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THE ROLE OF NON-TRADITIONAL DONORS IN DEVELOPMENT COOPERATION

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Building bridges between North and South?

The ambitions and reality of Mexico's development cooperation

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- › Mexico has been a high-profile stakeholder in international development cooperation since 1945: first as a recipient country and, over time, also as a donor country, particularly to countries in Central America and the Caribbean.
- › Mexico has been a member of the OECD since 1994 and holds observer status on its Development Assistance Committee (DAC). As such, Mexico is involved in international development cooperation as part of triangular cooperation with DAC members, including Germany.
- › Over the past few decades, Mexico has made efforts to play a facilitating role between North-South and South-South cooperation efforts.
- › Since the current Mexican government took office in 2018, there has been a shift in the Mexico's political and economic priorities to focus more on domestic issues. In the short to medium term, this offers fewer opportunities for German development cooperation, as the potential areas for collaboration have diminished drastically. Particularly at the federal level in Mexico, the basis for actively pursuing international relations has all but disappeared.
- › There is thus a discrepancy: On the one hand, there is the ambition or potential for Mexico to build on the efforts of previous governments and play a significant role in international development cooperation. On the other, there is the political reality of the current government under President Andrés Manuel López Obrador, which represents an almost complete renunciation of this ambition.

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Introduction

As an integral part of North America and the northernmost country in Latin America, Mexico has always played a significant geostrategic role. It is a member of the United Nations (UN), the G20, the Organization for Economic Co-operation and Development (OECD), the World Trade Organization (WTO), the Organization of American States (OAS), the Community of Latin American and Caribbean States (CELAC) and the Pacific Alliance.

Mexico plays a dual role in international development cooperation. Although it receives funding for its own development as part of North-South cooperation, it has, over a period of more than thirty years, become a donor of development funds, particularly for Latin American and Caribbean countries, within the scope of South-South cooperation. Accordingly, Mexico has traditionally acted as a 'natural' intermediary for communication and cooperation between countries with different levels of development. In general and given its important geostrategic role as a hinge country between North and South, Mexico can be described as a conduit, providing connections in a range of areas and between a variety of stakeholders within the field of international development cooperation. This duality can also be clearly seen in its role in multilateral development cooperation: Although Mexico is a member of the OECD, it is still on the DAC list of eligible recipients of Official Development Assistance (ODA), which enables it to continue to receive development funding.

Mexico also holds a special role in German development cooperation: Since the reform of the strategy of the German Federal Ministry for Economic Cooperation and Development (BMZ) in 2020, Mexico has been designated as a "global partner". The BMZ works together with such countries to solve global challenges such as climate, health, etc. Triangular cooperation is an instrument of this partnership. As part of the existing triangular cooperation, Germany and Mexico

(classified as an upper-middle-income country) have decided to “share the experience they have gained from their own joint cooperation with other Latin American countries; it will be shared with them through triangular cooperation and by implementing joint programmes with third countries.”¹ Bilateral development cooperation focuses on supplying sustainable energy in line with the country’s needs as well as the protection and sustainable use of natural resources.

The development of a global player? A history of Mexican development cooperation

Since the 1950s, Mexico has aspired to be a strong, reliable partner on the international stage. The country played a major role in the founding of the United Nations and was the driving force behind setting up the United Nations Economic and Social Council (ECOSOC),² the UN body dedicated to development and economic policy issues. Mexico also presented itself as an advocate of global economic solidarity both within its region and in war-torn Europe. It quickly became clear how aligning its foreign policy with development cooperation could be beneficial for positioning the country internationally while at the same time serving domestic political purposes. As early as 1954, the country was one of the first “technical helpers” (*cooperantes técnicos*) in global development cooperation within the scope of multilateral development. The many Mexican specialists who have been deployed as part of various UN development assistance programmes are proof of this. In addition, numerous voluntary financial contributions were made to the ECOSOC in the 1950s.³

The country’s dual role as a donor and recipient country had already become apparent in the 1950s/60s. While Mexico was one of the first donors of technical cooperation, in 1949 it was also one of the first recipient countries of the International Bank for Reconstruction and Development (now the World Bank) for a project to expand the country’s power grid.⁴

In international relations, it is not uncommon for a country to oscillate between a policy of openness and one of reticence. This certainly applies to Mexican foreign policy. From a cooperation and development perspective, the government of President Echeverría (1970–1976) was the first to initiate a push towards international openness, especially regarding relations with so-called Third-World countries. One example of this was the intergovernmental regional organisation SELA (*Sistema Económico Latinoamericano y del Caribe*), which was founded as a result of pressure by Echeverría and reduced dependence on industrialised countries and their technological capabilities. Another was the addition of Mexico to the G77, the group of developing countries within the United Nations, which at that time already comprised more than 110 states.⁵ This led to the demand for global economic equality and closer cooperation within the scope of South-South cooperation. However, the Mexican government was obligated to leave the G77 in the early 1990s as a condition of joining the OECD. The foundation for Mexico’s role in international development cooperation, which still applies today, was thus laid in 1994, when the country joined the OECD.⁶

In the early 2000s, when the PAN (*Partido Acción Nacional*) came to power for the first time in over 70 years, breaking the power stranglehold of the PRI (*Partido Revolucionario Institucional*), an even greater openness to international cooperation emerged and with it an urge to become a more active player on the international stage. The focus of the country’s foreign policy turned towards Latin America. However, the considerable ideological and economic divides between different countries and the general “pink tide” (a wave of left-wing governments) in Latin America limited such regional cooperation. However, cross-border cooperation developed with immediate neighbours such as Guatemala or Belize in the areas of security, migration, technical cooperation and the fight against drug trafficking.⁷

In this context, it should be noted that for decades Latin America (in particular neighbouring Central American countries) has been the focus of Mexican foreign and development policy. Historically, Mexico has always sought to act not only as an intermediary between countries in the Global North and South, but also as an anchor in the South, to set an example for other smaller or economically less developed countries and to act as a stalwart in reconciling interests (SELA; G77; San José Agreement 1980; North-South Dialogue in Cancún 1981). The 1980s saw the beginning of revolutionary movements in Central American countries, which ultimately led to civil wars, threatened Mexico's national security and were responsible for exacerbating socio-economic problems in these countries. Today, Guatemala, Honduras, El Salvador are the main countries of origin of the massive migration movements into or through Mexico. The priorities of Mexican development cooperation in the sense of a profound effort to address the causes of migration and to improve the living conditions of Central Americans can thus be better understood from today's perspective.⁸

The institutionalisation of Mexican development cooperation

These domestic and foreign policy developments were simultaneously underpinned by an ever-increasing institutionalisation of Mexican development cooperation.

The beginnings of this institutional development can be traced back to at least 1971, when the Directorate-General for International Technical Cooperation (*Dirección General de Cooperación Técnica Internacional*, DGCTI) was established within the Mexican Ministry of Foreign Affairs. At the end of the 1980s, international development cooperation gained greater importance in Mexican foreign policy in accordance with the normative principles established in the country's constitution. Under the then Foreign Minister Rosario Green (PRI), the first agency for development cooperation of the Ministry of Foreign Affairs was founded in 1998: the Mexican Institute for International Cooperation (IMEXCI).⁹ This agency, however, was dissolved in 2000 after Vicente Fox (PAN) took office, and replaced by the State Secretariat for Economic Relations and International Cooperation. This change reflects the economic and commercial prioritisation of international development policy by the PAN governments during this period.¹⁰

In order to close the structural gap in Mexican international development cooperation following the dissolution of the IMEXCI, the Mexican Senate passed the Law on International Cooperation for Development (*Ley de Cooperación Internacional para el Desarrollo*, LCID) in 2007. The LCID came into force in 2011 and the corresponding agency, the AMEXCID (*Agencia Mexicana de Cooperación Internacional para el Desarrollo*), which is now responsible for Mexican development cooperation, was created. As an integral, permanent body, the AMEXCID was intended to make Mexican development cooperation more influential and effective.¹¹

This law established not only the AMEXCID as an administrative, cooperation and coordination body; it also set up the National Register for International Development Cooperation (RENCID) and the National Fund for International Development Cooperation – all instruments of Mexican development cooperation.¹²

Figure 1: Institutionalisation of Mexican development cooperation

1960-70s	1980s	1990s	2000s	2010s
<p>1961 The Directorate-General of Cultural Affairs in the Ministry of Foreign Affairs is established</p>	<p>1980 The San José Agreement is signed with Central American countries</p>	<p>1990 The cooperation programme with Central America and the Caribbean is set up</p>	<p>2000 The State Secretariat for Economic Affairs and International Cooperation is created; the IMEXCI is dissolved</p>	<p>2011 The Law on International Cooperation for Development (LCID) is passed on 6 April 2011</p>
<p>1971 The Directorate-General for International Technical Cooperation is established within the Ministry of Foreign Affairs</p>	<p>1985 The Directorate for International Cooperation is founded in the Ministry of Foreign Affairs</p>	<p>1994 The State Secretariat for International Cooperation (SCI) is set up</p>	<p>2000 The Puebla-Panama Plan is drawn up</p>	<p>2011 Mexican Agency for International Development Cooperation (AMEXCID)</p>
	<p>1988 International cooperation is defined as a fundamental principle of Mexican foreign policy (Art. 89, para. X)</p>	<p>1994 The Mexican Institute for International Cooperation (IMEXCI) is founded</p>	<p>2004 Department of Economic and International Relations</p>	
			<p>2007 Mesoamerica Project</p>	
			<p>2007 The Law on International Cooperation for Development (LCID) is introduced</p>	

Source: Authors' presentation according to the AMEXCID, Rector de la cooperación internacional de México (<https://es.slideshare.net/adaintegracion/creacion-amexcid>)

Figure 2: Organisational structure of the Mexican Development Agency (AMEXCID)

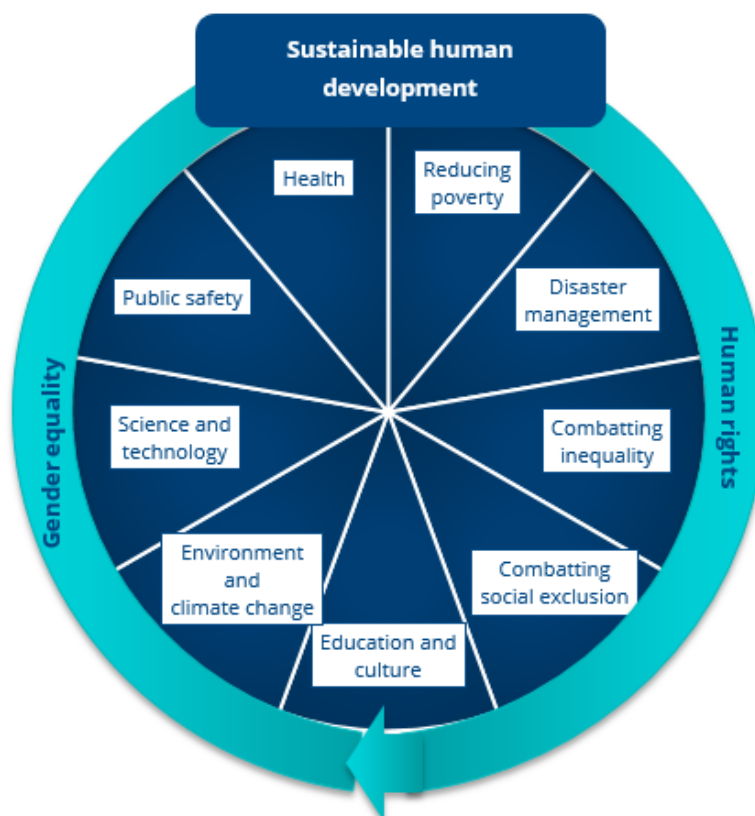


Source: Authors' presentation according to the AMEXCID, Rector de la cooperación internacional de México (<https://es.slideshare.net/adaintegracion/creacion-amexcid>)

With the founding of the AMEXCID in 2011, a uniform institutional system with various governing bodies and priority areas was created for the first time in the history of Mexican development cooperation. Before this, Mexican development cooperation had been managed in part by secretariats allocated in the Ministry of Foreign Affairs and in part by other government departments.¹³ The overriding responsibility for them now lies with the Ministry of Foreign Affairs under the AMEXCID, which acts as a coordinating body. The AMEXCID's stated aim is to meet global challenges by building strategic alliances with the private and academic sectors, civil society and local governments. The agency strengthens capacities and shares human, technical and financial resources with developing countries, in particular in Central America and the Caribbean. It also works with strategic partners to strengthen Mexican institutions to better promote their interests. The AMEXCID focuses primarily on technical and scientific cooperation and cooperation with Central America and the Caribbean.¹⁴

It is, however, difficult to obtain up-to-date, detailed information on the distribution and allocation of the Mexican development aid budget, as the agency's data page was last updated in 2017.¹⁵ The OECD estimates that there was a significant decline (USD 140 million) in 2018 compared to USD 317.6 million in 2017.¹⁶

Figure 3: Priority areas for Mexican development cooperation



Source: Authors' presentation according to the AMEXCID, Rector de la cooperación internacional de México (<https://es.slideshare.net/adaintegracion/creacion-amexcid>)

Guidelines and the fundamentals of Mexican development cooperation: A hybrid model between North and South

Until 2017, Mexico had a relatively good track record of publishing and updating data on resource allocation and the implementation of its development cooperation activities.¹⁷ This is in line with the behaviour of traditional donor states and DAC members, although auxiliary membership in the committee means a country is not officially bound by this specific standard of accountability. In addition, Mexico was able to boast significant expenditure in its development cooperation over many years: In 2009, the estimated budget was around USD 105 million, putting it first in Latin America even ahead of Brazil, a BRICS country.¹⁸

Under the PRI government of Peña Nieto (2012–2018), international development cooperation once again became an integral part of the country's foreign policy, which sought to promote Mexico as a global player. Between 2009 and 2013, there was even a four- to five-fold increase in the budget for international development cooperation, resulting in a record amount (between USD 410 and 550 million).¹⁹ Apart from the political objective of active international cooperation, Mexican development cooperation has always focused on its immediate neighbouring region and partners in Central America and the Caribbean. However, Mexico also expanded its development activities to South America and developing countries in the Asia-Pacific region and sub-Saharan Africa.²⁰ Mexico shares political, historical and cultural ties with the most important recipient countries of its South-South cooperation. The Mexican government, like many non-traditional donor states in international development cooperation, has always placed great importance on ensuring equal, symmetrical relations between donor and partner countries.

In particular, between 2012 and 2018, Mexico pushed for increased acceptance and flexibility in adapting the strictly defined framework conditions and understanding of “northern” and “southern” approaches to development cooperation, particularly in international settings. This motivation to be perceived as a connector and intermediary between the two sides could be seen in 2014, when Mexico hosted the first high-level meeting of the Global Partnership for Effective Development Co-operation, which specifically sought to identify more points of convergence between the two sides.²¹ Also within the scope of implementing the 2030 Agenda, Mexico has always made strides to adapt the internationally defined framework conditions for effective development cooperation to the South.²²

The *Cuarta Transformación* and its impact on Mexican development cooperation

However, Mexico’s approach and perception of itself within the international context changed once the current president, Andrés Manuel López Obrador, took office in 2018. Claiming that the best foreign policy is domestic policy (“*La mejor política exterior es la política interna*”),²³ it became clear early in his term how little importance he attached to international relations in general and foreign policy in particular.

López Obrador was elected after having promised to reform Mexico in the spirit of a *Cuarta Transformación* (Fourth Transformation, 4T), linking his political priorities to the fight against corruption and the renunciation of, in his opinion, the neoliberal tendencies of the previous governments, which he blamed for social inequality, endemic violence and mass emigration from Mexico. Under the current government, the rule of law and democratic structures have increasingly come under pressure: Institutions in essential areas for achieving climate goals and implementing the 2030 Agenda have experienced radical budget cuts and restructuring in recent months. Examples of this are the Ministry of the Environment and Natural Resources (*Secretaría de Medio Ambiente y Recursos Naturales*, SEMARNAT), which nominally is now allocated the same budget as in 2006, and the elimination of the designated office for the implementation of the 2030 Agenda in the president’s cabinet. This has also affected civil society organisations that are active in areas such as human rights, environmental protection and culture. Such organisations have not only seen drastic cuts in the subsidies they receive but also have been subject to verbal attacks by the government for having accepted funding from international cooperation agencies. The elimination of tax incentives for donations from the private sector has also affected these organisations and forced them to depend more on state institutions, specifically the government.

The new approach to development cooperation based on the 4T principles promotes “direct aid”, i.e., the circumvention of traditional institutions and intermediaries; from the government’s point of view, these are mostly corrupt and inefficient. Examples of this can be seen in Mexican development cooperation with Central American countries (Honduras, Guatemala and El Salvador). The recipient countries obtain resources through programmes and projects (e.g. *Jóvenes Construyendo el Futuro* and *Sembrando Vida*), which they can distribute relatively freely and which are intended to benefit the country’s population relatively directly.²⁴ This is in line with the current government’s understanding of international development cooperation and that of the development agency AMEXCID, according to which neither the state nor the market nor the intervention of a third party can respond effectively to the challenges and objectives of the 2030 Agenda.²⁵

López Obrador’s political discourse focuses on domestic challenges by fighting corruption, poverty, unemployment and crime. The “Plan for the Integral Development of Central America” (*Plan de Desarrollo Integral*) shows how the government uses international development aid to promote national interests. In this case, since Mexico is a de facto country of immigration, the focus of the

plan is to improve living conditions for people in the three aforementioned Central American states (Guatemala, El Salvador and Honduras) in order to reduce emigration to Mexico and the United States.

As such, the current government will neither completely reduce Mexican development aid nor put an end to the implementation of the 2030 Agenda. However, the government's approach and stance have changed fundamentally – in line with the president's distrust of established institutions and organisations. In a similar fashion, there has also been a change in the government's general attitude with regard to the benefits and fostering of international relations and international cooperation. It should be noted that Mexico has lost clout as a stakeholder in international development cooperation and now acts as a partner for solving global challenges to a much lesser extent than before.

Challenges and opportunities for German development cooperation

German development cooperation with Mexico currently takes several forms, including as part of triangular cooperation. Germany acts as a donor country to Mexico, which in turn interacts with and passes on its know-how to other countries in the region. This approach is in line with Mexico's attempts to unite the approaches between North-South and South-South cooperation and to create a certain symmetry. In addition, since the "BMZ 2030" reform, Mexico has been classified as a "global partner" with which the BMZ seeks to work on issues that will determine our future on a global scale.²⁶ According to the BMZ, this applies above all to the areas of sustainable energy based on a country's needs, environmental policy and the protection and sustainable use of natural resources.²⁷

However, the Mexican government's current priorities pose risks to this fruitful cooperation in the traditional areas of development cooperation between Mexico and Germany. In the important area of climate and energy policy, for example, the Mexican government has removed the central component of energy policy from its international development cooperation portfolio. At the same time, the government has introduced a controversial plan for energy reform for the parliament to vote on. This plan would primarily promote electricity generated by the state-owned electricity company *Comisión Federal de Electricidad (CFE)*, whose main source of power generation is fossil fuels. If this reform were to pass with constitutional status, the government would have reversed with remarkable short-sightedness – and under the pretext of a new "energy sovereignty" – important achievements of the Mexico's hitherto energy policy.

As a consequence of such domestic political manoeuvres, and in part due to a lack of alternatives, development cooperation sometimes has to be conducted on a sub-national level. Many state and sub-state stakeholders in the Mexican states and municipalities still have the will to develop and implement initiatives that contribute to the global Sustainable Development Goals (SDGs), for example by increasing the use of renewable energies. The state of Yucatán, for example, is the first in the country to generate its energy exclusively from renewable sources. However, when it comes to international development cooperation, there is no way around negotiating at the national or federal level, as international policies can only be implemented to a limited extent with local partners.

For the time being, it seems inevitable that Germany will have to adapt and reduce its expectations regarding the potential for development cooperation with Mexico as a global partner to Mexico's domestic political realities in the short to medium term.

Conclusion

Ultimately, the current political situation in Mexico places in doubt the country's previous ambition regarding its role as an intermediary that establishes connections between North and South. The discrepancy between the country's potential and the political reality of its international relations and development cooperation can only be reduced in the medium and long term by significantly enhancing international cooperation and placing more emphasis on foreign policy. As an important player in solving global issues, Mexico would be of great importance to Germany as an international partner if it were to actually play this role. The question therefore remains: to what extent can international institutions and organisations as well as partner states such as Germany persuade or create incentives to promote a renewed opening up of Mexico's foreign policy?

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