



Evaluation of Trade-Related Assistance by the European Commission in Third Countries

Final Report

Volume 2 – Annexes

24th May 2004

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FRAMEWORK CONTRACT: EVALUATION OF THE EUROPEAN COMMISSION
AID IN PRODUCTIVE SECTORS AND BUDGETARY AREAS

ADE IN ASSOCIATION WITH IBM AND EPU-NTUA

This report has been prepared with the financial assistance of the European Commission.

The views expressed are those of the Consultant and do not represent the official views of the Commission.

Table of Contents

ANNEX A – EVALUATION QUESTIONS

ANNEX B – MAIN FIELD MISSIONS FINDINGS

ANNEX C – LIST PERSONS MET

ANNEX D – LIST OF REFERENCES

Annex A - Evaluation Questions

Annex A - Evaluation Questions

Question n°1	To what extent is the Commission programming of TRA sensitive to specific partner country/region needs including a) in relation to their existing regional and/or international commitments and/or b) in relation to the negotiation of future agreements?
Understanding and coverage of the question	<p>This question addresses the identification of the needs and the subsequent stage at the country strategy level. It aims at:</p> <ul style="list-style-type: none"> ▪ Assessing if the response provided by the Commission TRA is adequately tailored to the country/region specific situation in terms of their present and future insertion into the MTS, with emphasis on policy formulation, capacity building and negotiations; ▪ Analysing whether the regional focus of TRA programming allows to reach at the targeted common overall objectives and serve mutual interests in the different regional contexts; ▪ Verifying that donor coordination contributes to articulate assistance so as to cover comprehensively and without duplication the needs of the partner; ▪ Assessing how the policy programming takes the priorities of the beneficiaries into account; ▪ Verifying what role do the policy dialogue and partnership play in this process.
Intervention logic	<p>TRA is meant to maximise the trade capacity of the country and the benefits it can derive from its insertion in the world trade system (cf. general objective in diagram 3 of the report). The realisation of the four intermediate objectives OI1, OI2, OI3, OI4 is instrumental to achieve this general objective; it has to take into account the regional priorities and specific focus as depicted on the log frame represented in diagram. 5 of the report, as well as the initial situations.</p> <p>The present question aims at verifying if the identification of needs and the subsequent design of TRA provided is appropriate to meet the intermediary objectives OI1, OI2, OI3 within the specific regional perspectives. It also verifies if the preparation of interventions has duly involved the partners, the stakeholders and the other donors, and the extent of the political commitments to the objectives.</p>

Question n° 1: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
C1: The Commission action in the field of TRA is targeted to integrate the partner country's trade policy into its own development objectives in compliance with the MTS rules.	I1: CSP/RSP and other programming documents verify the integration of trade policy in PRSPs or other national development plans, and propose actions, if necessary, to improve this integration.	CSP/RSPs and programming documents.	This fundamental judgement criterion is considered here from the perspective of intermediary objective OI1 of fig. 4.
C2: The Commission action in the field of TRA is targeted to enhance the partner's capacity to fulfil its existing trade agreements (including compensation and safeguard measures).	I2: CSP/RSP and other programming documents identify the main international (or interregional) commitments for which the partner country/region has difficulties to fulfil its obligations, and propose actions if necessary, to mitigate these difficulties.	International (regional) agreements to which the partner is part. Domestic and donor studies. Evaluations, mid-term reviews. TPRs Programming documents. Other donors programmes.	The judgement criterion is considered from the perspective of OI2.
C3: The Commission action in the field of TRA is targeted to improve the partner's capacity to negotiate trade agreements and/or facilitate its WTO accession.	I4: CSP/RSP and other EC programming documents reflect the needs expressed by the partner. I5: CSP/RSP and other programming reflect the assessment by the donors of the needs of the partner.	Domestic documents and interviews with officials and operators in the partner countries. Studies and evaluations by donors.	Comparison of indicators I4 and I5 on the one hand, with indicator I7 on the other hand should reveal: <ul style="list-style-type: none"> ▪ Possible differences of view between beneficiaries and donors; ▪ How these differences are resolved; ▪ To which extent partner needs are covered. The judgement criterion is considered from the perspective of OI3.

Question n° 1: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C4: The analysis is conducted with the partner and the stakeholders and their priorities are taken into account in the design of TRA.</p> <p>C5: The analysis takes into account TRA programming of other donors</p>	<p>I6: Evidence of consultations with the government and the stakeholders. Discussion groups, contacts with NGAs, public debate notably in the local press, involving operators (exporters, importers, import competing industries, custom agencies, harbour authorities, transporters, etc.) and civil society (trade unions, chambers of commerce, NGOs,...)</p> <p>I3: CSP/RSP and other programming documents identify, and aim at achieving complementarity with, the support provided by other donors.</p>	<p>Minutes and accounts of meetings, etc. Interviews with policy makers. Interviews with stakeholders. Interviews with NGAs. Local press. Existing evaluations.</p> <p>The Commission and other donors programming documents.</p>	
<p>WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION?</p>	<ul style="list-style-type: none"> ▪ For selected countries/regions (from different programming regions) the main policy documents and development plans (PRSPs etc.); ▪ For selected countries/regions (from different programming regions) the main international agreements and difficulties in meeting them; ▪ For the same countries analysis of TRA programming; ▪ Analysis of other donor interventions and support; ▪ Analysis of type of support given to the negotiations, in particular for agreements to which the European Community is part; ▪ Analysis of the process of elaboration of TRA interventions and the degree of association with the partners and stakeholders. 		

Question n° 2	To what extent is the Commission programming of TRA sensitive to specific partner country/region needs including in engaging profitably in international trade?
Understanding and coverage of the question	<p>This question addresses the identification of the needs and the subsequent stage at the country strategy level. It aims at:</p> <ul style="list-style-type: none"> ▪ Assessing if the response provided by the Commission TRA is adequately tailored to the country/region specific situation in terms of their present and future insertion into the MTS, with emphasis on the strengthening of the productive base; ▪ Analysing whether the regional focus of TRA programming allows to aim at a common overall objectives in different contexts taking into account mutual interests; ▪ Verifying that donor coordination contributes to articulate assistance so as to cover comprehensively and without duplication the needs of the partner; ▪ Assessing how the policy programming takes the priorities of the beneficiaries into account; ▪ Verifying what role do the policy dialogue and partnership play in this process.
Intervention logic	<p>TRA is meant to maximise the trade capacity of the country and the benefits it can derive from its insertion in the world trade system (cf. general objective in the logframe represented in diagram 3 of the report). The realisation of the four intermediate objectives OI1, OI2, OI3, OI4 is instrumental to achieve this general objective; it has to take into account the regional priorities and specific focus as depicted on diagram 5 of the report as well as the initial situations.</p> <p>The present question aims at verifying if the identification of needs and the subsequent design of TRA provided is appropriate to meet the intermediary objective OI4 within the specific regional perspectives. It also verifies if the preparation of interventions has duly involved the partners, the stakeholders and the other donors, and the extent of the political commitments to the objectives.</p>

Question n° 2: Continuation

Judgement Criteria	Indicators (and information to be looked at)	Sources	Assumptions and comments
C6: The Commission action in the field of TRA is targeted to strengthen the partner's productive base in view of increasing its trade potential and its fruitful participation in the world trading system.	I8: CSP/RSP and other programming documents include an assessment of the productive sector capacity as well as of its trade orientation, and propose actions, if necessary, to improve its strengths and mitigate its weaknesses.	CSP/RSPs and programming documents. Domestic and international institutions analysis of strengths and weaknesses of productive sector with regard to international trade. Domestic documents and interviews with officials and operators in the partner countries. Studies and evaluations by donors.	

Question n° 2: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C4: The analysis is conducted with the partner and the stakeholders and their priorities are taken into account in the design of TRA.</p> <p>C5: The analysis takes into account other donors TRA.</p>	<p>I6: Evidence of consultations with the government and the stakeholders. Discussion groups, contacts with NGAs, public debate notably in the local press, involving operators (exporters, importers, import competing industries, custom agencies, harbour authorities, transporters, etc.) and civil society (trade unions, chambers of commerce, NGOs, ...).</p> <p>I7: CSP/RSP and other programming documents identify, and aim at achieving complementarity with, the coverage of the Commission and other donors TRA programming in terms of support to productive sector development.</p>	<p>Minutes and accounts of meetings, etc. Interviews with policy makers. Interviews with stakeholders. Interviews with NGAs. Local press. Existing evaluations</p> <p>Commission and other donors programming documents.</p>	<p>The analysis of other donors programming may be necessary as it is possible that the Commission does not programme TRA activities because of actions already taken by other donors.</p>
<p>WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION?</p>	<ul style="list-style-type: none"> ▪ For selected countries/regions (from different programming regions) the main policy documents and development plans (PRSPs etc.); ▪ For selected countries/regions (from different programming regions) the main international agreements and difficulties in meeting them; ▪ For the same countries analysis of TRA programming; ▪ Analysis of other donor interventions and support; ▪ Analysis of type of support given to productive sector development; ▪ Analysis of the process of elaboration of the TRA and the extent of the association of the partners and stakeholders. 		

Question n° 3	To what extent do diagnosis and analysis practices at programming and identification stages of the project cycle lead to an appropriate mix of activities likely to contribute to the balanced achievement of the objectives?
Understanding and coverage of the question	<p>This question relates to the programming and identification stages of the PCM and analyses the diagnostic practices and tools involved in the programming process at the project level.</p> <p>The question aims at investigating:</p> <ul style="list-style-type: none"> ▪ If the programme/project reflects the project cycle; ▪ On which basis the needs of the beneficiaries in terms of TRA are identified (e.g. role of Integrated Framework and Sustainability Impact Assessment); ▪ What type of information is collected; ▪ How it is used; ▪ How the mix of activities programmed is established. <p>The answer to this question should provide lessons relevant to AIDCO thematic support function.</p>
Intervention logic	<p>In terms of intervention logic the aim of the question relates to lower part of the log frame represented on diagram 3 of the report. It investigates the appropriateness of the mix of activities proposed with respect to the intermediary objectives pursued and the needs of the partner, taking into account regional focus. Different countries and regions have specific needs and face specific constraints. Programming should therefore focus on the specific objectives and plan the activities that are most likely to address them. This supposes that the partner's needs are correctly identified and that appropriate practices and tools are used to this end.</p>

Question n° 3: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C7: The programming of TRA is based on a diagnosis and tools that permit to design the activities likely to meet the needs of the partner with respect to the development of its trade within the MTS (including regional integration efforts).</p> <p>C8: The analysis is conducted with the partner and takes his priorities into account.</p> <p>C12: TRA activities are designed in the framework of national macro-economic and/or trade policy.</p>	<p>I10 Existence in the programming documents and feasibility studies of a general overview of the situation of the partner with focus on the analysis of its external trade (products and services traded, directions of trade, balance of payment analysis) and the broad characteristics of the private sector</p> <p>I11 Existence or reference in the programming documents and feasibility studies of an analysis of the trade policy of the partner: measures affecting imports exports; measures indirectly affecting trade (investment, Government procurement, presence of monopolies, privatisation process, etc.).</p> <p>I12 Existence or reference in the programming documents and feasibility studies of an analysis of the institutional framework performance in terms of the trade policy (participation to WTO and/or trade arrangements, institutional capacity to implement, adapt and monitor trade policy).</p> <p>I13: Existence of specific studies (IF, SIA, Feasibility studies) used to identify TRA activities to be implemented.</p> <p>I14: Policy documents include references to domestic policy documents and contacts with policy makers.</p> <p>I18: Project programming documents reflect domestic macro-economic and/or trade policy orientations and priorities of the partner.</p> <p>I19: Reference to national priorities in project/programme documents</p>	<p>Programming documents, feasibility studies, interviews of programming officers, EC Delegations and partner officials.</p> <p>Guidelines provided by the Commission services.</p> <p>Other donors analysis (FMI article IV, World Bank country and sector papers, WTO TPR reports, etc.).</p> <p>Policy documents Interviews</p> <p>Domestic policy documents and policy reviews by international institutions and donors. Programming documents</p>	

Question n° 3: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C9 The information collected allow to assess the TRA needs of the country/region.</p> <p>C13: Interventions are designed with the view of contributing to comprehensive policies and reforms.</p> <p>C10: The analysis pays due attention to the cross cutting issues.</p> <p>C11: The programmed TRA interventions are derived from the diagnostic analysis.</p>	<p>I15: The programming documents are coherent with the CSP/RSPs and explicitly state the detailed needs in terms of TRA, and take them into account in the elaboration of the guidelines.</p> <p>I20: Project/programme design includes an analysis of the required accompanying reforms (e.g. domestic fiscal reform to mitigate tariff reform) and verify that they are programmed and funded by the government and/or other donors.</p> <p>I16: The programming documents are coherent with the CSP/RSPs and explicitly refer to the cross cutting issues.</p> <p>I17: The mix of activities programmed addresses the needs and constraints such as identified in the diagnostic.</p>	<p>Policy documents Interviews</p> <p>Programming and project documents.</p> <p>Policy documents; interviews; beneficiaries (decision makers and stakeholders).</p>	<p>Sets of guidelines are currently developed by the Commission Services. Though not yet formally binding these documents provide a useful benchmark against which to review past and on-going programming of TRA intervention.</p>

Question n° 3: Continuation

WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION	<ul style="list-style-type: none"> ▪ Analysis of a selection of CSP/RSP and downstream documents covering different contexts and regions (economic/development cooperation; transition/developing country; strong or weak regional integration); ▪ Analysis of programme/projects preparatory documents; ▪ Analysis of the Commission programming guidelines; ▪ Views of the beneficiaries; ▪ Comparison with practices of other donors (benchmarking of the intervention of the Commission, information on others' practices); ▪ Analysis of proposed blend of activities and relation with diagnostic.
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Question n° 4	In what measure do the implementing modalities (including resources and tools provided) of TRA Commission-sponsored programmes and projects determine the attainment of the objectives?
Understanding and coverage of the question	<p>The question addresses the appropriateness of the implementing modalities as well as the selection, the mix and the quality of the inputs provided and the way they have been operated in view of achieving the expected results of TRA activities. The analysis will be based on some specific studies.</p> <p>Significant features of the implementing modalities likely to affect the ability of the programme to achieve expected results:</p> <ul style="list-style-type: none"> ▪ The adequacy of programme inputs (TA, training, equipment, credit lines, etc.) and resources in terms of quantity and quality; ▪ The capacity of the programme to adapt flexibly to the needs; ▪ The involvement of the beneficiaries in the implementation; ▪ The selection of the channels (line ministries, specific agencies, non governmental operators, etc.) through which the programme is implemented. <p>It also analyses the extent to which the expected results have been achieved.</p>
Intervention logic	This question investigates the link between activities and expected results and how the modalities of implementation (bottom line of diagram 3 of the report) are likely to influence efficiency.

Question n° 4: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C14: The implementation of TRA interventions is articulated to activities of the Government and other donors.</p> <p>C15: The activities are implemented through adequate channels.</p>	<p>I21: Incidence of other projects and government activities on evolution of TRA projects/programmes.</p> <p>I22: Participation of the Delegation of the European Commission in donor/government coordination activities at programming and implementation.</p> <p>I23: Existence of a preliminary assessment of the capacity (administrative, logistic, political) of the selected implementing agency to successfully conduct the project.</p>	<p>Monitoring reports, evaluations. Interviews with project operators and counterparts.</p> <p>Existing evaluation documents; minutes of coordination meetings; interviews with government, other donors and delegation representatives.</p> <p>Programming documents. Interviews with Commission services responsible for the project preparation.</p>	
<p>C16: Project implementation is conducted in taking into account the existing preconditions (the current stage of policy and reform context).</p>	<p>I24: Sequencing of activities and their articulation with other necessary reforms.</p> <p>I25: Inclusion in the programmes of response strategies to mitigate consequences of missing preconditions.</p> <p>I26: Effective implementation of response strategies when preconditions are not met.</p>	<p>Programming documents. Interviews with Commission services responsible for the project preparation. Interviews with partner authorities.</p>	

Question n° 4: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C17: The mix of training, equipment, TA, investment finance and other inputs programmed is adequate to conduct the selected activities (CRS codes) in view of producing their expected output.</p>	<p>I27: The resources (financing instrument, duration of project, composition of resources) provided are commensurate with the expected results.</p> <p>I28: The quantity and type (mix of training, equipment, etc.) of resources provided did not constraint the delivery of the expected results by the operators in charge of programme/project.</p> <p>I29: The quantity and type (mix of training, equipment, etc.) of resources is viewed as adequate by the beneficiaries.</p> <p>I30: The quantity and type (mix of training, equipment, etc.) compares to that of other donors working in similar or related fields.</p>	<p>Project documents. Terms of reference.</p> <p>Project reports Monitoring reports Interviews with project teams and task managers Evaluations.</p> <p>Monitoring reports. Evaluations. Interviews with counterparts and beneficiaries.</p> <p>Interviews with other donors and their project teams.</p>	<p>All the judgement criteria and indicators for this question will have to be adapted according to the specific activities considered (e.g. customs, IPR, PSP, etc.).</p> <p>I29 must be interpreted with caution given a likely bias among the beneficiaries (e.g. in favour of equipment rather than TA).</p>

Question n° 4: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C18: The resources were mobilised in time and their management allowed for flexibility.</p> <p>C19: The quality and the quantity of the resources provided corresponded to the requirements of the terms of reference.</p> <p>C20: Activities were implemented with sufficient professionalism and competence.</p>	<p>I31: Comparison of project/programme implementation with initial schedule.</p> <p>I32: Comparison of qualification of experts, type of equipment, credit lines etc., with the terms of reference and/or inception phase documents.</p> <p>I33: Correspondence between the output delivered and the project/programme specifications.</p>	<p>Monitoring reports. Project progress reports. Financial and administrative documents on project implementation. Interviews with Delegations, Commission services and counterparts.</p> <p>Terms of reference and projects implementation reports.</p> <p>Existing evaluation reports. Interviews with Delegation, Commission services, counterparts. Views of the beneficiaries on the professionalism and competence of the resource.</p>	
WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION	<p>Analyse implementation modalities of a selection of projects, with particular focus on the articulation with Government and other donors. It will be necessary to assess:</p> <ul style="list-style-type: none"> ▪ How modalities have been designed and decided, and how they take into account the institutional realities and local capacities. ▪ How implementation has been conducted and if results were achieved. 		

Question n° 5	To what extent have TRA interventions enabled countries to understand the implications of existing trade commitments, including regional trade arrangements, and to strengthen accordingly their institutional framework?
Understanding and coverage of the question	<p>This question completes question 1 (focused on programming) and aims to understand how TRA has enabled countries/regions to build capacity in trade agreement implementation.</p> <p>Coverage: the question investigates if:</p> <ul style="list-style-type: none"> ▪ Country/region awareness of their commitments (TPR mechanism, regional agreements, implementation timetables) has improved; ▪ Countries have used institution building resulting from TRA to improve their own policy reform; ▪ TRA played as significant role in fostering regional integration and improving the associated institutional framework.
Intervention logic	<p>The intervention logic is similar to that of question 1 except that here the analysis is focused on the implementation stage of IO1 and IO2 (see diagram 3 of the report) while question 1 addressed the programming stage. More specifically question 5 addresses issues related with effectiveness and investigates if TRA provided resulted in the effective adaptation of its trade policy and trade related regulatory body and the capacity to implement it.</p>

Question n° 5: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C22: TRA intervention led to an internalisation of the trade dimension into the domestic policies.</p> <p>C23: TRA fostered the reform of trade-related institutions/trade policy in compliance with MTS or regional agreement rules.</p>	<p>I37: Inclusion of the trade dimension in the domestic economic policy programmes and coherence between trade policy and other policy measures.</p> <p>I38: Request of assistance from international donors in order to improve trade policy and its articulation with other domestic policies.</p> <p>I39: Latest modifications to the major trade related regulations (custom code, investment code, fiscal code, etc.).</p> <p>I40: Observations by the international organisations and regional organisations on compliance with signed trade agreements.</p>	<p>Domestic policy documents and official declarations.</p> <p>Domestic studies and monographs TPR (sections on economic policy prospects), IMF programmes (declaration of intents)</p> <p>International institutions analysis</p> <p>Donor programmes</p> <p>Administrative documents; interviews with officials.</p> <p>IMF, WTO reports. Reviews by the regional organisation on application of agreements.</p>	<p>Most indicators for this question will not permit to establish a clear link with TRA interventions, though the question obviously addresses situations where there has been substantial TRA. Qualification of the indicators through field missions and contacts with beneficiaries, deciders and operators will be essential.</p>

Question n° 5: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
C24: TRA contributed to deepen the regional integration process by strengthening the institutional framework and by facilitating implementation	I41: Recent evolution of the regional institutions. I42: Degree of implementation of the various measures included in the regional agreements (tariff classification, common external tariffs, rules of origin, etc.)	Reports from regional institutions Reports from international organisations Evaluations and studies	
WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION	<ul style="list-style-type: none"> ▪ The question requires to investigate individual countries (from different programming regions) and regional arrangements and to assess the contribution of TRA to better understanding and implementation. ▪ For individual countries the participation of the country in the MTS, its compliance with the rules and progress made in mainstreaming trade into domestic policy. ▪ For regional arrangements, the question analyses the capacity of the regional (or inter-governmental) institutions to lead, monitor and control the process, and the capacity of the member countries to implement and comply with. 		

Question n° 6	To what extent have TRA interventions enabled countries to identify and articulate their needs and improve their position in international trade negotiations?
Understanding and coverage of the question	<p>This question completes question 1 (focused on programming) and aims to understand how TRA has enabled countries/regions to build capacity in trade agreement negotiation.</p> <p>Coverage: the question investigates if:</p> <ul style="list-style-type: none"> ▪ Country/region understanding of the rules and mechanisms they can benefit from (dispute settlement, anti-dumping measures) has improved; ▪ TRA has significantly improved country/region capacity to negotiate trade rules.
Intervention logic	<p>The intervention logic is similar to that of question 1 except that here the analysis is focused on the implementation stage IO3 (see diagram 3 of the report) while question 1 addressed the programming stage. More specifically question 6 addresses issues related with effectiveness and investigates if TRA provided improved the understanding of the issues associated with negotiations and strengthened the capacity of negotiation of the partner.</p>

Question n° 6: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C21: TRA intervention contributed to a better understanding of the rules and mechanisms of the MTS.</p> <p>C33: TRA intervention contributed to strengthen the negotiation capacity of the partner.</p>	<p>I35: Participation to seminars, trade related courses, preparation of international meetings and negotiations.</p> <p>I36: Outcome of negotiations and disputes.</p>	<p>Conclusions and evaluation reports of seminars on WTO rules and international trade; interviews with organisers and participants. Official documents; interviews.</p> <p>Official documents. Interview with policy deciders and negotiators.</p>	<p>Most indicators for this question will not permit to establish a clear link with TRA interventions, though the question obviously addresses situations where there has been substantial TRA Qualification of the indicators through field missions and contacts with beneficiaries, deciders and operators will be essential.</p>
<p>WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION</p>	<p>The question requires to investigate individual countries (from different programming regions) and regional arrangements and to assess the contribution of TRA to the awareness of the issues and the strengthening of the negotiation capacity.</p>		

Question n° 7	In those countries and regions where the Commission has financed a number of TRA interventions aimed at productive sector development to what extent have the outputs delivered by these TRA interventions been effectively used by the productive sector operators?
Understanding and coverage of the question	<p>This question completes question 2 (focused on programming) and aims to understand how TRA has developed capacities effectively used by the enterprise sector operators.</p> <p>Coverage: the question investigates if:</p> <ul style="list-style-type: none"> ▪ Productive sector operators have gained a better understanding of the opportunities and constraints offered by international trade; ▪ Productive sector operators make use of the facilities offered in the framework of TRA (e.g. use of business centre services).
Intervention logic	<p>The intervention logic is similar to that of question 2 except that here the analysis is focused on the implementation stage while question 2 addressed the programming stage. More specifically question 7 addresses issues related with effectiveness and investigates if TRA provided resulted in effective improvements in the operations of the productive sector.</p>

Question n° 7: continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C25: Facilities and services developed in the context of TRA are used by productive sector operators.</p> <p>C26: Services provided in the context of TRA induce enterprises to change their management practices in view of increased participation in international trade.</p>	<p>I43: Number of enterprises using business centres, trade promotion agencies, upgrading programmes, and frequency of utilisation. Participation to international fairs.</p> <p>I9: In countries benefiting from preferential arrangement (regional or non regional) number of products effectively submitted to tariff reductions.</p> <p>I44: Number of enterprises (or products) obtaining quality certification, satisfying international standards and norms, or using e-commerce facilities.</p> <p>I45: In enterprises having benefited from TRA, adoption of new practices (e.g. changes in production process, marketing packaging practices, foreign market orientations, accounting techniques) by the management.</p>	<p>Project/programme reports. Evaluations. Interviews with operators, Chambers of Commerce, business centres.</p> <p>Organisations delivering certificates of origin; ministries of trade; interviews with operators.</p> <p>Statistics from local institutions of norms and standards.</p> <p>Interviews with operators, bankers, international trade firms, European partners. Questionnaires Views of the operators and beneficiaries of TRA supporting enterprise sector development.</p>	<p>The evaluation should cover region/countries with different economic characteristics (and in particular include developing and transition countries).</p> <p>I9 attempts to measure how effectively trade arrangements are used by operators (even if a country benefits from a preferential treatment its firms may not be aware or may find it unprofitable to obtain a certificate of origin)</p>
<p>WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION</p>	<p>This evaluation needs to assess to what extent the private sector operators are aware of the services offered to them in the context of TRA, perceive their potential benefits, and make use of them. It is typically a question that requires field visits and direct contacts, possibly in the form of a workshop organised by a business centre, with operators. These should be completed by questionnaires which could be directed, via the Delegation, to the “clients” of the business centres in different countries.</p>		

Question n° 8	<p>In selected cases where the Commission has financed a number of TRA interventions aimed at enhancing trade policy frameworks, trade promotion, trade facilitation, and productive sector development, to what extent did it induce changes to the situation of productive sector operators in terms of:</p> <ul style="list-style-type: none"> ▪ The volume, value and direction of trade flows? ▪ The redirection of productive activities towards tradable goods? ▪ The structure of trade (appearance of new product, disappearance of others). ▪ Foreign and domestic investment?
Understanding and coverage of the question	<p>The question attempts to assess the impact of TRA in terms of trade development based on some selected cases and case studies. Since the overall objective of TRA is participation in the world trade, the only way to assess impact is to investigate how trade evolves and how the productive basis is redirected towards international trade. It is a difficult task in view of the fact that impact takes time to materialise and the evaluation period is relatively short; moreover, the attribution of impact to a particular cause, such as TRA, is quasi impossible. However, if this evaluation is to assess impact it cannot escape such a high level question. In order to overcome this difficulty this question will not be assessed at the macro-economic level, as should be necessary in all rigour, but treated at the level of productive sector operators as a second best approach.</p>
Intervention logic	<p>The question analyses the outcomes of TRA in terms of the general objective of diagram 3 of the report. As the reconstructed intervention logic reveals different regional focus in terms of specific objectives of the TRA interventions, the analysis of impact should be replaced in the corresponding context (e.g. in a MED trade with Europe and with other MED countries should be paid specific attention)</p>

Question n° 8: continuation

Judgement Criteria		Indicators	Sources	Assumptions and comments
C27: Productive sector operators/enterprises who have benefited from TRA projects and used the services resulting from these projects have increased their participation in the international trade.	I46 Volume of exports of these enterprises has increased	Questionnaires. Data monitored by the concerned TRA projects.	Supposing an impact is identified, its attribution might be a problem. Productive sector operators rather than private sector has been deliberately used, among other reasons to allow for capturing the effects of privatisations.	
C28: Productive sector operators/enterprises who have benefited from TRA projects and used the services resulting from these projects have diversified their own production or services, and trade.	I9: In countries benefiting from preferential arrangement (regional or non regional) number of products effectively submitted to tariff reductions.	Organisations delivering certificates of origin; ministries of trade; interviews with operators.		
C29: Productive sector operators/enterprises who have benefited from TRA projects and used the services resulting from these projects have attracted foreign investment.	I47: Diversification of tradable goods and services offered by these enterprises.	Same as I46.		
	I48: Number of joint ventures created and “brown field” investments.	Same as I46.		
WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION	It is typically a question that requires field visits and direct contacts, possibly in the form of a workshop organised by a business centre, with operators.			

Question n° 9	How are cross cutting social and environmental issues taken into account in the provision of TRA? To what extent have TRA initiatives helped to counteract the possible detrimental consequences of trade in relation to gender, core social standards, human rights and environmental issues?
Understanding and coverage of the question	<p>Environment, social issues (gender, child labour, labour standards), health, democracy and the rule of law are transversal issues closely connected to the overall objectives of the European Community relations with third countries. Therefore, they need to be carefully taken into consideration in every intervention. In the case of trade the analysis of these issues must consider two dimensions: TRA intervention must pay due attention both to the possible detrimental effects of trade, and to the potentially beneficial contribution of trade to these aspects. Moreover, these issues can also potentially lead to the establishment of trade barriers and the design of trade policy should avoid such slippage.</p> <p>The question, therefore, needs to analyse:</p> <ul style="list-style-type: none"> ▪ How cross cutting issues are taken into account into programming and implementation, and shaped according to the specific focuses of the regional policy documents; ▪ The potential impact of TRA interventions in areas related to cross cutting issues; ▪ Whether cross-cutting issues have been used as a protectionist instrument.
Intervention logic	<p>Cross cutting issues are part of the general principles governing the development and cooperation strategies of the Commission and must therefore ensure that the overall objective of trade development (diagram 3 of report) respects the overall objective of sustainable development and poverty reduction. These issues and trade aspects are closely interconnected.</p>

Question n° 9: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
C30: The design of TRA intervention explicitly incorporate aspects related to environmental issues.	<p>I49: Programming documents include an analysis of the links between trade and environment.</p> <p>I50: Programming documents identify the main environmental risks associated with the development of trade.</p> <p>I51: Programming documents envisage specific actions to mitigate the environmental risks.</p>	<p>Programming and monitoring documents. References to empirical studies or papers.</p> <p>Programming and monitoring documents; evaluations.</p> <p>Programming and monitoring documents; evaluations.</p>	

Question n° 9: Continuation

Judgement Criteria	Indicators	Sources	Assumptions and comments
<p>C31: TRA interventions are designed in such a way that trade acts as a promoter of social standards, human rights and the rule of law.</p> <p>C32: TRA interventions limit the use of cross cutting issues as protectionist instruments.</p>	<p>I53: Programming documents identify the factors by which trade impacts on social standards (income distribution effect, child labour, social protection of workers, etc.), human rights and the rule of law.</p> <p>I54: TRA activities include specific measures to foster the positive contribution of trade to social standards, human rights and the rule of law.</p> <p>I55: TRA programming addresses the issue of gender and includes specific measures to enhance gender equality.</p> <p>I56 Programming documents identify how cross cutting issues can be used as devices to limit trade.</p> <p>I57 TRA activities include specific measures to avoid the use of cross section issues as protectionist devices.</p>	<p>Programming documents. References to theoretical and empirical studies.</p> <p>Programming documents.</p> <p>Monitoring and evaluations. Interviews with representatives of civil society, government, international governmental and non governmental agencies.</p> <p>Programming documents.</p>	<p>Cross cutting issues can be used as protectionist instruments both by the provider and the partner of TRA. Indicator I39 should include both types of information.</p>
<p>WHAT NEEDS TO BE ANALYSED TO ADDRESS THE QUESTION</p>	<p>The question implies a careful analysis of the programming documents in order to verify if cross cutting issues have been duly incorporated taking into account their importance in the country/region where the TRA is delivered.</p>		

Annex B - Main Field Missions Findings

Annex B - Main Field Missions Findings¹

A.	FIELD MISSION KENYA-ZAMBIA-COMESA	3
1.	RELEVANCE AND PROGRAMMING ASPECTS (EVALUATION QUESTIONS 1 TO 3)	3
2.	EFFICIENCY (EVALUATION QUESTION 4)	9
3.	EFFECTIVENESS AND IMPACT (EVALUATION QUESTIONS 5 TO 8):.....	11
4.	CROSS CUTTING ISSUES	15
B.	FIELD MISSION TUNISIA	17
1.	RELEVANCE AND PROGRAMMING ASPECTS (EVALUATION QUESTIONS 1 TO 3).....	17
2.	EFFICIENCY (EVALUATION QUESTION 4).....	22
3.	EFFECTIVENESS AND IMPACT (EVALUATION QUESTIONS 5 TO 8).....	24
4.	CROSS CUTTING ISSUES (EVALUATION QUESTION 9).....	26
C.	FIELD MISSION MOLDOVA	27
1.	RELEVANCE	27
2.	EFFICIENCY	31
3.	EFFECTIVENESS	33
4.	IMPACT.....	35
5.	SUSTAINABILITY.....	37
6.	CROSS-CUTTING ISSUES.....	37
D.	FIELD MISSION VIETNAM	39
1.	RELEVANCE AND PROGRAMMING ASPECTS (EVALUATION QUESTIONS 1 TO 3).....	39
2.	EFFICIENCY (EVALUATION QUESTION 4).....	44
3.	EFFECTIVENESS AND IMPACT (EVALUATION QUESTIONS 5 TO 8).....	45
4.	CROSS CUTTING ISSUES (EVALUATION QUESTION 9).....	46

¹ This annex reproduces the section “Synthesis of the main findings” of each field mission reports. The references of the comprehensive reports of the four field visits, with their annexes, are:

Field Mission Report: Mission to Kenya and Zambia 30th June-16th July 2003, Revised 26th February 2004.

Field Mission Report: Mission to Tunisia, 20th to 29th July 2003, Revised 13th March 2004.

Field Mission Report: Mission to Moldova 17th September, Revised 26th February 2004.

Field Mission Report: Mission to Vietnam 18th to 27th October 2003, Revised 4th March 2004.

A. Field mission Kenya-Zambia-COMESA

This section provides a synthesis of the main findings reported in details in Annex 11 of this Field Mission Report. These are grouped according to the different dimensions covered by the evaluation questions, namely aspects related to relevance and programming (evaluation questions 1 to 3), efficiency (question 4), effectiveness (questions 5 to 7), impact (question 8), and cross cutting issues (question 9).

1. Relevance and programming aspects (evaluation questions 1 to 3)²

This set of questions deals with the identification stages of the project cycle. It aims at verifying if:

- the programming of TRA assesses correctly the importance of trade related aspects of development and addresses the most important ones;
- the government strategy integrates sufficiently the trade dimension and, if not, programming of TRA proposes actions to improve such integration;
- the EC response strategy in terms of TRA corresponds to the identified needs.

The corresponding findings are best presented distinctly for the national and the regional level.

At the national level the major findings are:

- trade is of major importance for the development of Kenya and Zambia and the two countries face important challenges to expand it (§ 1.1);
- the domestic policies and policy documents do not integrate the trade dimension (§1.2);
- EC programming does not propose actions to improve the integration of trade into the domestic development policy and EC response rather takes the form of ad hoc trade related projects, mostly to support private sector development and exports, without aiming at a comprehensive reform of the trade and business environment (§ 1.3).

At regional level (§ 1.4) the EC approach is characterised by:

- the promotion of regional trade arrangements in the perspective of “open regionalism”;
- the promotion and strengthening of regional integration organisations in view of developing their capacity to identify (i°) the needs of their member states with respect to implementing and deepening existing regional arrangements, (ii°) the needs of the whole group of countries of the RA with respect to trade issues, negotiation and conduct of trade relationships with the EU, and integration in the MTS.

1.1 Importance of trade for Kenya and Zambia and main challenges

Both countries are characterised by a relatively and declining degree of openness of their economies. It evolves for 35%-40% in 1995 to hardly 30% in 2001-2002³. In both countries these trends result from a continuous decline of the traditional exports, concentrated on an extremely limited number of basic commodities. This negative evolution is only partially mitigated by a beginning of diversification and a growing share of non-traditional exports. In order to revert these

² Answers to Fact Findings Guide questions (Annex 11) Q.1.1.a to Q.3.13.20.c

³ See tables 1 and 6.

trends both countries need to integrate trade as a central dimension of their development strategies so as to generate a trade supportive environment and to make the best of their insertion in the world trade. For this they need to face the following challenges:

1 To take advantage of the Cotonou agreement.

EU relations with Kenya and Zambia are firmly set in the context of the Cotonou Agreement. The Cotonou Agreement marks a major break with previous agreements between the EU and ACP countries in that it substitutes a commitment to integration of ACP countries into the multilateral trading system (MTS) for the preferential approach of the Lome agreements. It also promotes regional arrangements among ACP countries and/or between ACP countries and the EU as privileged instruments to facilitate smooth integration into the MTS.

The reason for the change is partly the relative lack of success of the preferential arrangements. The Institute of Economic Affairs (Nairobi) comments in its report on "The Cotonou Agreement: Exploring New Trading Arrangements Options for Kenya" that: "The impact of non-reciprocal preferences provided by Lome' was disappointing. Although they contributed to a success in some countries, in general the ACP states' share of the EU market declined from 6.7% in 1976 to 2.8% in 1998, with 60% of this share concentrating only in 10 products, exported in primary form and with low value added".

While some government officials in Kenya and Zambia are uncertain whether the abandonment of the preferential approach is wise, given the state of their industry, most seem to accept that the new approach is preferable; that the long term interest of their countries lies in integration with the MTS. Along with this, they accept the need to proceed with the negotiation of EPAs.

2° To take advantage of the Doha Agenda.

The Agenda was focused on the needs of developing countries, particularly with regard to trade in agriculture and textiles. The prospects of significant liberalisation in these much-disputed areas might reasonably have been sufficiently attractive to many developing countries to justify sustaining the round. Cut off from international trade talks, countries such as Kenya and Zambia will experience lesser demand for the development of their expertise in trade matters and for changes in the domestic situations which could potentially unleash their trade potential. If they are not engaged, they will see no reason to develop capacity for engagement, and call for assistance to develop their capacity. The EU projects now commencing in Kenya and Zambia for the strengthening of capacity for international trade negotiations are likely to find their importance diminished if the Doha Agenda is not revived.

3° To develop their capacity to engage in international trade

While the Cotonou Agreement sets the framework for relations between EU and ACP countries, it is not necessarily the decisive factor in the expansion of ACP trade with the EU, any more than were the Lome agreements. Of far greater importance is the capacity of individual ACP countries to achieve an orientation towards trade. The situation with regard to the WTO is similar. Domestic situations, rather than international trade arrangements, are the important factors behind the relative lack of engagement of Kenya and Zambia in international trade negotiations. Hence changes in domestic situations are the essential trigger for greater engagement.

The reasons for limited penetration of Kenya and Zambia into the European and world markets thus appear to be more domestic than any consequence of the trade arrangements between the EU

and ACP countries. Without changes in the domestic situation, it is therefore unlikely that changes in the EU-ACP trade relationship, as formalised in the Cotonou Agreement, will have any significant effect on Kenyan or Zambian trade with the EU. Yet while the negotiation of EPAs is developing as very much a regional affair, the process may have some significant impact on national attitudes to trade and help to develop national awareness and expertise. National trade officials follow what is done by COMESA. National officials work in COMESA and are trained by COMESA. There is thus significant spillover from regional to national level. There is some prospect that the Cotonou Agreement will bring about changes in the domestic situations of Kenya and Zambia. The EU could perhaps use its established repute in COMESA to extent trade related assistance to the national level.

4° To understand and to meet their international and interregional trade commitments and take advantage of them.

Kenya and Zambia are both members of the WTO and of interregional arrangements. Awareness of their obligations, the capacity to exercise their rights (for instance, in case of disputes) and to maximize the benefits of their membership is a challenge particularly difficult to address with limited expertise and institutional capacity. The regional organizations offer opportunities in terms of economies of scales (for instance, different regional Committees have been set to prepare for international negotiations; one of these is the Committee on Market Access, common to EAC and COMESA, chaired by Kenya) but with the multiplication of commitments and organizations some overlapping also creates difficulties.

1.1 Insufficient integration of trade policy into the countries development plans

In Kenya and Zambia the PRSPs and other national development plans include very few references to the integration of trade policy in the domestic development policies. When they exist, references are diluted in the overall macro-economic considerations and/or in the form of export strategies rather than being in the form of a comprehensive trade policy framework. This state of affairs reflects a lack of commitment for international trade in the government strategy and policies.

The main explanatory factors behind the poor integration of trade into domestic development plans are:

1° The insufficient perception of the links between trade and poverty reduction

The PRSPs in Kenya and Zambia mention private development support and trade as important factors of value added generation but they do not elaborate on how trade can be harnessed to become a tool for development. The CSPs in the two countries align on the objectives of the PRSP and therefore do not focus either on trade nor elaborate on TRA needs. There is no evidence that special actions have been undertaken at programming level to strengthen the trade dimension of the PRSP or of the CSP.⁴

It is also worth mentioning that on several occasions the observation was made that the macro-economic policy and its translation in the PRSP is influenced by the strong emphasis on economic stabilisation and that this, important as it is, tends to lower the concern for trade issues.

4 It should be observed that in contrast the Namibia CSP revolves around key poverty reduction measures formulated in the Second National Development Plan (NDP2) and National Poverty Reduction Action Plan (NPRAP). The latter set out a broad analysis of the incidence and cause of poverty and strategies to address it.

- 2° The lack of capacity of the enterprises to engage in international trade results in weak government engagement in trade.

The capacity to trade is to a large extent the dictator of engagement in trade. Businesses that see themselves as effective in international trade will press their governments to open opportunities for engagement. Businesses that see themselves as profitable only under a protective regime will tend to advise their governments to maintain trade restrictions. The capacity to trade, and the need for access to markets, will in its turn bring about the development of government commitment to international trade and skills in trade negotiations.

In Kenya and Zambia businesses in general tend to regard themselves as lacking the capacity for foreign trade. It is largely the primary producers that engage in well established international markets – tea grown by Unilever in Kenya has been an important success in recent years; copper has been the mainstay of Zambian trade for many years. Zambia has developed a range of non-traditional exports in recent years, but in general, in both countries, companies tend to be oriented towards the domestic market and see themselves as in need of protection from international competition.

It is probably because of this commercial background that neither Kenya nor Zambia has developed significant expertise in government to deal confidently with trade issues and engage effectively in international trade negotiations. There is a lack of capacity even to define requirements for assistance, and consequently there have been no strong demands on the EU for trade related assistance to either Kenya or Zambia. Projects have been of the traditional kind. Inputs have been provided at functional level - for instance in the form of training, limited equipment and special credit lines to help enterprises overcome specific constraints to the development of their production and exports - rather than assistance in the development of coherent trade policies and negotiating strategies related to developments in international trade. Even preparations for the negotiation of EPAs, as required in the Cotonou Agreement, have been low key and rather confused in both countries. There is heavy reliance on the regional capacity developed in COMESA.

- 3° The important and acknowledged deficit in capacity to formulate trade policy

In Kenya and Zambia, as in most countries, the responsibility for foreign trade tends to be distributed across different ministries and specialized agencies, so that no one ministry sees itself as principally responsible, and obligated to develop the necessary expertise. Foreign trade typically involves the ministries of finance, economic planning, trade, industry, agriculture, and foreign affairs, along with various other service agencies (for example the Kenyan Export Promotion Council, the Kenya Tourist Board, the Export Board of Zambia, etc.). This inhibits the development of coherent internal policy, and also inhibits the formulation of projects for trade development suitable for donor support.

Moreover, in both countries there is some tendency to see trade policy in the relatively simple terms of market access and export promotion, rather than a more fundamental engagement involving and influencing the development of the economy as a whole – its business specialisations, financial system, infrastructure, transport services, pricing, wage rates, etc. Kenya and Zambia have or had recently projects aimed at export promotion. In the former case one project (the Trade Development Program) was incorporated in the government agency responsible for export promotion, while the other (the Tourism Trust Fund) is operating separately from the Kenya Tourist Board. In Zambia the project for development of non-traditional exports (The Export Development Program) was established and operated largely independently of government agencies

and the national financial system. The projects have performed basic export promotion functions, rather than promoting a national orientation to international trade. Except for the TDP, the projects have operated in some degree of isolation from the main trade-related institutions of the state, so that even the implementation of trade-related projects does not contribute to improve the trade formulation capacity.

1.3 The EC response at national level

The policy dialogue underlying the preparation of the country strategies has usually been conducted with ample consultations of the beneficiary authorities and stakeholders, but it has not been guided by particular actions or pressure to integrate trade into the domestic policy documents and to streamline trade into domestic policies. A first reason is to be found in the fact that in the Delegations the persons in charge of managing the programming phases of assistance are responsible of specific sectors such as rural development, social sectors, transport, etc. whereas trade as such is not a central point of entry in support strategies. Other donors have faced similar situations and it is worth mentioning that in order to mainstream concern for trade into the poverty reduction programmes DFID has developed a Trade and Poverty Programme centrally designed and managed from London but implemented in taking into account local specificities and situations. A second reason for the low concern for trade is the reliance on the fact that EC programming at regional level focuses on trade issues. It is well known by the EC services in charge of the preparation of the CSPs in Kenya and Zambia that the regional programmes for E&SA deal with trade issues. Therefore services in charge of preparing the country strategies tend to consider that trade issues are covered elsewhere and that the focus can be placed on other sectors in the national strategies. The neglect of the trade dimension is, however, damageable, even in countries belonging to a region where there is a important TRA provided at regional level, because then the country strategy does not permit to articulate the trade developments and reforms at country level with those envisaged at regional level.

In Kenya and Zambia the offer of EC TRA has therefore been based more on the demands expressed by the authorities in the countries than on a diagnosis of the real needs.

The demands, and the response, have primarily taken the form of support to the private sector. Even in that case, the projects are trade related by default rather than by design except when they are specifically directed to export activities, as was the case with the TDP and the TDS DP in Kenya or the EDP in Zambia. The trade interventions offered at country level do not result from a systematic diagnosis analysis of the trade situation of the country, conducted for instance at the time of the preparation of the CSP, but tends to be responsive to requests corresponding to the needs as perceived by the beneficiary. Therefore they privileged projects aiming at the diversification of exports and the improvement of enterprise competitiveness. Little efforts have been devoted to other essential needs such as the removal of the systemic constraints imposed by deficiencies in the macro-economic environment, or to support trade facilitation, for instance.

Support to develop the capacity to participate in international negotiations is the second area where clear demands have been expressed in both countries (though less in Zambia, probably due to the proximity of the COMESA Secretariat and the easy contacts it permits). The lack of capacity to assess the impact of alternative negotiations outcomes is perceived, justifiably, by the countries as a major obstacle to undertake reforms. In response the EC has offered specific projects at country level (TNSP in Kenya) in addition to the support provided through the Regional Integration Organisations and through all ACP programmes. The articulation of the negotiating capacity of individual countries and the regional organisation they belong to is important but so far proved

difficult to organise. Zambia, e.g., has formulated demands for a possible secondment of national staff to interregional organisations.

TRA to develop the capacity to meet international and interregional trade commitments has not been the object of demands in Kenya and Zambia and therefore is not included in the country programmes. In general these needs, although they are widely recognised, are not analysed in depth in the EC country programming documents even if the international/interregional commitments are usually reviewed. For countries where there exists a WTO TPR (case of Zambia and Kenya) this review provides a comprehensive panorama of the main problems and could be used to identify priority TRA needs. In Kenya although considerable improvements have taken place in the recent years regarding the implementation of WTO agreements, numerous difficulties remain to be tackled in many technical areas: adaptation of anti-dumping and counter-value duty law and regulation, customs valuation, etc. Overall there is unanimity among authorities, operators and donors to recognize a major lack of domestic expertise and institutional capacity to address these issues. In Zambia the lack of capacity to identify the implications and to meet international and interregional commitments is even more severe. These essential needs are not consistently analysed and met by the community of donors.

The difficulty to provide TRA has also been the result of the extremely weak institutional capacity of the beneficiary. This has been analysed in depth in the country strategy in Zambia and capacity strengthening is programmed and should permit in the future a better identification of needs and an easier implementation of TRA.

With the Cotonou Agreement and the perspective of the EPAs, as well as a consequence of the post Doha negotiations, the demands for TRA at country level are evolving and include more and more assistance to negotiations and even technical aspects (standards and norms for instance).

1.4 The EC response at regional level

If it can be said that EC TRA has been mostly reactive at country level, it has undoubtedly been proactive at regional level. Over the whole period of this evaluation, regional assistance to E&SA countries has consistently and continuously promoted and supported regional integration and regional trade arrangements as preferred instruments to assist countries integrating in the MTS. This was based on the view that the benefits of *open regionalism* extend outside and beyond the traditional benefits in terms of intra-regional trade, limited in South-South integration experiences, and potentially include many non traditional benefits. Those range from economies of scale in institutional developments, the additional credibility of arrangements binding several countries as opposed to single country regulations, to development of common goods such as better policies, regulations and practices.

EC support to regional integration in E&SA Africa is characterised by its continuity and by the fact that it has been directed to strengthening regional integration institutions and channelled through these institutions. The 9th EDF Regional Strategy and Indicative Programme for E&SA is well adapted to respond to the issues related to regional integration mentioned under §3.2 above. These issues are recognised by the regional authorities and their identification as well as the needs of TRA they raise has been made within previous and ongoing EC regional support (the RIESA project has been and continues to be essential in this regard). Therefore a characteristic feature of the regional approach is the close articulation between the dialogue with the regional authorities, the identification of needs and the management and implementation of regional TRA.

Over the last decade the EU has been supporting the Regional Integration Organisations and their programmes. EC participation in the CBI and a series of other important EC support programmes (in particular the PRIDE in the IOC, RIESA programme to support to COMESA) have addressed regional integration policy and implementation issues. Moreover the continuity (in terms of strategic vision in the EC programming, in terms of succession and complementarity of interventions, and also in terms of experts mobilised) permitted to improve the diagnostics of the needs and the formulation of the support strategy. The continuity is also observed in the double focus on institutional strengthening of the RIOs, on the one hand, and on the implementation of policies on the other.

Institutional strengthening has been provided first in a less coordinated way to the four RIOs (IOC, COMESA, EAC and IGAD). Under the 9th EDF, the creation of the IRCC was a major step to coordinate the efforts of the regional organisations. Currently the major project in this regard supports the COMESA Secretariat to achieve its regional integration objectives. In the context of the Cotonou agreement and the preparation of negotiations in view of negotiating EPAs with the EU this programme is of particular importance.

The coordination of the implementation dimension with the institutional one has also evolved over the years towards more consistency and operational coherence. Currently the IRCC and, for the operational aspects, the Secretariat of the COMESA deal with the identification of the needs and coordinate the implementation of the technical TRA projects, such as RHTCSS, Competition policy; for instance. The TWG component of the CBI/RIFF (a programme not concerned with new regional integration but with the acceleration of already agreed commitments to trade integration and facilitation) is coordinated through the RIESA programme.

It remains that the articulation between EC TRA support at regional level and at national level is weak, when not inexistent, and does not provide sufficient support in the member States to implement the policies designed and managed at regional level. Competition policy offers an interesting example. The need to address the question has been put by the Member States to the table of the COMESA Secretariat. Rightly so since the problem is to comply with the COMESA Treaty Art. 55 commitment to ensure fair trade in the region. Nevertheless, at country level (Zambia) capacity building remains the weak point and funding is limited to support it.

2. Efficiency (evaluation question 4)⁵

This is meant to assess how far the implementing modalities, the composition of inputs and the interactions with Government and other donors activities have contributed to the attainment of the intended objectives.

The main findings from the mission Kenya-Zambia-COMESA concern the efficiency of the overall assistance programme to the countries and the region, on the one hand, the efficiency of projects, on the other hand.

2.1 Efficiency of the overall assistance programme

The fundamental choice to provide TRA mostly at the regional level rather than through the country programmes proved a major positive factor influencing efficiency of TRA. It permitted economies of scale in the provision of assistance and the institutional developments because it

⁵ Answers to Fact Findings Guide questions (Annex 11) Q.4.14.21a to Q.4.20.33a.

could concentrate on one (or a limited number of) interlocutor(s), the regional integration organisation(s), and through that channel induce reforms in all the member countries; this proved easier and more efficient than trying to stimulate reforms independently in each country. It also ensured consistency in the definition of the objectives, both among the beneficiaries since liberalisation efforts of all the member states are converging in the regional integration process, and on the EC side where the objective of promoting regional integration was clearly dominant in the regional interventions. And, finally, it contributed to significant achievements of the intended objectives (institutional strengthening and effective movement towards free trade in the region in particular).

The weak point, however, is the lack of articulation and complementarity between the efforts made at regional level and at country level and the fact that the country strategies and programmes do not take the relay of the actions conducted at regional level. The result is that trade activities are mostly viewed as a regional affair with little internalisation in the country programmes and the poverty reduction strategies. Moreover the necessary complements at country level of activities initiated or promoted at the regional level are not ensured. Regional projects such as support to customs, competition policy are not internalised in the country strategies. The CBI project had a different approach and was mostly based on the voluntary contribution of the countries. That made it an ideal prolongation of regional projects and the TWG/RIFF, an off spring of the CBI, could act as an instrument to increase efficiency of the country programmes. However, it seems to work more as a useful mutual information forum than as an instrument influencing the composition of the assistance programmes.

The second finding is related to donor coordination. Whereas there is undoubtedly a large degree of donor consultations and mutual information, there is little coordination in particular in the form of a policy dialogue around trade issues. The difficulty is compounded by the fact that different donors may have different views and objectives in relation to trade.

The third finding relates to the selection of the channels through which TRA is provided. The correct assessment of the institutional capacities to implement trade related assistance projects is a key point to guarantee efficient implementation. The regional strategy for E&SA includes such assessment of the strengths and weaknesses of the regional institutions. It proposes actions to improve their institutional capacity and their coordination to ensure that they can reasonably be used as the primary channel of implementation of EC support. In the two countries visited the situation differs. In the country strategy Zambia a fairly thorough capacity assessment of the administration is done, concludes to a dramatic weakness and proposes logically institutional strengthening as a focal sector, including in the ministry of trade. In Kenya, the country strategy does not address trade issues neither the capacity to deal with them. In consequence, institutional capacity of implementing agencies is dealt with on a project by project basis. This approach is not likely to lead to the selection of the most efficient channels of implementation of TRA. A systemic approach is preferable and an in depth institutional review, like the one conducted in Kenya by DFID in the context of its Trade and Poverty Programme, can be a substantial contribution to the efficiency of projects.

2.2 Efficiency of projects

In terms of efficiency the TRA projects face the same problems and difficulties than projects in other fields: legal, procedural and policy oversights at the level of project identification; lack of familiarity among project beneficiary with EC procedures which lead to the non respect of the initial schedules; underestimation of resources in view of the ambition of the objectives (case of PRIDE), etc.

Regarding the TRA projects examined during this field mission the following observations can be made:

- In several TRA projects, the initial design does not include a needs analysis and this is undertaken only when the project actually commences (this was the case for the TDP in Kenya), generally at inception phase or as a specific output of the project. This tends to reduce efficiency in two ways. First, it delays substantially the effective start of the project; second, needs assessments done within a project are usually limited to the analysis of those needs that can be apprehended within the scope of the project and tend to consider other needs as exogenous factors, which are not necessarily addressed.
- In Kenya and Zambia projects are designed and conducted in independence from government policy and preconditions regarding the establishment of a favourable environment. For instance, the Zambian EDP benefited from a specific credit line allowing to bypass the constraints of the ill functioning financial sector. Whereas this undoubtedly increased the efficiency of the project and helped to achieve its immediate results it was less efficient from a global point of view than an effort to address directly the deficiencies of the financial sector.
- There is a general acknowledgement that flexibility has been improved with decentralisation. It reduced the distance between the task managers in the CE, the beneficiaries and those who were implementing the projects, and allowed quicker responses to unexpected factors affecting projects. The Tourism Diversification and Sustainable Development Programme (TSDSP) in Kenya offers a good example.

At regional level it seems, nevertheless, that the effects of decentralisation have been less tangible and Brussels remains the main point of reference for those implementing regional TRA projects. The articulation of responsibilities between DG Dev, DG Trade and AidCo is not straightforward. As an example the advisors in regional integration to the COMESA Secretariat mentioned that they were currently investigating the possibility to propose budget aid to countries adopting correctly and rapidly the essential reforms decided in the context of the COMESA Road Map towards Customs Union. A major difficulty they faced was to find out who should be their interlocutors within the EC services in Brussels to put such a scheme into practice.

3. Effectiveness and impact (evaluation questions 5 to 8)⁶:

These questions are meant to assess the extent by which EC TRA interventions have delivered their intended results and what has been the contribution to the overall objectives pursued. Findings from the interviews and document analysis relating to the Kenya/Zambia/COMESA EC TRA interventions can be regrouped in three categories.

1° Regional integration

- At regional level, EC support to regional integration has been effective and resulted in an actual strengthening of the COMESA institutions and the capacity to define and implement regional integration strategy. This in turn had an impact on trade conditions, notably with the establishment of the FTA among nine COMESA countries. The elaboration of a road map to a customs union is a further step in deepening regional integration. A positive dynamics

⁶ Answers to Facts Finding Guide questions (Annex 11) Q5.22.37.a to Q8.29.48.a.

on trade issues between region and countries has been initiated. A good example is the development of the legislation on competition. After the introduction of the FTA the member countries faced investments for South African companies. These companies developed multinational structures reallocating productive units across the regional area and creating major concerns in countries of delocalisation of existing enterprises. Whereas this was an evidence of the effectiveness and impact of the newly implemented FTA it also emphasised the need to develop an adequate legislation to avoid the use of practices not compatible with fair competition. Un-competitive practices were mainly territorial restrictions and pricing systems. Demands from the member states to the COMESA Secretariat and mobilisation by the latter of external assistance to address the issues have permitted progress in an essential area where the needs had been perceived at the very beginning of the national privatisation processes but had never received an adequate solution.

- The EC support has been determinant to achieve these results. It also proved effective to help COMESA and its member states to improve their capacity to negotiate regional and international trade issues:
- The RIESA project is a major instrument to help clarifying positions and therefore it enhances the regional capacity to negotiate regional and international agreements. Its effectiveness is easily verified by the fact that the substantial outputs of the different programme components are used and well internalized by the beneficiaries. The strategy documents elaborated in the context of the project and under the guidance of its specialist advisors are used as a basis for the political discussions among member states of the regional organizations. A multiplicity of activities such as workshops, research studies, inter-regional meetings, have been delivered and have attended and/or used by a variety of stakeholders. It may be premature to assess whether the impact of these efforts is a better trade policy and better reforms, but there are already clear signs pointing in this direction. Trade reforms and trade liberalization have been more profound and more rapid when supported in the context of successful regional integration as in the COMESA (or as in another regional integration process supported by the EC: the WAEMU) than in countries where the regional stimulus and support did not exist or was ineffective.
- The TWG of the RIFF provides a useful relay to bring the needs of national operators to the attention of those who prepare for the negotiations. Representatives of the TWG but also from business organizations have insisted on its importance and the need to continue efforts in this direction because there are no other channels of liaison between operators and governments at regional level.
- The regional integration organisations fulfilled an important function in assisting their member states in becoming familiar with and understanding the implications of the WTO requirements and analysing (COMESA) in depth the technical steps towards deeper regional integration as well as their likely implications.

2° Improvement of the conditions for undertaking business and trade

At country level, traditional private sector projects have been effective but have not addressed the systemic constraints to trade development. This has limited the impact of these projects on the emergence of an environment enabling business and trade. It is also an obstacle to the sustainability of the positive results of several projects. The Export Development Programme (EDP) and the Private Sector Development Programme (PSDP) in Zambia are an example of such situation. They

have undoubtedly targeted effectively priority needs areas. By helping beneficiary enterprises to overcome financing constraints they have contributed effectively to a diversification of exports and to strengthening small scale export capacities. But they provided an ad hoc response, to fill temporarily a gap, to a systemic problem. They effectively rescued a sector and preserved an export capacity that might otherwise have been destroyed, but this was achieved by means compromising sustainability and the achievement of the global objective rather than facilitating in the long term:

- because they did not address the fundamental constraints but provided what amounts to subsidies to circumvent them, they might to require external funding for a long time otherwise all the effort might be lost;
- the ad hoc response involved some economic distortions (bypassing the financial intermediation sector, heavy subsidization of a category of producers) which were without much consequence because the sectors of intervention were not much linked to the rest of the economy in terms of inter-industrial relations. In a trade related perspective such projects would be in contradiction with the competition policy developed in parallel. In the medium term they could not meet the challenge to strengthen the inter-industrial linkages without distortion and in a sustainable way.

Despite this lack of systemic impact, substantial results in limited but important fields must be highlighted:

- Overall there is a very positive assessment of the business promotion devices developed under the EC/TRA and the use of these devices by operators. Support to participation in trade fairs, for instance, although this activity is viewed now as less relevant than other promotional actions, has been beneficial and 3/4 of PRIDE beneficiary enterprises surveyed considered these participations generated additional sales, clients and/or investments.
- There is abundant evidence from project evaluation reports and interviews that a significant number of local enterprises took advantage of EC support to obtain quality certification (1/3 of PRIDE enterprises declared to have taken advantage of EC support in adopting quality certification); TDP project in Kenya and EDP in Zambia improved access to and use of information technology. It may be observed that these positive developments may take some time to materialize. This is illustrated by the Centre for Business Information (CBIK) in Kenya that was negatively assessed in an evaluation conducted immediately after termination of the project in view of its limited use by beneficiary enterprises. The present evaluation, on the contrary, found that a few years after the end of the project the CBIK had been well appropriated by the beneficiaries and is now largely used and viewed by the operators as a most valuable tool.
- In general, the private sector development and export promotion programmes have achieved positive results in terms of improvements of business practices. The main areas of progress mentioned are: access to new markets; consolidation of old markets; diversification of production; enhancement of product brand and corporate image; extended support to existing distributors; appointment of new agents; obtaining franchise and increased competitive edge. Enterprises participating in the PRIDE project considered it increased their flexibility and creativity in the field of international trade. Nevertheless, the lack of market access outside the IOC region is perceived as a major constraint that requires political adjustment of the international rules and not only the adaptation of the export sectors.
- There is a positive assessment of evaluation reports and interviews regarding the increase of export volumes and the improvement of the competitiveness of beneficiary enterprises. In

Kenya and Zambia the traditional projects (TDP, TDSDP, EDP, PSDP) have stimulated export sales but without affecting the global conditions for trade as emphasised earlier.

- In general, FDI promotion does not seem to have been one of the major achievements of the EC TRA interventions. In some cases TRA has indirectly fostered foreign investments, like in the COMESA Free Trade Area (by attracting foreign investment from South Africa). While it is recognised that these developments bring in business expertise, they are regarded as having a significantly deleterious effect on competition in the countries and the region.

3° Effectiveness and impact of trade reforms and tariff reductions already undertaken.

The effectiveness of EC TRA in relation to the adoption of trade reforms and tariff reduction can be positively assessed by the fact that the movement of regional integration in the region makes abundant use of the institutions that have been strengthened with the EC TRA: the regional institutions have developed a coordination mechanism, the IRCC, the secretariat of the COMESA is effectively the focal point and the main technical support used by the countries to prepare the deepening of their regional integration and to discuss issues related with international trade negotiations: the road map and other key documents developed with the support of EC TRA are the basis of discussion among the members of the COMESA, the member states have requested the secretariat of the COMESA to prepare a legal and regulatory framework for competition in the region, etc.. There is ample evidence that EC TRA has contributed to the preparation and the adoption of a number of important reforms.

When it comes to assessing the impact of the trade and tariff reforms, and more precisely the specific impact EC TRA, it is much more difficult, because these reforms have also been pushed by other donors in the context of structural adjustment and because the statistical material that would permit to assess properly this impact is lacking. Accurate and reliable international and interregional trade statistics are not available on a sufficiently long and comparable basis.

Trade liberalisation and tariff reductions have been on the agenda of the countries of the region for many years, not least under the pressure of the Bretton Woods Institutions in the context of the structural adjustment programmes. There is no doubt that regional integration has helped to achieve effective tariff reductions. They differ by country according to the regional groupings they are belonging. An effective FTA has been established among 9 COMESA countries.

These moves required to overcome considerable difficulties because to engage into a tariff reduction a country wants the insurance it is worthwhile permitting greater access to its market for the product in question from the country or countries that are likely to take advantage of the reduction. To be worthwhile means it will permit to achieve reciprocal concessions, or to improve local competitiveness through local import costs, or to improve international relations without unacceptable impact on local industry or public revenue.

Major problems were encountered and are still at work which slower beneficial tariff reforms:

- The lack of commercial pressure behind the negotiators (observed in Kenya and Zambia and mentioned by the COMESA secretariat). In the developed countries this pressure provides negotiating directions. In its absence the negotiators are left with impact studies, for which capacity is crucially lacking.
- In connection with the previous problem, the governments tend to go to negotiations without full consultation with the private sector (this was indicated in Zambia: where businessmen expressed that they were “shocked” by agreements made by the Zambian government).

- The existence of conflicts of interest within regional groupings (whereas Zambia has interest in liberalization of sugar, Mauritius who has a large quota for its sugar exports to the EU at CAP prices has interest in sustaining its position).

The TWG of the RIFF is so far the main answer provided by EC TRA to this problem. It is probably not sufficient but it proves a useful starting point to organise a regional network of grouping of interests of the trade operators in the area.

NTB have been and continue to be important obstacles to take advantage of the tariff reductions and trade liberalisation already achieved. Trade facilitation has not been the object of specific programmes or projects. Customs reform is supported by the RHTCSS project but this mainly concerned with harmonisation and implementation of standard international statistical packages; the results in terms of simplification of procedures and trade facilitation are not clear⁷.

TBT, and in particular SPS and rules of origin are another factor limiting the impact of tariff reductions. In the COMESA countries there is evidence of export losses due to difficulties met in complying with EU's or US requirements. For instance, the Horticultural Development Crop Authority in Kenya mentioned that the privileged development of exotic flowers rather than exotic fruits comes from the complexity of SPS regulations and the difficulty to meet them. Though some SPS and environmental measures are regarded as NTB rather than TBT, it remains that compliance is a crucial issue because these measures concern precisely areas where the countries of the region have a comparative advantage.

These questions have been addressed through regional projects rather than in the country programmes with limited impact so far. With the establishment of the road map towards a customs union and the related research work, the COMESA secretariat has undertaken considerable work to identify needs and remedial actions. Beyond this there are no systematic trade diagnostic studies used as a basis to design and implement projects, and hence the problems have received only tangential attention although they are perceived as major constraints.

4. Cross cutting issues⁸

A general consideration is that sensitivity to environmental and gender issues and employment conditions, is much more acute in developed than in developing countries. Consequently the latter tend to see another purpose – protection – behind the propensity of developed countries to raise these issues in the context of trade.

Assumption that environment, gender and social impact were part of the trade agenda, was consequently viewed as inappropriate by many interviewees. EU documents and projects may seem lacking in the requisite sensibility, but pushing these issues in developing countries is likely to be understood as pursuit of a protectionist agenda. Sensitivity to local needs implies sensitivity to these local perceptions, as well as to ideas that are more easily shared.

In most EC programming documents, environmental issues are generally tackled for their own sake or in the perspective of sustainable development. The link between trade and environment is not investigated. One exception is the TDSDP in Kenya which recognizes environment as an asset for tourism. Otherwise the beneficiaries (national authorities) interviewed all expressed their wish to keep separate trade and environment issue.

⁷ An evaluation of the RHTCSS programme is on going but its results not yet available.

⁸ Answers to Facts Finding Guide questions (Annex 11) Q9.30.49.a to Q9.32.57.b

B. Field Mission Tunisia

This section provides a synthesis of the main findings reported in details in the Annex 5 of the Field Mission Report. These are grouped according to the different dimensions covered by the evaluation questions, namely aspects related to relevance, efficiency, effectiveness, impact and cross cutting issues.

1. Relevance and programming aspects (Evaluation questions 1 to 3)

The first three evaluation questions concern the programming of the Commission TRA activities. They are meant to assess the extent by which the trade dimension is taken into account in the programming process, the manner trade questions are treated in the Commission programming, analyze the tools used in the programming stage to identify the key trade related issues and verify if the Commission programming appropriately respond to the beneficiary country/region needs.

Integration of trade policy into development plans

The first step to answer these questions was to assess to what extent CSP/RSP and other Commission programming documents verify the integration of trade policy in Poverty Reduction Strategy Programme (PRSP) and other national development plans and propose actions if necessary to improve the integration.

Limited references were found in the Tunisia CSP to the integration of trade policy in national development plans. For instance, although the strategy is said to be centred on the realisation of the objectives of the AA (including the implementation of the FTA) via the upgrading of Tunisian industry to increased external competition, export based economic growth and promotion of private investment (including FDI), the 2002-2006 CSP/2002-2004 NIP contain no specific reference to the corresponding chapters of the Tunisian development planning documents, notably the 9th and 10th Development Plans, nor to the Tunisian trade policy.

Four of the five priority areas selected by the EU (section 6 of the CSP) are not trade focused. The rubric 'liberalisation of foreign trade and South-South integration' (totalling 3 paras) provides a cursory reference to trade, noting that tariff liberalisation by Tunisia in the context of the AA should enhance its integration with European markets. No further link (or assessment) is made to the 10 pages of the Tenth development plan dealing with external trade. No details are given on the evolution of Tunisian exports since ratification of the AA, or how offensive positioning could be enhanced to increase exports, employment and migration to sectors with higher value added.

The Tunisia CSP and the texts describing the priority areas of interventions contain no specific references to the Tunisian trade policy. Moreover, there is no contextualisation with regard to the country's trading environment and/or its trade performance. If the CSP mention the need to identify promising sectors of activities and to diversify the Tunisian economy away from textiles and tourism towards electrical goods and telephony, no general overview of the Tunisian international trade performance and the related sectoral challenges is given which could help to frame the proposed interventions in a clear and structured perspective. In particular, no figures are given on the sectoral evolution of trade, either independently of or in relation to the tariff reduction schedules of the AA. Likewise, the CSP remain silent on the evolution of Tunisian exports since

ratification of the AA, or how, for example, offensive positioning could be enhanced to increase exports, employment and migration to sectors with higher value added⁹.

In general, there is no delineation of how trade can be harnessed in Tunisia as a tool for development (trade mainstreaming qua trade into development). Likewise there is no explanation of how, and to what extent, the FTA is expected to promote growth (beyond an assumption of productivity gains resulting from increased external competition – and technical assistance through the NIP).

Improving the integration of trade into Tunisian development plans is not directly the object of a particular Commission's TRA intervention. However, the efficient policy dialogue that the EC Delegation undertakes with Tunisian authorities and which has been enhanced by the Commission's local presence since deconcentration, allows frequent channelling of recommendations related to this issue. The question of mainstreaming trade policy into development plans is therefore regularly discussed although it does not form the object of specific actions.

Trade challenges faced by Tunisia

The trade related challenges faced by Tunisia mainly concern to the liberalisation of trade in goods and services foreseen by the future AA, the likely impact of EU enlargement, the loss of preferences in relation to WTO liberalisation and, crucially, the Arrangement on Textile and Clothing (ATC) / 2005 end of the MFA. Also mentioned is the preparation of future negotiations on fisheries and agriculture in the context of the AA, and negotiations on agriculture, services, IPR the environment plus 'Singapore' issues in the context of the MTS. Support to negotiations was also called for in terms of market access, crosscutting issues, standards and norms.

In regards of these challenges, the needs expressed by the Tunisian authorities (such as reflected for instance by the text of the 10th Development Plan or by the interviews with representatives of different line ministries) were the following:

- Diversify exports both from a sectoral and geographical point of view. In particular the dependence on the textile sector should be decreased to give priority to other ones like the electro-mechanical and the service sectors (demand for computer specialists in relation to the Millennium computer bug opened up opportunities for Tunisian software engineers and programming outsourcing and call centres were seen to be promising areas);
- Limit the loss of potential value added with regard to certain agricultural and food products, like for instance, olive oil;
- the upgrading of the export sector in particular in terms of the internationalisation of domestic firms, the use of NTIC and the improvement of quality / adopting international norms and standards, rules of origin and taxation issues;
- improve the private sector marketing capacities;
- develop an active trade policy oriented towards development objectives, in particular through the exploitation of Tunisia's comparative advantages;
- make legislation and the application of legislation more flexible, improve the understanding of EU requirements in relation to norms and standards and take the appropriate steps towards mutual recognition.

⁹ One should nevertheless note that the possibility of such offensive positioning might be restricted in Tunisia due to the severe rigidities characterising the labour market. It remains though that such issue remains of importance.

Tunisia benefited from little or no programmatic assistance in the trade area before 1995. The creation of the WTO increased the importance and visibility of trade as potential motor for development. The Ministry of Tourism, Trade and Handicrafts (MoTTH) began to take steps to encourage TRA soon after. Donors have only really begun to accord importance to TRA, and improve funding availability since Doha, and the individualisation of trade aspects remains rare. Dialogue with the Commission on TRA is even more recent and will likely result in project activities under IMP and P3A. For instance, it took the form of intense discussions between the EC Delegation, Directorate General (DG) Trade and Tunisian authorities in preparation of the WTO Cancun meeting. On this occasion, Tunisia has recalled its needs in terms of TRA related to anti-dumping, rules of origin and safeguard measures. The Commission has not produced (or financed) any diagnostic work or cost benefit analyses in relation to the AA from the Tunisian perspective. Tunisian authorities undertook their own impact assessment on the prospective FTA and AA in 1992-93 (financed by the Investment Bank for Reconstruction and Development, IBRD). Commission programming documents therefore more or less reflect the challenges and needs expressed by Tunisia in the trade area. However, they are disseminated in various documents and are not the subject of a deeper analysis articulated to one of the Tunisian economy.

Assessment of Tunisia trade capacity and potential

Each MEDA region EC Delegation produces a quarterly economic status report for the country concerned, which is distributed to all three DGs in Brussels. In the case of Tunisia, the report contains some analysis of trade (export) performance for the preceding period, based on statistics received from the national statistics office. Some ad hoc notes are also produced to assist RELEX with the programming process. Some trade figures are given but rather put the emphasis of trade between the EU and Tunisia than on Tunisia's overall trade.

The assessment of the productive sector capacity reported in programming documents is incomplete and does not allow assessing the relevance of TRA interventions in the sense that many elements that would be necessary to do so are lacking. In particular, the programming process for Tunisia does not seem to be based on some basic indicators usually used to assess the performance of the productive sector with regard to international trade. For instance, if programming documents mention the need to diversify the Tunisian manufacturing/industrial base and to target export led growth including the development of new markets within the enlarged EU but sectors featuring comparative advantages for Tunisia are not identified in programming documents and no analysis of a trade strategy aiming at orienting efforts towards sectors with trade potentials is provided. By the same token, hardly any figures are given on the sectoral evolution of trade, either independently of or in relation to the tariff reduction schedules implemented in the framework of the different trade arrangements affecting Tunisia. In particular, there is no detailed analysis of the interrelation between the stakes and challenges of realising the trade aspects of the FTA with the EU and the country's industrial policy (and vice versa). The GoT follows the impact of the AA indirectly, however, for example through exports and jobs created via its upgrading activities including ETE but it has less direct influence over the programming process than over project identification and formulation. The latter is evidenced by the evolution between ETE and IMP, which does now include a clearer trade dimension.

As far as trade related institutions are concerned, programming documents never report a synthesis of the Tunisian trade policy. No mention is made concerning the tariff structure and its main characteristics, the evolution of the effective protection rate, the principal instruments of trade policy used or the main trade related incentive measures. Identically, no reference is made concerning the functioning of the main trade related institutions and the legislative process involved in the elaboration of the country's trade policy.

Diagnosis

As far as the diagnosis of trade related needs is concerned, there is evidence that the identification and formulation processes undertaken by the Commission have improved in relation to more recent programmes (IMP, P3A). The development of both these programmes has included extensive stakeholder consultations through workshops, identification mission meetings, etc. This in part responds to the GoT's regret concerning previous TRA activities that the CSP was an internal Commission document and not a shared GoT-Commission initiative. The consultation process could be improved since, for instance, there seems to have been little systematic canvassing of the MoTTH, the main interlocutors for the EC Delegation being the Ministry of Industry (MoI) and Ministry for Development and International Co-operation. Also, greater private sector participation as part of the Commission's own upstream analysis / project identification processes seems desirable.

Consultations with national authorities and/or stakeholders are taken into account in the Commission programming. This is for instance reflected in the fact that the current IMP programme is broader in scope than the ETE, mirroring a widening of project coverage in other MEDA countries as IMPs succeed the Private Sector Development Programmes (PSDPs). In the case of P3A it is unclear which projects will receive funding. Requests received include projects covering antidumping legislation, competition policy, support to handicrafts industries, support to the "Centre de Promotion des Exportations" (CEPEX) in the management of the Export House, public procurement, training on rules of origin, customs modernisation (Information Technology (IT) support), an impact assessment of the AA on Tunisian agriculture, support with Sanitary and Phyto Sanitary (SPS) controls, an economic and social assessment of the impact of the establishment of the AA, and support to the civil service in the application, management and negotiation of a rules of origin protocol.

The domestic economic policy context is therefore felt by the GoT and EC Delegation representatives to be taken into account even though GoT and the EC Delegation often have very different views on the conduct of economic policy, and policy dialogue does not always result in consensus. At a macro-level, for instance, the Tunisian authorities are more pessimistic than the EC Delegation concerning the current economic situation of the country, just as they remain more upbeat with regard to the future challenges their economy will face. On their side, EC Delegation sources dealing with structural adjustment note continued GoT reluctance to liberalise certain sectors of the economy e.g. removal of import monopolies and other restrictions Port management and customs administration continue to hamper cross border trade.

In terms of the diagnosis tools involved in the programming process, it appears that the CSP and other Commission programming documents draw principally from analytical work undertaken by the GoT, supplemented by work undertaken by the EC Delegation and other external contractors. The GoT has for instance undertaken a number of studies in relation to the AA among which a first impact assessment on the prospective FTA and AA in 1992-93. Neither the Commission services, nor consultants engaged in the programming, identification and formulation of the Commission TRA initiatives appear to have had access to these studies. As such TRA needs analysis / access to their findings appears to have been conducted via dialogue with GoT and other Tunisian sources involved in the commissioning of such works. Interlocutors at the EC Delegation confirmed this, e.g. IMP preparation has relied exclusively on the joint identification and formulation mission report, plus EC Delegation dialogue with the GoT. Notwithstanding the above, studies and analysis of the domestic policy context do form part of the current Commission programming exercise (sources of analysis are contained in RELEX reports concerning recent programming missions in Tunisia). And all programming process starts by collecting project fiches

in which the Tunisian authorities present the problem they wish to address (albeit succinctly) and elaborate an associated budgeting plan. These are complemented by analysis conducted by EC Delegation services.

Finally, there was little evidence of co-ordination with other donors, the assumption being that the main co-ordinating role is played by GoT. It was noted that TRA interventions financed by other donors (notably the WTO, ITC/UNCTAD and UNDP) have included support for the implementation of existing agreements (1999-2001) and developing export capacity for export promotion and facilitation, customs reform, and export credit guarantees. Since no analysis is made of their objectives and outputs (EC Delegation services consulted were unaware, for example, of JITAP) it is difficult to make a convincing case that higher-level Commission programming documents are aimed at achieving complementarity with other donors' TRA.

Response of the Commission programming

In general, the incorporation of the trade dimension into the Commission activities has improved in time (for instance, comparing ETE and IMP) but this is still an area in which progress can be achieved. As indicated above the Tunisian CSP only provides scant reference to trade / TRA. Other programming documents (ETE, Financial Agreement, IMP, Identification Mission Report, Financial Agreement) refer quite vaguely to Tunisia's challenges in terms of international trade, foresee actions which are to be qualified as TRA but do not identify them as such or explicitly include them in the global trade problematic of the country. The absence of differentiation in the programming of activities between MEDA countries was also held up for criticism. Structural adjustment, business centres, vocational interventions etc. were seen to have been rolled out in much the same manner across the region, although IMP was heralded as a departure from this, with GoT given a greater say in project identification and formulation.

The 'sectoral priorities' of the CSP 2002-2006 refer only loosely to 'exploiting opportunities in relation to agriculture, industry and services, the identification of 'promising' sectors and promoting technology transfers'. Although mention is made of the need to diversify the Tunisian manufacturing/industrial base, no figures are given on the sectoral evolution of trade, either independently of or in relation to the tariff reduction schedules of the AA. Moreover, no specific analysis of important trade issues (like for instance, the end of the MFA or how offensive positioning could be enhanced to increase exports, employment and migration to sectors with higher value added) nor of Tunisia revealed comparative advantages is provided.

Likewise, the contextualisation with regard to the country's trading environment and/or its trade performance is superficial, focusing on the need to provide incentives for business creation and tackling the trade challenges faced by Tunisia mainly through structural adjustment as opposed to TRA. This is in particular reflected by the fact that the Commission's interventions mainly focus on the need to upgrade the Tunisian private sector in order to help the economy to face the challenges of future opening to trade. This 'pure' upgrading approach nevertheless lacks of real and substantive trade content as, for instance, it completely leaves aside that the nature of trade related challenges crucially depends on whether sectors belong an export or an import competing industry and require adequate and specific responses. It must be mentioned though that ETE produced some 20 strategic positioning studies carried out by sector (looking each time at a cluster of Tunisian companies) in comparison with Tunisia's main competitors. The results were broadly disseminated to both public and private sector stakeholders and have enabled a more effective benchmarking of companies and programme of business upgrading. This however does not appear as a result in the impact analysis of ETE nor did it led the programming of IMP to incorporate such sectoral aspects. On the other hand, some feel that ETE should have paid greater attention to

strategic positioning studies, giving the impression that the Commission did not see trade policy support / trade development as priority sectors at the time ETE was programmed.

Market access questions in the context of the AA are mainly addressed from a defensive perspective than for the development of offensive strategies and the exploitation of new markets within the EU (already open for manufactured goods since 1998). That is to say, previous EU programming / project orientation does not appear to have given priority to developing local export capacity, even if export performance has improved. As such the PSD initiatives of the EU were not seen as having a direct link to trade development, i.e. were more concerned with developing productive capacity in general than export development / realisation of export potential in the context of the AA. This is, for instance evidenced by the fact that projects were supervised by the MoI with no implication (or consultation) of the MoTTH. The change observed from ETE to IMP must nevertheless be seen as a sign of improvement. Reflecting the Tunisian authorities concern about increasing the productive sector's capacity to access EU markets, the IMP budget is no longer limited to providing support instruments to SME (business diagnostics and upgrading) but also to increasing the capacity of the country in terms of metrology and attaining the quality, norms and standards required to access EU markets.

P3A foresees the inclusion of TRA objectives (antidumping anti-counterfeiting legislation, development of external trade information services and training, support for intellectual property, standards and conformance, public procurement). However, the performance indicators selected refer more to the country's observance of its external commitments as opposed to a quantified increase in GNP, agricultural / manufacturing / services output or trade. In a similar fashion, the IMP does not include indicators directly linking the projected activities to Tunisian trade performance like the evolution of local companies' export markets, the balance of trade or the percentage of domestic/external market share, although the programme generally fits within the second subset of TRA as defined by the WTO/OECD/EC.

2. Efficiency (Evaluation question 4)

Evaluation question 4 concerns the efficiency of the Commission's TRA activities. This is meant to assess how far the implementing modalities, the composition of inputs and the interactions with Government and other donors' activities has contributed to the attainment of the intended objectives.

One crucial condition for programmes to attain their objectives is the coherence with other the local government's priorities and other donors' activities. From this point of view, the Commission TRA implemented in Tunisia remains strongly related to GoT's needs as expressed through consultations between Tunisian authorities and the Commission. It is therefore natural that Commission TRA programmes reflect the development of GoT policies orientations. For instance, one notes that the evolution of project's design and content from ETE to IMP both takes into account the more trade oriented concerns of the GoT and the institutional constraints of Tunisian procedures that proved to cause many problems in the implementation of ETE.

As already mentioned, consultation between the Commission and GoT is intense and programming is to a large extent based on requests addressed by the various GoT services in the different domains covered by the projects. However, Commission programming and projects implementation seem to follow the main lines determined by the GoT which do not necessarily reflects various concerns of individual GoT representative/operators concerning the lack of trade focus in the Commission TRA interventions.

Consultation between the Commission and other donors is limited to those organised with other EU Member States (MS). Co-ordination does not regularly take place with other non-EU MS donors, in particular with the EIB, l'Agence Française de Développement (AFD), or the WB. It must be noted though, that these consultations mainly involve a detailed sharing of information but seem to have only limited impact on the implementation of Commission TRA interventions. For instance, although it was reported by several interlocutors that the development of synergies/complementary actions could be necessary, the co-financing of activities between donors was not thought to be viable due to the need to respect two sets of procedures and the risk of delays where one donor might hold up the other.

Efficiency also depends on the flexibility of the implementing procedures. In the case of Tunisia, the latter is however viewed as appropriate, at least for the content of the projects. The terms of the financial agreements are loose enough to adapt to changing contexts while the details of implementation are left for the Global Work Plans (GWP) and Annual Work Plans (AWP). Budgetary aspects, however, are not that flexible, being locked by the financial agreement although the possibility of riders allows for the partial alleviation of this type of difficulty. This seems however to constitute a potentially important problem for the Commission's projects. In particular, important delays between the original identification and effective implementation (for instance, in the case of ETE pre-98 and 2001-2003) have created difficulties with insufficient flexibility in the original financing agreement to allow adaptation to the evolving economic situation. Interventions are generally programmed on the basis of current data and a prospective analysis with a time horizon not exceeding 1 or 2 years while, in practice, project implementation rarely starts before 3 or 4 years after the programming phase.

The amount and quality of resources is naturally another important aspect. Financial resources are seen as sufficient although the allocation of the budget might be disputable. For instance, ETE devoted 35% of its total budget (7 million euro over 20 millions euro) to project management, which was considered by some stakeholders as too large share, while for IMP, this share is 15% (7 million over 50million euro) which was considered as too limited. Tunisian requests routinely exceed what the Commission is able to finance, implying that a selection of projects must be operated. In this process, the problem remains that, as currently constituted, the programming cycle may be biased towards project dossiers that are better prepared (in terms of the project objectives, expected results, activities and resources to be mobilised, etc.) as opposed to their intrinsic value as part of the development process. Part of the reason for this is the new rule that projects must be contracted within a maximum delay of three years following the programming process. Although this may be sound administrative practice, in the absence of support at line ministry level in the preparation of projects, programming remains donor driven with, potentially sound projects dropped due to a lack of capacity within the institutions concerned to impose their needs on the programming process. As an example, this led to an export diversification project requested by the MoTTH being dropped from the 2002-2004 assistance programme. One reason for this was that the project was still insufficiently defined.

The danger is that grant assistance may be lost where projects that are less closely defined encounter subsequent delays in the identification / formulation process. The 451 Framework Contract (FCW) was not thought to offer a solution as resources can only be mobilised for projects inscribed in the NIP. This 'chick and egg' situation could be remedied were greater assistance afforded to prospective beneficiaries by the EC Delegation – or (assuming resources are earmarked for this) in the case of decentralised projects such as P3A, by the Ministry of Commerce and Industry (MDCI) and Project Management Unit (PMU).

If resources are generally seen as sufficient, their quality/nature is not always felt appropriate. For instance, many of the implementing agencies representatives interviewed (API, FAMEX, FIPA, CEPEX) underlined the difficulty to find experts with the relevant profile and sufficient motivation. It was suggested that, at this level, the ownership of the projects should be promoted by increasing the autonomy of experts relative to Tunisian authorities and by improving their working conditions. From this point of view, various interlocutors saw the FWC as an impediment to mobilising the most appropriate resources. It occasionally results in the mobilisation of sub-standard consultants, creating embarrassment for the authorities / and causing a loss of credibility with the affected companies. Tenders sometimes result in the submission of only one offer (or even no offers). These problems could be overcome by expanding the numbers of contractors within the PSDP FWC. The FWC is useful, however, in streamlining procurement processes. Elsewhere they remain cumbersome and can lead to delays. They are also less flexible than those of other donors (e.g. AFD where partner institutions can be directly chosen). Training for GoT officials in Commission procedures would be useful, as would an exposé on the different co-operation instruments of the Commission by sector including regional instruments in the case of PSD e.g. MEDINVEST etc.

The main problems encountered in the implementation of the reviewed Commission's intervention in Tunisia concern schedules that are in general not respected. ETE, IMP, FIPA and the 'liaison unique' project all exhibit implementation difficulties and delays linked, in the main, to poor identification, the failure to address differences of viewpoint and interpretive differences between the project beneficiaries and EU. Where financing agreements do exist, they are poorly drafted, often suffering from a lack of legal clarity (professionalism) while differences of opinion are often left hanging (to be dealt with during implementation). Delays are also due to the length of the procedures both from the Commission and the Tunisian authorities (such as the systematic intervention of the Tunisian "Commission supérieure des marchés" in the procurement process). In general one notes a lack of familiarity among project beneficiaries with Commission procurement and other administrative modalities is a common source of difficulties. The fact that procedures have undergone successive revisions (SCR, EuropAid, deconcentration) over the past few years (and are still changing) makes for additional challenges. Tunisia is possibly one of the MEDA countries which has the capacity to follow/apply the repeated rule changes, however, training of local authorities would help matters.

Finally, the availability of the appropriate documents is sometimes insufficient. For instance, FIPA has experienced considerable problems in part because none of the documentation concerning project identification and formulation was available at the Delegation. The failure of EuropAid to transfer a full set of documents to the EC Delegation at the time of deconcentration formed part of a general criticism concerning the absence of any systematic electronic archiving by the Commission and the need for a professional archivist to order the Delegation archives.

3. Effectiveness and Impact (Evaluation questions 5 to 8)

These questions are meant to assess the extent by which Commission TRA interventions have delivered their intended results and what has been the contribution to the overall objectives pursued. The only projects implemented by the Commission in Tunisia to have been evaluated are ETE (impact analysis) and FIPA (mid term evaluation), which significantly limits the effectiveness and impact assessment exercise. For that reason, this section jointly covers these two aspects.

One of the announced principal objectives of Commission TRA interventions is to contribute to mainstream trade as a coherent part of domestic policy. Insofar as trade issues are rather superficially tackled by the CSP and NIP, and TRA interventions conducted by the Commission have typically built on previous Tunisian initiatives (e.g. FIPA, ETE) it is hard to substantiate a

claim that trade mainstreaming has been enhanced as a result of TRA. Trade-based economic growth is supported by the Commission's structural adjustment facility, however, and conditionalities that promote liberalisation should enhance the country's outward orientation.

On the other hand, TRA interventions can be capacity building oriented (subset 1) or designed to improve the private sector productive/export capacity (subset 2). Previous programmes largely ignored the first type of measures. Interlocutors at the MoTTH expressed a conviction that EU-GoT co-operation needs now to begin a new phase, especially in relation to its dealing with the Ministry, giving due importance to TRA needs in relation to capacity building (including non-tariff issues conditioning market access within the AA e.g. standards, mutual recognition, rules of origin, antidumping, safeguards and countervailing measures, competition policy, Technical Barriers to Trade (TBT), SPS, plus trade promotion) also preparing the way for increased competition as preferences are eroded by further liberalisation within the MTS. As such MoTTH needs to adopt a more active trade policy and should be more involved itself in the programming of assistance programmes. IMP and P3A should allow support to the establishment of supporting access to EU markets (to include also issues such as standards, SPS, mutual recognition) but planning is still undergoing. It must also be noted that the Commission did not finance/implemented any activity aimed at improving Tunisia's negotiation capacity in the context of international trade agreements.

As far as the second d type of measures is concerned, interlocutors suggested that the programmes implemented by the Commission have been rather successful in terms of their impact. Despite considerable early difficulties, ETE has been a success. All funds were disbursed and local private operators have largely used the programme facilities and that upgrading actions have had a significant impact on productivity, employment levels and export performance of the enterprises concerned. According to UTICA, uptake of business upgrading services under ETE was strong (particularly among larger SMEs) even though more attention could be paid to studying the requirements of individual sub-sectors (the meat industry was taken as an example, the suggestion being that a comprehensive approach should be taken, looking at a broader range of factors from upstream production to downstream processing and distribution). FAMEX organized a training cycle on export practices that delivered very positive results, and sectoral studies, even if not trade oriented, have proved very helpful to identify key trade sectors. The impact of ETE also seems significant, as annual sales to export markets have grown by more than 10% for 35% of the enterprises having benefited from the programme¹⁰.

Beneficiaries generally consider that the output delivered by the projects is in line with the objectives foreseen and said to be satisfied with its delivery. Concerning ETE for instance, the impact analysis conducted with beneficiaries shows that 87% of the firms having benefited from ETE consider the programme to have produced very positive and significant impacts on their performance. Nevertheless, such as indicated in the Financial Agreement, the Technical and Administrative Provisions (TAP) and the Terms of references (TORs), both ETE and IMP are supposed to prepare the Tunisian economy to face the challenges related to the opening to trade in the context of the EU-Tunisia AA. Despite this clear objective, none of them incorporates actions likely to help identifying key export sectors or sectors endangered by import competition. Neither do they promote the idea that opening to trade should be accompanied by an industrial policy pushing to the exploitation of Tunisia's comparative advantages, a factor which yet seems fundamental to reach the objective of a harmonious integration of Tunisia in the world trading system. From this point of view, the case of textiles and clothing is illustrative. This is a key sector for the Tunisian economy (50% of exports, labour, manufactured value added) which faces the end of the MFA in 2005, but has not received any specific TA beyond the financing of a general study carried out with CETEX (and a general eligibility to participate in previous upgrading programmes).

¹⁰ For 30% of them, the performance remained unchanged. No information is currently available concerning the other remaining 35%.

Moreover, no consideration was given to strategic repositioning in relation to ‘technical textiles’ (i.e. special textiles manufactured for industrial, medical, construction/engineering applications etc.) whereas this could be a niche market in which the Tunisian textiles sector could have a viable future, reducing to some extent the revenue loss of clothing.

Finally, in the realm of FDI, the FIPA programme was considered by its PMU to have delivered significant results. 200 European firms were contacted/visited to promote Tunisia as an investment site over which 20 have visited Tunisia and 3 eventually invested. Under FIPA, more than 200 foreign firms were visited for promoting Tunisia as a location for FDI. Among those, 20 visited Tunisia and 3 eventually invested in the country¹¹.

4. Cross cutting issues (Evaluation question 9)

Evaluation question 9 is aimed at checking how cross cutting issues are incorporated in Commission’s TRA interventions, in particular with regard to the aspects of environment, gender and social standards.

Concerning environment, TRA projects implemented in Tunisia do not explicitly take the links between environment and trade into account. The adoption of environmental norms was not promoted by ETE, which only contained aspects related to ISO 9000. IMP is expected to promote the introduction of some environmental norms. The identification and formulation report of IMP indeed mention activities concerning environmental (group 3 of the component ‘Qualité-Métrologie-Normalisation’, foreseen actions meant to support the adoption by Tunisian enterprises of environmental standards and references, e.g. ISO 14000. However, possible environmental issues encountered in Tunisia are not per se identified or analysed. Accordingly, programming documents identify the main environmental risks associated with the development of trade.

Commission TRA activities do not either incorporate aspects related to social standards. The identification and formulation report of IMP refers to programmed actions concerning security standards (group 3 of the component ‘Qualité-Métrologie-Normalisation’, foreseen actions meant to support the adoption by Tunisian enterprises of security standards and references such as OSHAs 18000) but possible social issues encountered in Tunisia are not per se identified or analysed. According to one Tunisian source, social issues are not central for Tunisia where standards are already reasonably high. From this point of view, it was suggested that the real challenge is mutation of the Tunisian society as the country moves from a low wage economy to a one with higher living standards.

Gender issues are only mentioned in the CSP and NIP although how this was carried through was unclear from available documentation.

Finally, Tunisia does not seem to use cross cutting issues as a non tariff barrier to trade, nor are the country exporters facing constraints due to cross cutting issues¹².

¹¹ However, with EuropAid increasingly rigid since 2002, an extension to the Financial Agreement is unlikely and FIPA will be terminated in 2004. This raises questions as to the short-termist approach (wholly inappropriate to FDI attraction) and poor initial conception (with too many studies / insufficient canvassing), each of which were exacerbated by poor consultant performance and inflexible EC procedures (delays with implementation led GoT to have the planned study on the underlying investment environment funded through other sources). With FIPA, the danger in stopping now is that the prospective benefit of work carried out to date (at least in terms of canvassing actions) may also be lost, making the entire exercise redundant.

¹² In a meeting with the German Technical Co-operation (GTZ), in relation to quality issues, the point was made that European companies often have their own requirements that may go beyond mandatory EC norms. The example given was the automotive parts industry where the main German players (Mercedes, VW) who source cabling etc. in Tunisia require local suppliers / subsidiaries to be ISO 14000 accredited.

C. Field Mission Moldova

1. Relevance

1.1 The major issues to be addressed in relation to trade

Integrating in the world economy and taking the best advantages from the multilateral trading systems are key issues to the development of Moldova and the resolution to the present crisis. The authorities and the economic operators in Moldova, as well as the international agencies and the donors, are acutely aware of this fact. As a small landlocked country depending heavily on energy and other imports Moldova crucially needs to expand and diversify its exports in terms of product mix and geographical distribution. It is the key to solve its economic problems and generate wealth, sustain growth and reduce poverty. Moldova has a number of assets among which the high quality and level of education of its population and the potential offered by its agriculture. To achieve this goal, however, it has to overcome major obstacles and needs donor support, particularly TRA.

- 1) The elaboration of a clear international trade policy.

Whereas the need for geographical diversification of exports is crucial the orientations of the international trade policy of Moldova remain unclear and signals addressed to the operators are extremely confused. One day the Government will publicly state that the future of Moldova is with Europe and therefore trade links and agreements should privilege this direction; another day preference will be voiced for development within the CIS and Russian spheres. Insofar as the two orientations may involve different domestic policies and business practices clarification is needed.

Regarding the international relations with Europe, Moldova is part of the Balkan Stability Pact covering 8 beneficiaries. Two are accessing countries, 5 are signatory of the Stabilisation and Association Programme, which specifies that the ultimate objective is joining the EU, and benefit from the CARDS programme. Moldova alone is signatory of a PCA which does not include joining EU as an objective but opens the possibility of an FTA with the EU. When Romania will join the EU Moldova will be a “new neighbour country” and the policy defined in the recent EU Council Conclusions on Wider Europe¹³ will apply. The advantages and possibilities offered by these arrangements and how they can be best exploited should be clearly explained to the Moldovan authorities for there is currently much confusion.

- 2) The definition of clear and transparent economic objectives and policies compatible with the establishment of a sound market economy.

The absence of clear and transparent strategy aiming at poverty reduction and taking into account the view of the different groups of the society has been a major obstacle to the development of the country and to the continuity of the donors’ support. The development of an enabling environment supportive of private sector activity is essential. The regulatory and legal framework in Moldova is not the key issue, it is reasonable and compares favourably with other transition countries. The main obstacles come from the frequent policy reversals, the stop and go policies and the lack of enforcement of the existing regulations. In contrast with most transition countries, the banking

¹³ EU Council Conclusions of Wider Europe, 18th June 2003. Communication of the Commission: “Wider Europe – Neighbourhood: A framework for relations with our Eastern and Southern Neighbours”.

sector, an essential element of private sector and trade development, is well developed within a sound regulatory framework controlled by the NBM. The local banks operate on high standards and the quality of their portfolio is good. However, the macro-economic instability entailing extremely high interest rates and the NBM regulation forbidding banks to provide loans without collateral security, constitute a major hindrance to access of competitive credit by enterprises and exporters.

3) Technical improvements of trade related institutions and regulations

Customs, pre-shipment inspections, phyto-sanitary rules, standards and norms, are examples of key elements where progress is needed to improve trade and competitiveness. In all these areas donors, and noteworthy the EC, are providing valuable technical assistance. In all these areas, however, the major issues are linked with implementation and political willingness to enforce.

1.2 The EC response: justified emphasis on trade issues

The Tacis programme takes due account of the importance of integrating Moldova into the world economy and multilateral trading system and TRA forms a substantial component of EC assistance to the country.

In terms of coverage of trade-related activities, the EC assistance programme has been addressing enterprise development, export promotion, as well as legal approximation and institutional development. It placed less emphasis on policy formulation and implementation of legal and regulatory framework.

The programme also covered a number of the 9 technical issues as identified in the “Guidelines for European Commission Trade Related Assistance”^{14,15}.

- 1° Trade policy process: is approached through specific projects such as “Policy advice to the offices of the prime minister and vice-prime minister”, projects supporting legislation approximation such as “PCA implementation” and “Support to WTO implementation”, projects which develop the necessary tools to prepare policy decisions such as “Moldovan Economic Trends” and the “Statistics Programme”, or requirements (often not realist) to ground level projects (for instance, SME development, Cross-Border Cooperation, Ugheni) to identify and initiate necessary changes in the private sector regulatory environment.
- 2° Technical standards SPS: are addressed through the Standardisation and by the Cross Border Cooperation, Ugheni project.
- 3° Technical standards TBT: it is an area where there is a clear government orientation and the project “Harmonisation of Moldova System of Standardisation” is meant to address the issue.
- 4° Trade facilitation: The main project addressing trade facilitation is the assistance to the Customs. Some EC projects (Cross Border Cooperation, Ugheni) address the problem indirectly by helping their beneficiaries to cope with the limitations and impediments of the existing system but these projects are not in a position to improve the system. The real issue is that trade facilitation in Moldova is not to be solved by technical projects but depends largely on the political solution that will be given to the Transnistria problem and on an overall public administration reform aiming at eliminating the level of corruption that currently pervades the system.

¹⁴ AIDCO E3/JP/lcc(D) 17823, May 2003, Version 1.0.

¹⁵ See point 5 of the Guidelines: detailed technical notes.

- 5° Investment: the MIDA component of the MEPO project promotes investment, but there is no substantial EC project in this area.
- 6° Competition: no EC project (apart from legislation approximation in PCA project)
- 7° TRIPS. Support to PCA is contributing to the evaluation of compatibility of Moldovan legislation with WTO regulations and EU regulations.
- 8° Customs valuations and procedures. Customs project has not been directed to those aspects. Pre-shipment inspection has been imposed by the IMF and is currently a major source of disagreement between the donors and the Government of Moldova.
- 9° Environment: There are several environment projects at regional level but none is specifically trade related.

The coverage or non-coverage of technical trade aspects in the EC assistance to Moldova does not result from a trade diagnostics analysis of Moldova identifying main needs and priorities in the field. It is rather the result of an overall awareness, well displayed in the country strategy paper, of the importance for Moldova of developing trade, and a response to demands expressing specific needs in this area. Comprehensive trade diagnostic studies have not been conducted so far and it is only recently that the World Bank issued a Concept Paper¹⁶ outlining the contents of such a study, the results of which should be available in December 2003.

It can also be observed that in all these areas the project “PCA implementation” has produced documentation brochures and/or organized seminars explaining the EU requirements, analysing the current situation in Moldova, comparing it with other countries and proposing actions.

1.3 Insufficient analysis of the prerequisites to meet in order to successfully implement TRA projects

Although the “Guidelines for European Commission Trade Related Assistance” could obviously not be used when designing the successive action programmes and projects, they offer useful indications on the crucial points which must be taken into account at programming level. In particular, section 4.3, “Where to start?” provides a useful diagram with a sequencing of prerequisites to check before engaging in the programming of intervention in order to determine the issues which must be addressed in priority to permit successful TRA. Neither the EU, nor the other donors, seem to have followed the steps indicated in the diagram. In particular, Q1 (analysis of the existing trade policy process and its effectiveness) and Q2 (trade diagnostic analysis) are key issues which are not addressed in the EC programming documents.

There seem to be several reasons for that:

- In the early periods of programming assistance took the form of ad hoc responses to specific demands.
- Progressively the programme was shaped so as to become more selective and serve to implement a real country support strategy. When the PCA come into force, its implementation became the main reference to identify sectors of interventions and to articulate the EC support strategy. However, the PCA is a political document and the political reading has led the Government of Moldova to put more emphasis on legal approximation than on institutional building and correct implementation of legislation and regulations. An insufficient attention by the EC (and other donors) to the existing trade policy process and the lack of in depth trade diagnostic analysis have led to the development

¹⁶ Moldova Trade Diagnostic Study, Concept Paper, February 27, 2003.

of projects operating in an environment which was not conducive to their effectiveness. This is particularly the case for the projects supporting private sector activities which are currently operating in an environment hostile to private business.

- It is difficult to articulate a support strategy when the Government policy is unclear and frequently changing its objectives and priorities. This point will be addressed in the next paragraph.

The pervasive degree of corruption and the prevalence of a unsupportive, when not hostile, business environment, the unclear and frequently changing policy directions compounds with the Transnistria problem to create a situation particularly unfavourable to the implementation of TRA. The effectiveness of TACIS projects, in particular business development projects, is severely constrained by these 'overhead' conditions. But the effectiveness of the projects is severely constrained by the overhead arrangements. The government agrees the projects, and even requests them, but sustains overhead conditions that ensure that they will not function effectively.

1.4 Insufficient participation by the EC in the policy dialogue

In such a difficult context the policy dialogue plays an essential role. First, to help the government understand the consequences and implications of the (correct) choices it made in committing to a market economy and to participating in the multilateral trading system through joining the WTO. There is evidence of a lack of awareness¹⁷ by the authorities of the requirements of a well functioning market economy; filling this gap requires more than technical projects and a constructive policy dialogue can be extremely fruitful. Second, the lack of clear government policy direction, the frequent policy reversals, the difficulty in identifying policy priorities as the outcome of a participatory process involving the civil society, and above all the pressure of vested interests and lobbies, often with mafia links, on the policy decisions imply the need for external pressure on the policy making process if it is to be redirected in favour of the poor. And third, there is a case for discussing more thoroughly among the donors their policies and conditionalities. In this respect it can be argued that the emphasis imposed by the Bretton Woods Institutions on stabilization and external debt servicing at the expense of trade development efforts may have been excessive¹⁸. A stronger policy dialogue involving the Government and all donors could resolve these inconsistencies and help support better pro poor policies, making the best use of the participation into the world trade system to generate value added and wealth.

In these matters, and in particular on the second point, the EC has adopted a rather low profile in the policy dialogue¹⁹. Although it is part of the coordination group of the PRSP and provides assistance to the Prime Minister and the Vice Prime Minister to assist with the technical preparation of that document, it has in practice not exerted all the leverage that the PCA, the advisory position in the Prime Minister's office, and the importance of EU assistance would allow.

Also, the EC has not voiced strongly its concerns about the fact that conditions for Tacis project to achieve a significant impact were not met in present circumstances, whereas IMF and the WB have withdrawn their credit programmes due to failures of the Moldovan government to meet conditions and USAID is reducing its support in consideration of the lack of effort of the

¹⁷ It was pointed to the mission the Prime Minister had been surprised to hear that the business environment had been deteriorating and had asked for more information on this.

¹⁸ The Swedish International Cooperation Development Agency made the point in "Moldova's Transition to Destitution", SIDA studies n°1, 2000.

¹⁹ This point has been stressed by all the donors, bilateral and multilateral, met by the mission in Moldova.

Government to create a sound business environment. There is a risk that much money is wasted when the overhead conditions for successful project implementation are not established. It is the role of the policy dialogue to agree on what the overhead conditions are and to ensure that they are duly taken into consideration.

2. Efficiency

Efficiency issues can be categorized in two major groups: those relating to the general implementation modalities of the assistance programme to Moldova, and those relating to specific projects.

2.1 Programme level

The assistance programme, excluding humanitarian assistance, comprises a variety of instruments: Tacis projects, Small Project Programme, Inter-State Programme, Cross-Border Cooperation Programme, budget aid/balance of payment support (macro-economic assistance, food security).

In trade related areas the Tacis projects and the Cross Border Cooperation Programme have been the main instruments to implement the major projects on the implementation of PCA and private support development and export promotion, whereas most projects related to the more policy or technical aspects of TRA have been implemented through regional framework contracts and/or small project facilities: Support to WTO implementation, Policy Advice to the Offices of the Prime-Minister and Vice Prime-Minister, Support to Harmonisation of Standardisation, Customs, Moldovan Economic Trends, Statistics. Some of these projects are managed by the Delegation in Kiev, some in Brussels, or even Paris²⁰.

This organization has several consequences:

- A difficult articulation between projects which have complementarities and interfaces. Projects promoting private sector development and exports have little or no contacts with projects aimed at trade facilitation (customs), for instance.
- Projects which require a continuity and the building up of a relationship of confidence within the administrative and decision making establishment operate with instruments limited within the budget they can allocate and are designed for “one shot interventions”. As the need of continuity is perceived the operations are repeated but with gaps between successive operations, which creates insecurity and discontinuities in the intended institution building process. This is the case of the Policy Advice Project and the Moldovan Economic Trends. The same project may go through successive phases financed by different instruments. This was the case of the support to PCA implementation.
- The framework programmes and small project facilities offer greater flexibility and permit to cover the non focal sectors of a country strategy and/or to address needs which could not be sufficiently identified at the start of the main programme. The disadvantage is that they are meant to provide a specific support to a particular aspect of the overall assistance strategy whereas in practice they are used to pursue stand alone essential actions for which they are not the best instrument.

²⁰ For instance, the Customs project is implemented by Eurocustoms in Paris and the mission could not obtain any information on this project in Moldova.

The decentralization within the services of the CEC could have been at least a partial answer to some of these problems. In practice it implied that the files moved and decisions were transferred from Brussels to Kiev. The Chisinau office has little autonomy to participate in the policy dialogue or to manage projects. Although it is kept informed of the development of the projects it has little capacity and lacks the global information to improve their articulation or their mutual support since some are managed from Kiev and some from Brussels. The Tacis monitoring plays a very useful role in trying to develop synergies in the implementation of the projects. This is, however, limited to projects of more than 1 million euros. The National Coordinating Unit is also instrumental in coordinating projects with the Government and directing requests for assistance to the donors.

2.2 Project level

- Problems of continuity arise with many projects and both the PCA and the MEPO went through successive phases with intermediary gaps and total lack of visibility at the end of a project. At present there are in Moldova a number of projects (MEPO, PCA, Moldovan Economic Trends, Policy Advice to the Office of the Prime Minister, for example) which are close to their termination but the future of which is totally unclear. Whether they will be able to continue from further funding in their present form or in another one, be taken over by the Government, or simply be abandoned, remains an open question at one or two months of the end of the current contract. This creates demotivation among the project experts and obliges them to devote time and efforts to secure their personal future. It also creates the risk that if the project is extended or reconducted the staff will not be available any more because it could not afford to remain on stand by during an interruption between two contracts and had to take other job opportunities.
- Projects in Moldova make extensive use of local experts. This has undoubtedly contributed to a better understanding of the local situation and to a transfer of know how to individuals. The high qualification of the labour force in Moldova has generally permitted projects to recruit motivated and competent local staff. With few exceptions, this has been a factor of efficiency of projects, in particular for projects involving field work with enterprises (as the MEPO) or projects requiring a good knowledge of the existing legislation (PCA). The involvement of local experts seconded or on leave from the civil service and the differential between their earning as participants to a Tacis project compared to the wages in the public sector in Moldova had consequences on the effectiveness of projects which will be discussed later.

Incorporation of forms of subsidies such as grant schemes or take over by the project of some costs (brochures, marketing campaign, etc.) make the projects attractive in an environment where enterprises have little inclination to go to formal structures for assistance if they do not get an immediate advantage or are exposed to costs. This may also be an obstacle to sustainability as the interest in the project might disappear with the end of the financial incentive (the point was frequently mentioned with respect to MEPO). It may also have adverse effects if it creates a channel to by pass formal financial circuits rather than reforming them or contributing to their adaptation to the needs of enterprises. This issue is particularly relevant in Moldova where the financial system is well regulated and performs satisfactorily and where other donors are supporting the development of financial mechanisms capable of addressing needs that the banks cannot cover due the lack of collateral of the debtors (for instance, the micro credit scheme developed by the German cooperation and EBRD). Directing beneficiary enterprises of Tacis projects to such facilities might be an alternative (the free benefits provided through the Tacis projects could be replaced by participation in the financial sector projects of other donors. Conditions for their sensitivity to "Tacis clients" could be negotiated).

3. Effectiveness

Overall projects implemented in Moldova had a good performance. When analysing effectiveness there is a case for considering separately projects belonging to the first subset of TRA (“core TRA” projects) and those of the second subset (productive sector development).

3.1 Effectiveness of “subset 1” TRA projects

Projects aimed at strengthening the Government capacity to formulate and implement policies and regulatory framework (PCA, WTO, Harmonisation of Standards, Statistics, MET, Policy advice).

These projects have generally been characterised by the fact that they have delivered (insofar as they have been in place long enough, for some of them have just started) what was expected and the beneficiaries tend to use their output:

- The PCA project is recognised as having delivered substantially more than what was expected; the information base and the documentation centre developed by this project are appreciated and seem used, certainly by the scientific community, but also by the administration; the large recourse to local expertise selected among the local scientific and academic community was an important factor of effectiveness, both in terms of transfer of know how and in terms advertising the output of the project and creating a demand for using them;
- The statistics programme has definitely contributed to the production of international trade statistics by the Department of Statistics and Sociology who made an excellent use of the assistance received;
- Moldovan Economic Trends are a source of information which is largely used by Government and donors, though its distribution (as well as that of the statistics) seems too limited and regrets were expressed by team leaders of other projects about the fact that they did not have an easy access to it. However, the capacity to compile and produce this information has not been internalised and remains outside the Government apparatus;
- The project “Policy advice to the offices of the prime minister and vice-prime minister” has delivered advice; the project is located in the ministry and is used as a internal think tank by the beneficiary;
- The support to WTO implementation project was just starting at the time of the mission, however there was evidence that it was well integrated in the structure of the ministry and use of its outputs were made to prepare the participation of Government officials to international trade negotiations and conferences.
- The project “Harmonisation of Moldova System of Standardisation” is also in its starting phase. The project develops in the favourable context where the Moldovan authorities have decided to move from mandatory to voluntary standardisation systems. It is implemented with the National Standardisation Organisation of Moldova and works therefore in close connection with the authorities in charge of the reform who are demonstrating a willingness to use it.
- The control of Customs is a crucial issue in Moldova in order to fulfil the WTO condition of being a single customs entity, and as a factor of trade facilitation. The political situation with Transnistria is a particularly constraining factor on both ground. The EC intervened in this area by providing light customs infrastructure in the context of the Cross-Border Programme (provision equipment of border posts) and the Customs Programme which contributed to customs laboratories. Information on these programmes proved extremely difficult to obtain in view of their implementation modalities involving different agencies (Eurocustoms, different DG) and an unwillingness of the Customs administration in Moldova to share

information. Even the Tacis branch office in Moldova has little information on these projects. Evidence on their effectiveness is mixed, whereas the beneficiaries value the equipment received they complain about the heavy procedures and an excess of bureaucracy. Overall, it seems that the effectiveness of customs projects is limited by the fact they are not designed and conducted as part of comprehensive reform but rather limited inputs provided in response to specific demands.

3.2 Effectiveness of productive sector development projects

These projects²¹ insofar as they have been in place for a sufficient period have delivered their expected inputs, are appreciated and used by their beneficiaries. They raise two issues in terms of effectiveness:

- Institutional setting.
These projects, MEPO is a typical example, aim at developing structures to support private sector operators and assist them in developing their capacity to trade. When they are initiated there is a choice between using existing local organisations and structures or developing new ones.
In the case of MEPO a choice was made, or rather quasi imposed by the authorities, to develop a new structure rather than using the local network of Chambers of Commerce. Whereas the MEPO is performing well, it only reaches a very limited number of enterprises and is perceived as an unfair competitor by the Chamber of Commerce whose membership and network are extremely important. In this occurrence whereas the selection made seems to be a factor of immediate effectiveness it may also be the case that a more important recourse to the Chamber of Commerce would have led to greater acceptance of the reform and also as a better foundation for sustainable activities.
- Inclusion of financial advantages
It is recognised that the use of the productive development projects by the enterprises is facilitated by temporary and ad hoc financial advantages provided by these projects (participation to production of leaflet, marketing campaigns, grant schemes, etc.). Whereas this increases the effectiveness of individual projects it raises an issue of coherence and efficiency in the conduct of the overall assistance programme, as evoked in section 3.2. It also raises the question whether the project is effective because of these ad hoc incentives or because the enterprises value the productivity and competitiveness gains they can obtain from using the services developed by the project. In the first case there is no chance that the project has an impact and even less that it is sustainable.

3.3 Issues in terms of capacity building

In terms of capacity building there is a major issue: whereas several projects may lead to capacity building at the level of individuals and possibly at national level if these individuals make use of their acquired skills after the project, they also tend to subtract capacity at government level:

- Civil servants leave the ministries to be employed as consultants (for instance, this is the case in the Tacis monitoring, the policy advice project,...) or are seconded to a project by which they are paid during their secondment period (as in the WTO implementation support

²¹ The MEPO was the main project of this type analysed in this evaluation. The Cross Border Ungheni Project has an important productive sector development dimension as well as the SME development sector; both projects were in an early stage of implementation.

project). It is very unlikely that these experts will return to the administration at the end of their period in a project in view of unfavourable wage differential (except possibly the seconded WTO implementation support staff). Either they will try to continue working on projects or they move to the private sector, or abroad (the cases of local experts seizing the opportunity of participating in a donor funded project to obtain a scholarship or internship abroad is not infrequent). Individual capacities available in the country are undoubtedly strengthened but the objective of systemic improvement of the public sector is not met.

- Creation of semi public agencies (MEPO) with experts paid at higher fees than in administration raises similar problems and may be an obstacle to the sustainability of a project: even if government could sustain the agency financially it could not create a group of privileged civil servants with higher pay than the others; therefore the incentives for the staff will be to move away if the project is not further sustained by external funding.

It must be noted that the hostile environment to private business operations is a formidable obstacle to effectiveness and impact. The example of the ARIA company is illustrative. This agency received and channelled important assistance from many donors (in particular, the World Bank used ARIA to implement its two Private Sector Development loans of respectively \$31 million and \$14 million; but EC and other donors also used and supported ARIA). The agency developed a know how and a pool of experts forming an important capacity to provide business services. Its success, however, makes it the object of continuous suspicion, administrative harassment and to-day even officials recommend to keep away from it.

The TACIS programme might be strengthened in relation to accommodation of the enabling environment by working in association with local responsible bodies, such as, in the case of business projects, the Moldovan Chamber of Commerce. The sustainability of projects inputs might also be improved by this means. It is important that projects have good anchorage and connections within the system, and in particular that they are not seen as rivals to existing organisations. Projects may operate at basic level and in the short term on their own, but their long term effectiveness depends on integration into the local institutional order. The association may also have the effect of speeding up change in the thinking of the host organisation – much needed in the Moldovan Chamber of Commerce.

More broadly, the impact of activities undertaken is largely conditional on reform of the Moldovan public service. The wage differentials reflect very low wages paid in the public service, partly as a result of revenue constraints, partly as a result of predisposition to accept a large public sector. A systematic long term programme of public sector reform is required to raise wages and reduce numbers in the public service. This involves also, of course, a different approach to private sector development, so that increased tax revenues are generated for the public sector. This will not wholly resolve the problem of local-foreign wage differentials for experts – it is a very common circumstance – but it would make it easier to establish sustainable projects in Moldova.

4. Impact

Effectiveness is generally a necessary but not a sufficient condition for impact. For instance, better statistics and economic analysis are made available to the Government thanks to EC TRA projects. Even if these output have been effectively delivered and used by the administration it does not follow automatically that policy decisions will be taken on a more rational basis and lead to better directions.

This section will continue the previous one on effectiveness and review in turn TRA projects of subsets 1 and 2 so as to summarize the corresponding findings regarding their impact. It should be kept in mind that the relatively short life of most of these projects makes this analysis necessarily tentative and provisional.

4.1 Impact of “subset 1” TRA projects

- The PCA project has undoubtedly contributed to increase awareness and transfer information in a large number of trade-related areas. Its main potential impact is in the improvement of the legislation and its implementation. Regarding legislation, the approach adopted by the project to intervene at the intervention stage of the legislation and the acceptance of this by the beneficiary contributed to an improvement in the legal texts. Severe constraints, however, were encountered due to the fact that the approach required a financing of the civil servants involved in the preliminary examination of legislations and this had to be strictly limited. Overall, it can be said that the project had an impact in terms of awareness and in improving the legislative formulation. There is no evidence of impact on the implementation of regulations but it is too early to formulate a clear judgement on that point.
- The project “Policy advice to the offices of the Prime Minister and Vice Prime Minister” has been implemented mainly with the view of assisting the Government in the preparation of the PRSP. Although the project is certainly effective as highlighted in the previous section, there has been little, if any, progress in the preparation of the PRSP notwithstanding a support team of 3 experts. The technical capacity developed by the project has been used to conduct further studies²² rather than speeding up and improving the decision process.
- The MET and Statistics projects have delivered substantial outputs but it is not possible to demonstrate that these have been leading to the adoption of better policies. What can be said safely is that they have contributed to a better knowledge and understanding of the factual situation and mechanisms to take into account to base decisions; this is an essential precondition for a positive impact on decision making. Other conditions are the sustainability of the production of these services and the political willingness to use them; these conditions are not guaranteed so far in Moldova.
- Projects related to legal harmonisation and improvement of regulations have achieved an improvement of the texts but there is little impact at implementation level. Note that it is too early to consider that judgement is definitive.
- Support to WTO, harmonisation of standards, and PCA have contributed to an improvement of the understanding of the issues and the conditions to meet to enter international trade. However, this better understanding did not have much impact on the policy formulation and implementation process.

4.2 Impact of productive sector development projects

MEPO clients have increased their exports; the Ungheni Cross Border project has contributed to a better penetration of the Romanian market by companies of the Ungheni region. These impacts remain very limited in view of the small number of enterprises concerned. For instance MEPO has a very narrow client base of about 120 companies and this base does not expand.

²² For instance, at the time of the mission it was said that the finalisation of the PRSP should be delayed by one year to allow for further studies by the team of experts in order to improve the identification of the level poverty in Moldova.

A major factor contributing to the lack of impact is the poor business environment and this itself is largely a result of the dramatic lack of capacity at local level. The last territorial reform suppressed the judets and their existing capacities and institutions and replaced them by rayons with no other institutional framework than the local mayors between citizens and enterprises and the central government. Strengthening capacity at this local level, in particular with adequate training, is crucial to allow trade related projects, but also and even more poverty alleviation projects, to produce their impact.

5. Sustainability

TRA in Moldova has started too recently to permit in depth analysis of the sustainability of interventions. However, a number of remarks can be formulated:

In Moldova sustainability depends on two different groups of factors:

- Continuity of government policy directions: the political system is not yet really stabilised and its orientation towards a free market economy and democratic society, although clearly affirmed, remains fragile.
Sharp policy changes, implemented without preparation nor concertation with the donors, such as the radical territorial administrative reforms, create totally new conditions for which ongoing or programmed interventions are not prepared; this affects negatively their effectiveness, impact and sustainability. In the case of the CB Ungheni and SME programmes, for instance, the changes in the territorial divisions means that the local institutional context within which these projects were meant to operate has been suppressed and replaced by one which is not technically prepared to take over already engaged activities and does not have the human resources to continue and prolong them or to offer a environment where they can subsist without external support.
- The existence of domestic structures, public, private or mixed, capable of taking over the and continuing the implemented activities. So far there is evidence that most TRA projects that have been engaged would simply stop the very day the EU ends its support. This is the case of all most projects which have been creating or strengthening public structures in contributing to the financing of the staff of these structures: MEPO and Moldovan Economic Trends are examples of activities that would not continue because the Government is not prepared to take over the cost of the staff involved. In the case of MET, the structure is not internalised within the Ministry hosting it and it would simply not continue. The case of MEPO is more complex because it is an official public structure, however the importance of the EC financial contribution to its functioning is such that it would no be viable any more if the project were not re-conducted.

TRA supported reforms involving changes in legislation and regulations are sustainable so long as the new rules remain in force. EC TRA has achieved positive results in this area with the PCA, the WTO and the harmonisation of standards, for instance. In those cases, however, the major issue of sustainability lies in the capacity and the willingness of the authorities to implement these regulations.

6. Cross-cutting issues

Environment, are a priority on the regional cooperation agenda and they are dealt with in specific projects concerning Moldova:

- Environment Information, Education and Public Awareness.

- Cleaner production in selected countries of the NIS.

Among the gender issues the dramatic problem of traffic in women is also addressed at the regional level with the project “Combating Trafficking in Women: Moldova”.

Social issues are addressed within various regional and national projects.

Whereas these cross cutting issues receive attention and are addressed for their own sake in specific projects, there are no reference to them in the TRA project documents. The TRA projects are not designed nor implemented with a particular dimension to address these issues. This reflects both the complexity of such approach and the fact that there is no demand from the beneficiary. Moreover, the most important environmental issues in Moldova do not arise in the context of trade but in other areas. For example, pollution of water wells in rural villages is a crucial issue but that cannot be addressed in the context of TRA projects.

D. Field Mission Vietnam

This section provides a synthesis of the main findings reported in details in the Annex 5 of the Field Mission Report. These are grouped according to the different dimensions covered by the evaluation questions, namely aspects related to relevance, efficiency, effectiveness, impact and cross cutting issues.

1. Relevance and programming aspects (Evaluation questions 1 to 3)

The first three evaluation questions concern the programming of the Commission TRA activities. They are meant to assess the extent by which the trade dimension is taken into account in the programming process, the manner trade questions are treated in the Commission's programming, analyze the tools used in the programming stage to identify the key trade related issues and check if the Commission programming appropriately respond to the beneficiary country/region needs.

Integration of trade policy into development plans

The first step to answer these questions was to assess to what extent CSP/RSP and other Commission programming documents verify the integration of trade policy in Poverty Reduction Strategy Programme (PRSP) and other national development plans and propose actions if necessary to improve the integration.

The EU-Vietnam CSP 2002-2006 refers to trade as one of two focal areas, the other being improvement of human development. As such there is an explicit developmental dimension to the Commission's work in the country.

As one of the main economic goal of the Vietnamese SEDS, the CSP mention the objective to reach an export growth rate more the twice that of GDP (i.e. around 15%). It also points to the "open door" foreign policy that has been adopted by the country, emphasising that Vietnam became a member of ASEAN in 1995 and of the APEC in 1998.

The CSP underscores the importance of exports to the Vietnamese economy (15.44 billion euro in 2000 or 44% of GDP) but also, the existence of investment misallocation on account of the high levels of tariff and other forms of protection. Rapid accession by Vietnam to the WTO, the implementation of the US-Vietnam BTA, and an early coming into force of AFTA are identified as keys to maintaining the country's export growth. The CSP also notes Vietnam's heavy reliance on exports on a limited number of products, many of which are vulnerable to competition from new, cheaper suppliers.

The CSP includes a short paragraph outlining the main points in relation to Vietnam's position vis-à-vis AFTA, the BTA and WTO, though in the case of the latter it is surprising that no direct mention is made of the end of the Multi Fibre Agreement (MFA) / Arrangement on Textile and Clothing (ATC) phase-out in 2005, after which failure to accede to the WTO would severely affect the Vietnamese textiles and clothing industries.

The CSP clearly identifies trade as a key development instrument for Vietnam and lists the main trade challenges faced by the country. Given the importance devoted to trade aspects, one can regret that it remains relatively superficial in its description of the trade environment of the country.

In particular, it contains no information relative to the basic features of the Vietnamese trade pattern or to the potential comparative advantages of the country²³. It also remains silent with regards to the Vietnamese trade policy, to the trade policy elaboration process or to trade related institutions. Such elements should be taken into account in TRA programming (see, for instance, the Commission's TRA Guidelines, Technical Note 1) and reflected in subsequent documents so as to substantiate the content of the Commission's programmes and clarify the broader economic and trade context in which they are inscribed.

As far as specific actions taken to improve the integration of trade policy into national development plans are concerned, the Commission TRA activities under review (MUTRAP I, MUTRAP Extension, MUTRAP II and EBIC) have indeed promoted the integration and mainstreaming of trade into national development plans in the sense that have helped to clarify the Vietnamese position in trade negotiations, contributed to the identification of key economic sectors likely to be affected by the opening to trade and promote trade awareness among Vietnamese officials and operators.

The principal example given by the parties interviewed during the mission was the interactive seminar aimed at identifying how to adapt Vietnamese policies to WTO rules organised in the preliminary phase of the project and training course organised at the University of Amsterdam at the start of MUTRAP I for 12 senior officials directly involved in the policy formulation / WTO accession negotiation process. This has enabled GoV to better integrate trade with its broader development plans, whilst increasing its understanding of international trade systems. By extension, such training has also enabled GoV in the shape of the Ministry of Trade (MoT) to define a coherent road map of the path to WTO accession – including identification of some of the major impediments (although the road map was drafted without recourse to direct external support). In relation to the mainstreaming of trade issues into broader economic and development policies it was noted to WTO issues are also now omnipresent in the Vietnamese media; likewise trade is clearly recognised as a major part of GoV strategy in attaining sustained development.

Identically, the seminars organised under EBIC contributed to increase the understanding of the regulatory framework enforced on EU markets thereby developing the capacity of Vietnamese productive sector to integrate the world trading system which is one of the priority in the GoV development strategy.

Trade challenges faced by Vietnam

The trade related challenges faced by Vietnam²⁴ can be grouped into two different categories, the first one concerning institutional aspects and Capacity Building (CB) with a particular focus on the integration of the country into the world trading system, the second one relating to the productive sector trade capacity and the sound management of trade liberalisation impacts.

The most important aspects of the first category are:

²³ The CSP is meant to give an overall view of the country and programme and can therefore not detail a particular political, social or economic dimension. Nevertheless, given the importance of trade related issues in the CSP and hence in the EU-Vietnam co-operation strategy, one could expect that the CSP at least points to some more specific documents backing the elements presented in the CSP and giving substance to the projected strategy.

²⁴ See for instance, IMF, Country Report No 02/5, Vietnam: Selected Issues and Statistical Appendix, January 2002., IMF, Country Report No 02/151, Vietnam: Second Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility and Request for Waiver of Performance Criteria, July 2002, STAR – VIETNAM, Annual Economic Report for 2002, World Bank, Vietnam: Delivering its Promises, Development Report 2003.

- (i) Strengthen WTO negotiation capacity and secure a harmonious and fruitful integration in the WTO;
- (ii) Increase knowledge and capacity to handle issues related to SPS, and quality and norms which are central fields on which Vietnam is currently unable to compete with countries like China or Cambodia whose awareness and ability to conform to international regulations is much greater; and
- (iii) Reform and training of the custom administration.

For the second category, the main points concern:

- (i) The competitiveness of the Vietnamese productive sector, especially those for which Vietnam has lately developed a strong position (rice, coffee, tea, rubber, pepper), key related factors being the qualifications of its labour force and the need of restructuring some important sectors of the economy;
- (ii) The increase in import competition from neighbouring countries like China, Thailand or Malaysia that should follow the integration of markets under regional (ASEAN) and/or multilateral (WTO) trade liberalisation processes;
- (iii) The attractiveness of the country in terms of FDI; and
- (iv) The need to develop marketing skills, improve distribution networks and to increase the capacity of the industry to meet export market requirements.

In relation to this, the needs in terms of TRA expressed / identified by Vietnamese officials or stakeholders interviewed during the missions or reported in various documents are the following²⁵:

- (i) Trade policy analysis and in particular the implication of the tariff reduction foreseen in the prospect of the future implementation of various integration schemes;
- (ii) Training of Vietnamese officials in terms of practical trade issues like SPS, TBT's, IPR's, Trade Related Investment Measures (TRIM's) or Singapore issues, not only at the high hierarchical levels but also at the working levels; and
- (iii) CB in the terms of standards and norms.

Assessment of Vietnam's trade environment

The Commission programming documents seem to correctly identify the main features and challenges of the Vietnamese external environment²⁶. Namely, they mention issues like the drop in FDI and growth rates, the evolution of exports and implementation of various integration schemes (AFTA, USBTA, WTO) identified as key factors to monitor, the fall in protection rates implied by AFTA (but no indication concerning the extent of the fall), WTO accession, US-Vietnam BTA and the strong dependence of exports on imported equipment and intermediate goods (no figures given e.g. rate of dependence).

However, it is impossible to assess the extent to which the identification exercise relies on an upstream analysis. Programming documents point to and mention specific key issues, which are relevant given the country's environment, but they do not provide a comprehensive description of the Vietnamese economic and trade situation. Neither do they reference the analytical material

²⁵ See for instance, European Commission, Report of the Identification Mission, Multilateral Trade Policy Assistance Programme - I, 1996, STAR – VIETNAM, Annual Economic Report for 2002.

²⁶ See for instance, European Commission, Vietnam, Country Strategy Paper 2002–2006 and National Indicative Programme 2002 –2004, European Commission, Technical and Administrative Provisions, Multilateral Trade Policy Assistance Programme - II, 2003.

(studies, Commission own analysis, ...), if any, on which the identification of needs and the formulation of projects rest. For instance, a series of sectoral and other studies were produced by MUTRAP I, although none of this work is referenced within the identification / formulation documents of subsequent programmes shared with the evaluating team. The EC Delegation suggested that they had all the necessary background information within the Delegation. The conjecture would therefore be that a complete and adequate analysis is effectively carried out but is not sufficiently referenced in subsequent documents to avoid the impression of a rather ad hoc approach to programming.

According to the EC Delegation staff, the EC Delegation keeps tabs on the progress made by GoV in relation to the process of WTO accession. There is regular correspondence between the EC Delegation and Directorate General (DG) Trade in Brussels as well as with the Commission Representation in Geneva. As such the Trade section of the EC Delegation is fully aware of the points raised at the different Working Parties. Moreover, the EC Delegation makes regular reports concerning, among others, trade aspects and issues. None (or very little) of this information has found its way into programming documents and this should be seen in relation to the formulation practices followed by EuropAid.

Diagnosis

The diagnosis practices adopted at the programming stage of the Commission TRA interventions are difficult to highlight from the programming documents. One observation is that the elaboration of Commission TRA interventions seems to rely mostly on the views expressed by the beneficiaries and in particular by GoV agencies. For instance, in the case of MUTRAP I expressed beneficiary needs were laid down in the identification mission report, a subset of which were directly reproduced in programmed activities (for MUTRAP II, the identification was undertaken by EuropAid and it is unclear as to how detailed a report was produced). For EBIC, available programming documents indicate the programme's objectives which explicitly corresponds to needs expressed by the beneficiary.

Diagnosis involves consultation with the beneficiaries, especially with GoV agencies and officials. For the original MUTRAP project extensive discussions were held with the different government agencies as part of the identification mission. These were in large part transcribed into the FA and TAP for MUTRAP I although a number of key issues were left outstanding (one evoked possible reason being that the GoV was not fully associated in the drafting of the TAP). Under MUTRAP Extension, the Vietnamese Co-Director has initiated a fresh round of consultations with GoV stakeholders, seeking their inputs / requests for assistance as part of the extension programming and with a view to developing revised TAP for MUTRAP II. One must note that this work has been carried out by GoV without any external assistance from the Commission due to the inability of the Commission to recruit a European Technical Adviser (ETA). The ETA position was still vacant 10 months into the 15 months extension. Other stakeholders, like private operators (e.g. professional associations) do not seem to be associated to the programming process to a larger extent. For, instance, there do not appear to have been any significant contacts between the EC Delegation and the Vietnam Trade Information Centre or the Vietnam Leather and Footwear Association – or indeed any other of the relevant stakeholders outside the GoV.

Finally, there is no evidence that the identification and formulation of TRA interventions include an analysis of potential implementing agency capacities. This can be a particularly important issue in Vietnam as it was repeatedly underlined by interlocutors how poor co-ordination between Vietnamese Ministries was, as they tend to compete as much as they co-operate. This would then imply that, in order to properly treat such an inter-disciplinary / transversal issue as trade / WTO

accession, the establishment of an efficient agency covering the Ministries is a crucial pre-condition to the effective working of TRA programmes supporting the accession process. The identification and formulation of the Commission TRA interventions nevertheless leaves this aspect pendent. If evoked by EC Delegation members, it does not seem to be clearly tackled in the programming documents.

As for co-ordination aspects, given the number of TRA providers and stakeholders involved, GoV appear to be the only actor capable of ensuring some degree of co-ordination. The TAP for MUTRAP II call upon the European Team Leader to play a co-ordinating role but in the absence of a specific mandate to do so vis-à-vis other donors, it is unclear how (without direct GoV support) this function will be performed.

In general, programming documents do not indicate the extent to which the diagnosis exercise incorporates the Commission own analysis concerning the beneficiary's situation and the identification of its needs. No references are given to the studies and/or technical documents used or produced by the Commission services in the programming of TRA interventions. In this context, it is difficult to assess the analytical contribution of the Commission services to the diagnosis process.

Response of the Commission programming

Reference is made to the CSP which (correctly in the evaluators' view) targets two complementary areas qua, assistance to the essential internal reforms Vietnam needs to undertake and the opening of its market to international flows of trade and investment in the framework of its planned accession to WTO and existing commitments with AFTA. The identification of TRA needs by the Commission includes customs reform, market access for industrial goods, negotiation techniques, tariffication, trade facilitation, SPS, TBT, and TRIPS agreements.

In general, the Commission TRA interventions are in line both with the country's situation and need as well as with the broader macro-economic policy of GoV. The evolution in programming has also improved regarding the design of trade related projects and the incorporation of the beneficiary specificities.

For instance, the evolution of project's design and content from MUTRAP I to MUTRAP Extension and MUTRAP II both takes into account the growing importance given by GoV to treat some particular and technical issues related to the WTO accession process and the specific features of such a process during which conditions and needs of the beneficiary are constantly changing. From this point of view, the draft of MUTRAP II TAP were kept deliberately vague so as to overcome the type of problems encountered by MUTRAP I which ran into considerable difficulties due to the rigidity and specificity of the Financing Agreement (FA).

In view both of the trade related challenges of the country and the opinion expressed by interlocutors interviewed during the mission, EBIC activities were likely to respond to the Vietnamese productive sector's need to improve its capacity in complying with the rules governing market access (standards, norms,...). However, several professional organisations thought that the project's content should have been more private sector oriented too much funding being devoted to sectors in which public enterprises still occupy a predominant importance. Also, it should have been less short term focused as for instance, the formation of Vietnamese trade trainers could prove to have much more long-lasting and sustainable effects than the current training of operators aiming at increasing their trade related knowledge. It was unanimously regretted that the project had now been terminated.

The proposals regarding the strengthening of the productive sectors capacity are found relevant by the beneficiaries but, as reported by interlocutors at line Ministries or by private sector operators, sometimes felt to miss a certain number of trade related needs to improve the Vietnamese productive sector capacity which are not identified or at least mentioned in the Commission programming documents. For instance, Vietnam is thought to have some potential comparative advantage in a number of sectors (for instance road and bridge construction or Information and Communication Technology (ICT) telecoms services). In spite of the fact that the exploitation of potential comparative advantage and hence the identification of promising sectors of activity is a central issue for a developing country seeking a harmonious and beneficial integration into the world trading system, this aspect is absent from programming documents.

2. Efficiency (Evaluation question 4)

Evaluation question 4 concerns the efficiency of the Commission's TRA activities. This is meant to assess how far the implementing modalities, the composition of inputs and the interactions with Government and other donors' activities has contributed to the attainment of the intended objectives.

Efficiency is first analysed in terms of the appropriateness of the resources and tools provided with regard to the attainment of projects' objectives. Overall the resources committed at the programming stage of the project cycle are in line with attainment of programme objectives. Activities projected are indeed appropriate with regard to the objectives pursued and provided in sufficient quantity.

In the case of EBIC however, the decision not to continue with a second Phase of the Programme has precluded a deepening of the Centre's work in relation to specific topical areas and/or individual sub-sectors. The activities undertaken were in line with beneficiary needs and did not require significant upstream co-ordination or (as a new Commission financed Centre) assessment of existing implementing agency capacities. The preconditions for the successful outcome of the project existed in the need among the Vietnamese business community and public institutions for information on the European market. It is not certain whether EuroCham is resourced to continue the Centre's work/provide a similar range of services. The prevailing view encountered by the evaluators was that activities were likely to decrease in importance. Some member states' embassies may occupy the space left vacant; others may not.

Efficiency can also be affected by the incidence of government policies and other donor projects/programmes on Commission financed TRA. Trade is a field where changes in context and policies are frequent, which makes the issue of flexibility/developing response strategies for mitigating the consequences of missing preconditions crucial for the successful delivery of TRA. This has caused problems for some projects implemented in Vietnam. In particular, the preparatory phase to MUTRAP I (workshops and training in Europe) appears to have been fully in line with GoV requirements and was effective in grounding a number of Vietnamese officials in key WTO themes. However, subsequent delays in contracting and implementation, allied to an overly detailed, poorly phrased and thus quite inflexible FA meant that several riders were required in order to partially re-orient the Technical Assistance (TA) (although delays in their delivery came too late to significantly improve the effectiveness of the TA). Differences of understanding as to the implementing validity of the main TA services contract also led the European team's inputs curtailed with much of the available budget undisbursed. The MUTRAP extension (bridging phase) has been conducted without a European TA, due to delays in identifying a suitable candidate via the Framework Contract (FWC). This has put considerable pressure on the Vietnamese co-director, and given rise to further delays.

On a general level, factoring the evolving policy / institutional context into project design implementation remains a challenge (given heavy Commission procedures, and difficulty faced by the Commission services in processing riders or corrigenda to FAs). The primary break on the efficiency of the Commission TRA projects is the length of delay between project identification and mobilisation of the corresponding TA. According to GoV this has been endemic to almost all projects (other examples being the Commission ASEAN regional project on standards and quality). This partly roots in the successive DGIB, SCR, EuropAid restructurings, Commission staff turnover, and lack of familiarity with (evolving) the Commission procedures including among consultant personnel. A general lack of trade consultants and consultancies (familiar with project management / Commission rules) has further impeded TRA delivery.

Such difficulties could be a subject for best practice analysis/further study (to include simple aspects such as phraseology). For instance, the Technical and Administrative Provisions (TAP) for MUTRAP II should avoid the pitfalls of MUTRAP I, but could usefully be complemented by a more detailed annex, including a review of the main difficulties faced by Vietnam in the different areas identified by the FA. Looking forward, the efficiency of TRA delivery in Vietnam should be enhanced by deconcentration, including the addition of trade expertise (transferred from DG Trade) within the EC Delegation and marrying this with the development know-how of other practitioners from EuropAid and RELEX.

With regard to the role of the EC Delegation in donor/government co-ordination activities, there is evidence of the EC Delegation playing a co-ordinating role among the 15. The MUTRAP Project Management Unit (PMU) also tried to take on a broader co-ordinating role, something it was well placed to do from the vantage point of its position within MoT, but which has subsequently been taken over (with limited success) by the International Bank for Reconstruction and Development (IBRD). In fine, the main onus for co-ordination seems to lie with GoV.

3. Effectiveness and Impact (Evaluation questions 5 to 8)

These questions are meant to assess the extent by which Commission TRA interventions have delivered their intended results and what has been the contribution to the overall objectives pursued.

The evaluators were not aware of an evaluation, either mid-term or ex-post having been conducted for the EBIC. As such, and with the project having closed prior to the arrival of the TRA evaluation mission it is impossible to make any firm judgements with regard to impact, although anecdotal evidence collected during the mission suggests that beneficiaries were satisfied with the facilities offered. As indicated in EBIC activity reports, some 6.000 interlocutors have been 'reached' in some form or other, mainly through workshops and seminars, enquiries and press reports. The disappearance of the EBIC as a 'one stop shop' for information on the Single Market and doing business with Europe (including as clearing house disseminating information and requests back to the member states) appears to be a general source of regret among the interlocutors, whether public or private sector representatives. Although presumptions exist indicating positive impact of these activities, the extent to which they effectively led to increase the capacity of EU and Vietnamese operators to engage in mutually beneficial trade relationships remains to be determined.

Insofar as MUTRAP is concerned, interlocutors at EC Delegation and line Ministries as well as monitoring documents²⁷ indicate that the main programme impacts have been a) an initial

²⁷ Monitoring Report, Vietnam – VNM - Multilateral Trade Policy Assistance Programme (MUTRAP), MR-20037.01.

sensitisation of the programme beneficiaries to the issues and processes pertaining to WTO accession through preparatory series of workshops, b) some instruction of the Vietnamese position vis-à-vis the accession negotiations through a number of industrial competitiveness studies, and c) the delivery and use of an economic (FACTOM) model capable of measuring the country's trade openness and attractiveness to foreign direct investment. The latter could also have been extended to fiscal revenue simulation, but the latter component was not covered by MUTRAP I.

Yet 6 years after the initial MUTRAP identification, and eight years after it started the process of seeking WTO accession, the Working Parties co-ordinating the process of negotiations noted last May (2003) that much more needed to be done; indeed the working group Chairperson told members that 'success would depend on a quantum jump' in efforts if Viet Nam was to meet its goal of joining by 2005. Several members said they were still only at the early stages of the market access negotiations, or only about to start them and could not negotiate market access properly until the lists of import duties Vietnam currently charges ('applied tariff schedule') had been circulated. General concerns, or calls for more information, covered a range of issues: trading rights for foreigners and foreign companies, TBT's, SPS, quantitative restrictions on imports, customs valuation, agricultural subsidies, intellectual property, investment policies and subsidies, the broader economic regime, and so on.

According to the EC Delegation, progress has since been made on a number of these issues. It is however not possible to tie this progress directly to MUTRAP implementation (whose disbursed budget is less than 200,000 euro per year when measured from the present back to the time of its initial identification). Some interlocutors (mainly other line Ministries and productive sector representatives) suggested that the impact of MUTRAP could have been broadened though the wider dissemination of results and information. An additional benefit of MUTRAP, from the perspective of the EC Delegation has been its role as a conduit for instructing GoV on the Commission's stance and vice versa, as a major trading and negotiating partner within the WTO Working Parties.

4. Cross cutting issues (Evaluation question 9)

Evaluation question 9 is aimed at checking how cross cutting issues are incorporated in the Commission's TRA interventions, in particular with regard to the aspects of environment, gender and social standards.

Cross-cutting issues are mentioned in the CSP (2 paragraphs), in particular themes such as environment protection and disaster preparedness, gender equality, human rights and democracy culture and education and good governance are supposed to be integrated in EU-Vietnam cooperation. The CSP remains laconic on the manner cross-cutting issues should be treated, noting that actions related to these issues can be developed when appropriate and on an ad-hoc basis, i.e. on a specific problematic (the example given is the persistent flooding in central provinces linked to deforestation which calls for a social forestry approach). The CSP also mention the possibility to use horizontal instruments such as the "environment and tropical forest protection" or the "human rights", "higher education", science and technology" or "energy" budget lines as well as the Commission co-financing of NGOs.

In any case, the CSP does not link cross-cutting issues and trade, nor refer to possible impact of trade on related issues. Likewise, the evaluators could not find any evidence of cross-cutting issues having been tackled in relation to the specific delivery of TRA, except for a mention of gender issues in the new MUTRAP TAP. The impression given was that cross-cutting issues were tackled under different forms of development assistance and TA.

Annex C - List persons met

Annex C - List persons met

A. Persons met in Brussels

Mr	ALLING	CDE-Geographical Coordination, Caribbean
Mr	ALONSO	EuropeAid C/3: Economic Co-operation with ACP countries
Mr	BARDON	DG Trade Unit F/3, Trade and Sustainable Development
Ms	BOUYALA IMBERT	EuropeAid Unit 03, General Programming
Mr	CARPENTER	EuropeAid, Unit H/6 Evaluation Unit
Mr	CARROLL	DG TAXUD, Head of Unit
Mr	COMO	EuropeAid C/3: Economic Co-operation with ACP countries
Ms	CONCINA	DG Development C/2: Relations with the countries and the regions of the Horn of Africa, Eastern Africa and Indian Ocean, Desk Officer Mauritius.
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Mr	DE LUZENBERGER (by telephone)	DG RELEX Unit E/2, Relations with Russia
Mr	DELCROIX	EuropeAid, Unit H/6 Evaluation Unit
Mr	DIHM	DG Trade Unit C/1, Trade Relations with ACP
Mr	DOWD	DG Development C/3: Relations with the countries and the regions of Southern Africa, Desk Officer SADC and Southern Africa
Ms	FIAGAN	ACP Secretariat, Expert Customs Cooperation
Mr	FILON	EuropeAid Unit A/2, Centralised Operations Europe
Mr	FIORIELLO	EuropeAid C/4: Regional Integration, Institutional Support
Mr	HESS	EuropeAid Unit D/3, Thematic Support: Economic and Commercial Cooperation (Asia)
Mr	KENNES	DG Development
Mr	LEDOUX (by email)	CDE, Head of Project Management Unit SFP-ACP/OCT
Mr	MELLADO	EuropeAid B/3, Thematic Support: Economic and Commercial Cooperation (MEDA)
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B. Field mission Kenya/Zambia/COMESA (persons met in Kenya)

Ms	AHAGO	Technical Working Group RIFF, Assistant Commission Customs
Ms	BARUGH	DFID, Economic Advisor
Mr	BIWOTT	Federation of Kenya Employers, Management Consultant
Mr	DIJU OWUOR	Federation of Kenya Employers, Executive Director
Ms	FENNESZ	EC Delegation, Economic and Political Counsellor
Mr	FLINTER	Tourism Trust Fund
Mr	GACHANGA	Horticultural Crops Development Authority, Executive Director
Mr	JENKINSON	EC Delegation, First Secretary
Mr	KAMANDE	Ministry of Trade and Industry, Deputy Chief Economist
Mr	KAMAU	Technical Working Group RIFF, Senior Executive Office Trade, Kenya Association of Manufacturers
Mr	KIMENIA	Technical Working Group RIFF, Consultant
Mr	K'MATHENGE	Technical Working Group RIFF, Executive Officer Kenya International Freight Warehousing Association.
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Mr	MAPELY-ZAKAYO	Tourism Trust Fund, Chief Executive
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Mr	OSORO	Technical Working Group RIFF, Chairman
Mr	ROBBEN	EC Delegation, Economist
Mr	WA SANJA	Technical Working Group RIFF, Deputy Secretary, Ministry of Finance
Mr	WAITHAKA	Federation of Kenya Employers (FKE), Public Policy Research Consultant

C. Field mission Kenya/Zambia/COMESA (persons met in Zambia)

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Mr	BABAR	Breakfast Food Zambia Ltd, Chairman-Managing Director
Mr	BRENNAN	Export Development Programme II, Programme Manager
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Mr	CHAITEZVI	COMESA Secretariat, Project Manager, Regional Harmonisation of Customs and Trade Statistics Systems Project
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Mr	HESS	IMANI Consulting - Evaluation of Regional Integration Project
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D. Field mission Tunisia

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Mr	ZALILA	Principal Director, <i>Agence de Promotion de l'Industrie</i> (API)

E. Field mission Moldova

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Ms	CAINAREAN, N.	Moldovan Economic Trends, Local Expert
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Mr	LUNDQUIST	Embassy of Sweden, First Secretary
Ms	MANASTIRLI	EBRD, Associate Banker
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Ms	NEDERA	DFID, Head of Section
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Mr	OLARU	Chamber of Commerce, Vice President
Mr	ONU	Harmonisation of Moldova System of Standardisation, Team leader
Ms	ORLOVA	Swedish International Development Cooperation Agency (SIDA), National Programme Officer

Mr	PINZARI	Chamber of Commerce, Director
Mr	PINZARU	Vice-director General, Department of Statistics and Sociology
Ms	RADAUTAN	TACIS Monitoring Programme
Ms	SANDU	World Bank, Economist
Mr	SANTENS	Cross-Border Cooperation Ungheni, Team Leader
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F. Field mission Vietnam

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Annex D - List of references

Annex D - List of references

A.	GENERAL DOCUMENTATION.....	3
1.	EC documents.....	3
2.	WTO.....	7
3.	OECD/DAC.....	7
4.	ITC/UNCTAD/UNEP.....	8
5.	Other donors.....	8
6.	Academic papers.....	8
B.	DOCUMENTATION ON KENYA.....	9
1.	Country level.....	9
2.	Project Level.....	10
C.	DOCUMENTATION ON ZAMBIA AND COMESA.....	11
1.	Country level.....	11
2.	Country project documents.....	12
3.	E&SA regional and/or COMESA.....	12
4.	Regional Project documents.....	13
D.	DOCUMENTATION ON TUNISIA.....	13
E.	DOCUMENTATION ON MOLDOVA.....	14
1.	Country level.....	14
2.	Project Level.....	15
3.	Donors.....	18
F.	DOCUMENTATION ON VIETNAM.....	18

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