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Republic of Cuba - European Union

Country Strategy Paper and National Indicative Programme

for the period 2011-2013

TABLE OF CONTENTS

| | |
|---|-----------|
| LIST OF ACRONYMS | 3 |
| PART I: THE ANALYSIS FOR THE COUNTRY STRATEGY | |
| Executive summary | 5 |
| Chapter 1: Framework for relations between the EU and the Republic of Cuba | 7 |
| Chapter 2: Country diagnosis | 8 |
| 2.1 Analysis of the political, economic, social and environmental situation | 8 |
| 2.1.1 <i>Political situation</i> | 8 |
| 2.1.2 <i>Economic situation</i> | 9 |
| 2.1.3 <i>Social situation including decent work and employment</i> | 14 |
| 2.1.4 <i>The country in the international context</i> | 18 |
| 2.1.5 <i>Environmental situation</i> | 18 |
| 2.2 Poverty Reduction Analyses | 19 |
| 2.3 Development strategy of the Republic of Cuba | 21 |
| 2.4 Analysis of the viability of current policies and medium-term challenges also in relation to sustainable development issues | 25 |
| Chapter 3: Overview of co-operation and policy dialogue, complementarity and consistency | 26 |
| 3.1 Overview of the EU's past and present co-operation (lessons learned) | 26 |
| 3.2 Information on the programmes of other donors (complementarity)..... | 28 |
| 3.3 Description of the political dialogue between the EU and the Republic of Cuba..... | 30 |
| 3.4 Description of the state of partnership with the Republic of Cuba and progress towards harmonisation and alignment | 30 |
| 3.5 Analysis of policy coherence for development | 31 |
| PART II: THE EU'S RESPONSE STRATEGY | |
| 34 | |
| Chapter 1: The EU's response strategy - strategic choices | 34 |
| Chapter 2: The implementation - the work programme | 40 |
| NIP | |
| Annexes | |

LIST OF ACRONYMS

| | |
|-----------|---|
| ACP | Africa, Caribbean, Pacific |
| ACS | Association of Caribbean States |
| AECID | Agencia Española de Cooperación Internacional para el Desarrollo |
| ALBA | Alianza Bolivariana para las Americas |
| CARICOM | Caribbean Community |
| CARIFORUM | Caribbean Forum |
| CIDA | Canadian International Development Agency |
| CITMA | Ministerio de Ciencia Tecnología y Medio Ambiente - Ministry of Environment, Science and Technology |
| CSP(s) | Country Strategy Paper(s) |
| CUC | Cuban Convertible Peso |
| CUP | Cuban Peso |
| DCI | Development Cooperation Instrument |
| DIPECHO | Disaster Preparedness Programme |
| ECHO | European Commission Humanitarian Aid Office |
| ECLAC | Economic Commission for Latin America and the Caribbean |
| EDF | European Development Fund |
| EPA(s) | Economic Partnership Agreement(s) |
| EU | European Union |
| FAO | Food and Agriculture Organization |
| GDP | Gross Domestic Product |
| GSP | Generalised System of Preferences |
| HDI | Human Development Index |
| HPI-1 | Human Poverty Index |
| HRC | Human Rights Council |
| LAC | Latin America and Caribbean |
| MDG(s) | Millennium Development Goal(s) |

| | |
|--------|--|
| MEP | Ministry of Economy and Planning |
| MINCEX | Ministry for Foreign Trade, Investment and Cooperation |
| NAM | Non-Aligned Movement |
| NIP | National Indicative Programme |
| NSA(s) | Non-State Actor(s) |
| OAS | Organisation of American States |
| ONE | Oficina Nacional de Estadísticas – National Statistics Office |
| PCC | Partido Comunista de Cuba - Cuban Communist Party |
| TCP | Tratado de Comercio de los Pueblos |
| TEU | Treaty on the European Union |
| TFEU | Treaty on the functioning of the European Union |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNEP | United Nations Environment Programme |
| UNESCO | United Nations Educational, Scientific and Cultural Organization |
| UNICEF | United Nations Children’s Fund |
| UNIDO | United Nations Industrial Development Organization |
| UPR | Universal Peer Review |
| US(A) | United States of America |
| USD | US Dollar |
| WFP | World Food Programme |
| WTO | World Trade Organisation |

PART I: THE ANALYSIS FOR THE COUNTRY STRATEGY

Executive summary

The Republic of Cuba is the largest island of the grouping of the Caribbean, situated west of Hispaniola island (Haiti and the Dominican Republic), and 145 km south of Key West, Florida (US). It has a population of 11 240 000 inhabitants. The HDI for Cuba is high, at 0.863, which means that Cuba ranks 51st out of 182 countries with data. GDP per capita is estimated at between USD 4.000 and 6.000 (Cuba calculates its GDP using estimated market values of government services, rather than cost¹), average lifespan exceeds 77 years, the literacy rate is as high as 99.8%, and the infant mortality rate of 4.7 per 1,000 live births is the best in the region and equal to that of the US.

Cuba is situated in the hurricane belt and frequently suffers severe impacts from hurricanes or tropical storms. The island was severely hit by three hurricanes in 2008, with overall damage estimated at some USD 10 billion. Climate change may be increasing the frequency and strength of the hurricanes that affect Cuba.

Cuba has been a member of the ACP group since 2000, although it is not a signatory of the Cotonou Agreement. It is the only country in Latin America and the Caribbean which does not have a formal agreement with the EU. However, it participates in the Strategic Partnership between the European Union (EU) and the countries of Latin America and the Caribbean (LAC) and is a member of the Rio Group.

The EU's relations with Cuba are based on the Common Position adopted in 1996, which opts for a policy of constructive engagement and dialogue instead of coercive measures, whilst firmly stating that contentious issues such as the human rights situation, in particular that of political prisoners and restrictions to freedom of expression, remain a priority for the EU.

Within this context, an EU-Cuba political dialogue covering the whole range of potential fields of cooperation including the political, human rights, economic, scientific and cultural aspects, was re-launched and development cooperation between the European Commission and Cuba was resumed in October 2008, following the Council decision to lift the diplomatic measures that had been adopted towards Cuba in 2003.

The EU is Cuba's largest trading partner, with one third of all trade, almost half of foreign direct investment and more than half of all tourists coming from Europe. Cuba benefits from the Generalised System of Preferences in its trade exchanges with the EU.

Cuba joined CARIFORUM in October 2001 and has also signed a 'partial scope' free trade zone agreement with CARICOM.

As regards Cuba's strategic priorities, in 2010-11 the Cuban authorities will focus mainly on measures to try to boost efficiency and productivity, particularly in the agricultural sector, and to raise the living standards of the population. The 2008 hurricanes, as well as the rapid and sustained increase in international food prices (Cuba imports 80% of its food consumption), represent an enormous challenge for Cuba, making food security the national priority, along with the protection of natural resources and adaptation to climate change.

¹ In 2003, the Cuban authorities began to use a new measure for GDP that differs from the international standard method. In the Cuban measure, the value of freely provided government services is not calculated at cost, as in the standard method, but is assessed as an estimate of the market value of the services, which is higher (EIU, Country profile 2008, p. 31)

Following his nomination on 24 February 2008 as President of the Council of State, Raul Castro announced a series of reforms, ranging from largely symbolic measures to farther-reaching reforms such as the recent leasing of agricultural land to individual farmers and the decentralisation of some decision-making in this sector. In this context, decisions are gradually being put in place with a view to increasing the quantity, efficiency and quality of food production in Cuba through greater empowerment of the small-holder sector.

An indicative allocation of €20 million has been earmarked for Cuba for the period 2011-2013 under the EU Development Cooperation Instrument (DCI). Three priority sectors have been identified for this Country Strategy Paper, namely:

- 1) Food security;
- 2) Environment and adaptation to climate change;
- 3) Expertise exchanges, training and studies

Cooperation in these areas does not imply any changes in the EU policy towards Cuba.

These funds can be complemented by projects and programmes financed under the DCI and EDF regional programmes, as well as from DCI thematic programmes and other cooperation instruments of the EU.

CHAPTER 1: FRAMEWORK FOR RELATIONS BETWEEN THE EU AND THE REPUBLIC OF CUBA

European **development cooperation** policy is based on Article 208 of the Treaty on the Functioning of the European Union (TFEU), which establishes as its main aim the reduction and, in the long term, the eradication of poverty. This objective has to be put into the context of the EU's external action as a whole (see Article 21 of the Treaty on the European Union), including sustainable development, integration of developing countries into the world economy, democracy, rule of law and human rights, preserving peace, preventing conflicts and strengthening international security. European development cooperation complements the assistance given by the Member States, which is consistent with EU development policy.

The **European Consensus on Development** defined the primary and overarching objective of EU development cooperation as “the eradication of poverty in the context of sustainable development”. In this tripartite statement on EU development policy signed on 20 December 2005, the Council, the European Parliament and the Commission emphasised the multidimensional character of poverty and the need to tackle it through various areas of action.

Cuba is an active member of the **EU-LAC Strategic Partnership**. This partnership between the European Union (EU) and the countries of Latin America and the Caribbean (LAC) was established in Rio de Janeiro in 1999. The EU-LAC Summits (Rio de Janeiro, 1999, Madrid 2002, Guadalajara 2004, Vienna 2006, Lima 2008, Madrid 2010) are instrumental within this framework, as they allow the discussion of strategic topics that are high on the bi-regional and international agenda, such as social cohesion, regional integration, multilateral relations and climate change. High-level bi-regional sectoral policy dialogues have intensified in recent years, in particular on sustainable development, illegal drugs and migration, and the deepening of cooperation between Latin America and the Caribbean is an important component of the EU-LAC Strategic Partnership. Various summit declarations have called for consolidating the relations between Latin America and the greater Caribbean. Several treaties and agreements are already linking the two sub-regions. Cooperation among all countries bordering the Caribbean Sea is also taking place through the Association of Caribbean States (ACS) in which the Commission acquired observer status in spring 2009.

The main **legal and financial instrument** for the provision of European cooperation to the Republic of Cuba for the period 2011-2013 is Regulation (EC) No. 1905/2006 of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development (DCI). Its legal basis is Article 179 of the Treaty establishing the European Community.

Although a member of the ACP Group since 2000, the Republic of Cuba is the only country in Latin America and the Caribbean which does not have a formal agreement with the EU. The EU's relations with Cuba are based on the **Common Position** adopted in 1996 and annual Council Conclusions that provide a regular assessment of the position.

CHAPTER 2: COUNTRY DIAGNOSIS

2.1 Analysis of the political, economic, social and environmental situation

2.1.1 Political situation

The Communist Party of Cuba (PCC) has been the only legal political party since 1965. The Asamblea Nacional del Poder Popular (the National Assembly of People's Power) is the paramount state institution, "representing and expressing the sovereign will of the Cuban people". Elections to the Assembly take place every five years; the most recent ones were held in 2008. Under the current legislature, the Assembly includes 611 members of which 43 percent are women.

In principle it is not compulsory for candidates to belong in the PCC, although in practice almost all deputies are members of the Party or of an affiliate organisation. Candidates for the National Assembly are chosen by Candidacy Commissions chaired by local trade union officials and composed of elected representatives of "mass organisations" representing workers, young people, women, students and farmers. There is only one candidate per seat in the national and local assemblies.

The Assembly members – "Diputados" – elect the 31-member Council of State. The President of the Council of State is the Head of State and Government. The Council of State holds the legislative power when the Assembly is in recess. The Council of Ministers exercises executive and administrative functions through its 9-member executive committee.

The Constitution provides for independent courts; however it explicitly subordinates them to the National Assembly and to the Council of State, with the People's Supreme Court being the highest judicial body.

Fidel Castro was Head of State and Government from 1959 (marking the date of the revolution that overthrew the regime of General Batista) to February 2008. Raul Castro was elected President of the Council of State by the National Assembly on 24 February 2008.

Following his appointment as President of the Council of State, Raul Castro announced a series of reform measures ranging from largely symbolic reforms, such as allowing Cubans to own mobile phones, stay in international hotels or buy DVDs, to farther-reaching reforms such as the lease of agricultural land, the decentralisation of some decision-making in this sector and the liberalisation of private taxi transport. No significant new reform measures are expected to be decided before the next Congress of the Communist Party. The Party Congress has not met for 12 years and a meeting that was due to take place in late 2009/early 2010 has been indefinitely postponed.

The EU has expressed its concern about the civil and political rights situation in Cuba on many occasions, particularly with regard to the situation of political prisoners and restrictions on freedom of expression, such as access to media, and internet use. The Council Conclusions of June 2009, while welcoming the resumption of the political dialogue with Cuba and the renewal of development cooperation, stated that the EU remained seriously concerned about the lack of progress in the situation of human rights in Cuba, in particular in the field of political and civic rights and political reforms. These matters are discussed at the highest level during the ministerial EU-Cuba meetings and EU high level visits to Cuba. The EU is

particularly concerned about the estimated 207 citizens who are in prison for political reasons. Some are reported to be suffering from serious health problems. Of the 75 dissidents arrested in March 2003, 53 are still in prison. The Council Conclusions have frequently called on the Cuban Government to unconditionally release all political prisoners.

In February 2008, Cuba signed the International Covenants on Civil and Political Rights and on Economic, Social and Cultural Rights. The Council Conclusions of June 2009 called on the Cuban authorities to ratify and implement these two Covenants.

In February 2009, Cuba ratified the International Convention for the Protection of All Persons from Enforced Disappearance.

The UN Special *Rapporteur* on the right to food visited Cuba in 2007. The Cuban Minister of Foreign Affairs announced, in February 2009, that Cuba was inviting the *Special Rapporteur* on Torture. Cuba presented its UPR report to the UN HRC on 5 February 2009.

2.1.2 Economic situation

Comparative economic indicators, 2007

| | Cuba | Haiti | Dominican Republic | Mexico | Jamaica |
|------------------------------------|--------|-------|--------------------|--------|---------|
| GDP (US\$ bn) | 45.5 | 6.1 | 43.6 | 879.2 | 10.6 |
| GDP per head (US\$) | 4,051 | 636 | 4,669 | 8,088 | 3,941 |
| GDP per head (US\$ at PPP) | 11,150 | 1,879 | 9,631 | 11,337 | 4,774 |
| Consumer price inflation (av; %) | 3.7 | 8.9 | 6.0 | 4.0 | 7.2 |
| Current-account balance (US\$ bn) | 0.1 | -0.2 | -1.2 | -4.6 | -1.5 |
| Current-account balance (% of GDP) | 0.3 | -3.0 | -2.7 | -0.5 | -13.7 |
| Exports of goods fob (US\$ bn) | 3.6 | 0.6 | 7.1 | 269.1 | 2.2 |
| Imports of goods fob (US\$ bn) | -10.1 | -1.8 | -12.7 | -280.0 | -5.6 |
| External debt (US\$ bn) | 16.8 | 1.2 | 8.8 | 171.3 | 7.1 |
| Debt-service ratio, paid (%) | 11.4 | 3.0 | 10.2 | 15.8 | 14.3 |

Source: Economist Intelligence Unit, Country Data, Country Profile 2008, p. 27

Cuba has a dual monetary system. Two currencies are in circulation: the Cuban convertible peso (CUC) is equivalent to 1.08 USD and to 24 Cuban pesos (CUP) or *moneda nacional* (but the official exchange rate of 1:1 is also used for some public transactions). The economy has a rather competitive external component (nickel, tourism, biotechnology, services) for which the CUC is used, and a protected and not very efficient domestic component managed in CUP, as well as a parallel economy².

In 2008, Cuba spent 50 percent of its current budget on agricultural and energy imports. This has resulted in a current account deficit exceeding 2.5 billion USD (4-5 percent of GDP), which has drained the cash reserves of the Cuban state.

² Text extracted from the "DGTPE - Direction Générale du Trésor et de la Politique Economique - Cuba, October 2009 Report".

Cuba has the world's third largest reserves of nickel and cobalt, it exports high quality cigars and rum, and has a service industries, high-tech biotechnology and a high level of performance in ICT and health.

Offshore oil drilling operations in the Exclusive Economic Zone (EEZ), initially planned for 2009, have been postponed. The Cuban government estimates that there could be 20 billion barrels of oil reserves in its offshore fields, but only one test well has been drilled so far, by Spain's Repsol (the US Geological Survey estimates lower levels of reserves of about 5 billion barrels of oil and 10 trillion cubic feet of natural gas offshore)³. Cuba has divided its offshore region into 59 blocks and has so far granted leases to seven other companies. Cuba currently imports 50 percent of its oil from Venezuela on highly preferential terms.

Tourism is another important source of income for Cuba, with over 2 million visitors every year, including 900,000 Canadian and 200,000 British tourists, bringing gross revenues of 2 billion USD. If the US Congress decided to lift its ban on US citizens travelling to Cuba, this could represent a potential flow of 2 to 3 billion USD annually.

It is estimated that remittances from Cuban migrants were about 800 million USD in 1998 and 1 billion USD at the end of 2007. Most of the remittance flows originate from the US, although between 2005 and 2009 estimated remittances from the US fell from 81 to 53 percent as a consequence of the expansion of migration to other countries such as Spain, where the share increased from 12% to 23%. It is reported that many Cubans have stopped sending money back to their home country as a consequence of the global economic crisis. Due to restrictions in the US and Cuba, remittances are often sent through non-official channels, which makes the true figure difficult to calculate.

The authorities maintain fairly restrictive rules on foreign direct investment (FDI), which has to fulfil several criteria: technology transfer, provision of capital and export markets. The principal investors in the island are Italy (telecoms), Canada (oil, nickel) and Spain (hotels).

Even if Cuba's human development index (HDI) is high, the living conditions of Cuban people are not easy. GDP per capita is estimated at between 4,000 and 6,000 USD (Cuba calculates its GDP differently from the international standard method⁴), average life expectancy exceeds 77 years, the literacy rate is as high as 99.8 percent, and infant mortality rate is as low as in the United States. 75 percent of the population is urbanized.

Overall, the current economic situation of Cuba is serious. Adding to the structural weaknesses of the economic system, coupled with the long-standing impact of the US embargo, the Cuban economy was seriously affected by the combined effect of the 2008 hurricanes (500,000 houses destroyed or damaged, temporary evacuation of some three million Cubans, and overall damage and losses estimated at almost ten billion dollars, i.e. over 20 percent of Cuban GDP), rising food prices (Cuba imports 80 percent of its food

³ Reuters, 3 November 2009.

⁴ Cuba's new GDP calculation takes into account rates which recognise profitability for service quality (education, public health, culture, sports and radio and television) and reflects better the added value created. The justification offered by the authorities for the different method of valuing freely provided services is that in Cuba the costs of these services are lower than in other countries. One reason for this is that no income tax is paid on state salaries. This means that the cost of labour in the healthcare and education sectors is understated (because, in effect, wages are paid net of tax), and therefore the value of these services is understated if the standard methodology is used (Economist Intelligence Unit, Country Profile 2008, p. 31). Some argue that it is nevertheless difficult to compare the Cuban GDP with that of other countries.

consumption) and falling nickel prices, diminishing subsidies from Venezuela, and the impact of the world economic crisis which, among others, has reduced revenues from tourism.

Structure and performance

Services dominate the Cuban economy, despite the marginal character of the private sector, and their share has increased in recent years. According to estimates based on the latest available data from national sources, services accounted for 69.8 percent of GDP in 2007, compared with 57.2 percent in 1990. The whole economy is controlled by the state, which acts not only as a provider of both commercial and non-commercial services, but also as a controller of trade in services.⁵

In 1990, the agriculture sector accounted for 10.8 percent of GDP; today, it is estimated at less than 4 percent, even though it employs 18.57 percent of the population. The decline of the sugar industry, a lack of finance for agricultural imports and the weak incentives for farmers have resulted in a fall in the share of agriculture in the Cuban economy. Until 2002, sugar accounted for around one half of the land area under cultivation, but a radical restructuring programme initiated during that year has halved this area. Today, there are 700,000 hectares devoted to sugar cane in the country, of which close to 50 percent are harvested each year. Eventually, this is expected to facilitate an expansion of other export crops (mainly citrus and tropical fruits), as well as food crops and forestry⁶.

Industry accounted for an estimated 25 percent of GDP in 2007, down from 32 percent in 1990. After a sharp decline in industrial production in the early 1990s, new investments have brought a recovery in some industries. These include: nickel mining⁷, steel production, light industries supplying the tourism sector and - since the launch of a new housing programme in the second half of 2005 - the construction materials industry⁸.

The Cuban armed forces control significant parts of the economy. As part of the concept of "perfeccionamiento empresarial" (perfecting management), their entities manage the most lucrative sectors of the economy in the country. Boosted by its economic success, the military-industrial Cuban system has grown in importance. Its elites are a significant factor of growth.

The need to make the Cuban economy more efficient and self-sufficient is recognised by the Cuban authorities and reiterated at the highest levels.

Structure and management of public finances

Despite the contribution of Venezuelan subsidies related to purchases of services (especially medical) from Cuba⁹, Cuba has been virtually insolvent since January 2009. The deficit reached 2.8 percent of GDP in 2003 and rose to 3.4 percent in 2007 and 6.7 percent in 2008. The pressing need to rebalance Cuban public finances was underlined by President Raul

⁵ Economist Intelligence Unit, Country Profile 2008, p. 26.

⁶ Economist Intelligence Unit, Country Profile 2008, p. 27

⁷ Cuba's unrefined nickel plus cobalt production weighed in at 70,100 tonnes in 2009, down slightly from the 70,400 tonnes reported in 2008.

⁸ Economist Intelligence Unit, Country Profile 2008, p. 27

⁹ Petróleos de Venezuela (PdVSA, the Venezuelan state oil company) supplies annual 100,000 b/d of oil to Cuba on preferential terms that are linked to the sale of Cuban professional (mainly medical) services to Venezuela (Economist Intelligence Unit, Country Profile 2008, p.29).

Castro in his July 2009 speech (“no individual, and no country, can indefinitely go on spending more than they earn”).

Apart from Venezuelan aid credits to buy oil, loans from China, Brazil and Russia and guarantees capped by Euler-Hermes, Cuba has no access to long-term finance due to its unilateral moratorium on debt since 1986 and the US embargo.

Measures taken by the government to deal with the economic situation are adversely affecting external trade and investment. Banks are not allowed to pay cash directly and transfers in foreign currency are held back by the Central Bank (cf Resolution 1/2009 which imposes restrictions and increased surveillance measures on account movements in order to “avoid undue use of bank services”). Hence, money is withheld in the banks, and the Central Bank uses it for its own payments, thus putting foreign firms in the hands of the Central Bank. Up until now, the Central Bank has implicitly required foreign enterprises to be patient, an expectation which was made more explicit by the authorities in late 2009. Reportedly, in December 2009, the Central Bank also levied a one-off “tax” of 19 percent on all CUC-denominated accounts of Cuban public entities.

Cuba is not a member of any of the main International financial institutions (IFIs). The Cuban government withdrew from the World Bank in 1960.

Assessment of the reform process

Since the budget deficit reached its peak at 6.7 percent of GDP in 2008, economic observers estimate that the Cuban authorities have managed to narrow the budget shortfall in 2009, and this trend is set to continue in 2010. In 2009, tax collection was depressed by weaker economic activity. However, it is estimated that a larger reduction in government expenditure will result in a narrowing of the fiscal deficit to 4.9 percent of GDP. Stronger economic growth and efforts to reduce the size of the black market could boost tax revenue, while a rise in nickel prices would support non-tax income. Reliance on Venezuela for energy imports will continue to pose a risk to public finances. If this support were to be withdrawn, government spending would rise sharply¹⁰.

According to statements by President R. Castro and the Minister for Economy and Planning, Marino Murillo, the main focus in 2010 will be on increasing domestic productivity, careful investment planning, and on sectors producing for export, with an attempt to balance the budget by a tightening of budgetary allocations and even cuts in some of the social benefits for the population. This will involve significant changes, including decentralised decision-making and an expansion of the role of markets in some areas, particularly in agriculture and food distribution and retail. A medium-term economic plan was announced on the same occasion, with the 2011-2015 economic plan due to be drafted in the course of 2010. The launch of a national debate on economic policy in September 2009 and the elaboration of the next Plan will form the foundation for discussions on reform measures at the PCC Congress, which has been indefinitely postponed.

Food security has been declared an issue of national security. The effects of the 2008 hurricanes, the rapid and sustained increase in international food prices, the lack of foreign currency both for imports and for food production inputs, and energy constraints have contributed to ensure that increasing national food production, especially by using endogenous resources and appropriate (low-input) technologies, is a national overarching

¹⁰ Economist Intelligence Unit, Country Report Cuba, November 2009, p. 5

priority. In this context, a series of measures are gradually being put in place to increase food production by small-holders, as well as improving its efficiency and quality (see Chapter 2.3 - Development strategy of the Republic of Cuba).

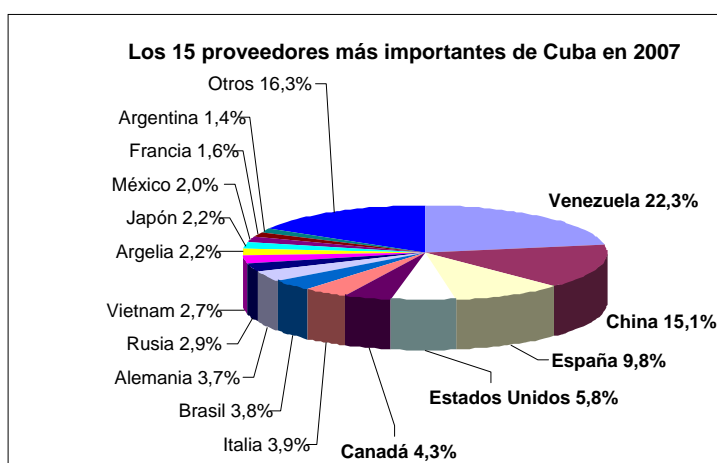
Although there are plans to formulate a strategy to move towards a single currency, which is expected to remove a major barrier to economic growth, the slowing down of the economy in 2009 delayed efforts to bring the two national currencies (CUC and CUP) into closer alignment.

While petty corruption is pervasive and socially acceptable due to low salaries, corruption involving large amounts is uncommon in Cuba and is frowned upon by the population. Cuba ranks 63rd (out of 180) in the Corruption Perception Index of the Transparency International report of 2008. In the past, the Cuban government has implemented several large-scale initiatives to reduce theft of state property (i.e. gasoline, meat), but the corrective effects cannot be sustained due to the gap between prices and salaries. A supplement to salaries is being implemented to compensate certain benefits in kind that have been discontinued, such as meals for office workers.

Trade policy and external environment, in particular regional cooperation agreements

In view of its geographical and economic characteristics – small economy, overall poorly developed industrial base, low productivity of the agricultural sector – Cuba depends mostly on imports for its current operation. In 2008, asset imports rose by 43.8 percent and exports by 2.1 percent. The result is a negative trade balance of 10.7 billion CUC (11.5 billion USD), which increased by 4 billion compared to 2007, i.e. a progression equivalent to almost 70 percent of the deficit.¹¹

Three key trade partners have emerged since the beginning of the decade: a) Venezuela, under the Caracas and PetroCaribe agreements, b) China, with priority being given by the authorities to purchases of consumer and industrial goods of Chinese origin, and c) the United States, which became Cuba's 5th largest partner in 2007 in spite of the embargo (one way – Cuba can not export to the US). Imports from the US, which had been prohibited by US law since 1961, resumed in 2002, but trade with the US is restricted to imports of food and agricultural and pharmaceutical products. Canada and Spain also carry considerable weight - the former because of its proximity and important presence in the Cuban economy, particularly in the nickel sector, and the latter as a longstanding partner and main investor in the tourism industry¹².



¹¹ Info extracted from the "2008 Report on Cuba by the Economic Advisors based in Havana, working paper".

¹² Economist Intelligence Unit, Country Report Cuba, November 2009, p. 5

EU trade with Cuba is characterised by a trade balance in favour of the EU. Imports into the EU from Cuba amounted in 2008 to €552 million, compared to EU exports to Cuba of €1.64 billion (for more information on EU-Cuba trade relations, see annex IX).

In December 2004, Cuba signed the *Tratado de Comercio de los Pueblos* (TCP, a Peoples' Trade Agreement) with Venezuela, outlining co-operation under the auspices of the *Alianza Bolivariana para las Americas* (ALBA¹³). The TCP agreement has led to a significant increase in Cuba's economic links with Venezuela and an expansion of its earnings from the provision of professional services to Venezuela, mainly in the health sector.

Havana has also developed an active regional policy towards the Caribbean. Cuba has been a member of CARIFORUM since October 2001 and has signed a 'partial scope' free trade zone agreement with CARICOM.

At the multilateral level, Cuba is one of the founders of the WTO.

2.1.3 Social situation, including decent work and employment

Since the beginning of the Cuban Revolution, particular emphasis has been placed on support policies in the social sector, including education, health and social security, as an essential element of the 'social contract' between the Communist government and the Cuban people. Despite the serious economic and financial problems that Cuba faced in particular during the "special period" from 1991¹⁴, efforts have been made to minimise the social costs of the necessary fiscal austerity measures. Effective social sector support has always been and will remain key for the legitimacy of Cuba's Communist government

The Human Development Index (HDI) for Cuba is high, at 0.863¹⁵, which means that the country ranks 51st out of 182 countries for which data are available. While Cuba ranks second in adult literacy, it comes only 95th in the GDP per capita (PPP USD) poverty measure (see previous points on GDP calculation). However, its Human Poverty Index (HPI-1) ranking is 17th among the 135 developing countries for which the index has been calculated¹⁶.

Food security situation

The UN Report on the right to food¹⁷ stated that "*the realization of the right to food is one of the highest priorities of the Cuban Government*"¹⁸. Despite the external influences that greatly affect the realization of the right to food in Cuba, the report highlights that "*the Government has an impressive national food programme which aims to provide all citizens with at least 50 percent of their basic food requirements (...)* Notwithstanding, anaemia amongst children and pregnant women is a concern, as is obesity"¹⁹. Cubans receive a subsidised ration of basic foodstuffs, the so-called "libreta", which is larger in the capital than in the provinces. Some

¹³ ALBA is a project led by the Venezuelan President, Hugo Chávez, to promote economic, social and political ties between participating Latin America and Caribbean countries as an alternative to the US-led efforts to create the Free-Trade Area of the Americas (FTAA).

¹⁴ The Special Period in Time of Peace in Cuba was an extended period of economic crisis that began in 1991 after the collapse of the Soviet Union.

¹⁵ Human Development Report 2009

¹⁶ The HPI-1 is an alternative to the 1 USD a day (PPP USD) poverty measure. It focuses on the proportion of people below a threshold level in each of the dimensions of human development of the HDI: living a long and healthy life, having access to education, and a decent standard of living.

¹⁷ UN Special Rapporteur Jean Ziegler, 2008

¹⁸ Addendum A/HRC/7/5/Add.3 Page 2

¹⁹ *Idem*

foodstuffs, such as potatoes, were taken off the ration system in 2009 and can now be sold in markets.

As far as food production is concerned, the report acknowledges the need to increase domestic production and reduce reliance upon imports²⁰. It also welcomes the Government's efforts in seeking to address internal inefficiencies, while maintaining the benefits of the current social protection system²¹.

Natural disasters as well as water stress are considered to be the main natural constraints affecting food production.

Demographic factors

Cuba's population stood at 11.24 million at the end of 2009. The population has largely stabilised, with average annual growth of less than 0.5 percent per year over the past decade, a level which is well below the Latin American average of 1.6 percent. According to official figures, in 2008-09 the population increased slightly, with annual net emigration since 2000 averaging around 30,000 (around 0.3 percent of the population), of whom 20,000 legally migrate every year to the US under a bilateral migration agreement. Both birth and death rates are low compared with the regional average. The demographic profile is one of a rapidly ageing population due to low death rates and emigration, and therefore a rising old age dependency ratio. According to the UN Economic Commission for Latin America and the Caribbean (ECLAC), the percentage of the population over 65 years rose from 8.4 percent in 1990 to 9.6 percent in 2000, and will rise to 15.8 percent in 2020²². The Cuban authorities are concerned with the ageing of the population as well as with the exodus from rural to urban areas. The government is in the process of analysing scenarios of population shifts for the next 15 years.

Education

Cuba has the highest literacy levels and the highest average levels of education attainment in Latin America²³. Education at all levels is free. The government continues to regard universal education and a high uptake of tertiary education, particularly in science and technology, as economically and socially important²⁴.

Since 2002, following the difficult years of the "*special period*", the government has focused on education as a national priority. Educational spending increased to around 14 percent of GDP in 2007, up from 6.3 percent in 1998. The school infrastructure has been renovated and modernised, and new schools and higher-education institutions have been added. Thousands of new teachers have been trained in order to reduce primary school class sizes to not more than 20 pupils, and an extensive new network of adult education centres (in a programme known as "making education universal") has been established, offering education up to university level in addition to training programmes. By the 2006/07 academic year there were 24.5 education professionals per 1,000 inhabitants, up from 18 in 1999/2000²⁵. However, rationalisation of public spending is now being pursued in the education sector too. Pre-

²⁰ As indicated already an estimated 80 percent of food consumption is imported, amounting to some 1.7 billion USD in 2007. This is budgeted at 2.5 billion USD in 2008 for the same volume of food, due to price increases.

²¹ Available at: <http://www2.ohchr.org/english/bodies/hrcouncil/7session/reports.htm>

²² Economist Intelligence Unit, Country Profile 2008, p. 17

²³ HDR 2009

²⁴ Idem, p. 19

²⁵ Economist Intelligence Unit, Country Profile 2008, p.19

university secondary schooling, which has been provided in the countryside until now, is being transferred back to the cities, partly as a means of cutting costs. In order to save resources, teachers are required to teach all subjects, not just those in which they were trained, and junior “profesores emergentes” as young as 16 teach classes in order to make up for the shortage of qualified teachers.

Health

The emphasis placed by the government on the universal provision of basic health care has made Cuba's health statistics comparable to those of industrialised nations. In 2009, life expectancy at birth was 77.97 years (the highest in Latin America and Caribbean region after Chile and Costa Rica) and the infant-mortality rate was 4.7 per 1,000 live births (the lowest in the region)²⁶. A preventive health care system, based on family doctors serving small patient groups, was developed in the 1980s. Cuba has the highest ratio of doctors to population in the world (633 per 100,000 in 2007). Since around 20,000 physicians out of a total of 71,000 work abroad, the number available on the island is significantly less, but still high by international standards²⁷.

With respect to HIV/AIDS²⁸, after the first case of HIV was diagnosed in the country in 1985, the Cuban government implemented a national programme for the monitoring and management of the epidemic that included control strategies, education, prevention and treatment. This approach has kept the rate of prevalence on the island to 0.1 percent, the lowest in the Americas²⁹. The Cuban mortality rate from AIDS-related diseases is also low, at 1.0 per 100,000 inhabitants³⁰. Sexual transmission is the main source of infection (99 percent).

Despite these achievements, the number of new infections has increased steadily since 1996, especially among homosexuals. The majority of those living with HIV/AIDS are men (80 percent).

Equal opportunities

Under Cuban law, women and men have equal rights and responsibilities regarding marriage, divorce, raising children, house-keeping and pursuing a career. The law also lays down the principle of equal pay for equal work.

Cuba ranks 49th out of 177 countries in the Gender Development Indicator³¹. It is a signatory of the Convention on the Elimination of All Forms of Discrimination against Women, and it reports regularly to the Commission of Experts of this Convention. In its last report, produced in 2005, Cuba defined three main challenges for gender equality: a) change of mentality about the traditional roles of men and women, b) focus on gender issues in policies, programmes and projects and c) participation of women in high-level posts. Gender and racial equality remain among the declared objectives of the Cuban state, although it is acknowledged at the highest level that there is room for improvement, e.g. representation of women in senior positions.

²⁶ http://www.one.cu/publicaciones/cepde/anuario_2008/7_anuario_DEFUNCIONES.pdf

²⁷ Economist Intelligence Unit, Country Profile 2008, page 20

²⁸ Extracts from "La estrategia cubana de respuesta al VIH/Sida" – Oxfam International, July 2008

²⁹ World Health Organisation, 2008

³⁰ Ministry of Public Health, 2007

³¹ http://www.undp.org.cu/documentos/genero/genero_HDR_20072008_SP.pdf

Employment conditions

The state is Cuba's main employer, but the share of state employment has fallen since 1990, when it accounted for 95 percent of total employment. By 2000 it had slipped to 77 percent, but since then it has crept back up to over 80 percent. The main non-state jobs are in the agricultural sector, where traditional private small farmers were joined by members of newly created farm co-operatives, known as "Unidades Básicas de Producción Cooperativa" (UBPCs – Basic Units of Co-operative Production), which replaced many of the large state landholdings. New categories of self-employment and family businesses that have been legalised since 1993 have had to operate under tight regulation and high taxes. The proportion of registered self-employed people peaked at 4.1 percent of the working population in 1999, before falling back to 3.2 percent by 2006. The recent decline was largely due to a reduction in the list of authorised activities in 2004. Coveted jobs in joint-venture companies, in which Cuban state enterprises share ownership with foreign investors, account for less than 1 percent of employment³².

There are huge disparities in wages between different employment sectors, and especially between those working in tourism with access to CUC or other hard-currency, and the rest of the population, which relies on salaries in CUP. A senior specialised physician earns a salary equivalent to €40 per month in CUP, while a parking keeper can earn five times more with tips in CUC. The average monthly salary of a state employee is around the equivalent of USD 15³³.

Unemployment

ECLAC estimates that unemployment and underemployment together may have accounted for as much as 40 percent of the economically active population in the mid-1990s. The official rate of unemployment fell as the economy began to recover in the second half of the decade. By the end of 2005 it stood at only 2 percent and it decreased even further to 1.8 percent in 2007. However, following press criticism of the way unemployment is measured, the Ministry of Employment has acknowledged that the figure does not include those not seeking employment. With earnings in the informal sector generally higher - and sometimes much higher - than those in formal employment, it is likely that there is a large pool of labour in the informal sector. Around 30 percent of people of working age (including students and housewives) have been economically inactive since the mid-1990s. There is also a high level of under-employment in the state sector, owing to the government's reluctance to lay off workers until alternative employment can be found. The government acknowledges that workers' productivity is low. The degree of under-employment may well have fallen over the past decade as the economy has grown. There are now local labour shortages in some occupations, particularly in construction and education, where the recovery of sectoral activity has been particularly strong or where the pay relative to available alternative informal employment is especially high.³⁴

2.1.4 The country in the international context

Cuba has diplomatic relations with 182 countries and is very active in all multilateral fora, particularly in the UN and in large groupings of developing countries, such as the Non-Aligned Movement (NAM) and the G-77. It chaired the NAM between September 2006 and

³² Economist Intelligence Unit, Country Profile 2008, p. 18.

³³ The government argues that the average monthly wage is complemented by free social services, very low rent, subsidised utilities and medicines and the minimum ration.

³⁴ Economist Intelligence Unit, Country Report Cuba, November 2009, p. 18

July 2009. Cuba joined the Rio Group in 2008. In March 2009, the Organisation of American States (OAS) adopted a resolution which overturned Cuba's 1962 suspension from the organisation. However, the Cuban authorities subsequently declared that Cuba had no interest in rejoining the OAS.

Cuba and Venezuela founded the Bolivarian Alliance for the Americas (ALBA). Eight nations are part of this mechanism³⁵. The 8th ALBA Summit was held in Havana in December 2009, during which participant countries reiterated the importance of this mechanism for economic and social integration.

Cuba joined the ACP group in 2000. Cuba has been a member of CARIFORUM and has signed a 'partial scope' free trade zone agreement with CARICOM. It also has well established relations with all the other members of CARIFORUM/CARICOM, both at political and cooperation levels. It is the only nation with diplomatic representation in all independent countries of CARIFORUM.

Cuba-US relations

There have been signs of a change in the US policy towards Cuba under the Obama administration. Restrictions on travel by Cuban Americans to visit family members in Cuba and on the sending of remittances have been lifted. The same decision included the authorisation for US firms to bid for telecommunications licences in Cuba. The US-Cuba dialogue on migration was re-launched in July 2009 and a new round of talks took place in February 2010. The US and Cuba held a meeting on resuming direct mail in September 2009. Another topic where dialogue may resume is the provision of medicines. However, there are still many "sticking points" in relations between the two countries, including the fact that Cuba remains on the US list of states sponsoring terrorism, and the embargo, as well as lack of progress in Cuba on human rights. A bipartisan drive in the US Congress to end the travel ban for US citizens has recently been put on hold. If passed, the Freedom to Travel to Cuba Act would be a major step towards a possible future lifting of other aspects of the US embargo against Cuba. The US National Tour Association estimates that at least 850,000 Americans would travel to Cuba in the first year after the lifting of sanctions.

2.1.5 Environmental situation

Cuba is the largest island in the Caribbean, with a territory covering 110,860 km². Approximately two-thirds of Cuba consists of plains or rolling land with low elevation. The rest of the territory is shaped by three groups of mountains, which host most of the remaining natural forests. Cuba lies within the northern tropics and has a semi-tropical climate. The total length of the country's coastline is approximately 8,000 km. It also has the highest species diversity in the Caribbean and 22 percent of the surface is protected as conservation areas.

The island's main environmental problems are soil degradation (including salinisation), pollution, loss of biological diversity and water shortages. These hazards are further exacerbated by the impact of climate change.

The National Commission for the protection of the environment and the rational use of natural resources was created in 1976. From then on, the government started integrating the protection of environment and of natural resources in its legislation. In 1992, it joined the international collective effort initiated at the UN Conference on Environment and

³⁵ Venezuela, Cuba, Bolivia, Nicaragua, Dominica, Ecuador, Saint Vincent and the Grenadines, and Antigua and Barbuda. Honduras withdrew from ALBA in January 2010.

Development. It has since ratified all the main International Environmental Agreements³⁶ and has expressed the political will to contribute to environmental improvement at national, regional and global level. In line with the other ALBA countries, Cuba has not endorsed the Copenhagen Accord on Climate Change, judging it neither sufficiently ambitious, nor binding enough. In the 2010 Environmental Performance Index³⁷, Cuba ranks 9th out of 163 countries assessed.

A new environmental law was introduced in 1997 establishing a regulatory framework, including fines and the principle of environmental taxation. Since then all new developments are required to conduct environmental impact studies, and the number of environment projects - some of which are supported by international organizations - has grown. In the last fifteen years low-input intensive, organic agriculture has been at the heart of agricultural production in urban areas. Alternative energy sources are now being promoted as part of the strategy to reduce CO2 emissions and fossil fuel dependency. A reforestation programme has been under way since the early years of the revolution, when forests covered 13% of land. At the Rio Conference in 1992, Cuba committed to increase forest cover to 29 percent by 2015³⁸. The country is on target with 23 percent cover in 2009.

Cuba is in the hurricane belt and frequently suffers severe impacts from hurricanes or tropical storms. During the 2008 hurricane season the country was severely hit by hurricanes Gustav, Ike and Paloma, which were the most destructive for decades. The three consecutive hurricanes had an enormous impact on the country's economic situation and most of all on agricultural production. Estimated losses are over 10 billion USD (equivalent to 20 percent of GDP and 100 percent of exports in 2007), 700,000 tonnes of foodstuffs were destroyed and the country had to resort to using strategic food reserves. However, due to the impressive performance of the early warning system, the hurricanes had minimal impact on in terms of human lives (only seven people died). Climate change may be increasing the frequency and strength of the hurricanes.

Detailed information is provided in the Environmental profile (Annex V).

2.2 Poverty Reduction Analysis³⁹

The "*special period*" forced Cuba to reduce or put a halt to foreign credit, the purchase of fuel supplies and equipment for its industry and commercial exchanges. Although it did not fall into a situation of extreme poverty, Cuba was nevertheless confronted with a crisis that involved both economic and social aspects, and whose impact is still being felt by the population.

³⁶ Cuba adhered to Multilateral Environmental Agreements or Conventions including the Vienna Convention for the Protection of the Ozone layer (ratified in 1992), the Montreal Protocol (and amendments) on Substances that Deplete the Ozone Layer (ratified between 1992 and 2005), the Basel Agreement on the Control of Transboundary Movements of Hazardous Wastes and their Disposal (ratified in 1994), the Convention on Biological diversity (ratified in 1994) and the Cartagena Protocol on Biosafety to the Convention on Biological Diversity (2000), the Kyoto Protocol (ratified in 2002), the UN Convention to combat desertification (ratified in 1997), the Ramsar Agreement on Wetlands, the Marpol Agreement on Marine Life (annex 2), the Rotterdam Convention on Hazardous Chemicals and Pesticides (ratified in 2008), the Stockholm Convention on Persistent Organic Pollutants (ratified in 2007), the Protocol on Specially Protected Areas and Wildlife (ratified in 1998) and other regional Environmental Agreements on oil spills and waste to the protection of marine ecosystems.

³⁷ Environmental Performance Index data and ranking published by the Yale and Columbia Universities at <http://epi.yale.edu/>. See country profile in Annex V.

³⁸ Cuba's National Environment Strategy (2007-2010); Centroamerican workshop on intersectoral planification of forest policies (2006); Discussions with Ministry of Agriculture (27.01.10).

³⁹ Human Development Report 2009 – Country Fact Sheet - Cuba

The multidimensional character of the crisis was gradually addressed by programmes and policies focusing on educational and cultural development, as well as on the social cohesion of its population.

Today, the HDI for Cuba is 0,863, which gives the country a rank of 51st out of 182 countries. The HPI-1 is 4.6, thus ranking Cuba 17th among 135 countries.

Millennium Development Goals

Cuba is committed to achieving the Millennium Development Goals (MDGs) by 2015. The national authorities have published two reports on MDG progress in the country (2004 and 2005) and the National Statistics Office (ONE) has just released a paper with updated statistics (see annex II with table on MDGs)⁴⁰.

According to the MDG Monitor⁴¹ three goals have already been achieved, namely: delivering universal primary education; promoting gender equality and empowerment of women; and reducing child mortality⁴². The attainment of three other goals is considered likely, as progress is on track. These are: eradicating extreme poverty and hunger, improving maternal health, and halting the spread of HIV/AIDS, malaria and other diseases. Two goals – namely environmental sustainability and a global partnership for development – require further efforts. The MDG Monitor assessment is that these goals can still be achieved if some changes are made. Although these are still challenges for the Government, it is however committed to safeguarding the environment and rationalizing the use of natural resources. Economic development and food security remain at the top of the State's list of priorities.

The main challenge to achieving the MDGs lies in the disparities at the regional and provincial levels. The eastern provinces show the least progress and are being prioritized by national development programmes and international development assistance.

New programmes with higher strategic objectives have been introduced since 2000, including the increasing use of information technology to raise the standards of education of the population as a whole, achieve full employment, and provide personalized welfare services.

2.3 Development strategy of the Republic of Cuba

National medium-term development priorities are being worked out by the Ministry of Economy and Planning in the context of drawing up the 2011-2015 Plan. The Plan for this period is expected to become available during 2010 and is likely to consolidate the process that is already underway of seeking greater economic efficiency, modernisation and self-sufficiency of the Cuban economy, including through decentralisation of agriculture and smaller-scale production.

Meanwhile, short-term objectives can be extrapolated from existing government documents and official announcements, as well as from the budget submitted to the National Assembly by the Minister of Economy in December 2009. These include⁴³:

- a. Strengthening of the national economy;

⁴⁰ Cuba en cifras: Objetivos de Desarrollo del Milenio 1990-2008. Edición 2009.

⁴¹ http://www.mdgmonitor.org/country_progress.cfm?c=CUB&cd=192#

⁴² Millennium Development Goals monitor, http://www.mdgmonitor.org/factsheets_00.cfm?c=CUB&cd=192

⁴³ Extract from FAO information, 1 June 2009

- b. Increasing, strengthening and diversifying agricultural production;
- c. Building houses, roads, railways and restoring electrical and communications networks;
- d. Correcting distortions of the wage system;
- e. Studying the current governmental structure with the aim of gradually reducing its size and increasing its efficiency;
- f. The Health and Education systems.

In order to improve the national economy, Government is paying special attention to:

- a. Development of agricultural production;
- b. Development of tourism;
- c. Increasing productivity;
- d. Saving resources

As already mentioned, food security is regarded as the overarching national priority for the country, coupled with the protection of natural resources and adaptation to climate change, both of which are key sectors with a major impact on the social and economic development of Cuba. These are two areas where there is a particular dynamism in terms of new initiatives and which address key challenges of major importance to the Cuban population, including access to food and the capacity to withstand extreme climate events.

Taking into consideration these two national priorities and the focus of the European Commission's present and future cooperation with the country on food security and environment/ adaptation to climate change, a more in-depth analysis of the governmental policies in these two specific areas is presented below.

Agriculture and food production

Centralised decision-making, low productivity, import dependency and a shortage of hard currency, coupled with a lack of incentives, which increases rural-urban migration, have affected the country's food supply capacity. As already underlined, this situation was aggravated in 2008 by the devastating effects of the hurricane season, compounded by a significant increase in world food prices. This combination of factors has raised concerns in government about the capacity of the economy to provide sufficient food to the Cuban population and has resulted in food security becoming the overarching priority of Cuba's development strategy.

The Government of Cuba has initiated a process of rationalisation and modernisation of the agricultural sector to increase food production by making it more responsive to market demand, more efficient and of adequate quality. Two complementary processes are at the core of this new approach to food security in Cuba: i) decentralisation, and ii) development of small-scale production.

The balance between rural and urban population is an issue of major concern to the Cuban government. Support for the agricultural sector is also aimed at controlling the steady exodus to urban areas and keeping the younger generations in rural areas.

Decentralisation of decision-making in food production

The decentralisation of the decision-making processes for the production of foodstuffs and their distribution to the municipal level is based on the implementation of the following measures:

- Adoption of the principle of participatory municipal strategic planning to ensure an adequate local supply of food as well as its distribution. Such a plan is an ideal instrument for an integrated locally-driven approach to effectively address problems of food supply and access.
- Transfer of the central role in food production from centralized state-owned companies to cooperatives and individual producers.
- The municipal state-owned companies are shifting their focus towards providing production support services to the cooperatives and farmers.
- In 2009, the degree of autonomy of local administrations has been further extended through the programme "Iniciativa Municipal para el Desarrollo Local" (IMDL – Municipal Initiative for Local Development). The IMDL allows cooperatives and farmers to manage "self-financing" economic projects that substitute food imports. Under the IMDL, the Ministry of Economy and Planning has decentralised the management of convertible currency (CUC) accounts to the municipal level for the purchase of produce in convertible currency, as well as for the financing of other municipal investments.

Development of small-scale production

The transfer of the key role in food production from state-owned companies to cooperatives and individual producers is based on two initiatives: i) the redistribution of idle land and ii) the development of urban/suburban agriculture.

In September 2008, the State initiated a process of distribution of idle land, awarding up to 13 ha of land per person to individuals and cooperatives, on a 10-year renewable usufruct basis, to be used for the purposes of food production (Decree-Law No. 259 of July 2008). By December 2009, 100,000 applications had been accepted concerning about 920,000 hectares or 54% of the idle land. The new farmers who have been granted arable land by the State are expected to join a Cooperative for Credit and Services (CCS)⁴⁴ upon receiving the land in order to access inputs and services.

This process is accompanied by the development of urban (and more recently suburban) smallholder agriculture initiatives, which is a low-input, intensive economic productive model based on an ecological approach. Urban Agriculture was initiated in 1994, at a time of economic crisis. It can be described as the intensive production of food in urban areas by individual farmers using biological methods (organic fertilisers and biological pest control), and exploiting the synergy and the geographical concentration of producers, consumers and infrastructure integrating farming systems into an environmentally sustainable production model. Urban food producers are allowed to sell a substantial share of their crops directly (primarily fruit, vegetables and meat).

The national food security development strategy sharpens the focus on urban agriculture and expands it into suburban areas through a Suburban Agriculture Initiative launched in 2009. Its geographical coverage, known as the "productive ring", is defined as:

- Capital cities of provinces: a 10km radius from the centre;

⁴⁴ In Cuba, there are over 6,000 agricultural cooperatives, organised into three types: Basic Unit Production Cooperative (UBPC), Agriculture Production Cooperative (CPA) and Credit and Services Cooperative (CCS) where farmers farm their land individually while accessing jointly services, inputs and equipment.

- Municipal capitals: a 5km radius from the centre;
- Villages with more than 1,000 inhabitants and surrounding areas of towns with fewer than 1,000 inhabitants and more than 15 homes: a 2km radius from the centre
- Havana city: the whole area

Suburban agriculture farms are already in place in 18 municipalities throughout the country in the form of pilot projects. The focus of this initiative is the "integral farm" concept and giving producers access to sales points within a maximum range of 5 km, thereby attempting to minimize costs between producers and markets and production losses.

In addition to the "Iniciativas Municipales", the Ministry of Economy and Planning has also granted access to convertible currency to cooperatives and farmers through the Ministry of Agriculture, provided they supply one or more of six strategic products (milk, beans, beef, pork, coffee and corn) which would normally have to be imported otherwise. The MEP transfers an amount equivalent to 70% of the import price of the products supplied from the central budget to the local level via the Ministry of Agriculture, thus using price incentives as a planning tool.

Environment and Climate change

Cuba's environmental policy framework is described in Law No. 81 on the environment⁴⁵. The National Program for Environment and Development and the "National Environmental Strategy 2007-2010" set out the sector analysis, commitments and work plan towards environmental protection and the attainment of sustainable development.

The national strategy guides Cuba's approach to addressing environment problems and identifies the respective measures and indicators (see 2.1.5).

Like most small islands, Cuba contributes very little to the emission of greenhouse gases. However, mitigation measures, together with greater energy-efficiency, have become part of Cuba's sustainable economic development strategy. Measures to adapt to climate change, on the other hand, are integrated in all economic sectors and adaptation has become a precondition for the country's sustainable development as set out in the First National Communication on Climate Change issued in 2001 in the United Nations Framework Convention on Climate Change.

The effects of climate change on the island are not confined to more frequent and stronger hurricanes or storms. Natural droughts are even more disastrous for Cuba and they are becoming more frequent and tend to last longer. Additionally, climate projections show the possible intensification of aridity in some areas, often interrupted by a period of torrential rains, degradation of soil and reduction of cultivable lands, and degradation of forest areas. Similarly, the rise in sea levels is having a serious impact on coastal zones, causing loss of mangroves and saline intrusion which affects the quality of water reserves and therefore increases the vulnerability of coastal human settlements. Rising sea levels, an increase in temperatures and more volatile weather will also have an impact on tourism and therefore on Cuba's economy.

⁴⁵ Ley No. 81 Del Medio Ambiente

The combination of conventional environmental problems and climate change affects food production (and human consumption) and socio-economic activities to varying degrees. Hence, Cuba's general adaptation strategy seeks to guarantee:

- The rational use and protection of water resources;
- The conservation and protection of beaches and mangrove swamp areas;
- The improvement of Cuban agriculture and the conservation and protection of forest resources;
- The appropriate use of territorial zoning in the human settlement and land use system;
- The protection of biodiversity and wildlife.

Practical steps have been taken to address these threats, including the promotion of clean development production practices, the improvement of the planning, conservation (in particular in water transport and distribution as well as in its agricultural use) and recuperation of water, revision of construction norms, reduction of contamination and greenhouse gas emissions, as well as promoting reforestation and soil conservation projects. Moreover, the Ministry of Environment, Science and Technology (CITMA) is undertaking a series of studies to better assess climate change impacts over the long-term, as part of Cuba's program to address climate change⁴⁶. The first result of this research is a comprehensive study of the challenges and vulnerability of coastal areas from 2050-2100⁴⁷ which is due to be released shortly and which aims to review strategic development plans and strengthen relevant legislation.

Energy

Although energy consumption per capita is among the lowest in the region, Cuba's oil imports still account for 20% of its import expenditures. 80% of its energy needs are met by fossil fuels. 96% of the population has access to the electricity grid. The country's dependence on imported energy has become one of Cuba's development bottlenecks and therefore one of its main new economic challenges. Since 2005, Cuba has embarked on an ambitious energy strategy (*revolución energética*) which focuses on energy savings, improvement of energy management, research and development of adapted technologies, and the search for diversified and new sources of (renewable) energy. In 2008, however, electricity produced from renewable energy sources represented only 3.85% of the total. To reduce its energy needs, Cuba is experimenting with a wide variety of renewable resource technologies, including sugar cane biomass for electricity and cooking gas, hydroelectric power generation, wind and photo-voltaic generators, and bioclimatic architecture.

Renewable energies (solar, wind and hydroelectric) are seen by the Cuban Government as the preferred means to extend the coverage of power supply to the 4% of population living in marginal (mountainous) areas of the country.

The introduction of renewable energies in agricultural production and processing offers the opportunity to extend agricultural processing into marginal areas and, more broadly, to reduce production costs through the introduction of biofuels and small scale generation plants.

⁴⁶ Programa de Enfrentamiento al Cambio Climático (2007).

⁴⁷ Macro-Proyecto sobre Peligros y Vulnerabilidad Costera (2050-2100),

2.4 Analysis of the viability of current policies and medium-term challenges, including in relation to sustainable development issues

The Cuban government is expected to continue a process of cautious and of gradual decentralisation to address the weaknesses and inefficiencies of the economy. Starting with payments in convertible currency in the agricultural sector, this process is expected to gradually expand, thereby providing increasing autonomy to local administrations for their budgeting and planning.

As for social sectors, despite the serious economic and financial situation which Cuba is facing, it is fair to assume that efforts will continue to be made to minimise the social costs of possible and necessary austerity measures, and that effective social support will continue to be ensured. It is also worth noting that, as compared to other countries in the region, Cuba has highly qualified human resources in many fields and, particularly, in natural and social sciences.

In Cuba's efforts to address the key challenges ahead, exchanges of expertise and best practise with European counter partners will be of particular interest in areas such as agriculture, trade facilitation, climate change, and research and development, among others. Such exchanges are already in place with a number of EU countries, but there is scope for further development and expansion to other areas.

Agriculture sector

A number of short term challenges will need to be addressed by the Cuban government in order for it to benefit fully from the considerable potential of the measures already adopted in the agriculture sector and to ensure the sustainability of the process initiated:

- a) Both the new and old farmers will face challenges to modernise, increase and diversify their production. These include: access to financial resources and credit, dependency on imported agricultural inputs, insufficient processing capacity, underdeveloped marketing channels between producers and markets, access to management training, little or no previous experience in farming and food production for many of the "new" farmers.
- b) A further difficulty is the economic sustainability of food production in a double currency system. Whereas 60% of inputs are obtained in Cuban Convertible Pesos (CUC), by state decree, 90% of sales are in (non-convertible) Cuban Pesos (CUP), thus providing little economic incentive to farmers and cooperatives. At present, cooperatives have only limited access to credit in CUP and no access to credit in CUC.

Given the above, the sustainable expansion of food production in the Cuban smallholder agricultural sector will primarily depend on the capacity of the Government to facilitate access to inputs (for production and processing) and credit. While access to convertible currency is being improved in various ways ("Municipal Initiatives", payment in CUC of import substitution crops) thereby providing, through better prices, the incentive to increase production, it is important that timely import of crucial agricultural inputs is facilitated and decentralised and that the necessary foreign currency is accessible, to ensure that returns from agricultural production are re-invested in the sector. On these grounds it would then be possible to develop, possibly on a pilot basis, input-based credit schemes through which farmers could access much-needed seasonal credit.

Environment and climate change

Economic growth and the promotion of a sustainable and equitable social development, while safeguarding the environment and rationalizing the use of natural resources, are at the very heart of Cuba's national policies. However, although Cuba has the knowledge, the human capacity and a clear understanding of its needs and priorities, it lacks the financial resources to expand its efforts and to undertake further environment-related studies and investments in key sectors. This is an area where cooperation with the European Commission and other donors could have a significant impact.

As for renewable energies, Cuba's main limitation lies essentially in the high costs of investing in large-scale power generating plants, as well as limited openings for external commercial investors in this field. International collaboration promoting a more efficient and rational exploitation of natural resources, opening up to foreign operators and companies in this sector, should be pursued. The Clean Development Mechanism could provide much needed co-financing in this endeavour.

CHAPTER 3: OVERVIEW OF CO-OPERATION AND POLICY DIALOGUE, COMPLEMENTARITY AND CONSISTENCY

3.1 Overview of the donors' past and present co-operation

3.1.1 *European Commission* (see in annex III a table with information on European Commission projects in Cuba)

The European Commission started its activities in Cuba in 1993 when its Humanitarian Aid Department, ECHO, provided emergency assistance to the population affected by what became known as the "storm of the century". Between 1993 and 2003 the Commission financed nearly €145 million of assistance, mostly in the field of humanitarian aid (€96 million), especially to meet the needs of the most vulnerable groups affected by natural disasters. Other sectors in which EC cooperation was provided to Cuba include food security, co-financing of NGOs and economic cooperation.

Development cooperation was suspended by Cuba in 2003, following the adoption of diplomatic measures by the EU. Despite this, some cooperation still continued through co-financing of NGOs in the sphere of cultural cooperation and social cohesion. Measures were suspended in 2005 and lifted by the Council Conclusions of 23 June 2008. A joint declaration resuming European Commission-Cuba cooperation was signed by the European Commissioner for Development and the Cuban Minister of Foreign Affairs on 23 October 2008.

Since the restarting of cooperation between Cuba and the European Commission, the Commission has adopted close to €50 million of new programmes for Cuba, consisting of the following:

- Response to hurricanes and disaster preparedness: €12,540,000 (including ECHO and the Instrument for Stability)
- Food security: €28,200,000 (including the 2009 *ad hoc* "food facility")
- Environment: €3,000,000

- Culture, education⁴⁸, NGO initiatives: €4,400,000.

So far, all funds have been channelled through UN agencies and European NGOs. Some programmes funded under this first package have begun during 2009. The rest of the package is to be awarded in 2010 on the basis of calls for proposals.

Support to civil society has been channelled through the DCI thematic programmes focusing on issues related to a) social cohesion, including by supporting the integrated social development of adolescents in Old Havana. Among others initiatives, a youth centre will be established and supported as part of this project through UNICEF; and b) cultural initiatives have been and will be launched as a way of expressing individuality, personal choice, intellectual independence, artistic freedom and social development.

This support will continue to prioritize the same areas, whilst exploring new initiatives in the field of human rights. Activities in this area could initially focus on women's rights, LGBT rights, children's rights and cultural rights. Other instruments such as the EIDHR will remain available for supporting initiatives in the field of human rights.

In addition to this funding for new actions in Cuba, the country also participates in a series of Commission-funded regional initiatives, such as the Caribbean Biological Corridor, different regional programmes for Latin America such as AL-Invest or URB-AL, and student mobility programmes such as Erasmus Mundus. It can also apply for research funds under the EU's 7th Framework Programme for Research and Development.

3.1.2 Other donors

Other donors in Cuba include the UN family agencies: the United Nations Development Program (UNDP), the United Nations Environment Program (UNEP), the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization (FAO), and the United Nations Industrial Development Organization (UNIDO) amongst others.

Moreover, Cuba has bilateral development cooperation links with Canada, Switzerland, Japan, and other countries. Of the EU countries, Spain and Belgium already have bilateral cooperation programmes. Austria, Cyprus, Italy and Portugal have recently resumed cooperation with Cuba, while other Member States (France, Finland) may do so through bilateral or multilateral channels. Several European NGOs are active in agriculture / food security, environment and climate change, social cohesion and cultural cooperation.

3.1.3 Lessons learnt

One of the main lessons learnt from recent activities, particularly in the area of food security, is that support for new and innovative national policies and strategies can be implemented

⁴⁸ In December 2009, the European Commission signed a contract under the DCI "Non State Actors Thematic Programme" with the European Foundation for Management Development (EFMD), in partnership with the Spanish *Escuela Superior de Administración y Dirección de Empresas* (ESADE) to start a three-year programme for consolidating and strengthening Cuban managerial capabilities. This project will complement past actions of the DEADE programme (*Diploma Europeo en Alta Dirección de Empresas*), targeting around 450 Cuban managers and professors of management who participated in the previous DEADE projects, as well as at least 150 top and senior Cuban managers from national and/or mixed companies, and 30 Cuban professors of management. The objective of the project is to support the modernisation of the Cuban economy and to improve the efficiency of its companies by providing top quality training in management techniques currently used in Europe.

effectively in a few specific pilot territories, in partnership with both national and international stakeholders. This experience was confirmed via UN and NGO-implemented activities in agriculture / food security.

Onerous procedures and mechanisms have at times been an impediment at national level, and tackling issues at local level often proves easier. This was the case with the restructuring of the sugar industry and the national housing plan, which was implemented through UN programmes in support of national strategies.

Taking into consideration the high level of ownership of the Cuban authorities for the cooperation programmes put into place by the different donors, it is essential that an effective coordination mechanism is established with the Cuban authorities and maintained throughout the decision-making and implementation process.

3.2 Information on the programmes of other donors (see Donors Matrix in annex IV)

3.2.1 EU Member States

Spain

Decentralised cooperation with Cuba by Spanish regions or universities (including scholarships) was never discontinued (amounting to some €15 million per year during 2003-2007), even when Cuba suspended cooperation with EU Member States in 2003. Cooperation through the Spanish Cooperation Agency (AECID) at a central level restarted formally in 2007 after an agreement was signed between Spain and Cuba. Spanish cooperation has increased steadily since then. Between 2007 and 2009, €45 million were committed at central level through AECID and €38 million in decentralised cooperation.

Sector-wise, AECID cooperation focuses on food security and "productive development" (almost half of the total funds), environmental sustainability and water provision, university cooperation and research, culture, and social sectors including health (€4.5 million were specifically pledged in response to the hurricanes in late 2008). Implementation channels include Spanish NGOs through annual calls for proposals, the UN system (Millennium Fund Spain-UN, of which an amount of some €15 million is earmarked for Cuba), and direct implementation through Cuban ministries and other public entities.

Belgium

Belgium, at both the federal and the regional level, has had active cooperation in Cuba for several decades. While overall amounts remain relatively modest (between €3,200,000 and €3,500,000 per year), targeted support to different sectors has often been significant. Such sectors include hurricane response (€16,000 in 2009, through NGOs), environment (€70,000), technical education and training (€508,000 through NGOs), university cooperation / research (€1,291,700), culture (including support in the context of the "art nouveau" network between Brussels and Havana; rehabilitation of landmark buildings such as the Palacio Conde Cañongo on Plaza Vieja, which is now "Vitrine de la Wallonie"); and agriculture (with specific support to the "chocolate chain" from production to commercialization, including scientific research). Projects are implemented through NGOs (OXFAM Belgium, FOS, etc), the UN system (e.g. UNDP for the Havana Bay) and, to a large extent, through university cooperation.

Austria

A bilateral agreement to resume cooperation between Cuba and Austria was signed in November 2009. At this stage there is no financial cooperation.

Cyprus

A bilateral agreement to resume cooperation between Cuba and Cyprus was signed in September 2009. At this stage there is no financial cooperation.

Italy

A bilateral agreement to resume cooperation was signed in October 2009. A technical mission from Italy took place in January 2010 with a view to identifying projects for future financing.

Portugal

A bilateral agreement to resume cooperation between Cuba and Portugal was signed in July 2009. Currently, there is no financial cooperation.

Other Member States

Some other EU Member States support events or projects in Cuba in sectors that are not formally counted as “cooperation” (e.g. France, Poland, or others for cultural events) or they cooperate directly with the Cuban authorities at working level in sectors of common interest (e.g. UK and France in regional initiatives against drug trafficking and civil protection).

3.2.2 Other donors

UN agencies: the UN system is well represented in Cuba. Agencies resident in Cuba and conducting development programmes include UNDP, FAO, WFP, UNESCO, UNICEF and UN-Habitat. Although other UN agencies such as UNEP or UNIDO do not have a direct permanent presence in the country, they have had or are continuing / launching projects in Cuba. The five main priorities of the UN programmes in Cuba for the period 2008-2012 are: Local human development, Food security, Environment and Energy, Disaster Risk Reduction and Health. The Commission is cooperating closely with UNDP by funding projects in the area of food security (see Part II, Chapter I, 1.1.1).

Canada has maintained uninterrupted diplomatic relations with Cuba for over 60 years. The cooperation programme has been active for over 50 years and was strengthened in the early 1990s in the context of the "*special period*". On average, the Canadian cooperation agency (CIDA) provides CDN\$ 10 million annually to sectors including agriculture and forestry, industry, capacity-building, and NGO support. Instruments have included a fund for the "modernisation of the State" and for "local development", focusing on the five Eastern provinces in general. Canada is currently planning the five-year programme for the period 2010 to 2015 and will focus on keeping the spending on food security and sustainable economic growth at around CDN\$ 10 million a year.

Switzerland has been present through its cooperation agency (COSUDE) since 2000. COSUDE support has been provided to the key sectors of "local development", as well as "sustainable economic development", essentially in agriculture, but also for energy. Some CHF 4 million per year are provided under the current COSUDE strategy (2007-2010), plus a

further CHF 1 million in humanitarian aid (milk powder for school children). A programme for the development of agricultural strategies by municipalities had started by the end of 2009.

Japan has a long-standing cooperation programme with Cuba, providing some USD 2-3 million every year. During the recent years Japanese cooperation has provided grant aid to a number of small projects (under USD 100,000) in the broad area of "human security" (including health, education, agriculture, social infrastructure, and environment). Japan also continues to provide technical cooperation, including some highly targeted projects in food security related to rice growing, or the elaboration of technical studies (e.g. in the Bay of Havana). Finally, Japan also funds a series of scholarships. A technical cooperation agreement is expected to be signed shortly between Cuba and Japan, with cooperation volumes remaining roughly the same as at present.

3.3 Description of the political dialogue between the EU and the Republic of Cuba

A political dialogue covering the whole range of potential fields of cooperation, including the political, human rights, economic, scientific and cultural spheres, was re-launched in October 2008, following the EU's decision to lift diplomatic measures that had been adopted towards Cuba in 2003. The EU has voiced its concern about human rights in Cuba on many occasions, including at the highest level, in particular regarding the situation of political prisoners and restrictions on freedom of expression. Human rights were included as a subject on the agenda of all the high-level and ministerial meetings between the EU and Cuba, including exploring possibilities for collaboration in this area. Other subjects also discussed during these meetings have included EU-Cuba development cooperation, the international financial crisis, climate change and migration.

High Level meetings with CARIFORUM take place in two different settings: on the one hand, the Political Dialogue between the EU and the region, which is normally conducted at Heads of Government and Ministerial level in the context of the EU-LAC and EU-CARIFORUM summits, including specialised meetings on drugs and the new structured dialogue on migration. On the other hand, regular meetings are also held between the Commission and CARIFORUM focusing more particularly on development co-operation issues. Dialogue is also held in the framework of the EU-Rio Group ministerial meetings.

3.4 Description of the state of partnership with the partner country and progress towards harmonisation and alignment

The Cuban authorities have considerable capacity to plan and implement development policies, a feature which is further facilitated by a properly functioning State administration and a well educated workforce. Cuba devises its own development policy priorities and plans without external involvement. The Ministry for Foreign Trade, Investment and Cooperation (MINCEX), organised on a geographic basis, acts as the key national counterpart authority for all donors. Both the Commission and Spain have regular exchanges with MINCEX at bilateral level through a "coordination committee".

MINCEX has a mandate to ensure coordination between the different actions and donors. So far, this has been conducted bilaterally between MINCEX and the different donors and there is no overall mechanism for donor coordination. It is hoped that such coordination mechanisms, e.g. at the level of the key cooperation sectors, can be put in place following the recent establishment, within MINCEX, of a thematically-organised department to monitor project implementation.

The Commission has established regular contacts with other active bilateral donors (Spain and Belgium within the EU, as well as Canada, Switzerland and Japan). UN family agencies periodically chair thematic working groups, although these do not include relevant donors or NGOs. There is clear scope for improving coordination in each sector through more active involvement of line ministries and a restructured MINCEX. Once such thematic coordination mechanisms are put in place, they could gradually enable more information sharing and discussion of national sector reform strategies and action plans when available, around which multi-annual support programmes could be constructed more credibly than is possible on an *ad hoc* basis.

Cuba is not a signatory of the Paris Declaration on Aid Effectiveness of March 2005, or of the Accra Agenda for Action of September 2008.

It should be noted that Cuba is a country which not only receives development cooperation but also provides it (e.g. delivery of medical services to many Latin American and African countries) as well as humanitarian aid. In the aftermath of the earthquake in Haiti, Cuba immediately strengthened its already significant presence by sending medical staff and equipment to the country⁴⁹.

3.5 Analysis of policy coherence for development

3.5.1 EU's policy

Trade

Cuba benefits from the standard arrangement under the Generalized System of Preferences (GSP) for its exports to the EU. The rate of utilization of the GSP preferences by Cuba is very high (more than 90 percent). This also indicates that the Cuban authorities responsible for issuing the proof of origin certificates required in order to benefit from the reduced GSP preferential tariff are effective. Obviously, the preferences under the standard GSP are not as comprehensive as the preferences that Cuba could enjoy if it were to accede to the Economic Partnership Agreement (EPA) with the CARIFORUM States. This would clearly be the preferred option for fostering Caribbean regional integration, although so far Cuba has not expressed interest in joining the EPAs.

Agriculture

The EU's Common Agricultural Policy (CAP) has no major impact on Cuba, given that Cuba does not currently export to the EU any agricultural products that are in direct competition with those produced in the EU.

Cuba benefits from a quota for sugar exports granted by the EU (see GATT Art. 24 and Commission Regulation No 950/2006). For the 2008-2009 trade year, the quota was increased to 20,000 tonnes as a result of the EU enlargement to include Bulgaria and Romania. This means that, in the coming years, the trade quota should increase by 10,000 tonnes per year. As a member country of the WTO, Cuba is entitled to such compensation, since its sugar exports to Romania and Bulgaria after enlargement are subject to higher tariffs than in the past (because both countries are now part of the EU sugar tariff structure). The tariff paid on exports to the EU under the sugar quota is €98 per tonne.

⁴⁹ Norway is supporting triangular cooperation in this area by covering the costs of medical assistance provided by Cuba in Haiti.

Sanitary and phytosanitary measures and consumer protection

The aim of the EU's policy in the sanitary and phytosanitary (SPS) areas and consumer protection is to safeguard public, animal and plant health and the safety and the interests of European consumers. Imports into the EU of products of animal or plant origin from Cuba must comply with the EU SPS requirements.

Environment

The EU plays an important role in addressing critical environmental areas such as climate change, pollution, biodiversity and sustainable management of natural resources at both EU and international levels. Addressing adaptation needs in poor and vulnerable countries is a key priority for the EU. The EU supports the adaptation policies and strategies in such countries in order to help them achieve sustainable development and combat poverty, and achieve the Millennium Development Goals. Environment and climate change are also part of the agenda of the EU-LAC partnership. Like most islands and developing countries, Cuba faces a number of environment-related challenges and threats which inherently affect its economic and social development. These include, in particular, climate change effects, land erosion and saline intrusion, water management, invasive species, etc.

Drugs

EU and Latin American/Caribbean cooperation against illicit drugs takes place within the well-defined framework of the EU's broader drugs policy. The bi-regional dialogue is conducted through the EU-LAC Co-ordination and Co-operation Mechanism on Drugs (since 1999).

The success and added value of the EU-LAC dialogue on drugs was recognised at the EU-LAC Summit in Lima in 2008, which called for the strengthening of the EU-LAC Co-ordination and Co-operation Mechanism on Drugs. The adoption of the Rules of Procedure for the Mechanism at the last High-Level meeting in Quito in 2009 was a significant step in this direction. The EU-LAC Intelligence Sharing Working Group on counter-narcotics was hosted by the Cuban Interior Ministry in May 2009.

Research and Development Policy

Cuba has participated in past EU research Framework Programmes (FPs), above all in the International Cooperation (INCO) programme. Cuba will have the opportunity to benefit from participation in FP7 (2007-2013), specifically in FP7's Programme for cooperation, either in the generic international opening or in the Specific International Cooperation Actions (SICA, replacing INCO, now mainstreamed into all research themes).

In addition, there is a newly launched initiative called INCOnet-Caribbean, which involves a structured Science & Technology policy dialogue and reinforced research cooperation between Europe and the Caribbean region. The project includes the participation of CITMA. This initiative will establish a co-ordination platform bringing together key Science & Technology policy makers, programme managers and other research stakeholders to set up dialogue fora, leading to the identification of Science & Technology priorities of common interest, and the definition of specific activities to promote and enhance the participation of Caribbean researchers, including from Cuba, in the FP7.

Migration

While migration presents an important challenge to countries, it also offers opportunities since it has the potential to yield economic, social and cultural benefits to both countries of origin and countries of destination. To this end, migration must be properly managed so as to benefit all countries and the migrants themselves, while fully respecting human rights. The Structured and Comprehensive bi-regional dialogue within the EU-LAC Partnership, launched in June 2009, is of major importance, especially in view of the increasing migratory flows from LAC to the EU. The Dialogue will provide a platform for exchanging views and reaching a mutual understanding of each other's realities, challenges and needs. It will have to address all aspects of migration in an open, balanced and constructive way, with Parties assuming their respective responsibilities for the management of migratory flows.

Several Member States (DE, FR, NL and UK) are facing difficulties in returning Cuban nationals back to Cuba once they have overstayed their 11 month exit permit and no longer have leave to remain in those countries. The explanation seems to be that once an individual has overstayed their exit permit, he/she becomes an "émigré" and requires specific travel documents from the Cuban government in order to re-enter the country. There appear to be no set criteria on who can or cannot return to Cuba, and the Cuban authorities do not routinely provide this documentation. In the absence of any contractual relations between the EU and Cuba, which would include a migration clause, the matter is dealt with bilaterally by Member States.

3.5.2 Non EU policies

In 2008, Cuba presented a report to the UN⁵⁰ on the calculation of the prejudice of the US embargo on the Cuban economy up until the end of December 2007. This was thought to amount to 93 billion USD for 50 years, i.e. "1.6 times the Cuban GDP, approximately 12 times the foreign debt of 2006 and approximately 23.5 times the value of the 2006 investments".

The calculation methodology takes account of costs (additional costs when purchasing due transport costs, additional financial channels, alternative suppliers) as well as loss of profits to Cuba for not having access to specific markets, products or technologies. It also adds damages from year to year at historical cost, without updating them. The most important impact concerns tourism by US citizens⁵¹.

It is worth noting that, due to the US embargo, Cuba is forced to pay for its food imports from the US in cash (amounting to over 700 million USD in 2008). This figure represents one third of its food imports and is equivalent to 75 percent of the remittances received from Cubans abroad.

On 28 October 2009, the UN General Assembly passed a resolution reiterating for the 18th time its call on the USA to end its embargo against Cuba. The resolution was adopted with 187 votes in favour, 3 against (Israel, US and Palau) and 2 abstentions (Federated States of Micronesia and Marshall Islands).

⁵⁰ MINREX, Report by Cuba on Resolution 63/7 of the United Nations General Assembly: "Necessity of ending the economic, commercial and financial embargo imposed by the United States against Cuba", 2009 <http://embacuba.cubaminrex.cu/Default.aspx?tabid=11014>

⁵¹ Info extracted from the "2008 Report on Cuba by the Economic Advisors based in Havana, working paper"

PART II: THE EU RESPONSE STRATEGY

CHAPTER 1: EU'S RESPONSE STRATEGY - STRATEGIC CHOICES

Taking full account of the major challenges facing Cuba in the years to come and following a process of consultation and dialogue with the Government, national and international cooperation actors and civil society, the Commission has prioritised the following strategic areas of intervention for cooperation with Cuba during 2011-2013, namely:

1. Food security
2. Environment and adaptation to climate change
3. Expertise exchanges, training and studies

These priority areas have also been identified taking into account the support provided by other donors, to ensure that the EC strategy can respond appropriately to needs that are not met by others. Operations will be coordinated and harmonised with the Government and with the donor community.

The design of the strategy is fully in line with the key objectives for geographic cooperation set out in Articles 5 and 6 of the DCI regulation.

The programmes in the area of food security and environment/climate change will be accompanied by sectoral dialogues between the European Commission and Cuba. The sectoral dialogues were agreed at the EU-Cuba Ministerial troika on 28 November 2009 and seek to promote the exchange of a) analysis and experiences in areas of mutual interest and, especially, in those areas involving cooperation between Cuba and the European Commission; and b) information on the respective positions at multilateral and international level, including the state of negotiations in various international fora. The first session of sectoral dialogues on food security and environment/climate change is due to take place in the first half of 2010.

1.1 Focal sectors and specific objectives for cooperation

1.1.1 Food security

Justification of the intervention

Responding to national food insecurity is an overarching priority of the Cuban authorities. The rationalisation and modernisation of agriculture, based on decentralisation and support to smallholder agriculture, is at the heart of the Government response strategy. This process requires structural changes in the food chain to improve the economic sustainability of food production; as indicated above, reforms in this direction are either being implemented or being considered by the Government.

The specific objective of the programme will be to contribute to the improvement of Cuban food security, through increased economic sustainability of local production focusing on small scale agriculture (cooperatives and individual farmers) and decentralised management of food production.

Formulation of programmes in the sector (indicative)

To promote food security in the country, the EC intervention will aim to support the on-going rationalisation, modernisation and decentralisation processes of the agriculture sector in a sustainable way. It will aim at increasing agricultural production and the processing of food at the local level. The programme is therefore expected to contribute to:

- a. Diversification of and increase in the supply of products through smallholder farming (including urban and suburban areas);
- b. Modernisation of the agricultural sector through strengthened processing commercialisation, marketing and distribution of food;
- c. Supporting the sustainability of food production by reducing the dependency on fossil fuels through the promotion of bio-fuels and small-scale renewable energy generation capability;
- d. Consolidating and strengthening of the decentralised approach to food supply and the chain of getting goods to the markets;
- e. Improving farmers' capacity and access to innovation, new technologies and exchange of relevant experiences in the sector.

Complementarity with other actions

The EC is providing support to the on-going process of modernisation and decentralisation of agriculture. Under the €1 billion "Food Facility" adopted in December 2008 in response to the worsening global food security situation, €1.7 million were made available for Cuba in March 2009, allowing the "PALMA" programme (*Programa de Apoyo Local a la Modernización del sector Agropecuario en Cuba* – programme of Local Support to the Modernisation of the Farming Sector in Cuba) to be launched in partnership with UNDP in June 2009. The aim of PALMA is to support the modernisation of local agriculture in 27 pilot municipalities and decentralisation of food production by providing support and capacity building to cooperatives and individual farmers. This programme was enhanced with a further €4.4 million under the EC Food Security Thematic Programme (FSTP) adopted in May 2009. PALMA relies on the bottom-up methodology established by the UNDP "Programme for Local Human Development" (PDHL), which has operated in Cuba for more than ten years.

In addition to PALMA, the Commission will also support food security projects by specialised NGOs in Cuba. A further €3.6 million adopted under the FSTP in May 2009 and an additional €8.5 million adopted in December 2009, will be channelled through NGO projects aimed at increasing local food production and access and building farmers' capacity.

As far as ongoing bilateral co-operation with EU members is concerned, Spain focuses mainly on food security and "productive development". Belgium is implementing a project on growing cocoa beans.

Complementarity with other donors is and will continue to be a major feature of all the new programmes, particularly with regard to food security.

The majority of cooperation initiatives on food security concentrate on the most vulnerable areas. This is why most of the cooperation programmes are focused on the Eastern provinces of the country (Santiago de Cuba, Granma and Guantánamo). Cuban authorities have declared this as a national priority. During the identification phase of current projects, complementarity among donors was ensured in terms of both thematic and geographical coverage. While the

priorities set up by Cuban authorities led to overlaps in terms of beneficiary municipalities between PALMA and PALMA+ and the other actions already in place, the mechanism already in place to manage cooperation funds coordinated by the so called "multilateral working groups" at the local level made it possible to ensure consistency between the different actions as well as to clearly identify the direct beneficiaries (cooperatives, new farmers, productive entities and/or municipalities).

In the future programming phase, appropriate coordination mechanisms will be strengthened, with a view to promoting complementarities and coherence, as well as to avoid overlapping between different projects. Close coordination with the Cuban authorities and other actors in the sector is envisaged in all the phases of the project cycle. The relevance of the actions and the geographical area to be covered will be assessed, taking into account activities already in place.

Assumptions

The successful implementation of this programme is based on the following assumptions:

- a) No major meteorological phenomenon will delay implementation or divert resources;
- b) Cuban authorities will continue their efforts to modernise and decentralise the sector, and introduce more flexibility in the procurement of inputs and materials.

1.1.2 Environment and adaptation to climate change

Justification of the intervention

Cuba's geographical position and its nature as an archipelago make the country especially vulnerable to extreme weather events and increased climate variability. Despite strong political will and an active commitment to both mitigate and adapt to the negative impacts of climate change, Cuba is constrained by limited access to economic resources and new technology.

Significant long-term investments are needed in order to address key environmental threats and reduce Cuba's vulnerabilities. Given the magnitude of the total appropriation, a large-scale, self-standing programme is not feasible. Nevertheless, there is a good window of opportunity to exploit synergies with other priorities of the country strategy, in particular with regard to agriculture and food security, in order to increase the sustainability and resilience of economic investments and improve the efficiency and productivity of rural areas.

Three main axes of intervention are proposed, within the framework of the country's climate change adaptation priorities. These are: i) promoting environmental sustainability through small-scale initiatives to enhance resilience to climate change, ii) reducing the impact of disasters by increasing the capacity of rural habitats (dwellings, individual houses, cooperatives, urban/rural storage and processing facilities, etc) to withstand extreme climate events, and iii) building institutional capacity to support the generation of environmental knowledge and innovation.

Recently, the loss of human lives, livelihoods and development assets, combined with the rise in the cost of reconstruction, has put the issue of disaster reduction and risk management high up on the European Union's policy agenda. In February 2009, the Commission adopted a Communication on an EU Strategy supporting Disaster Risk Reduction (DRR) in developing

countries⁵². The strategy commits the Commission to integrate this dimension in all its development instruments. By increasing the resilience of the rural habitat, the Commission will be aligned with a pillar of Cuba's DRR strategy.

Formulation of programmes in the sector (indicative)

In line with national efforts to adapt to climate change, the general objective of support to the sector will be to increase the sustainability of Cuba's economic and social development and, more broadly, to increase the resilience of Cuban society. This will be achieved by addressing three specific and complementary objectives:

Supporting the adaptation of rural economies to climate change

Climate change affects rural livelihoods in different ways depending on local agro-ecological conditions. Support to rural households, farmers and cooperatives will be required in order to cope with e.g. reduced water supply and drier crop growing conditions. Interventions may include: on-farm development of drought-tolerant crop varieties, promotion of soil and water conservation technology and practices, development and dissemination of techniques and equipment that encourage more efficient use of water, capacity building and awareness-raising among rural households as regards climate change and adaptation methods.

Similarly, in areas with high rainfall, an improved management of excess water is required by, inter alia, improving drainage, reducing soil compaction and erosion, and increasing the water retention capacity of the soil. To help control water salinity and maintain water quality, the introduction of adapted crop varieties and the protection of coastal areas and mangroves may also be pursued.

EC interventions could address one or more of the abovementioned issues.

Improving the resilience of rural households to extreme climate events

While Cuba is very strong on protecting lives when hurricanes or storms strike the island, it has to suffered costly damage to its infrastructure. The three hurricanes of 2008, which hit five main provinces, affected 500.000 houses in 47 municipalities, including 91,000 which were completely destroyed. Preventive actions are being set in train by the government, (Instituto de la Vivienda) in collaboration with relevant UN agencies and donors (Spain, Canada, Switzerland), to secure human dwellings and promote the construction of hurricane-resistant buildings and houses.

As a complement to other rural investments, support from the European Commission could be accompanied by actions aiming at reinforcing the resilience of rural households to withstand extreme climate events.

Institutional capacity building

Effective disaster risk reduction and adaptation to climate change requires the continued generation and sharing of knowledge and innovation. The role of the Ministry of Environment, Science and Technology (CITMA) could be supported in this respect by means

⁵² COM (2009) 84 final of 23.02.09

of a capacity building programme. This may include, among others, provision for exchanges with European administrations and research institutions, studies and technical assistance.

Complementarity with other actions

The EU "Environment and Natural Resources" thematic programme (ENRTP) aims, among others, to support projects which contribute to mitigating the effect of climate change, or to support environmentally sustainable development initiatives, including those related to renewable energies. An allocation of €3 million was earmarked under this programme in 2009, and a further €3 million are being proposed for adoption under the 2010 annual action plan for actions in Cuba. A call for proposals worth €6 million will be launched in early 2010 to support NGOs and/or international organisations; these funds are to be awarded to initiatives related to climate change or renewable energies, following a call for proposals to be launched in early 2010.

In addition, a further allocation of €2.8 million was adopted under this same programme to support a regional initiative entitled the "Caribbean Biological Corridor" between Cuba, the Dominican Republic and Haiti. This Corridor is designed as a framework for biodiversity conservation, environmental rehabilitation, and the development of livelihood options. Its demarcation and establishment has been supported through the United Nations Environment Programme (UNEP) since the end of 2009.

In this regard, the Global Climate Change Alliance, launched by the EC in 2007, provides for enhanced financial cooperation between Europe and developing countries, in particular the Least Developed Countries and Small Island Developing States in the field of adaptation to climate change. The GCCA supports policy dialogue on climate change on the one hand and finances concrete adaptation priorities identified by the partner countries, on the other. Under the GCCA in the Caribbean, the Commission is also designing a regional climate programme to increase capacity and implement urgent and immediate regional priorities. Cuba may be one of the countries to benefit from a national allocation from the GCCA in the coming years.

Assumptions

As interventions in the field of environment and climate change adaptation are closely interrelated with those in agriculture, the assumptions identified for the first sector are relevant in this field too.

1.1.3 Expertise exchanges, training and studies

Justification of the intervention

In view of developing fully the potential of exchange of knowledge between EU and Cuba, this component will allow for the funding of actions related to expertise exchanges, training and studies. The objective is to share with Cuba best practices in fields of mutual interest in areas such as trade facilitation, food security, climate change, and research and development, among others. There are already on-going mutually beneficial exchanges of experiences with a number of European partner administrations or entities, including many in the EU. Clear interest has been expressed by Cuba in further enhancing such exchanges through EU cooperation.

Formulation of programmes in the sector (indicative)

Programmes under this component would notably consist of short-term technical assistance on sector-specific legislation, regulations, and best practices, as well as their practical implementation. Such cooperation would be delivered through expert visits and the organisation of training sessions and seminars, chiefly in Cuba, but including possibly also study visits of Cuban experts to the EU.

Complementarity with other actions

So far, exchanges of expertise and technical assistance have been provided essentially by Spain, Belgium, the UK and France as well as by Canada and Japan. Close coordination between such actions at EU level, as well as with other donors will be ensured when designing individual actions. Under other Commission instruments, such as EuroSocial, Alfa, Erasmus Mundus and the 7th Framework Programme for Science and Research, Cuba has the potential to complement the actions under the geographic DCI.

Assumptions

The assumptions associated with this component are essentially:

- Clear and timely identification of the specific needs for training and exchanges in the sectors in which such exchanges are agreed;
- Timely availability of suitably qualified experts from EU Member State administrations or other qualified bodies in the various sectors in which such exchanges are agreed.

CHAPTER 2: IMPLEMENTATION - THE WORK PROGRAMME

Under the Development Cooperation Instrument (DCI), an indicative allocation of €20 million has been earmarked for Cuba for the period 2011-13 for the following sectors:

- Food security (€10 million)
- Environment and adaptation to climate change (€7 million)
- Expertise exchanges, training and studies (€3 million).

NATIONAL INDICATIVE PROGRAMME FOR CUBA 2011-2013

The overall objective of this programme is to contribute to the sustainable economic and social development of Cuba. This objective is to be pursued through support to be provided in the sectors of:

- Food security (€10 million)
- Environment and Adaptation to Climate Change (€7 million)
- Expertise exchanges, training and studies (€3 million)

These funds can be complemented by projects and programmes financed under the DCI and EDF regional programmes, as well as from DCI thematic programmes and other EU cooperation instruments.

Priority 1: Food security

Responding to national food insecurity through appropriate measures is a clear and declared priority of the Cuban authorities.

At the core of this national priority lay processes of both transfer of the key role in food production from state-owned companies to cooperatives and individual producers, and decentralisation of the decision-making process for the production and distribution of foodstuffs from the central to the municipal level.

1. Main priorities and goals

The main priority of this component is to contribute to the continued and sustainable economic and social development of Cuba, in particular supporting production and diversification of Cuban agriculture in a sustainable way.

2. Specific objectives and target beneficiaries

The specific objective of this programme is to contribute to the improvement of Cuban food security, through increased economic sustainability of local production focusing on small scale agriculture. Direct beneficiaries will include cooperatives and smallholders as well as municipalities. Indirect beneficiaries will include Cuban population in general terms, benefiting from the increased and diversified access to foodstuffs.

3. Expected results

The indicative expected results of this sector are:

- f. Diversification and increase of smallholder (including urban and sub-urban) farmers' products' supply;
- g. Modernisation of the agricultural sector through strengthened food processing commercialisation, marketing and distribution;
- h. Supporting the sustainability of food production by reducing the dependency on fossil fuels through the promotion of bio-fuels and small-scale renewable energy generation capability;

- i. Consolidation and strengthening of the decentralised approach to food supply and the chain of getting goods to the markets;
- j. Improved farmers' capacity and access to innovation, new technologies and exchange of relevant experiences in the sector.

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

Programmes in the sector could include i.a. training and capacity building, supply of inputs and equipments, technical assistance, scientific cooperation, small scale production and processing infrastructure.

5. Integration of cross-cutting themes

Gender will be taken into account as a cross-cutting issue during both the identification and the implementation phases of all the priorities of the National Indicative Programme. With this aim, the European Union Delegation will liaise with the relevant women associations and stakeholders in the country. Special attention will be paid to assess the links between poverty and gender and propose actions accordingly. At project identification level, specific measures will be taken to ensure adequate attention to gender issues, with possible inclusion of a related budget and expected results where relevant. Such strategy would be monitored and assessed as the rest of the actions included in the projects

As regards food security and agricultural production, empowerment of women and girls is a necessary pre-condition for programmes' sustainability. The Food Security sector is already identifying (under the DCI Food Security Thematic Programme and Food Facility programmes in Cuba) and will continue to identify women-headed households and female producers among priority target groups.

Programmes will ensure that women will be fully represented in decentralised decision-making and that investments are prioritised taking into consideration their capacity to remove specific constraints faced by women in the households. More generally, attention will be given to issues of access and participation of people and organisations concerned by actions as well as non-discrimination towards vulnerable groups.

Similarly, environmental sustainability of all development activities is also a key element for achieving lasting poverty reduction and sustainable development. Thus, environment and sustainable management of natural resources will be integrated into all projects' activities. In this particular sector, actions will be designed so as to support sustainable development, promoting where possible low-inputs, organic productive methods.

6. Financial envelope:

The total indicative budget planned is €10 million.

7. Activities under other EU budgetary instruments in the country

The Commission will or is already supporting food security projects under the Food Security Thematic Programme (FSTP) 2009 (€16,5 million) and the Food Facility (€11,7 million). These on-going or planned activities are fully coherent with the objectives and interventions planned in the NIP (see CSP – Chapter 3). It is intended that support under FSTP will continue during the period of 2011-2013. Complementarity between the NIP and thematic

programmes will be ensured through appropriate coordination between geographic and thematic Annual Action Plans. Given the scale of needs, complementarity can easily be ensured by expanding programmes into other provinces/municipalities and/or by combining different implementing partners.

| | Intervention Logic | Objectively Verifiable Indicators | Sources of Verification | Assumptions |
|---------------------------|--|--|---|--|
| Overall Objectives | Contribute to the sustainable economic and social development of Cuba | Economic growth | National Statistical data Human Development Index | |
| Programme Purpose | Improved Cuban food security, through reduced dependency on external markets and increased economic sustainability of local production. | Food production in MTs Food supply in local markets Food imports in Foreign Currency Nutritional levels of population | Annual statistics from National Statistics Office (ONE). Report from MEP Ministry of Food and Fisheries Ministry of Agriculture Ministry of Sugar | a) No major meteorological phenomenon will delay implementation or divert regular material supplies; b) Cuban Authorities will continue their efforts to modernise and decentralise the sector, and introduce more flexibility in the procurement of inputs and materials. |
| Results | a) Diversification and increase of smallholder (urban and sub-urban) farmers' agricultural products' supply b) Modernization of the agricultural sector through strengthened food processing, commercialisation, marketing and distribution | Percentage of arable land given to small farmers by the State Consumption map and nutritional habits of the population Food production in MTs and by product Number and size of urban/sub-urban farms in place MTs of food processed Number of municipal processing, storage and distribution systems | Annual statistics from National Statistics Office (ONE). Report from MEP Ministry of Food and Fisheries Ministry of Agriculture Ministry of Sugar Annual statistics from the Municipal Statistics Offices (OME) Annual statistics from National Statistics Office (ONE). Annual statistics from the Municipal Statistics Offices (OME) | Small holders' applications for arable land will maintain and/or increase Cuban authorities will continue their efforts to modernise and decentralise the sector, and introduce more flexibility in the procurement of inputs and materials Small holders will have access to agricultural inputs on a regular basis Cuban authorities will continue to develop approaches to provide access to credit for farmers and cooperatives |

| | | | | |
|--|---|--|---|--|
| | <p>c) Supporting the sustainability of food production by reducing the dependency on fossil fuels through the introduction of bio-fuels and small-scale renewable energy generation capability;</p> <p>d) Consolidate and strengthen the decentralised approach to food supply and marketing</p> <p>e) Improved farmers' capacity and access to innovation, new technologies and exchange of relevant experiences in the sector</p> | <p>Production capacity of renewable energy plants</p> <p>Number of households having access to renewable energy</p> <p>Volume of production of biofuels available to farmers</p> <p>Number of new initiatives to expand food supply at the municipal level</p> <p>Number of administrative and functional bottlenecks addressed in the sector</p> <p>Changes applied to education and vocational training standards</p> <p>Number of producers who can access appropriate technologies</p> | <p>As above</p> <p>Annual municipal plans Evaluations</p> <p>Programme(s) reports</p> | <p>Cuban Govt. policy of decentralisation of decision-making to municipalities is maintained</p> |
|--|---|--|---|--|

Priority 2: Environment and Adaptation to Climate Change

Highly vulnerable to the environmental variations induced by climate change, Cuba has been at the forefront of international mobilisation on the theme. At national level, the protection of the environment and of the natural resources has been at the core of government's efforts for over 25 years. From the early 1990s, sustainable development and climate change are considered as a transversal issue in all the national policies. Cuba benefits from well-prepared and highly qualified scientists and researchers, yet lacks the necessary financial and technological means to either operationalise its research efforts or implement its policies on a national scale. Specific interest has therefore been expressed for EU cooperation to support the national efforts at the local level in the areas targeted by the EU support. As climate change will also increase the frequency of natural disasters, a Disaster Risk Reduction dimension will be integrated in all EU development instruments.

1. Main priorities and goals

In line with national efforts to adapt to climate change, the general objective of the sector intervention is to contribute to improve environmental sustainability and resilience of economic investments in particular in rural areas.

2. Specific objectives and target beneficiaries

Three main axis of intervention are proposed, framed in the country's climate change adaptation priorities: i) promoting environmental sustainability through small-scale initiatives to enhance resilience to climate change, ii) reducing the impact of disasters by increasing the capacity of rural habitats (dwellings, individual houses, cooperatives, urban/rural storage and processing facilities, etc) to withstand extreme climate events, and iii) building institutional capacity to support the generation of environmental knowledge and innovation. The EU cooperation will benefit, in particular, the rural population involved in productive activities, institutes of research and environment agencies, as well as the Cuban population in general.

3. Expected results (outputs)

Adaptation of rural economies to climate change and improving the resilience to climate events of rural habitats and productive assets are two complementary objectives which are expected to generate the following indicative results:

- a. The productivity and resilience of rural households in vulnerable areas (e.g. subject to drought, flooding, excess soil salinity) is maintained or increased;
- b. The vulnerability of habitat and food processing assets against extreme climate events is reduced;

As far as the institutional capacity building component is concerned, the main expected results envisaged is to develop the research and scientific capacity of CITMA and/or national institutes in charge of adaptation to climate change, including the promotion of exchanges on climate change adaptation.

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

Programmes under this component may consist i.a. in the development of small scale infrastructure, supply of equipment, technical capacity building activities, research activities and applied knowledge transfer and trainings.

5. Integration of cross-cutting themes

Gender dimension is of particular relevance in rural households and empowerment of women and girls is a necessary pre-condition for the international cooperation's sustainability.

EU interventions shall ensure that women will be fully represented in decentralised decision-making and that investments are prioritised taking into consideration their capacity to remove specific constraints faced by women in the households.

Environment and sustainable management of natural resources will be addressed as priority issues. In particular this programme will focus on the environmental adaptation of rural households and the support of locally adapted ecological building materials.

It is worth underlining that, in Cuba, before a project is approved, the local delegation of the Minister of Environment (CITMA) does a brief environmental impact analysis which is mandatory for project approval.

6. Financial envelope

The total budget planned for this component is €7 million for the period 2011-2013.

7. Activities under other EU budgetary instruments in the country

The Commission will support climate change and renewable energy projects under the DCI Thematic Programme Environment and Natural Resources Thematic Programme (ENRTP) 2009 (€3 million) and 2010 (€3 million). These activities will be fully complementary with the objectives and interventions thought in the NIP (see CSP – Chapter 3). It is intended that support under ENRTP will continue during the period of 2011-2013. Complementarity between the NIP and thematic programmes will be ensured through appropriate coordination between geographic and thematic Annual Action Plans.

| | Intervention Logic | Objectively Verifiable Indicators | Sources of Verification | Assumptions |
|---------------------------|--|---|--|--|
| Overall Objectives | Contribute to the continued and sustainable economic and social development of Cuba | Gradually reduced economic impact of climate change events | National statistical data Environmental strategy and reports | a) No major meteorological phenomenon will delay implementation or divert regular material supplies; b) Cuban Authorities will continue their efforts to modernise and decentralise the sector, and introduce more flexibility in the procurement of inputs and materials. |
| Programme Purpose | Increase the environmental sustainability and resilience of economic investments in particular in rural households | Infrastructural and economic damage incurred by climate change-related events is gradually reduced | National reports and statistics | Food security and climate change adaptation remain priorities for the government The national Ministries and local institutions (of CITMA and MINAG, INV) collaborate and share information. |
| Results | The productivity and resilience of rural households in vulnerable areas (e.g. subject to drought, flooding, excess soil salinity) is maintained or increased The vulnerability of habitat and food processing assets against extreme climate events is reduced; | Quality and quantity of water available in project areas. % of farms applying technology resistant to extreme climate events Sustained or increased food production in vulnerable areas Number of hurricane-resistant houses and productive assets | Municipal reports National Statistics Office (ONE) Agricultural and environment reports or studies Local vulnerability assessments and studies MINAG, CITMA, Instituto de la | Timely formulation / definition of needs and identification of sectors of interest on the side of counterpart bodies No reluctance from the farmers nor from the national / local authorities to change (improve) their way of producing Timely availability of material |

| | | | | |
|--|--|--|------------------------------|--|
| | <p>Research and scientific capacity of CITMA and/or national institutes in charge of adaptation to climate change is increased</p> | <p>Number and quality of studies</p> <p>Number of exchanges between Cuban and international scientific institutes and administrations.</p> | <p>Vivienda</p> <p>CITMA</p> | |
|--|--|--|------------------------------|--|

Priority 3: Expertise exchanges, training and studies

In Cuba's efforts to address the key challenges ahead, exchanges of expertise and best practise with European counter partners will be of particular interest. There are already on-going mutually beneficial exchanges of experiences with a number of European partners, including many in the EU. Clear interest has been expressed to further enhancing such exchanges through EU cooperation.

1. Main priorities and goals

The main priority of this component is to contribute to the continued and sustainable economic and social development of Cuba.

2. Specific objectives and target beneficiaries

In view of developing fully the potential of exchange of knowledge between EU and Cuba, this component will allow for the funding of actions related to expertise exchanges, training and studies. The objective is to share with Cuba best practices in fields of mutual interest in areas such as trade facilitation, food security, climate change, and research and development, among others.

3. Expected results (outputs)indicative

- Increase exchanges of expertise and knowledge between Cuba and Europe; – Promote partnerships between Cuba and Europe on issues of mutual interest.

Given the nature of this component of the NIP, it is neither possible nor desirable to try to exhaustively enumerate all sectors of cooperation in which such exchanges may take place during the period covered by the document. Areas which could be considered under this sector could include trade facilitation, exchanges related to agricultural credit and markets, export promotion, international cooperation, banking system and stockmarkets, short and medium-term economic modelling, industrial policy, decentralisation and role of local authorities in development, access to credit, local tourism, different aspects of environment protection including renewable energies (electrification, small-scale bio-gas implementation), long-term impact assessments of climate change and water salinisation, among other areas.

Other donors have already put in place such exchanges in the sectors of audit and finance, forestry, agriculture, meteorological or seismic measurements, etc. In addition, Cuba has a long-standing cooperation with several EU Member States in areas such as fight against drug trafficking or civil protection. The continuation and enhancement of such practitioner-to-practitioner exchanges could also be supported by EU cooperation.

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

Programmes under this component would notably consist of short-term technical assistance on sector-specific legislation, regulations, and best practices, as well as their practical implementation. Such cooperation would be delivered through expert visits, technical assistance, and the organisation of training sessions and seminars, chiefly in Cuba, but including possibly also study visits of Cuban experts to the EU.

Lessons can be drawn from the successful experiences of "twinning" projects implemented in EU candidate countries, or more recently in the EU neighbourhood, as well as the TAIEX programme ("Technical Assistance and Information Exchange") in this same region. The fundamental premise of these programmes was to enhance exchanges of expertise through a "practitioner-to-practitioner" approach by supporting short and medium term exchanges between participating services.

5. Integration of cross-cutting themes

The gender dimension will be an indispensable component of such exchanges. Participation of women from both the EU and Cuba will be ensured. Gender equality is a declared objective both of the Cuban authorities and of the EU cooperation, and measures to eliminate gender inequality and empower women will be integrated in the different activities to be undertaken under this programme, and may be also the object of specific activities. Equally, environmental considerations will be duly taken into account in all activities undertaken under this component, and exchanges specifically related to the environment or climate change may be considered.

6. Financial envelope

The total budget planned for this component is €3 million for the period 2011-2013.

7. Activities under other EU budgetary instruments in the country

The exchange of expertise and technical assistance are and will continue being provided under other EU programmes. Among the latter, notably the Eurosocial regional programme for Latin America currently provides joint capacity-building activities in the sectors of justice, taxation, health, education, and employment, to participating countries including Cuba. Another regional programme, ALFA, supports exchanges among higher education institutions. Mobility of University students or academic staff is supported by the *Erasmus Mundus* programme in which Cuba is taking part. Finally, the 7th EU Framework Programme (FP7) for Research and Development supports inter alia joint research initiatives of research institutes and centres from the EU and partner countries including Cuba.

| | Intervention Logic | Objectively Verifiable Indicators | Sources of Verification |
|---------------------------|---|--|--|
| Overall Objectives | Contribute to the continued and sustainable economic and social development of Cuba. | Economic growth Quality of public services delivered | National statistical data Human Development Index |
| Programme Purpose | Promote EU-Cuba exchanges in fields of mutual interest | Evolution in key sectors including quality and coherence of related policies, legislation, regulations and their implementation. | External assessment of the of new sector policies/ legis / regulation and adaptation international standards. |
| Results | <p>- Increase exchanges of expertise and knowledge between Cuba and Europe;</p> <p>– Promote partnerships between Cuba and Europe on issues of mutual interest.</p> | <p>Number of expert exchanges Number of training sessions and seminars involving Cuba and European participation</p> <p>Continuation of contacts between beneficiaries after the end of EC interventions</p> | <p>Programme activities and evaluation</p> <p>Result-Oriented Monitoring reports</p> <p>Subsequent formal and informal contacts reported by participating bodies</p> |

ANNEXES

- I - Table "Country at a Glance"
- II – MDGs Table
- III - European Commission-Cuba cooperation 2008-2009
- IV - Retrospective matrix of donors and prospective financial matrix of participating donors
- V – Cuba’s Environmental Profile
- VI – Cuba's Migration profile
- VII - Debt Sustainability Analysis
- VIII - Table including Republic of Cuba's country position in relation to key international conventions
- IX – External trade of Cuba
- X - Description of the CSP drafting process stressing the involvement of non-state actors and local authorities

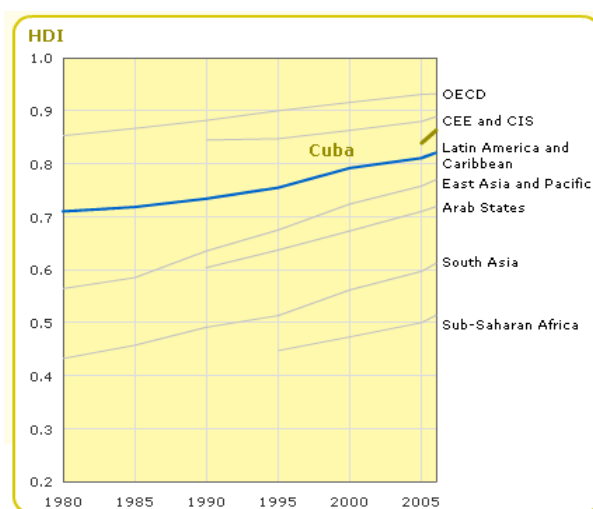
Annex I - Table "Country at a Glance"

| Cuba | | | | | | | | | | | | <i>Février 2010</i> | | | |
|---|--|--|--|-----------------------|--|--------------------------------------|--|---|--|-----------|--|---|--|------------------|--|
| Données politiques | | | | | | Géographie et société | | | | | | | | | |
| Régime politique | | | | | | Superficie (km ²) (2009) | | | | | | 109 886 km ² | | | |
| Régime socialiste à parti unique: Parti Communiste Cubain | | | | | | Population (en millions) (2009) | | | | | | 11,24 | | | |
| Président du Conseil d'Etat et du Conseil des Ministres (24/2/08) | | | | | | Raúl Castro | | | | | | Taux d'urbanisation (%) (2008) | | 75,40% | |
| Vice-président du CE et CM | | | | | | José Ramon Machado Ventura | | | | | | Croissance démographique (%) (2009) | | 0,03% | |
| Ministre de l'Economie et du Plan (2/3/09) | | | | | | Marino Murillo Jorge | | | | | | Espérance de vie à la naissance (années) (2009) | | 78 | |
| Ministre des Finances et des Prix (2/3/09) | | | | | | Lina Pedraza Rodriguez | | | | | | Part de la population âgée de - 15ans (%) (2008) | | 17,3% | |
| Gouverneur de la banque centrale | | | | | | Ernesto Medina Villaveirán | | | | | | Part de la pop. vivant avec moins de 2\$/jour (%) | | < 1 % | |
| Indépendance de la BC | | | | | | Non | | | | | | Taux d'alphabétisation (%) (2005) | | 99,8% | |
| Échéances politiques | | | | | | Elections législatives en fév. 2013 | | | | | | Taux de scolarisation dans le secondaire (%) (2005) | | 87,0% | |
| Indicateurs macroéconomiques | | | | | | | | | | | | | | | |
| PIB en Mds\$ en 2009 | | | | 67,9 | | Contributions à la croissance (2008) | | PIB/hab (2008) | | 5845 | | USD | | | |
| dont | | | | Agriculture 4,3% | | Consommation 5,17% | | Classements mondiaux (Source PNUD, Rap. Dev. Humain 2007/08) (2007) | | | | | | | |
| | | | | Industrie/Mines 14,0% | | Commerce ext -6,63% | | PIB en USD | | nd | | PIB en PPA | | nd | |
| | | | | Services 81,7% | | FBCF 1,18% | | PIB par hab (USD) | | nd | | PIB/hab en PPA | | 94 | |
| | | | | | | Stocks 3,67% | | IDH | | 51 | | Population | | 73 | |
| Croissance réelle du PIB | | | | 2005 11,2% | | 2006 12,1% | | 2007 7,3% | | 2008 4,1% | | 2009 (prelim) 1,4% | | 2010 (est.) 0,5% | |
| Investissement (%PIB) | | | | 10,8% | | 11,7% | | 10,2% | | 14,8% | | nd | | 8,0% | |
| Epargne (%PIB) | | | | 11,1% | | 11,3% | | 10,9% | | nd | | nd | | 8,0% | |
| Inflation (%) | | | | 3,7% | | 5,7% | | 2,8% | | -0,1% | | -3,3% | | 7,0% | |
| Chômage (%) | | | | 1,9% | | 1,9% | | 1,8% | | 1,6% | | 1,7% | | 5,0% | |
| Finances publiques | | | | | | | | | | | | | | | |
| <i>Taux (en % PIB)</i> | | | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 (est.) | | 2010 (est.) | |
| Solde budgétaire (gvt central) | | | | -4,6% | | -3,2% | | -3,2% | | -6,9% | | -4,8% | | -9,0% | |
| Solde primaire | | | | -3,3% | | -2,0% | | -1,8% | | -5,3% | | nd | | -4,0% | |
| Dette du gouvernement central | | | | nd | | nd | | nd | | nd | | nd | | - | |
| Dépenses publiques | | | | 63,7% | | 63,2% | | 68,2% | | 73,8% | | nd | | 75,0% | |
| Balance des paiements | | | | | | | | | | | | | | | |
| | | | | 2005 | | 2006 | | 2007 | | 2008 | | 2009 (est.) | | 2010 (est.) | |
| | | | | %PIB | | %PIB | | %PIB | | %PIB | | %PIB | | %PIB | |
| | | | | Mds\$ | | Mds\$ | | Mds\$ | | Mds\$ | | Mds\$ | | Mds\$ | |
| Exportations de biens et services | | | | 21,0% | | 18,7% | | 20,3% | | 20,6% | | 16,6% | | - | |
| | | | | 9,7 | | 10,7 | | 12,9 | | 13,5 | | 11,3 | | 8,0 | |
| Importations de biens et services | | | | 18,3% | | 18,5% | | 17,6% | | 24,3% | | 14,8% | | - | |
| | | | | 8,4 | | 10,5 | | 11,2 | | 16,0 | | 10,0 | | 8,0 | |
| Solde commercial | | | | 2,7% | | 0,2% | | 2,7% | | -3,8% | | 1,8% | | - | |
| | | | | 1,2 | | 0,1 | | 1,7 | | -2,5 | | 1,2 | | 0,0 | |

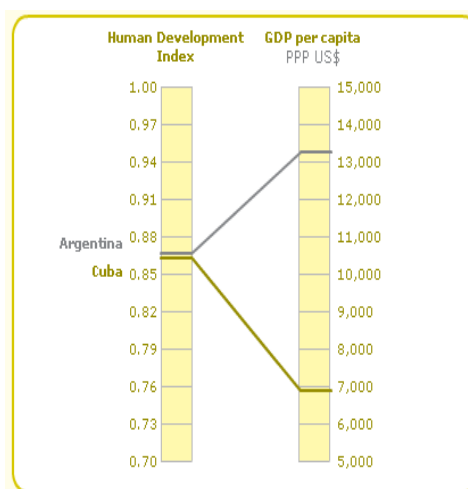
| | | | | | | | | | | | | |
|--|--|------|--|---|-------|---------------------------|---|---|-------------|----|-------------|-------|
| Transferts courants nets | - | -0,4 | - | 0,3 | -0,3% | -0,2 | - | nd | - | nd | - | 1,0 |
| Solde courant | - | 0,2 | - | -0,2 | - | 0,5 | - | nd | - | nd | - | 0,8 |
| Solde de capital et financier | - | nd | - | nd | - | nd | - | nd | - | nd | - | 0,8 |
| dont IDE (en M USD) | - | 17,5 | - | 27,6 | - | 18,2 | - | nd | - | nd | - | 250,0 |
| Solde de la balance des paiements | - | nd | - | nd | - | nd | - | nd | - | nd | - | 1,5 |
| Taux chge moy. année en cours (pour 1 USD) | 1,08 | | 1,08 | | 1,08 | | 1,08 | | 1,08 | | 1,00 | |
| Monnaies (sigle) | | | | Peso national (CUP) Peso convertible (CUC) | | Régime de change : | | Parité fixe par rapport au dollar. Tx de change officiel en comptabilité nationale : 1CUP = 1CUC=1,08USD. Taux de change pour la population : 1CUC=24 CUP=1,08USD. | | | | |
| Principaux partenaires en 2008 | | | | Principaux postes commerciaux en 2008 | | | | | | | | |
| Clients (Commerce de biens uniquement) | 1- Canada 21% 2- Chine 18% 3- Venezuela 11% 4- Pays-Bas 8% | | | Exports (Commerce de biens uniquement) | | | 1- Mat. prem. non comestibles (sf combustibles) 41% 2- Combustibles 22% 3- Produits chimiques (médicaments) 9%, 4- Produits alimentaires 9% 5- Boissons et tabac 9% | | | | | |
| Fournisseurs (Commerce de biens uniquement) | 1- Venezuela 31% 2- Chine 10% 3- Espagne 9% 4- Etats-Unis 6% | | | Imports (Commerce de biens uniquement) | | | 1- Combustibles 32% 2- Machines et équipement de transport 22% 3- Produits alimentaires 16% | | | | | |
| Indicateurs de risque-pays | | | | | | | | | | | | |
| | 2005 | | 2006 | | 2007 | | 2008 | | 2009 (est.) | | 2010 (est.) | |
| Dettes externes/PIB (%) | 31,6% | | 29,2% | | 28,2% | | 28,8% | | 35,0% | | 40,0% | |
| Service de la dette externe/exports B & S (%) | 10,4% | | 12,1% | | 11,7% | | 12,9% | | 21,0% | | 23,0% | |
| Réserves de change brut (Mds USD) | - | | - | | - | | - | | 1,5 | | 1,7 | |
| en mois d'importations | - | | - | | - | | - | | 2,0 | | 2,4 | |
| Dettes CT/Réserves de change | - | | - | | - | | - | | - | | - | |
| Moyenne spread souverain (6 derniers mois) | - | | Rating dette LT (en devises) | | | Moody's | | Caa1 | | | | |
| Classement COFACE | D | | Classement OCDE | | | S&P | | A | | | | |
| Catégorie Banque mondiale | - | | | | | 7 | | | | | | |
| Indicateurs monétaires et financiers | | | | | | | | | | | | |
| M2/PIB (2008) | 41,9 % | | Taux de rémunération des dépôts à vue en CUC (personnes physiques) (f) (12/2007) | | | 1,0 % | | | | | | |
| Variation annuelle de M2A (2007) | +7,1 % | | Taux d'intérêt commercial à CT (3M) (12/2004) | | | 2,25 % | | | | | | |
| Crédit domestique en CUC / PIB (2007) | 2,9 % | | Part des dépôts en devises | | | - | | | | | | |
| Variation annuelle du crédit | - | | Créances des banques étrangères | | | ##### 1819 millions d'USD | | | | | | |
| Crédit au secteur public/PIB | - | | Part des prêts non performants | | | - | | | | | | |
| Position extérieure nette/PIB | - | | Variation annuelle du TCER | | | - | | | | | | |

NB: Pas de source FMI pour Cuba (source principale : Oficina Nacional de Estadísticas de Cuba).

Annex II - – MDGs Tables



Source: Indicator table G of the Human Development Report 2009



Source: Indicator table H of the Human Development Report 2009

Cuba's human development index 2007

| HDI value | Life expectancy at birth (years) | Adult literacy rate (% aged 15 and above) | Combined gross enrolment ratio (%) | GDP per capita (PPP US\$) |
|-------------------------|----------------------------------|---|------------------------------------|---|
| 1. Norway (0.971) | 1. Japan (82.7) | 1. Georgia (100.0) | 1. Australia (114.2) | 1. Liechtenstein (85,382) |
| 49. Argentina (0.866) | 28. Costa Rica (78.7) | 2. Cuba (99.8) | 4. Finland (101.4) | 93. Albania (7,041) |
| 50. Uruguay (0.865) | 29. Portugal (78.6) | 3. Estonia (99.8) | 5. Denmark (101.3) | 94. Ukraine (6,914) |
| 51. Cuba (0.863) | 30. Cuba (78.5) | 4. Latvia (99.8) | 6. Cuba (100.8) | 95. Cuba (6,876) |
| 52. Bahamas (0.856) | 31. Chile (78.5) | 5. Belarus (99.7) | 7. Canada (99.3) | 96. Belize (6,734) |
| 53. Mexico (0.854) | 32. Denmark (78.2) | 6. Ukraine (99.7) | 8. Norway (98.6) | 97. Dominican Republic (6,706) |
| 182. Niger (0.340) | 176. Afghanistan (43.6) | 151. Mali (26.2) | 177. Djibouti (25.5) | 181. Congo (Democratic Republic of the) (298) |

Selected indicators of human poverty for Cuba

| Human Poverty Index (HPI-1) | Probability of not surviving to age 40 (%) | Adult illiteracy rate (% ages 15 and above) | People not using an improved water source (%) | Children underweight for age (% aged under 5) |
|-----------------------------|--|---|---|---|
| 1. Czech Republic (1.5) | 1. Hong Kong, China (SAR) (1.4) | 1. Georgia (0.0) | 1. Barbados (0) | 1. Croatia (1) |
| 15. Albania (4.0) | 11. Brunei Darussalam (2.6) | 2. Cuba (0.2) | 62. Djibouti (8) | 20. Tunisia (4) |
| 16. Belarus (4.3) | 12. Croatia (2.6) | 3. Estonia (0.2) | 63. Viet Nam (8) | 21. Armenia (4) |
| 17. Cuba (4.6) | 13. Cuba (2.6) | 4. Latvia (0.2) | 64. Cuba (9) | 22. Cuba (4) |
| 18. Georgia (4.7) | 14. Slovakia (2.7) | 5. Belarus (0.3) | 65. Brazil (9) | 23. Jamaica (4) |

| Millennium Development Goals | | | | | |
|--|-------------|-------------|-------------|-------------------|-------------|
| | 1990 | 1995 | 2000 | 2005 | 2008 |
| Goal 1: Eradicate extreme poverty and hunger | | | | | |
| Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day. | | | | | |
| 1.1. Proportion of population below \$1 (PPP) per day | ... | ... | ... | ... | ... |
| 1.2. Poverty gap ratio | ... | ... | ... | ... | ... |
| 1.3. Share of poorest quintile in national consumption | ... | ... | ... | ... | ... |
| Target 1.B: Achieve full and productive employment and decent work for all, including women and young people | | | | | |
| 1.4. GDP per person employed (annual % growth) | ... | ... | 7.3 | 9.7 | 5.3 |
| 1.5. Employment to population ratio | ... | ... | ... | 98.1 | 98.4 |
| 1.6. Proportion employed people living below \$ 1 (PPP) per day | ... | ... | ... | ... | ... |
| 1.7. Proportion of own-account and contributing family workers in total employment. | ... | ... | 3.5 | 3.6 | 2.8 |
| Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger. | | | | | |
| 1.8. Prevalence of underweight children under-five years of age (%) | ... | 6.1 | ... | 2.0 ⁵³ | ... |
| 1.9. Proportion population below minimum level of dietary energy consumption | ... | ... | ... | ... | ... |
| Goal 2: Achieve universal primary education | | | | | |
| Target 2.A: Ensure that by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling | | | | | |
| 2.1. Net enrolment ratio in primary education (%) | 98.6 | 97.8 | 97.7 | 99.4 | 99.7 |
| 2.2. Proportion pupils starting grade 1 who reach last grade of primary (%) | 97.9 | 96.0 | 98.2 | 97.9 | 96.5 |
| 2.3. Literacy rate of 15-24 year olds, women and men (%) | ... | ... | 100.0 | 100.0 | 100.0 |
| Goal 3: Promote gender equality and empower women | | | | | |
| Target 3.A: eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015. | | | | | |
| 3.1. Ratios of girls to boys in primary, secondary and tertiary education (%) | | | | | |
| Ratio of female to male primary enrolment | 92.5 | 94.9 | 94.6 | 94.8 | 95.2 |
| Ratio of female to male secondary enrolment | 109.8 | 100.7 | 100.3 | 95.6 | 90.7 |
| Ratio of female to male enrolments in tertiary education | 134.2 | 147.8 | 153.2 | 180.3 | 172.1 |
| 3.2. Share of women in wage employment in the non-agricultural sector (%) | 39.6 | 41.0 | 41.3 | 43.1 | 42.6 |
| 3.3. Proportion of seats held by women in national parliament (%) | 34.3 | 22.8 | 27.6 | 36.0 | 43.3 |
| Goal 4: Reduce child mortality | | | | | |
| Target 4.A: Reduce by two thirds, between 1990 and 2015, the under-five mortality rate. | | | | | |
| 4.1. Mortality rate, under-five (per 1,000 live births) | 13.2 | 12.5 | 9.1 | 8.0 | 6.2 |
| 4.2. Mortality rate, infant (per 1,000) | 10.7 | 9.4 | 7.2 | 6.2 | 4.7 |
| 4.3. Proportion of 1 year-old children immunised against measles | 94.0 | 99.0 | 94.0 | 98.1 | 100.0 |
| Goal 5: Improve maternal health | | | | | |
| Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio | | | | | |
| 5.1. Maternal mortality ratio (per 100.000 live births) | 41.8 | 47.6 | 40.4 | 51.4 | 46.5 |
| 5.2. Proportion of births attended by skilled health personnel (%) | 99.8 | 99.8 | 99.9 | 99.9 | 99.9 |
| 5.3. Contraceptive prevalence rate (%) | 60.9 | 72.0 | 73.0 | 77.1 | 77.6 |
| 5.4. Adolescent birth rate (births per 1.000 women) | 77.5 | 60.2 | 49.6 | 44.9 | 50.0 |
| 5.5. Antenatal care coverage | 11.8 | 22.0 | 13.5 | 11.0 | 14.0 |
| 5.6. Unmet need for family planning (%) | 39.1 | 28.0 | 27.0 | 22.9 | 22.4 |
| Goal 6: Combat HIV/AIDS, malaria, and other diseases | | | | | |
| Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS | | | | | |
| 6.1. HIV prevalence among population aged 15.24 years (%) | ... | ... | ... | 0.05 | 0.05 |

⁵³ Most recent data available from 2003

| | | | | | |
|---|---------|---------|---------|---------|--------------------|
| 6.2. Condom use at last high-risk sex (%) | ... | 7.2 | ... | 35.6 | 39.6 ⁵⁴ |
| 6.3. Proportion of population aged 15-24 years with comprehensive correct knowledge of HIV/AIDS (%) | ... | 26.0 | ... | 58.0 | 57.8 ⁵⁵ |
| 6.4. Ratio of school attendance of orphans to school attendance of non-orphans aged 10-14 years | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 |
| Target 6.B: Achieve, by 2010, universal access to treatment for HIV/AIDS for all those who need it. | | | | | |
| 6.5. Proportion of population with advance HIV infection with access to antiretroviral drugs (%) | ... | ... | 38.7 | 100.0 | 100.0 |
| Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases. | | | | | |
| 6.6. Incidence and death rates associated with malaria | | | | | |
| Incidence rate (per 1.000.000 people) | 4.3 | 0.3 | 0.3 | 0.1 | 0.0 |
| Mortality rate (per 1.000.000 people) | ... | ... | ... | ... | ... |
| 6.7. Proportion of children under 5 sleeping under insecticide-treated bednets | ... | ... | ... | ... | ... |
| 6.8. Proportion of children under 5 with fever who are treated with appropriate anti-malarial drugs | ... | ... | ... | ... | ... |
| 6.9. Incidence, prevalence and death rates associated with tuberculosis (per 100.000 people) | | | | | |
| Incidence of tuberculosis | 5.1 | 14.2 | 10.1 | 6.5 | 6.9 |
| Prevalence of tuberculosis | 4.1 | 9.4 | 6.9 | 5.0 | 4.7 |
| Death rate | 0.5 | 0.9 | 0.4 | 0.3 | 0.3 |
| 6.10. Proportion of tuberculosis cases detected and cured under directly observed treatment short course (%) | ... | ... | 92.0 | 92.2 | ... |
| Goal 7: Ensure environmental sustainability | | | | | |
| Target 7.A: Integrate the principle of sustainable development into country policies and programmes and reverse the loss of environmental resources | | | | | |
| Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss. | | | | | |
| 7.1. Proportion of land area covered by forest (%) | 18.7 | 21.9 | 22.2 | 24.5 | 25.2 |
| 7.2. CO2 emissions, total, per capita and per \$1 GDP (PPP) | | | | | |
| Total | 34837.1 | 22913.0 | 26551.6 | 25776.1 | 25776.1 |
| Per capita (ton/hab) | 3.3 | 2.1 | 2.4 | 2.3 | 2.3 |
| Per 1\$ GDP | 0.001 | 0.001 | 0.001 | 0.001 | 0.001 |
| 7.3. Consumption of ozone-depleting substances | 975.70 | 621.18 | 573.97 | 240.92 | 88.61 |
| 7.4. Proportion of fish stocks within safe biological limits | ... | ... | ... | ... | ... |
| 7.5. Proportion of total water resources used (%) | 18.3 | 16.0 | 16.0 | 10.4 | 16.1 |
| 7.6. Proportion of terrestrial and marine areas protected (%) | ... | ... | ... | 3.0 | 5.6 |
| 7.7. Proportion of species threatened with extinction (%) | ... | ... | ... | ... | 0.49 |
| Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation | | | | | |
| 7.8. Proportion of population using an improved drinking water source (%) | 81.6 | 91.1 | 94.2 | 95.6 | 96.4 |
| 7.9. Proportion of population using an improved sanitation facility (%) | 88.7 | 87.7 | 93.7 | 95.0 | 96.1 |
| Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers | | | | | |
| 7.10. Proportion of urban population living in slums (%) | ... | ... | ... | 0.6 | 0.6 |
| Goal 8: Develop a global partnership for development | | | | | |
| Target 8.A: Develop further an open, rule-based, predictable, non-discriminatory trading and financial system | | | | | |
| Target 8.B: Address the special needs of the least developed countries | | | | | |
| Target 8.C: Address the special needs of landlocked developing countries and small island developing States (through the Programme of Action for the Sustainable Development of Small Island Developing States and the outcome of the twenty-second special session of the General Assembly) | | | | | |
| Target 8.D: Deal comprehensively with the debt problems of developing countries through national and international measures in order to make debt sustainable in the long term. ⁵⁶ | | | | | |

⁵⁴ Most recent data available from 2006

⁵⁵ Most recent data available from 2006

⁵⁶ No data available for these targets.

| | | | | | |
|--|-----|-----|-----|-----|-----|
| Target 8.E: In cooperation with pharmaceutical companies, provide access to affordable essential drugs in developing countries. | | | | | |
| 8.13. Proportion of population with access to affordable essential drugs on a sustainable basis (%) | 5.6 | 3.2 | 4.4 | 7.6 | 8.5 |
| Target 8.F: In cooperation with the private sector, make available the benefits of new technologies, especially information and communication | | | | | |
| 8.14. Telephone lines per 100 population | 5.6 | 3.2 | 4.4 | 7.6 | 8.5 |
| 8.15. Cellular subscribers per 100 population | ... | ... | ... | 1.2 | 4.1 |
| 8.16. Internet users per 100 population | ... | ... | ... | 10 | 13 |
| Source: Cuba National Statistics Office (www.one.cu) | | | | | |

Annex III - European Commission-Cuba cooperation 2008-2009

Overview of programmes adopted by priority sector⁵⁷

1. Response to hurricanes Ike, Gustav and Paloma, and disaster preparedness (€12 million)

| Financial instrument | Amount of EC contribution in Euro | Short programme description | Schedule of adoption/ implementation |
|---|-----------------------------------|--|--|
| Humanitarian aid (DG ECHO), 2008 Duration of projects 6 months | 2,000,000 | Emergency response focusing on basic shelter rehabilitation, reactivation of basic agriculture, rehabilitation of health care centres, distribution of non-food items. | 5 projects (3 with European NGOs, 1 with PAHO, 1 with IFRC) started in October/November 2008, successfully completed in April/May 2009. |
| Humanitarian aid (DG ECHO), 2009 Duration of projects 6 months | 2,000,000 | Continued emergency response focusing on basic shelter rehabilitation, mainstreaming disaster risk reduction in the response. | 6 projects by European NGOs, started January/February 2009, successfully completed in July/August 2009. |
| Instrument for Stability (IfS), 2009 Duration of projects 18 months | 7,500,000 | Interim hurricane response focusing on rehabilitation of productive capacities in agriculture in priority provinces (Camaguey, Holguin, Las Tunas, Pinar del Rio, Granma and the Isle of Youth). | 4 projects financed through consortia of European NGOs led by DWH, OXFAM, CISP and FOS, with 7 more European NGOs associated. Contracts signed in May, approval by counterparts granted in Oct / November, procurement on-going. |
| Disaster preparedness (DG ECHO), 2009 Duration of projects 15 months | 540,000 | Participation of Cuba in DIPECHO Action Plan VII for the Caribbean, focusing mainly on enhancing preparedness capacity of local communities and exchange of experiences. | 2 projects (1 with UNDP, 1 with Save the Children) selected, contracts signed in November 2009, projects started. |

⁵⁷ It is important to note that:

- As a rule, EC programmes have to undergo consultation with EU Member States in "comitology" and supervision from the European Parliament, as well as the adoption of the corresponding financing decision by the Commission, before any of these programmes, or the earmarked amounts, can be considered as confirmed. All programmes funded from the 2009 budget and mentioned in this overview have been adopted in the course of that calendar year.
- Project implementation can start only following successful selection (where applicable) and contracting of the Commission's implementing partners.
- This overview excludes some other EU-funded activities at global or regional level in which Cuban natural or legal persons take part as either applicants or partners. Those include notably the *Erasmus Mundus* programme for scholarships in higher education (see http://eacea.ec.europa.eu/extcoop/call/2008/index_en.htm), EC regional programmes for ACP countries (see <http://www.acp-st.eu>) or for Latin America (UR-BAL, AL-INVEST, ALFA, @LIS, Eurosocietal, etc, see http://ec.europa.eu/europeaid/where/latin-america/regional-cooperation/index_en.htm), or the 7th EC Framework Programme for research and development (http://ec.europa.eu/research/fp7/index_en.cfm).

2. Agriculture, food security (€28.2 million)

| Financial instrument | Amount of EC contribution in Euro (indicative) | Short programme description | Schedule of adoption/ implementation (indicative) |
|--|---|--|---|
| <p>Food facility (<i>ad hoc</i> financial instrument)</p> <p>Duration 30 months</p> | 11,700,000 | <p>PALMA (EU-UN programme of local support to the modernisation of agriculture) to be implemented through UNDP, and using the bottom-up methodology of their programme for local human development (PDHL). PALMA will focus on increasing local food production and access through support to farmers and cooperatives and capacity-building in 27 municipalities. Conditions allowing, the programme will include a micro-credit scheme / revolving fund.</p> | <p>Commission financing decision for the food facility (first batch) adopted on 30 March 2009.</p> <p>Project design finalised in discussion with Cuban authorities (including MINAG) and UNDP.</p> <p>Contract with UNDP signed end June 2009.</p> <p>Implementation started, detailed plan of activities at the level of municipalities approved by project steering committee.</p> |
| <p>Food security thematic programme (FSTP) 2009 Component 1</p> | 4,400,000 | <p>Project "Palma plus" designed as a geographic extension of the PALMA programme to 10 additional municipalities, using the same consultative mechanisms and implementation and coordination structures.</p> | <p>Commission financing decision FSTP adopted in May 2009. Project design for "Palma Plus" validated with UNDP and Cuban authorities.</p> <p>Contract with UNDP signed December 2009.</p> |
| <p>Food security thematic programme (FSTP) 2009 Component 2</p> | 3,600,000 | <p>Programme also aims to increase local food production and access and build farmers' capacity, however through NGO-implemented projects, which will complement PALMA thematically and / or geographically. Call for proposals being designed prepared in consultation with all stakeholders.</p> | <p>Adopted as part of the same FSTP financing decision of May 2009.</p> <p>Call for proposal to be launched in February-March 2010</p> |
| <p>Food security thematic programme (FSTP) 2009 Component 3</p> | 8,500,000 | <p>Programme aims to increase food production by addressing inputs, production, processing, management, distribution and sales, with a special attention to the empowerment of small farmers and to urban and sub-urban agriculture.</p> | <p>Commission financing decision for additional 2009 FSTP funds for Cuba adopted on 23/12/2009. Single call for proposals for €12.1 million to be launched in February-March 2010, mostly reserved for NGOs but partly open to International Organisations.</p> |

3. Environment (€3 million in Cuba and €4.8 million regionally)

| Financial instrument | Amount of EC contribution in Euro (indicative) | Short programme description | Schedule of adoption/ implementation (indicative) |
|---|--|--|--|
| <p>Environment and natural resources thematic programme (ENRTP, DCI), 2009</p> <p>Duration 4 years</p> | 3,000,000 | <p>Support to projects in the priority areas of climate change and renewable energies to be selected following local call for proposals.</p> <p>Priorities of the call for proposals being further fine-tuned in discussion with Cuban authorities (including CITMA) and other relevant players.</p> | <p>Commission financing decision adopted in May 2009.</p> <p>Publication of local call for proposals expected February 2010, contracting of selected projects expected in mid-2010.</p> <p>(CFP likely to be topped up with additional funds as may be adopted under the ENRTP in 2010)</p> |
| <p>Environment and natural resources thematic programme (ENRTP, DCI), 2009</p> <p>Duration 3 years</p> | 2,800,000 (out of total project cost of 10.7 M) | <p>Targeted regional project with UNEP: Demarcation and Establishment of the Caribbean Biological Corridor (CBC), as a framework for biodiversity conservation, environmental rehabilitation, and development of livelihood options in Haiti, the Dominican Republic and Cuba.</p> <p>Project design validated with Cuban authorities (CITMA) and UNEP, and at regional level between countries.</p> | <p>Commission financing decision adopted in May 2009. Partner countries signed framework document in August 2009; UNEP submitted detailed project proposal to the Commission November 2009.</p> <p>Contract signed December 2009 between UNEP and the EC Delegation in the Dominican Republic.</p> |
| <p>Non-State Actors and Local Authorities (NSA&LA, DCI, 2008)</p> | 1,986,701 (out of total project cost of 2,648,934) | <p>Project for waste management proposed by the Italian region Campania in partnership with local authorities in Haiti, the Dominican Republic, and Cuba (Office of the Historian of the City of Havana).</p> | <p>Project selected under the "local authorities" part of the global NSA-LA call for proposals. Contract signed in December 2009 by the EC Delegation in the Dominican Republic.</p> |

4. Culture, Education, NGO initiatives (€4.7 million)

| Financial instrument | Amount of EC contribution in Euro (indicative) | Short programme description | Schedule of adoption/ implementation (indicative) |
|--|--|---|--|
| Investing in People (thematic line, DCI), 2009 | 1,100,000 | Targeted project with UNESCO in partnership with the Office of the Historian of the City of Havana (OHCH) to support the rehabilitation of the <i>Palacio Segundo Cabo</i> in Old Havana and its future cultural use. | Commission financing decision adopted May 2009. Project design finalised in discussion with UNESCO and the OHCH. Contract with UNESCO signed, project inaugurated by Commissioner de Gucht. Implementation starting January 2010. |
| Investing in People (thematic line, DCI), 2008 | 353,650 out of total project cost of 392,944 | Project with the <i>Museo de la Musica</i> to support the recovery and dissemination of Cuban musical heritage. | Project selected following global call for proposals under IIP, contract signed in December 2009, inauguration ceremony 23/12/2009. |
| Non-State Actors and Local Authorities (thematic line, DCI), 2009 | 2,200,000 | Targeted project with the European Foundation for Management Development (EFMD) to consolidate and strengthen Cuban Managerial Capabilities. The project will revive and intensify the earlier DEADE programme of providing business administration education in Cuba. | Commission financing decision adopted 26/6/2009. EFMD with partner ESADE finalised detailed project proposal in consultation with the Commission and Cuban counterparts (MES). Contract signed in December 2009, project activities to start March 2010 and training programme in September 2010. |
| Non-State Actors and Local Authorities (thematic line, DCI), 2007 | 300,000 | Support to initiatives of Non-State Actors in the cultural sector. | Four projects selected following local NSA call for proposals. Contracts signed in November / December 2008 with <i>Radio France Internationale</i> , <i>Compagnie du Labyrinthe</i> , <i>COSPE</i> , <i>Fundación Nuevo Cine Latinoamericano</i> , projects on-going. |
| Non-State Actors and Local Authorities (thematic line, DCI) 2008 and 2009 | 300,000 under 2008 budget and 800,000 under 2009 budget | Support to initiatives of Non-State Actors in the cultural sector. | 2009 NSA allocation adopted on 8/6/2009. Single open call for proposals published in June 2009 for 1.1M€. Three projects selected following evaluation, contracts signed in December 2009 (with <i>HIVOS</i> , <i>CISP</i> , <i>Multilateral</i>). Non-allocated 2009 funds to be re-launched in local CFP in 2010. |

**Annex IV - Retrospective matrix of donors
and prospective financial matrix of participating donors**

| Retrospective donor Matrix (2007-2009) In Millions of EUR | | | | | | | | | | | | | | | | | | | | | |
|--|-------------|-------------------|--------------------------------------|----------|--------------------------------|---------------------------------|--|-----------------------|----------------|--------|--|--------------------------------------|---|-------------------|------------------------------|--|------------------------|--|-----------------|---------------------------|------------------|
| Sectors by DAC Code | | | | | | | | | | | | | | | | | | | | | |
| Donors | Culture | Environment | Education / university / research | Health | Water Supply and Sanitation | Government and Civil Society | Other social Infrastructure and Service | Transport and Storage | Communications | Energy | Banking & financial services / Business & Other | Agriculture, Forestry and Fishing | Industry, Min. res. & Mining, Reconstruction | Trade and tourism | Multi-sector – cross-cutting | Commodity aid & Gal Prog Assistance | Action related to debt | Emergency Assistance and reconstruction | Support to NGOs | Unallocated / unspecified | Total by donor |
| All present EU Donors | | | | | | | | | | | | | | | | | | | | | |
| Belgium | 0.01 | 0.3 | 6.2 | | 0.1 | 0.32 | 0.03 | 0.19 | | | | 1.8 | 0.02 | | | | | 0.6 ⁵⁸ | 0.11 | | 9.68 |
| Spain | 3.48 | 4.1 | 2 | 1.08 | | | | | | | | 9.84 | | | | | | 24.5 ⁵⁹ | | | 45 ⁶⁰ |
| EC | 1.1 | 5.8 ⁶¹ | 2.2 | | | | | | | | | 19.7 | | | | | | 12 | 1.4 | | 42.2 |
| EC + MS | 4.59 | 10.2 | 10.4 | 1 | 0.1 | 0.32 | 0.03 | 0.19 | | | | 31.34 | 0.02 | | | | | 37.1 | 1.51 | | 96.88 |
| Major Non-EU | | | | | | | | | | | | | | | | | | | | | |

⁵⁸ 2009 funds

⁵⁹ 2008-2010

⁶⁰ To this amount, shall be added Spanish decentralised cooperation (around €12 million per year).

⁶¹ Including a €2.8 million regional project

| | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|-----------|-----------|-------------|-------|-----|------|------|------|---|-----|---|-------------|------|---|------|-----|---|-------------|-------------|------|------|--------------------|
| donors | | | | | | | | | | | | | | | | | | | | | | |
| Switzerland | | | | | | 2.86 | | | | 0.8 | | 4.1 | | | 0.41 | | | 0.68 | | | 8.85 | |
| Canada | | | | | | 6.1 | | | | | | 2 | 2 | | | | | 2 | 8.1 | | 20.2 | |
| Japan | | 0.34 | 0.24 | | | | | | | | | 0.43 | | | | | | 4.1 | | 0.19 | | 5.3 |
| International Organisations | | | | | | | | | | | | | | | | | | | | | | |
| UN agencies ⁶² | | 4 | | 10.6 | | | 6.4 | | | 2.8 | | 2.6 | | | | | | 1.5 | | | | 27.9 ⁶³ |
| | | | | | | | | | | | | | | | | | | | | | | |
| Total by sector | 4.59 | 14.54 | 10.64 | 11.68 | 0.1 | 9.28 | 6.43 | 0.19 | | 3.6 | | 40.47 | 2.02 | | 0.41 | 4.1 | | 41.47 | 9.61 | | | 159.45 |
| % EC | 24 | 40 | 20.7 | / | / | / | / | / | / | / | / | 48.7 | / | / | / | / | / | 28.9 | 14.5 | / | | 26 |

⁶² UN agencies present in Cuba include: FAO, OPS/OMS, WFP, UNDP, UNESCO, UNFPA, and UNICEF.

⁶³ Overview 2008-2009

Perspective donor Matrix (2010-2013)
In Millions EUR

| Sectors by DAC Code | | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------|---------|------------------|--------------------------|--------|------------------|----------------------|-----------------------------|-----------------------|----------------|--------|-----------------------|-----------------|---------------------------|-------------------|-------------------|------------------------------|-------------------|------------------------|--------------------------|-----------------|---------------------------|----------------|------------------|
| Donors | Culture | Environment | Education / university / | Health | Water Supply and | Government and Civil | Other social Infrastructure | Transport and Storage | Communications | Energy | Banking and financial | Economic growth | Agriculture, Forestry and | Industry, Mineral | Trade and tourism | Multi-sector – cross-cutting | Commodity aid and | Action related to debt | Emergency Assistance and | Support to NGOs | Unallocated / unspecified | Total by donor | |
| All present EU Donors | | | | | | | | | | | | | | | | | | | | | | | |
| Belgium | X | | X | | | | | | | | | | X | | | | | | X | X | | | 3 ⁶⁴ |
| Spain | | X | X | ? | | | | | | | | | X | | | | | | | | | | 25 ⁶⁵ |
| Italy | | | | | | | | | | | | | | | | | | | | | | | |
| Portugal | | | | | | | | | | | | | | | | | | | | | | | |
| Austria | | | | | | | | | | | | | | | | | | | | | | | |
| Cyprus | | | | | | | | | | | | | | | | | | | | | | | |
| France ⁶⁶ | | | | | | | | | | | | | | | | | | | | | | | |
| EC | X | 10 ⁶⁷ | | | | 3 | | | | | | | 10 | | | | | | | | 3.5 | | 26.5 |
| EC + MS | | X | X | | | X | | | | | | | X | | | | | | | X | | | 54.5 |

⁶⁴ Previsions for 2010 only

⁶⁵ Previsions for 2010 only

⁶⁶ Italy, Portugal, Austria, Cyprus and France are in the process of either discussing the launching of their cooperation or identifying their area(s) of cooperation.

⁶⁷ € million from the NIP, plus € million from 2010 annual Action plan (local call for proposals)

| | | | | | | | | | | | | | | | | | | | | | | |
|-----------------------------|--|---|---|---|--|---|---|--|--|---|---|---|---|--|--|---|--|--|---|--|--|--------------------|
| Major Non-EU donors | | | | | | | | | | | | | | | | | | | | | | |
| Switzerland | | | | | | X | | | | X | | | X | | | X | | | | | | 19.5 |
| Canada | | | | | | | | | | | X | X | | | | | | | | | | 27.1 |
| Japan | | X | X | | | | | | | | | X | | | | | | | | | | 7.2 |
| International Organisations | | | | | | | | | | | | | | | | | | | | | | |
| UN agencies ⁶⁸ | | X | | X | | | X | | | X | | | X | | | | | | X | | | 42.6 ⁶⁹ |
| | | | | | | | | | | | | | | | | | | | | | | |
| Total | | | | | | | | | | | | | | | | | | | | | | 150.9 |
| % EC | | | | | | | | | | | | | | | | | | | | | | 17.6 |

⁶⁸ UN agencies present in Cuba include: FAO, OPS/OMS, WFP, UNDP, UNESCO, UNFPA, and UNICEF.

⁶⁹ Overview 2010-2012

State of the environment and key pressures

Physical conditions

Cuba is the largest island in the Caribbean. Its territory covers 110 860 km². Approximately two-thirds of Cuba consists of plains or rolling lands with low elevation. The rest of the territory is formed by three groups of mountains, where most of the remaining natural forests occur. Cuba lies within the northern tropics and has a semitropical climate. The country has a total coast line of approximately 8000 kms. Average daily temperatures range from about 21° C in winter to about 27° C in summer. Cuba has a dry season from November through April and a rainy season from May through October. Average annual rainfall is about 1 300 mm, with local variations (the northern slopes of the Sierra Maestra, for example, have over 3 000 mm). Thunderstorms occur almost daily during the rainy season and the island is subject to hurricanes during the period June to November, but most commonly from August through October.

Economy and industry

Cuba has 11,3 million inhabitants, the GDP amounts to 45,5 billion US dollar and GDP per capita 4.051 US dollar (all figures for 2007 – see CSP – Cuba calculates its GDP differently from the international standard method). Cuban industry encompasses sugar, petroleum (4 refineries), and food processing; the manufacturing of textiles, chemicals, wood, paper and tobacco products, cement, fertilizers, and agricultural machinery; and the extraction of metals. Only in mining and sugar processing does Cuba contribute a noteworthy portion of the world's production. Tourism is the main source of income for the country and has surpassed the sugar industry in terms of contribution to the GDP.

Biodiversity

Cuba has the highest species diversity and highest degree of endemism in the West Indies. 22% of the country is formed by specially protected areas. Cuba has 35 national protected areas, while the land is covered for 25% forest (compared to 13 % in 1980. deforestation has been stopped by active government intervention and the surface covered with forest is increasing.). Of the flora in Cuba about 48% is in danger, of which around 22% in serious risk. Of the fauna these figures are 30% in danger of which 14% in critical risk.

Environmental risks

Environmental risks include terrestrial degradation, industrial wastewater and sludge, freshwater degradation, surface water pollution and extensive use of pesticides. Over the last years industrial wastewater and sludge and pesticides risks have diminished (partly due to measures taken, partly to the overall slow-down of the economy) but municipal wastewater and marine coastal degradation rank higher than previously. Mining, oil exploration and tourism form other and growing serious threats to the Cuban environment.

⁷⁰ This information is part of the Regional Caribbean environmental profile which constitutes the wider reference document on environmental issues for this CSP.

Air pollution

Cuba has a national monitoring system for air quality which indicates high levels of NO_x and NH₃ in the urban areas. In the cities air pollution from (old) cars is a growing concern but traffic density is low compared to other cities in countries in the region, (NO_x and particulate matter). In rural areas the emissions from agricultural activities (mainly NH₃) and various gaseous industrial emissions can be important on a local scale.

Energy

Partly due to political reasons, Cuba had to seek new sources of energy and to depend on its own for its energy needs. Considering this as one of the main new challenges and bottlenecks for development, Cuba embarked on an ambitious energy strategy that was based mainly on energy savings and on improvements of energy management and the search for sources of (renewable) energy. Energy consumption per capita is among the lowest in the area. Bagasse is used to co-generate in the energy production. Hydropwer is used and gaining importance, most important renewable sources are solar and wind energy.

Water Pollution

According to the United Nations Environmental Program (UNEP), water pollution in Cuba is a serious concern, particularly since there is an important lack of infrastructure to address the issue. Of the 2,160 main contaminant sources recognized by UNEP, 1,273 or 59 percent, release their pollution into the Cuban environment without any treatment whatsoever. Another 433, or roughly 20 percent, receive limited but inadequate treatment before being discharged. This analysis included agricultural sources of contamination, as well as industrial and human waste.

Despite its clear importance to the citizens of Cuba, the treatment of urban sewage in particular is very limited: only 17 or 18 percent receives any treatment before discharge into Cuban waterways. According to INRH (hydrological Institute) this amounts to 37%. 40% of the domestic water is collected by sewer system. The infrastructure of water and sanitation are old and urgently need extension and repair. Havana's sewer system, which was built almost a hundred years ago, is serving over two million citizens, well beyond its design capacity of 400,000. There are in total 8 small and old Waste Water treatment plants in the country, leading to the situation where most water are untreated and, in the case of Havana, are pumped untreated through pipelines into the Caribbean Sea, some kilometers offshore. Initiative with financing from GEF for different countries in the region includes a new WWTP for Havana. This is still in a very preliminary state of evaluation.

The Cuban government has recognized this as a major environmental problem on the island. UNEP reported an approximate total of 341,716 tons per year of organic material discharged into Cuban waters, equivalent to the pollution generated by a population of over 22.3 million people (almost twice the actual population). The effects on the Cuban environment have been severe. Cuban bays are widely recognized as being heavily polluted although improvements have been achieved over the last years and programmes were initiated to tackle the problem. The Almendares River, which flows through Havana, carries the untreated sewage of over 42,000 people directly to Havana Harbor and coastal waters. There has been evidence that in

Havana, an underground aquifer that provides 36% of the city's potable water that runs directly beneath the polluted Almendares, represents a high risk of widespread drinking water contamination for the city. This is a phenomenon that is being replicated throughout the country: it has been estimated that annually 863.4 billion gallons of contaminated water finds its way into Cuba's rivers, much of it industrial. A recent study of the groundwater in Moa, usually a naturally protected resource, concluded that a new water source for the population of Moa must be developed quickly, as the present source will be increasingly contaminated with heavy metals much of it from the nickel industry in the medium to long-term. Tourist facilities have also exhibited insufficient treatment regimens, as many either pump waste directly into the sea at some distance from the coast, or use small oxidation pools, and release lightly treated water into the ocean.

Drinking water

Pollution is not the only serious problem facing Cuban water supply. Cuba's water distribution infrastructure is old, leading to gross inefficiencies and very high loss (up to 70% in the worst cases). According to a study by the Pan American Health Organization, the amount of water lost to leaks in the system is alarming: in smaller cities of Cuba the percentages range from 13 percent in Pinar del Río to 30 percent in Manzanillo to 42 percent in Santa Clara. It has been estimated that of the 30 million cubic meters of water pumped into Havana every month, 12 million is lost. This leads to an overdrawing situation where extraction from the environment far exceeds the actual volume that reaches the end user, creating undue strain on the water resources of the island. 98 % of the Cuban population is connected to a drinking water system. Apart from inefficiency and high losses the use per capita is high.

Waste

Waste is collected efficiently in most parts of the country but dumped in uncontrolled dumpsite for the mayor part. The existing landfills for Havana are full and new two landfills will be constructed, making use of state-of the art technology (ground water protection, leakage and leaching control). For industrial waste no good solutions are available (some is incinerated in cement factory).

Land use and soil degradation

The urbanization grade is about 75 %. Most land is used for agricultural (sugar cane) business. The most serious environmental problem in the country concerns terrestrial degradation, which included the effects on soil quality due primarily to agriculture, mining, etc. The widespread use of irrigation in agriculture with poor drainage has caused a significant amount of salinization of the soil, which leads to acceleration of erosion and decreased crop yields. According to the United Nations, Granma province suffers from a 20-40 percent reduction in crop yields due to increased salt in the soil, while the province of Guantánamo has been more severely affected with 10 to 70 percent reductions in yields. Salt-affected soil covers 14 percent of the national territory, or approximately 1 million hectares. The cost of recovering these salt-affected soils has been estimated at \$1.43 billion. This is one of the main contributors to soil erosion which according to the Cuban government, affects 60 percent of Cuba's territory, which has given rise to serious concerns about desertification, or extreme topsoil loss.

Climate change and natural disasters

Climate change is already having significant and serious impacts on developing countries as highlighted in the recent reports of the Intergovernmental Panel on Climate Change (IPCC). Climate change is a threat to development and diminishes the chances of achieving the Millennium Development Goals. Cuba has attained most of the MDGs, but the goals 'environmental sustainability' and a 'global partnership for development' require still further efforts. These are still challenges for the Government, which is committed to safeguard the environment and rationalize the use of natural resources. Economic development and food security are still on the priority list. Cuba contributes very little to the emission of greenhouse gasses. Adaptation to climate change has become a precondition for sustainable development. Climate change and raising water levels form a serious threat to the coastal zones and other low areas of the country. Infrastructure and tourist resorts are still built on vulnerable coastal areas. Cuba is right in the hurricane belt and frequently suffers severe impacts from tropical storms. The climate change seems to strengthen this effect given the higher frequency and strength of the hurricanes that develop in the area. Together with UNDP, CDM projects are being prepared (landfill gas extraction e.g.). There is a tradition and culture of disaster and risk mitigation in Cuba equal to none in the developing world. The number of lethal victims is usually close to zero and evacuation plans are rehearsed frequently, are well coordinated and can be seen as an example for the region. The Cuban meteorological institute has a lead position when it comes to prediction and early warning.

Droughts are much more disastrous for Cuba than Hurricanes. The effects of droughts last very long and agricultural production diminishes drastically.

Political, legislative and institutional framework

Following the Earth Summit in 1992, Cuba designed and implemented a variety of programs, administrative structures, and public awareness activities to promote sound environmental management and sustainable development. This came shortly after the fall of the Soviet Union and the strengthening of the US blockade in 1990, which resulted in a 35% drop in Cuban GDP. This period, witnessed a decrease in many environmentally damaging activities both by choice and by necessity, but also resulted in many decisions to resuscitate the Cuban economy.

The Ministry of Science, Technology and Environment (CITMA) is the central national authority with respect to policies and environmental management. AMA, the Environmental Agency of Cuba is responsible for the development of a scientific and technical basis for integral solutions for the environment and natural resources on the archipelago, including management, consultancy and information. CIGEA (centre for environmental management, information and education) is responsible for pollution control, implementation, inspection and information management. CNAP and CBIO are respectively responsible for protected areas and biodiversity. Specialized institutes for monitoring pollution and environmental quality exist in the country. The NMI, National Meteorological Institute is the leading authority with respect to climate change and hurricane prediction/response. Cuba has a National Programme for the Environment and development, which includes spatial planning. A National Environmental Strategy was formulated, including millennium goals for sustainable development. The environmental legislation includes technical standards and an

EIA and system of environmental permits is in place. Cuba has environmental inspection and monitoring system and financial incentives for environmental purposes. From a scientific point of view Cuban environmental institutes are of a high level. In practice, often lack of investment capital and hardware form a bottleneck.

Priority fields of action for the environmental authorities

Protected areas; sanitation and waste water treatment, cleaning and regeneration of (Havana) bay(s); introduction of innovative solutions in the handling of solid waste; soil decontamination; better energy production (renewable) and savings; drinking water system; handling of hazardous waste, infrastructural planning and coastal zone management.

International Agreements and cooperation

Cuba is (as contracting party, in the same manner as most other Caribbean States), adhered to Multilateral Environmental Agreements such as the Basel, Montreal, Ramsar, Marpol (annex 2), Climate Change, Rotterdam, Biodiversity, Desertification, SPAW and other regional Environmental Agreements on oil spills and waste to the protection of marine ecosystems.

Bilateral cooperation with different European countries in the field of environment take place and also with Japan. Active cooperation takes place with CCCCC.

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- Institute of Resources, Environment and Sustainability, Library Processing Center, 2206 East Mall, Fourth Floor University of British Columbia, Vancouver, British Columbia, Canada V6T 1Z3;
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- Executive Board of the United Nations Development Programme and of the United Nations Population Fund, Country programme outline for Cuba (2003-2007);
- Interviews with Environmental authorities, CITMA, NMI, INHR, Waste authorities, UNDP, EC delegation and field visit.

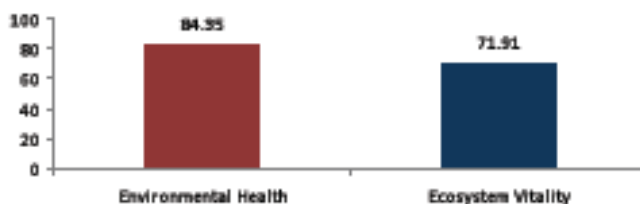
Cuba

LATIN AMERICA AND CARIBBEAN

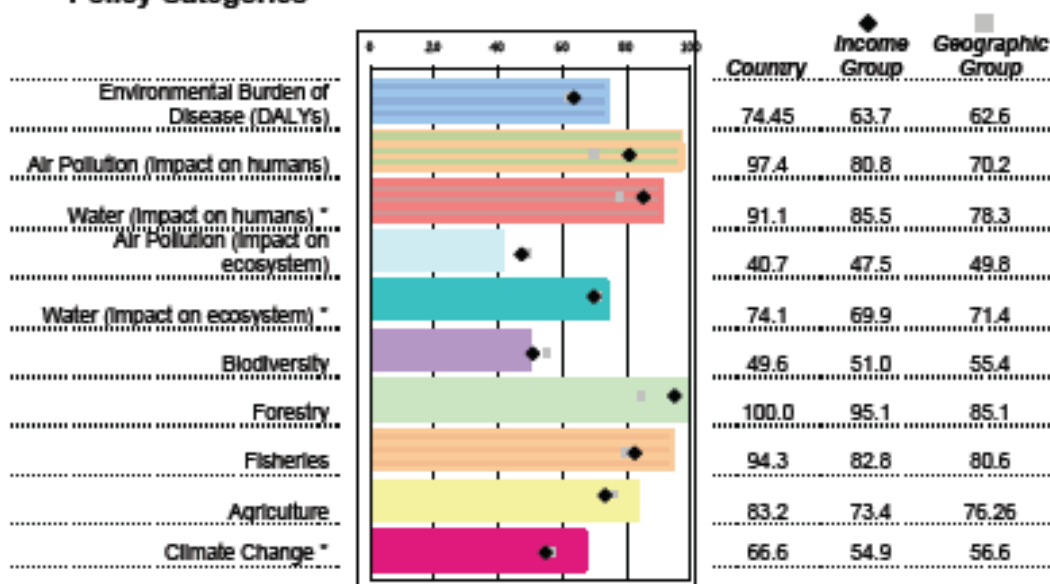
GDP/capita 2007 est. (PPP) \$9,100
 Income Decile 5 (1=high, 10=low)

| 2010 ENVIRONMENTAL PERFORMANCE INDEX | |
|--------------------------------------|------|
| Rank: | 9 |
| Score: | 78.1 |
| Income Group Average: | 65.7 |
| Geographic Group Average: | 64.0 |

Environmental objectives:

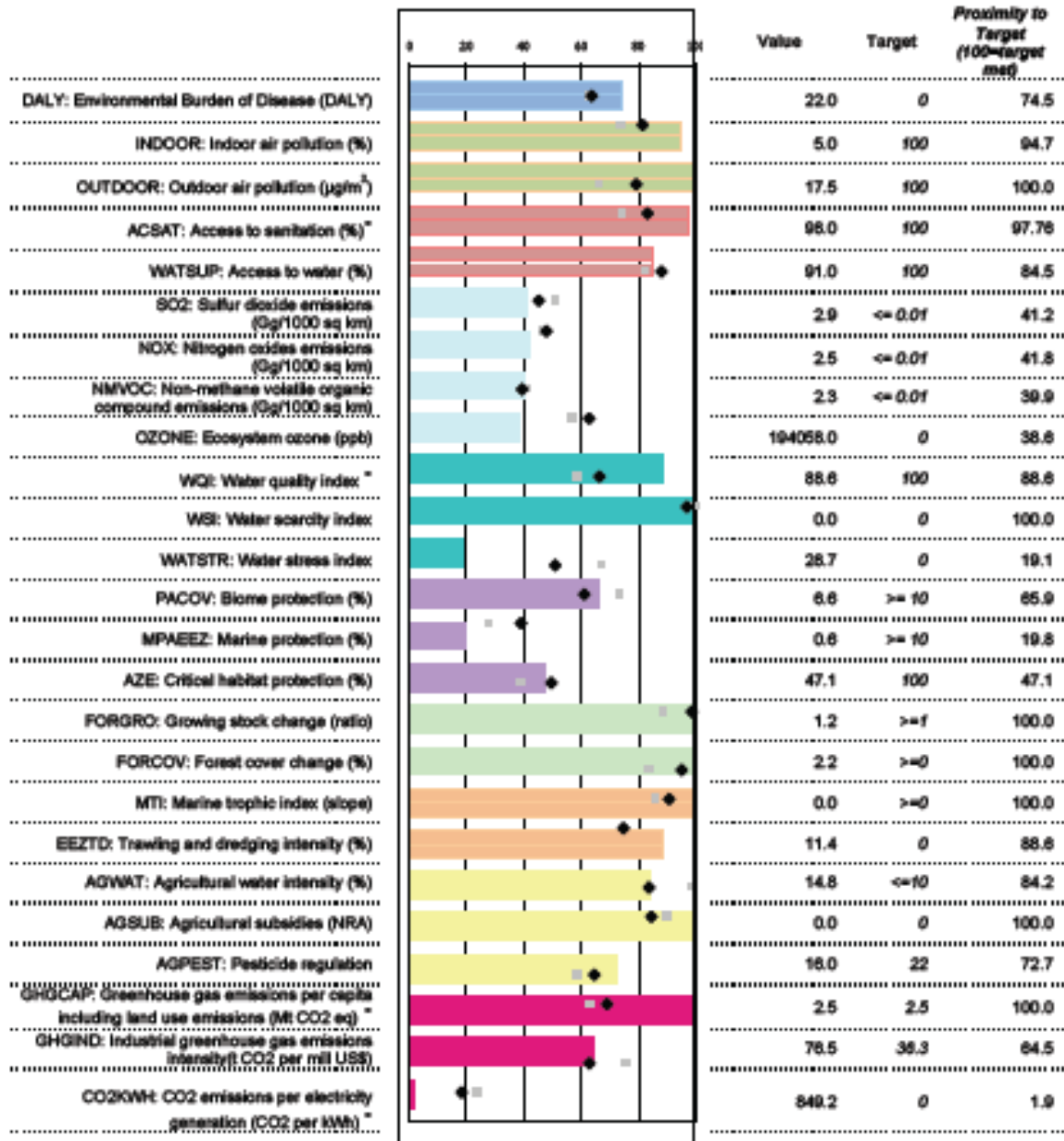


Policy Categories



* This indicator / policy category makes use of imputed data for certain countries. Please download the 2010 EPI data file in Excel format to determine whether this country's score relied upon imputed data.

Indicators



^{*} This indicator / policy category makes use of imputed data for certain countries. Please download the 2010 EPI data file in Excel format to determine whether this country's score relied upon imputed data.

Source: Environmental Performance Index published by the Yale and Columbia Universities

Annex VI – Cuba’s migration profile

MIGRATION PROFILE

NAME OF COUNTRY: CUBA

Box 1: Immigrants

| | |
|---|----------------------|
| <i>Total number of immigrants (2002)</i> | 15.421 ⁷¹ |
| As percentage of total population | 0.14 % ⁷² |
| As percentage of active population | 0.3% ⁷³ |
| <i>Type / status immigrants</i> | |
| Refugees | 525 ⁷⁴ |
| Asylum Seekers | 10 ⁷⁵ |
| Gender ratio | |
| Short description of sort of skills provided by immigrants: | |

Box 2: Emigrants

| | |
|--|---|
| <i>Total number of emigrants (2008)</i> | 36.903 ⁷⁶ / 15.259 ⁷⁷ |
| As percentage of total population | 0.3 % ⁷⁸ / 0.1 % ⁷⁹ |
| As percentage of active population | 0.7% ⁸⁰ / 0.3 % ⁸¹ |
| <i>Type / status emigrants</i> | |
| Refugees | 7.938 ⁸² |
| Asylum-seekers | 882 ⁸³ |
| Gender ratio | 29.0 % ⁸⁴ |
| Short description of sort of skills provided by emigrants: | |

⁷¹ Data from 2002 National Census

⁷² As above

⁷³ Calculated on the basis of data provided in 2002 National Census

⁷⁴ Office of the United Nations High Commissioner for Refugees (UNHCR), Data from January 2009, <http://www.unhcr.org/cgi-bin/txis/vtx/page?page=49e491436>

⁷⁵ As above.

⁷⁶ Anuario Demográfico de Cuba, ONE, end 2008

⁷⁷ UN Department of Economic and Social Affairs, Population Division (2009). Trends in International Migrant Stock: The 2008 Revision (UN database, POP/DB/MIG/Stock/Rev.2008).

⁷⁸ Based on national figures, see footnote 5

⁷⁹ Based on 2009 Human Development Report

⁸⁰ Based on total number of emigrants provided by ONE: total active population was 4.948.233 end 2008

⁸¹ Based on total number of emigrants provided by UNDESA, see footnote 5

⁸² Office of the United Nations High Commissioner for Refugees (UNHCR), Data from January 2009, <http://www.unhcr.org/cgi-bin/txis/vtx/page?page=49e491436>

⁸³ As above

⁸⁴ 2009 Human Development Report

Young people between 20 and 40 years. It is estimated that approximately 50% are women. Average education levels medium / medium high (although illegal emigrants usually have lower education level)

Main countries of destination

EU (EU-27):

Spain, Germany, Italy, France

Other developed countries:

United States and Canada

Developing countries: Latin America and the Caribbean

Main countries of destination:

Puerto Rico, Mexico, Venezuela, Costa Rica, Chile, Dominican Republic and Nicaragua.

Box 3: Remittances and their development impact

It is difficult to obtain reliable data. It is estimated that remittances were about USD 800 millions in 1998⁸⁵ and USD 1 billion at the end of 2007⁸⁶.

Informal methods of transfers have been used for many years. This is bound to change in view of Obama administration's decision to lift the restrictions to formal transfers.

Amount of incoming migrant remittances

| | |
|--------------------------------|----------------------|
| Total | 800-1000 USD million |
| As % of GDP: | Data not available |
| Breakdown by country or region | Data not available |

Number of families depending on remittances: data not available: anecdotically, many Cuban families rely on remittances from relatives living abroad. They state that remittances represent between 30 and 50% of their incomes.⁸⁷

Box 4: Diaspora

As in many countries Diaspora is broadly divided in two main different groups: those who maintain ties with and support the government in their home country and those involved in one way or the other with opposition groups. Main diaspora groups are based in the US.

⁸⁵ Aja Díaz A., *Al cruzar las Fronteras*, Centro de Estudios Demográficos (CEDEM) and the United Nations Population Fund (UNFPA), Havana, 2009

⁸⁶ La Lettre de la Havane n.101, janvier 2010, MINEIE-DGTPE-UBIFRANCE

⁸⁷ See footnote 14

Box 5 –Migration to the EU**Stock of Cuban Migrants by country of Destination, 2007**

| Country of destination | Immigrants |
|-------------------------------|-------------------|
| Germany | 11.424 |
| Austria | 729 |
| Netherlands | 1.169 |
| Belgium | 1.182 |
| Bulgaria | 271 |
| Cyprus | 603 |
| Czech Republic | 591 |
| Denmark | 324 |
| Slovakia | 110 |
| Finland | 299 |
| France | 4493 |
| Greece | 355 |
| Hungary | 333 |
| Ireland | 192 |
| Italy | 20.796 |
| Poland | 192 |
| Portugal | 1056 |
| Rumania | 29 |
| Slovak Republic | 110 |
| Spain | 74.872 |
| Sweden | 1.990 |
| United Kingdom | 1.520 |

Source: Cuba población y desarrollo, (CEDEM & UNFPA, 2009)

Box 6: Assessment and analysis of migration issues**Summary assessment of migratory flows**

Cuban migration has experienced a continuous increase over the past ten years. According to Cuban official sources, in December 2007 1.115.563 Cuban emigrants were living in 109 countries. For more detailed information see the table below.

Cubans resident population by regions 2007

| Regions | Cubans population by region of residence |
|-----------------|---|
| Caribbean | 26.993 |
| Central America | 27.550 |
| South America | 26.657 |
| North America | 903.358 |
| Europe | 127.697 |

| | |
|------------------|------------------|
| Asia and Oceania | 1.055 |
| Africa | 1.953 |
| Other countries | 300 |
| Total | 1.115.563 |

Source: Cuba población y desarrollo, CEDEM & UNFPA, 2009

According to the 2009 Human Development Report Cuba has an emigration rate of 0.1 percent. United States is the main country of destination (82.2%). In recent years migration has expanded to other countries, mainly to Europe and, particularly, to Spain (see table below for details).

Cuban resident population by country 2007

| Country of destination | Cuban population by country of residence |
|-------------------------------|---|
| United States | 892.686 |
| Spain | 74.872 |
| Italy | 20.796 |
| Puerto Rico | 20.000 |
| Mexico | 16.164 |
| Germany | 11.424 |
| Canada | 10.672 |
| Venezuela | 8.804 |
| Costa Rica | 5.055 |
| Chile | 4.903 |
| Dominican Republic | 4.647 |
| France | 4.493 |
| Nicaragua | 3.000 |

Source: Cuba población y desarrollo, CEDEM & UNFPA, 2009

Political conditions have been historically the main reason for migrating to other countries. Economic hardship is an additional factor.

Most of the undocumented Cubans who arrive in the US are allowed to stay and receive permanent resident status under the Cuban Adjustment Act (CAA), which was reviewed in 1995. The CAA provides that certain Cubans who have been physically present in the US for at least one year may be given permanent resident status, an opportunity that is offered to no other group or nationality. According to Cuban authorities, this law encourages illegal migration. Migration talks were canceled under President George W. Bush in 2003 as part of an overall hardening of US policy towards Cuba.

There have been some signs of change in the US policy under the Obama administration. In April 2009 restrictions on travelling of Cuban-Americans to Cuba and on sending remittances to relatives in Cuba were lifted. The re-launch of US-Cuba dialogue on migration took place in July 2009. U.S. and Cuban representatives met to discuss migration issues in order to reaffirm their commitment to promote "safe, orderly and legal migration". The second meeting was took place in February 2010.

Immigrants

According to the last National Census of 2002 15.421 immigrants live in Cuba (0.14 percent of the total population). The Cuban Government offers free health care and education to refugees (UNHCR).

Refugees and asylum seekers

Cuba is not a signatory of the 1951 Refugee Convention and/or its 1967 Protocol.

According to the UNCHR in January 2009 there were 535 refugees and asylum seekers residing in Cuba and 8.820 originating from Cuba:

| Refugees and asylum seekers | |
|------------------------------------|--------------|
| Residing in Cuba | |
| Refugees | 525 |
| Asylum Seekers | 10 |
| Total | 535 |
| Originating from Cuba | |
| Refugees | 7.938 |
| Asylum Seekers | 882 |
| Total | 8.820 |

Internal Migration⁸⁸

Between 1975 and 1979 Havana city reached an annual average of domestic migration rate of 9.500, the lowest ever. Measures were implemented in the field of territorial distribution policy and internal migration such as, concentration of rural population in their home provinces and in small towns, diversion of migration flows towards developing territories and cities and limited investment in Havana to limit in-flows of employment seekers.

Internal migration trends shifted in the 90s with the so-called Special Period and the consequent limitations over investments. Since then the increase of the immigration flows to the capital has not ceased, reaching 17.000 people in 1994 and 28.000 people in 1996, which means an increase of more than 4.000 people per year. These are the highest values observed since 1963.

In 1995 an Internal Migration National Survey (IMNS) was carried out, including inhabitants aged 15 to 64 who were residing or had resided in a different place to their places of birth at some point. According to this survey 48.2 percent of Cubans of that age range were immigrants.

In 1997 the Decree 217 was promulgated. Its objective was to regulate immigration to the capital. This law requires Cubans to obtain government permission before moving to Havana.

The total number of internal immigrants in 2008 was 72.539 (37.082 male/35.457 female) (ONE, 2008), with Havana ranking first with 17.044 and Havana province with 10.015.

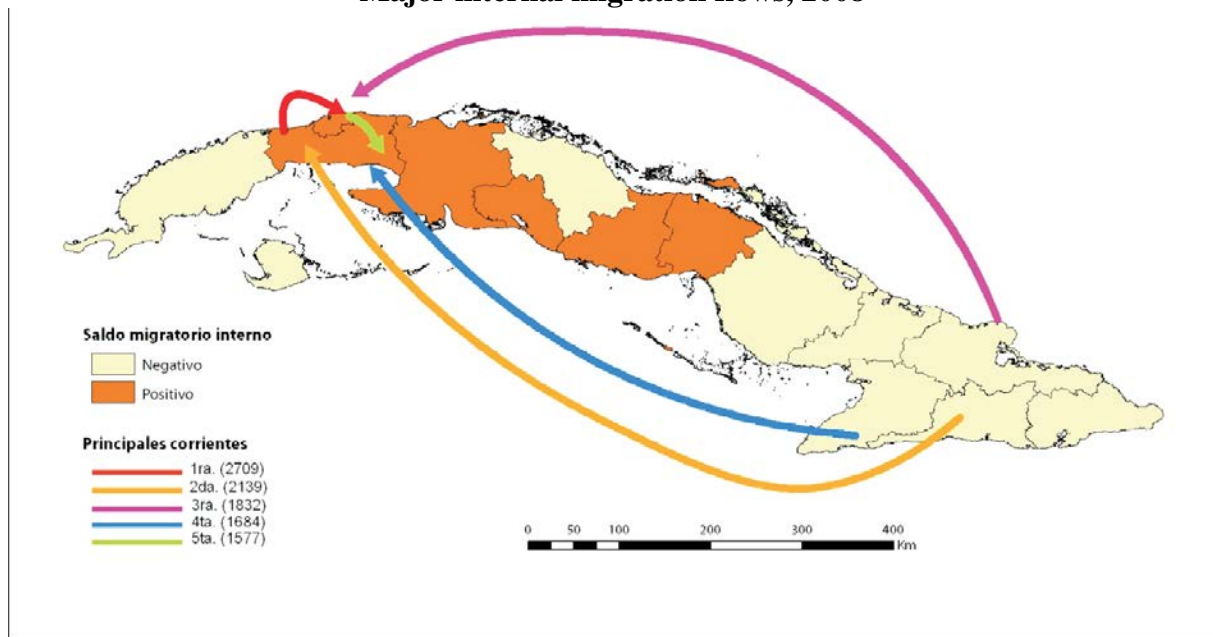
⁸⁸ *Cuba población y desarrollo*, CEDEM & UNFPA, 2009

Internal migration rate by province, 2006



Source: National Statistics office www.one.cu

Major internal migration flows, 2008



Ministries responsible for migration policy

Internal Affairs Ministry (MININT) and Foreign Affairs Ministry (MINREX).

Migration policies in place

In general terms Cuba has a very restrictive migration policy. External migration is essentially regulated under Law 1312, which was approved on 20 September 1976. Cuban citizens need an official permission to leave or return to the country. Among the two types of migration

covered under Article 135, temporary migration is a growing trend as an alternative to permanent migration. In accordance with national regulations, Cubans who stay out of the country for longer than 11 months without authorisation shall require special permission to return to the country.

Domestic migration is limited, in particular to the capital, in view of the increasing burden on Havana's ability to provide social services to its population.

International legal framework in place, including signature of key international treaties on migration, bilateral and multi-lateral agreements relevant to migration

Cuba is a signatory to the following International Conventions

- on the elimination of racial discrimination (1972);
- on the elimination of discrimination against women (1980);
- on the elimination of torture and other cruel, inhuman or degrading treatment or punishment (1995);
- on the rights of the child and its protocols on children in armed conflict, and on child sale, prostitution and pornography (1991)
- on the rights of the disabled (2007);
- on the prevention and repression of genocide.
- on the international covenant on civil and political rights (2008, but not ratified);
- on the international covenant on economic, social and cultural rights (2008, but not ratified);
- Cuba ratified the International Convention for the Protection against Enforced Disappearances on 2nd February 2009.

Cuba is not signatory to the following International Conventions

- international convention on the protection of the rights of all migrant workers and members of their families.
- convention relating to the status of refugees

Bilateral Agreements on migration

- US-Cuba migration agreement of 1994;
- US-Cuba migration agreement of 1995.

Identified skill shortages by sector, profession and region, and policies to address brain drain or brain waste

Cuba holds restrictive measures on travel permits regarding skilled professionals in order to prevent "brain drain". It is reported that many physicians and other health professionals face more restrictive measures in order to get a visa (e.g. they have to wait from three to five years before their application is considered). Cuba argues that skilled professionals who have received an education from the Cuban state have an obligation to serve the Cuban population.

Illegal migration routes (including smuggling of human beings) and policies to address illegal migration

Cuba and the United States signed a migration agreement in August 1994: in summer 1994 over 30,000 Cubans had tried to enter the United States, and both Cuban and US authorities agreed on the need to prevent illegal migration.

On the basis of this agreement Cubans intercepted at sea would be taken by the Coast Guard to the U.S. military installations at Guantanamo Bay, Cuba or to Panama. During an eight-month period beginning in the summer of 1994, over 30,000 Cubans and more than 20,000 Haitians were intercepted and sent to live in camps outside the US. The US also committed to admitting a **minimum** of 20,000 Cuban immigrants per year. Of this number, 5,000 come from a lottery system. This special lottery administered by American officials in Havana gives Cubans permanent US resident status. However, it has not been done on an annual basis. One of the biggest incentives is that lottery winners may be eligible to apply for US citizenship within five years of winning the lottery. However, there are some requirements as to who can apply for the lottery: eligible applicants must be between 18 and 55 years old and have at least completed high school education.

On 2 May 1995 a second agreement was signed, allowing for the admission of Cubans housed at Guantanamo to the US, up to 20,000 annual admissions that had been promised by the Clinton administration. The new agreement also established a new policy of directly repatriating Cubans intercepted at sea to Cuba.

These agreements with the Cuban government are common known as the “wet foot, dry foot” policy, whereby a Cuban caught in the waters between the two nations (i.e., with "wet feet") would be sent home or to a third country. However one who makes it to shore ("dry feet") can stay in the US – likely becoming eligible to get permanent resident status under the Cuban Adjustment Act. Migration talks were canceled under President George W. Bush in 2003 but a migration dialogue was re-launched in July 2009 under Obama administration.

Most of Cubans flee by boat to the United States. Cubans migrants have traditionally travelled by sea through the Florida Straits toward the coast of South Florida. Others have been seeking alternative travel routes, e.g. sailing from Cuba coming ashore somewhere along Mexico’s Yucatan Peninsula and eventually making their way over land to the US border.

There are media reports that many Cuban migrants have been landing on the coast of Mexico’s Quintana Roo State. Mexico had allegedly become the principal route for Cuban migration to the US in 2007.

Existence of human trafficking networks and policies to address trafficking with an emphasis on trafficking of women and children

Not a major concern in Cuba.

Other important migration actors within the country

Cuba is not a member of the International Organisation for Migration (IOM) but has observer status. The United Nations Population Fund (UNFPA) is represented in Cuba and finances many publications about migration issues in collaboration with the Centre of Demographic Studies (Centro Demográfico de Estudios, CEDEM).

Annex VII - Table including Republic of Cuba's country position in relation to key international conventions

| <i>Principaux instruments universels relatifs aux droits de l'homme</i> | <i>Date de la ratification, de l'adhésion ou de la succession</i> | <i>Déclarations/ réserves</i> | <i>Reconnaissance des compétences particulières des organes conventionnels</i> |
|---|---|---|---|
| Convention internationale sur l'élimination de toutes les formes de discrimination raciale | 15 févr. 1972 | Oui (art. 22) | Plaintes émanant de particuliers (art. 14): Non |
| CEDAW | 17 juillet 1980 | Oui (art. 29) | - |
| Convention contre la torture | 17 mai 1995 | Oui (art. 20, 28, 30) | Plaintes inter-États (art. 21): Non Plaintes émanant de particuliers(art.22):Non Procédure d'enquête (art. 20): Oui |
| Convention relative aux droits de l'enfant | 21 août 1991 | Oui (art. 1) | - |
| Convention relative aux droits de l'enfant – Protocole facultatif concernant l'implication d'enfants dans les conflits armés | 9 févr. 2007 | Déclaration contraignante au titre de l'article 3: 17 ans | - |
| Convention relative aux droits de l'enfant – Protocole facultatif concernant la vente d'enfants, la prostitution des enfants et la pornographie mettant en scène des enfants | 25 sept. 2001 | Néant | - |
| Convention relative aux droits des personnes handicapées | 6 sept. 2007 | Néant | - |
| <i>Instruments fondamentaux auxquels Cuba n'est pas partie: Pacte international relatif aux droits économiques, sociaux et culturels (signature seulement, 2008), Pacte international relatif aux droits civils et politiques (signature seulement, 2008), CEDAW – Protocole facultatif (signature seulement, 2000), Convention contre la torture – Protocole facultatif, Convention relative aux droits de tous les travailleurs migrants et des membres de leur famille, Convention relative aux droits des personnes handicapées – Protocole facultatif et Convention internationale pour la protection de toutes les personnes contre les disparitions forcées (signature seulement, 2007).</i> | | | |

| <i>Autres principaux instruments internationaux pertinents</i> | <i>Ratification, adhésion ou succession</i> |
|---|---|
| Convention pour la prévention et la répression du crime de génocide | Oui |
| Statut de Rome de la Cour pénale internationale | Non |
| Protocole de Palerme (Protocole se rapportant à la Convention des Nations Unies contre la criminalité transnationale organisée) | Non |
| Convention relative au statut des réfugiés et protocoles s'y rapportant; Convention relative au statut des apatrides et Convention sur la réduction des cas d'apatridie | Non |
| Conventions de Genève du 12 août 1949 et Protocoles facultatifs | Oui, excepté le Protocole III |
| Conventions fondamentales de l'Organisation internationale du Travail | Oui, excepté la Convention n° 182 |
| Convention de l'UNESCO concernant la lutte contre la discrimination dans le domaine de l'enseignement | Oui |

http://lib.ohchr.org/HRBodies/UPR/Documents/Session4/CU/A_HRC_WG6_4_CUB_2_F.pdf

Cuba is a signatory to the following International Conventions

- on the elimination of racial discrimination,
- on the elimination of discrimination against women,
- on the elimination of torture
- on the rights of the child and its protocols on children in armed conflict, and on child sale, prostitution and pornography
- on the rights of the disabled;
- on the prevention and repression of genocide.
- Cuba ratified the International Convention for the Protection against Enforced Disappearances on the 2nd of February 2009.

It has still not signed or ratified the International Conventions:

- on Civil and Political Rights (signed only)
- on Economic, Social and Cultural Rights (idem)
- the Rome Statute of the ICC;
- In February 2008, Cuba signed the International Covenant on Economic, Social and Cultural Rights and the Covenant on Civil and Political Rights. It was also indicated that Cuba will allow more UN Human Rights Special Procedures to visit the country, following the visit of the UN Human Rights Council Special Rapporteur on the right to food in 2007 and of two other UN Human Rights Special Procedures in 1999

| |
|--|
| Annex VIII - Debt Sustainability Analysis |
|--|

External debt, despite its relatively modest level (ab. 37 % of real GDP since 2005), has been the Achilles' heel of the Cuban economy.

As of the end of 2008, Cuba's total known foreign debts in convertible (hard) currencies had grown to nearly US\$31.7 billion from a previous estimate of US\$23.8 billion at the end of 2007.

The depreciation of the U.S. dollar against the euro, Japanese yen, and Canadian dollar accounted in part for the substantial increase of the debt in recent years. More so, new borrowing by the Cuban government and state-owned enterprises has added billions of dollars to the country's already large public debt, much of it in default, at a rate that seems unsustainable. Long-term financing, provided through a series of strategic cooperation agreements with the Chávez administration, has enabled the island to import more than 90,000 bpd of Venezuelan petroleum and refined fuels at an estimated additional burden of US\$3.4 billion to the island's national debt in 2008 alone. Total Cuban obligations to Caracas now exceed US\$11 billion.

Other political allies of Cuba, such as China, Iran, and Vietnam, have collectively extended more than US\$2.5 billion in new bilateral commercial credit, backed by their respective governments, in recent years. European, Japanese, and Latin American lenders and suppliers also continue to offer US\$2 to \$3 billion annually in short to medium-term financing either directly to Cuban clients or to foreign businesses operating in, or trading with, Cuba. Regarding its non-convertible debt originating in the Soviet era, the Cuban government does not acknowledge demands by Moscow or other former trading partners in Central and Eastern Europe, claims amounting to over 20 billion transferable rubles. Havana has likewise refused to service its historic long-term debt, originally to Western European, Argentinean, and Japanese creditors and subsequently absorbed by their respective governments, ever since Fidel Castro declared a moratorium on foreign debt repayment in 1986 and called on other borrower nations to follow Cuba's lead. Some former socialist countries have converted their Soviet-era transferable ruble claims against Havana into convertible euro-denominated debt, suggesting that such creditor governments may seek compensation at a later date.

The medium to long term debt represents 78 % of the total active debt (73 % in 2004). The active debt is made of 51 % from the official debt, 21 % from the bank debt, and 28 % from provider debt. Part of the active debt is made of bonds issued since 2005 by the London Stock Exchange's Professional Securities Market). Bonds issued in May 2007 (€150 million at 9 % and €50 million at 8,5 %) were due by May 2009. The Central Bank would have offered foreign creditors (some international banks operating in Cuba, as far as 15% of this debt, while the rest of the bonds are held by Cuban banks) a postponement of the payment until the following year. Bonds issued in June 2008 (€1, 72 and 72 million) are due respectively by 2010, 2011 and 2012.

| | |
|-------------|------|
| Active Debt | 2007 |
|-------------|------|

| (Millions pesos) | Total | Short term | Medium-Long Term |
|---------------------------|----------------|----------------|------------------|
| Total debt | 8 908,2 | 1 981,9 | 6 926,3 |
| Official debt (bilateral) | 4 539,6 | 645,2 | 3 894,4 |
| Ba,k debt | 1 862,1 | 756,2 | 1 105,9 |
| Provider debt | 2 506,5 | 580,5 | 1 926,0 |

Source : Economic report from the Cuban Central Bank , 2007.

Cuba and the Paris Club

Since 1986, as a result of the moratorium, there also exists a "frozen" debt reaching 7,6 billion USD (which adds to the active debt), including 60,2 % for the Paris Club creditors (beside Russia). The negotiations with Cuba's creditors group (an ad hoc group) failed in April 2001, and Cuba has not made any official contact with the Club since. Instead, Cuba is negotiating on a case by case basis with the various countries. In August 2008, Cuba asked Japan and Germany for a spreading out of their restructuring plans signed in 2009, outside the Paris Club. The credit-insurance agencies of those countries have then suspended their guarantees. Euler-Hermès resumed them in June 2009, once restructured.

Since January 2009, Cuba no longer honours over the majority of its commitments on active debt and has blocked the transfer of foreign exchange (which amount to over one billion dollars). Most creditors are only given the choice between giving up their claim and their assets or restructure the conditions in Cuba.

Cuba's creditors, 2008

| Creditors (Country) | Debt (in US\$) |
|----------------------------|-----------------------|
| Venezuela (1) | \$11.367 billion |
| Spain (2) | \$3.200 billion |
| China (3) | \$3.170 billion |
| Japan (4) | \$2.775 billion |
| Argentina (5) | \$1.967 billion |
| France (6) | \$1.856 billion |
| Romania (7) | \$1.236 billion |
| Russia (post-Soviet) (8) | \$1.149 billion |
| Iran (9) | \$656 million |
| Panama (10) | \$425 million |
| Germany (11) | \$411 million |
| Mexico (12) | \$400 million |
| Italy (13) | \$371 million |
| Brazil (14) | \$350 million |
| United Kingdom (15) | \$342 million |
| Vietnam (16) | \$297 million |
| Czech Republic (17) | \$278 million |
| Belgium (18) | \$231 million |
| Netherlands (19) | \$149 million |
| Austria (20) | \$95 million |
| Canada (21) | \$94 million |
| Trinidad & Tobago (22) | \$30 million |
| Uruguay (23) | \$30 million |
| Sweden (24) | \$26 million |
| Denmark (25) | \$14 million |
| Portugal (26) | \$8 million |

| | |
|------------------------------------|-------------------------|
| Switzerland (27) | \$3 million |
| Undisclosed Foreign Financing (28) | \$751 million |
| Total | \$31.681 billion |

Cuba is not member of any of the main International Financial institutions (IMF, World Bank, International Development Bank).

Annex IX – External trade of Cuba

CUBA'S TRADE BALANCE WITH MAIN PARTNERS

The major import partners

| Partners | Mio euro | % |
|------------------------------|--------------|--------------|
| World | 7.030 | 100,0 |
| 1 Venezuela | 2.078 | 29,6 |
| 2 EU | 1.645 | 23,4 |
| 3 China | 939 | 13,4 |
| 4 Canada | 424 | 6,0 |
| 5 USA | 359 | 5,1 |
| 6 Brazil | 260 | 3,7 |
| 7 Russia | 174 | 2,5 |
| 8 Korea | 172 | 2,4 |
| 9 Mexico | 152 | 2,2 |
| 10 Japan | 142 | 2,0 |
| 11 Caribbean | 83 | 1,2 |
| 12 Argentina | 81 | 1,1 |
| 13 New Zealand | 68 | 1,0 |
| 14 Chile | 52 | 0,7 |
| 15 Libya | 42 | 0,6 |
| 16 Uruguay | 41 | 0,6 |
| 17 Colombia | 41 | 0,6 |
| 18 Ghana | 34 | 0,5 |
| 19 Trinidad Tobago | 30 | 0,4 |
| 20 Dominican Republic | 29 | 0,4 |

The major export partners

| Partners | Mio euro | % |
|-----------------------------|--------------|--------------|
| World | 2.668 | 100,0 |
| 1 China | 733 | 27,5 |
| 2 Canada | 719 | 27,0 |
| 3 EU | 552 | 20,7 |
| 4 Caribbean | 187 | 7,0 |
| 5 Iran | 84 | 3,1 |
| 6 Dominican Republic | 69 | 2,6 |
| 7 Brazil | 65 | 2,4 |
| 8 Guyana | 49 | 1,8 |
| 9 Belize | 47 | 1,8 |
| 10 Russia | 45 | 1,7 |
| 11 Venezuela | 36 | 1,4 |
| 12 Ghana | 33 | 1,2 |
| 13 Kazakhstan | 31 | 1,2 |
| 14 Algeria | 21 | 0,8 |
| 15 Panama | 17 | 0,6 |
| 16 Switzerland | 16 | 0,6 |
| 17 Hong Kong | 13 | 0,5 |
| 18 Mexico | 11 | 0,4 |
| 19 Norway | 11 | 0,4 |
| 20 Jamaica | 11 | 0,4 |

The major trade partners

| Partners | Mio euro | % |
|------------------------------|--------------|--------------|
| World | 9.698 | 100,0 |
| 1 EU | 2.197 | 22,7 |
| 2 Venezuela | 2.114 | 21,8 |
| 3 China | 1.673 | 17,2 |
| 4 Canada | 1.143 | 11,8 |
| 5 USA | 359 | 3,7 |
| 6 Brazil | 325 | 3,3 |
| 7 Caribbean | 270 | 2,8 |
| 8 Russia | 219 | 2,3 |
| 9 Korea | 174 | 1,8 |
| 10 Mexico | 164 | 1,7 |
| 11 Japan | 153 | 1,6 |
| 12 Dominican Republic | 98 | 1,0 |
| 13 Iran | 84 | 0,9 |
| 14 Argentina | 83 | 0,9 |
| 15 New Zealand | 69 | 0,7 |
| 16 Guyana | 67 | 0,7 |
| 17 Ghana | 67 | 0,7 |
| 18 Chile | 54 | 0,6 |
| 19 Belize | 47 | 0,5 |
| 20 Colombia | 46 | 0,5 |

Imports from ...

| Partner regions | Mio euro | % |
|------------------|----------|-------|
| World | 7.030 | 100,0 |
| NAFTA | 935 | 13,3 |
| Latin America | 2.781 | 39,6 |
| EU Candidates | 27 | 0,4 |
| EFTA | 17 | 0,2 |
| Medit.Countries* | 2 | 0,0 |
| ASEAN | 19 | 0,3 |

Exports to ...

| Partner regions | Mio euro | % |
|------------------|----------|-------|
| World | 2.668 | 100,0 |
| NAFTA | 731 | 27,4 |
| Latin America | 242 | 9,1 |
| EU Candidates | 1 | 0,1 |
| EFTA | 27 | 1,0 |
| Medit.Countries* | 25 | 0,9 |
| ASEAN | 5 | 0,2 |

Imports + Exports

| Partner regions | Mio euro | % |
|------------------|----------|-------|
| World | 9.698 | 100,0 |
| NAFTA | 1.666 | 17,2 |
| Latin America | 3.023 | 31,2 |
| EU Candidates | 29 | 0,3 |
| EFTA | 43 | 0,4 |
| Medit.Countries* | 27 | 0,3 |
| ASEAN | 24 | 0,2 |

NAFTA: Canada, Mexico, USA.

Latin America: 20 countries.

EU Candidates: , Croatie, Turkey

EFTA: Iceland, Norway, Switzerland.

Mediterranean countries *excluding Turkey: Algeria, Cisjordanie Gaza , Egypt, Israel, Jordan, Lebanon, Morocco, Syria, Tunisia.

ASEAN: Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, Vietnam.

European Union: 27 members.

Source: IMF (Dots)

TRADE A2
07-avr-09

EUROPEAN UNION, TRADE WITH THE WORLD AND CUBA, BY SITC SECTION

(2008)

European Union, Imports from the World

| Products (Sitc Sections) by order of importance | Mio euro | % |
|--|------------------|--------------|
| TOTAL | 1.550.276 | 100,0 |
| Mineral fuels, lubricants and rel. Materials | 443.737 | 28,6 |
| Machinery and transport equipment | 413.561 | 26,7 |
| Miscell. manuf. Articles | 194.743 | 12,6 |
| Manuf goods classif. chiefly by material | 177.193 | 11,4 |
| Chemicals and related prod., n.e.s. | 123.053 | 7,9 |
| Food and live animals | 72.432 | 4,7 |
| Crude materials inedible, except fuels | 67.464 | 4,4 |
| Commodit. and transactions n.e.c. | 36.738 | 2,4 |
| Animal and vegetable oils, fats and waxes | 7.930 | 0,5 |
| Beverages and tobacco | 6.271 | 0,4 |

European Union, Imports from ... Cuba

| Products (Sitc Sections) by order of importance | Mio euro | % | Share of total EU imports |
|--|------------|--------------|---------------------------------|
| TOTAL | 440 | 100,0 | 0,0 |
| Beverages and tobacco | 134 | 30,4 | 2,1 |
| Food and live animals | 103 | 23,3 | 0,1 |
| Mineral fuels, lubricants and rel. Materials | 56 | 12,8 | 0,0 |
| Crude materials inedible, except fuels | 24 | 5,4 | 0,0 |
| Manuf goods classif. chiefly by material | 10 | 2,3 | 0,0 |
| Machinery and transport equipment | 4 | 0,9 | 0,0 |
| Commodit. and transactions n.e.c. | 4 | 0,8 | 0,0 |
| Chemicals and related prod., n.e.s. | 3 | 0,8 | 0,0 |
| Miscell. manuf. Articles | 2 | 0,4 | 0,0 |
| 0 | | | |

European Union, Exports to the World

| Products (Sitc Sections) by order of importance | Mio euro | % |
|--|------------------|--------------|
| TOTAL | 1.308.960 | 100,0 |
| Machinery and transport equipment | 568.677 | 43,4 |
| Chemicals and related prod., n.e.s. | 201.453 | 15,4 |
| Manuf goods classif. chiefly by material | 178.510 | 13,6 |
| Miscell. manuf. Articles | 135.776 | 10,4 |
| Mineral fuels, lubricants and rel. Materials | 80.375 | 6,1 |
| Food and live animals | 46.622 | 3,6 |
| Commodit. and transactions n.e.c. | 38.253 | 2,9 |
| Crude materials inedible, except fuels | 29.199 | 2,2 |
| Beverages and tobacco | 19.436 | 1,5 |
| Animal and vegetable oils, fats and waxes | 3.033 | 0,2 |

European Union, Exports to ... Cuba

| Products (Sitc Sections) by order of importance | Mio euro | % | Share of total EU exports |
|--|--------------|--------------|---------------------------------|
| TOTAL | 1.659 | 100,0 | 0,1 |
| Machinery and transport equipment | 694 | 41,8 | 0,1 |
| Manuf goods classif. chiefly by material | 329 | 19,8 | 0,2 |
| Chemicals and related prod., n.e.s. | 259 | 15,6 | 0,1 |
| Miscell. manuf. Articles | 200 | 12,1 | 0,1 |
| Food and live animals | 99 | 6,0 | 0,2 |
| Crude materials inedible, except fuels | 16 | 1,0 | 0,1 |
| Commodit. and transactions n.e.c. | 15 | 0,9 | 0,0 |
| Beverages and tobacco | 15 | 0,9 | 0,1 |
| Mineral fuels, lubricants and rel. Materials | 6 | 0,3 | 0,0 |
| Animal and vegetable oils, fats and waxes | 2 | 0,1 | 0,1 |

World excluding Intra-EU trade and European Union: 27 members.

Source: EUROSTAT (Comext, Statistical regime 4)

TRADE A2
07-avr-09

Annex X - Description of the CSP drafting process stressing the involvement of non-state actors and local authorities

EU cooperation with Cuba re-started in October 2008. A dialogue was rapidly initiated both with the Cuban authorities and with other stakeholders to identify the measures to be funded under EC cooperation in the course of 2009 and thereafter. Such exchanges have constituted the basis both for the series of thematic programmes funded in the course of 2009 and for the programmes being proposed for 2010 and under the current NIP 2011-2013.

i) Exchanges with the Cuban authorities at central and local level

Exchanges with Cuban authorities have greatly intensified following the agreement of October 2008. They have included:

- During 2009, a series of visits from Commission headquarters at the political level (Commissioners L. Michel, B. Ferrero-Waldner and K. de Gucht), at the level of senior officials (Director-General DEV, Deputy DG AIDCO, Directors from DGs DEV, AIDCO, ECHO, RTD), or at working level (DGs DEV, AIDCO, ECHO, RTD, RELEX, TRADE). Cuban counterparts in such meetings have notably included President Raul Castro, as well as Ministers / Vice-Ministers / Directors of Cooperation, External Affairs, Agriculture, Environment, etc.
- Regular meetings of a "Coordination Committee" put in place locally between the Commission (represented by the Delegation) and the Cuban Ministry responsible for external cooperation (former MINVEC, now MINCEX), to follow progress on the cooperation portfolio and project approval and implementation. This committee has met on at least a monthly basis throughout 2009.
- In March 2009, the European Commission organised jointly with MINCEX a two-day Conference on EU-Cuba cooperation. The conference attracted considerable interest and high level participation from the Commission (see above) and from the Cuban authorities. In addition, EU Member States, other donors, and Cuban and international NGOs were also invited to the conference, with the total of participants nearing 150. This conference enabled the Commission and the Cuban counterparts to review and discuss possibilities for cooperation / funding in areas of common interest in the short and medium term.
- In addition to the above, contacts were established and maintained – most often in the context of preparing and launching the first cooperation projects – also with the key counterpart line ministries, most notably the Ministries responsible for Agriculture, Environment and Scientific Research, and Energy.
- Finally, in addition to the above-enumerated frequent contacts with central-level authorities of Cuba, the Commission has in the course of project preparation and implementation also been in frequent contact with Cuban local authorities. First, this has included the Office of the Historian of the City of Old Havana, which is the local project counterpart for several projects already approved. Second, this has included – most notably in the context of preparing and launching the PALMA programme (of local-level support for the modernisation of agriculture) – the provincial and municipal authorities

who have taken a very active part in the identification and coordination of project activities at the local level.

The elaboration process of the CSP and NIP documents has therefore de facto built on all of the above exchanges ever since cooperation was resumed. In addition, more specific consultations on the CSP/NIP proper have started with MINCEX and key line ministries during the last quarter of 2009. A specific explanatory meeting was also organised for all Cuban counterparts in December 2009, with a short document distributed to explain the background and use of the CSP/NIP, and better prepare the interlocutors for the more detailed sectoral discussions. Follow-up meetings were held between the Delegation and a number of counterparts to specify our line of intervention and extrapolate national priorities in the key support sectors. Finally, a week-long technical-level programming mission of DG DEV, with the participation of DG AIDCO, took place in late January 2010 to wrap up the identification of CSP sectors and NIP priorities.

ii) Exchanges with Non-State Actors and other stakeholders

Given the specificities of the Cuban society, the non-State actors or "civil society" are not as numerous as they may be in other countries. This notwithstanding, the Commission has attempted to establish and maintain regular contacts with this group of actors, including both European and Cuban NGOs and other types of non-State actors (including associations or religious organisations). The EU Delegation regularly invites the NGOs to provide updates on the context of EU cooperation or on concrete programmes being prepared or launched, or to exchange views / consult them on thematic issues. Most of the above-enumerated visits from headquarters have also included thematic exchanges with the European and local NGOs, which has also taken an active part in the thematic sessions of the above-mentioned EU-Cuba cooperation seminar of March 2009. In July 2009, a consultation was organised on food security and environment to identify priorities, needs and challenges and exchanges share experience on those two themes. Specifically in relation to the CSP/NIP, those actors were pre-informed about the process in a meeting in December 2009 (with some contributing specific points bilaterally), and a specific consultation session was organised during the HQ programming mission on 25th January 2010 to discuss the lines of action in the three pre-defined sectors of the NIP.

Overall, there is a shared appreciation of efforts undertaken by all parts since the start of the cooperation between the Commission and Cuba. NGOs encourage a general trilateral discussion (NGO, donors, Cuban authorities) on the role and scope of the cooperation, promote training and capacity building efforts with regards to cooperation project management at the level of local and national authorities and local partners, and favour working with Cuban experts.

Main sector-related or general recommendations are the following:

- **Food security:** support decentralisation in agriculture and work; widen and develop micro-credits, support innovative and pilot practices, strengthen producers and start focusing on the consumer.
- **Environment:** secure sustainability and environment mainstreaming, promote agrobiodiversity, raise environment awareness; strengthening of South-south cooperation; work with national institutes and agencies.

- **For both sectors:** carry out multi-sectoral actions; expand support to west and central provinces and not just the East on which much support concentrates; work with the youth; create capacities; promote replicable projects and access to replicable technologies.
- **Generally:** continue working with the Cuban authorities to facilitate and speed up the process of internal approval or cooperation projects, including the signature of project "terms of reference", leaving open the possibilities for the approval of innovative approaches not already included in the ministries' plans; facilitate the approval of items to be procured under projects (cars, etc), technical specifications, import procedures and local transport, entry and stay of NGO international staff, etc.

iii) Exchanges with EU Member States

The Commission has maintained a constant flow of information on the preparation and implementation of the cooperation package for Cuba, whether in Brussels (COLAT or DCI committee) or in Cuba with the EU Member States cooperation counsellors. The CSP/NIP preparatory process was specifically presented to and discussed with the cooperation counsellors during the related programming mission of January 2010, and in subsequent meetings with the EU Delegation in Havana.

iv) Exchanges with other donors

A presentation and discussion of the programming process and of the priority sectors for future EU cooperation was also organised during the headquarters mission to Cuba with all UN system agencies in Cuba, as well as with Canada, Switzerland and Japan as the the main non-EU bilateral donors to Cuba.