguayan towns”

- Presented by Uruguay
- Amount: US\$ 1,882,000
- FOCEM resources to be used: US\$ 1,600,000
- National Compensation: US\$ 282,000

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

**“Multiple Interventions in Settlements located in Border Territories, which are Extremely Poor and under Sanitary, Environmental and Habitat Emergency”**

- Presented by Uruguay
- Amount: US\$ 1,411,765
- FOCEM resources to be used: US\$ 1,200,000
- National Compensation: US\$ 211,765

# ARE THERE ANY APPROVED PROJECTS?

(cont.)

## Pilot Project “Road 12: Section: Intersection Road 54 – Road 55”

- Project presented by Uruguay
- Amount: US\$ 4,371,000
- FOCEM resources to be used: US\$ 2,928,000
- National Compensation: US\$ 1,443,000

# FOCEM – STATISTICS

<b>Beneficiaries (total of projects presented)</b>	<b>Presented</b>	<b>Approved through Decision CMC</b>	<b>* COF Signed</b>
<b>Paraguay</b>	<b>23</b>	<b>6</b>	<b>6</b>
<b>Uruguay</b>	<b>6</b>	<b>6</b>	<b>0</b>
<b>Multi-state</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>MERCOSUR Secretariat</b>	<b>3</b>	<b>2</b>	<b>0</b>
<b>TOTAL</b>	<b>33</b>	<b>15</b>	<b>7</b>

\* COF: FOCEM Financing Agreement

# FOCEM – STATISTICS

## Situation of the Projects

<b>* COF SIGNED</b>	<b>7</b>
<b>APPROVED</b>	<b>8</b>
<b>PILOT PROJECT SUBJECT TO FEASIBILITY STUDY</b>	<b>2</b>
<b>OBSERVED</b>	<b>1</b>
<b>PROJECT SUBJECT TO FEASIBILITY STUDY</b>	<b>15</b>
<b>GENERAL TOTAL</b>	<b>33</b>

\* COF: FOCEM Financing Agreement



# FOCEM – STATISTICS

<b>BENEFICIARIES (total of the projects presented)</b>	<b>FOCEM U\$</b>	<b>LOCAL COMPENSATION U\$</b>	<b>TOTAL U\$</b>
<b>Paraguay</b>	<b>144,779,374</b>	<b>39,388,593</b>	<b>184,167,966</b>
<b>Uruguay</b>	<b>13,712,785</b>	<b>5,027,786</b>	<b>18,740,571</b>
<b>Multi-state</b>	<b>13,888,550</b>	<b>2,450,921</b>	<b>16,339,470</b>
<b>MERCOSUR Secretariat</b>	<b>146,000</b>	<b>0</b>	<b>146,000</b>
<b>GENERAL TOTAL</b>	<b>172,526,708</b>	<b>46,867,299</b>	<b>219,394,007</b>

# FOCEM – STATISTICS

Situation of the Projects	FOCEM U\$S	LOCAL COMPENSATION U\$S	TOTAL U\$S
* COF SIGNED	64,291,308	16,319,019	80,610,326
APPROVED	13,812,785	5,027,786	18,840,571
PILOT PROJECT SUBJECT TO FEASIBILITY STUDY	5,410,250	3,344,273	8,754,523
OBSERVED	9,500,000	1,674,000	11,174,000
PROJECT SUBJECT TO FEASIBILITY STUDY	79,512,366	20,502,222	100,014,587
<b>GENERAL TOTAL</b>	<b>172,526,708</b>	<b>46,867,299</b>	<b>219,394,007</b>

\* COF: FOCEM Financing Agreement



**Thank You Very Much!**

**[www.mercosur.int](http://www.mercosur.int)  
[secretaria@mercosur.org.uy](mailto:secretaria@mercosur.org.uy)**