

# Evaluation of the European Union's Trade-related Assistance in Third Countries

**Final Report  
Volume 1  
April 2013**

---





Development  
Researchers'  
Network



d.i.e

Deutsches Institut für  
Entwicklungspolitik



German Development  
Institute

Consortium composed by  
EGEVAL II (ADE, Particip), DRN, ECDPM, ODI & DIE  
Leader of the Consortium: ADE  
ade@ade.be

**Contract No EVA 2007/Lot 1**  
**Specific contract No 2010/254070 and No 2011/261-717**

**This evaluation was commissioned by  
the Evaluation Unit of the  
Directorate General for Development and Cooperation – EuropeAid  
(European Commission)**

*The opinions expressed in this document represent the authors' points of view  
which are not necessarily shared by the European Commission  
or by the authorities of the concerned countries.*

*This report has been prepared by*



Merzhauser Str. 183  
79100 Freiburg, Germany  
Phone: +49 761 790 740  
Fax: +49 761 790 7490  
E-mail: info@particip.de  
Web: www.particip.de



The evaluation is being managed by the DEVCO Evaluation Unit.

The author accepts sole responsibility for this report, drawn up on behalf of the Commission of the European Union. The report does not necessarily reflect the views of the Commission.

Cover page illustration “ECT Europe Container Terminals in Rotterdam”; source: Audiovisual Services of the European Commission.



# Evaluation of the European Union's Trade-related Assistance in Third Countries

## Final Report, Volume I

The report consists of 2 volumes:

Volume I: Main report

Volume II: Annexes

### VOLUME I: MAIN REPORT

Executive Summary

1. Introduction
2. Methodology
3. Background and context of the EU's support to TRA
4. Main findings
5. Conclusions and recommendations

### VOLUME IIA: ANNEX 1 – SUMMARY OF INDICATORS

1. EQ1- Alignment and strengthening
2. EQ2- Aid modalities and channels
3. EQ3- 3Cs
4. EQ4- Trade-policy environment
5. EQ5- Trade facilitation
6. EQ6- Compliance with standards
7. EQ7- Regional integration
8. EQ8- Trade development
9. EQ9- Addressing poverty

### VOLUME IIB: ANNEX 2 TO 12 – ToR, OUTPUTS AND BACKGROUND DOCUMENTS

- Annex 2: CSP/RSP analysis report
- Annex 3: Summary of evaluations report
- Annex 4: Country fiches
- Annex 5: List of documents and sources of information
- Annex 6: List of people met
- Annex 7: EUD survey report
- Annex 8: Country selection for field phase – Overview
- Annex 9: Summary of statistics on TRA and macroeconomic data related to trade
- Annex 10: List of relevant interventions under category 5 of the wider AfT agenda
- Annex 11: Study on tourism
- Annex 12: Terms of reference

### VOLUME IIC: ANNEX 13 – COUNTRY NOTES

- Country Note ASEAN
- Country Note Bangladesh
- Country Note Cameroon
- Country Note COMESA
- Country Note Côte d'Ivoire
- Country Note Egypt
- Country Note Ghana
- Country Note Uruguay / MERCOSUR
- Country Note Zambia

## Table of Contents

<i>Executive Summary</i> .....	i
<i>Résumé Exécutif</i> .....	ix
<i>Resumen Ejecutivo</i> .....	xix
<i>Resumo Executivo</i> .....	xxix
1 Introduction.....	1
1.1 Objectives, scope and coverage of the evaluation .....	1
1.2 Structure of the Report.....	2
2 Methodology .....	2
2.1 Key phases of the evaluation process .....	2
2.2 Challenges and limitations .....	5
3 Background and context of the EU's TRA .....	7
3.1 Development cooperation context .....	7
3.2 The EU's approach to TRA .....	8
3.3 Intervention Logic.....	12
3.4 Priorities of the EU's TRA over the period 2004-2010 .....	13
4 Main findings .....	16
4.1 EQ1 on alignment and strengthening of partners' trade-related systems.....	17
4.2 EQ2 on aid modalities and channels .....	20
4.3 EQ3 on co-ordination, complementarity and coherence.....	25
4.4 EQ4 on trade policy environment .....	29
4.5 EQ5 on trade facilitation .....	35
4.6 EQ6 on compliance with standards.....	39
4.7 EQ7 on regional integration.....	42
4.8 EQ8 on trade development.....	48
4.9 EQ9 on addressing poverty .....	56
4.10 Overall assessment of the degree to which the EU's TRA reached its objectives .....	59
5 Conclusions and recommendations.....	62
5.1 Conclusions.....	62
5.2 Recommendations.....	67



## List of Tables

Table 1	Countries and regional organisations selected for the desk study .....	4
Table 2	Countries and regions covered by field visits .....	5
Table 3	Direct EU support to TRA: Top three areas of action at regional level, 2004-2010 .....	13
Table 4	Overview of the evaluation questions.....	16
Table 5	Coverage of the evaluation criteria by the evaluation questions .....	16
Table 6	Prioritisation of recommendations.....	67

## List of Figures

Figure 1	Evaluation process with selection of main tasks .....	2
Figure 2	Summary: Synthetic timeline of most important events/strategies at global and EU level .....	11
Figure 3	EU support to TRA: Reconstructed Intervention Logic .....	12
Figure 4	Results of the survey to EUDs: Degree of private sector involvement in trade policy formulation .....	32
Figure 5	Results of the survey to EUDs: Importance attached to developing trade negotiation capacity .....	34
Figure 6	Results of the survey to EUDs: Outcomes of TRA to improve negotiation capacity.....	35
Figure 7	Results of the survey to EUDs: Degree of achievements of TRA support related to reducing trade-related transaction costs. 2004-2006 & 2007-2010 .....	37
Figure 8	Results of the survey to EUDs: Importance of reducing trade-related transaction costs. 2004-2006 & 2007-2010 .....	38
Figure 9	Countries where SPS (left) and TBT (right) measures featured in the Country Strategy Papers, over the period evaluated (P1/P2) (total sample size: 23).....	40
Figure 10	Envisaged Impact of the EU's TRA (based on core EU strategic documents).....	59
Figure 11	Prioritisation of recommendation:, schematic overview .....	67

### List of Acronyms and Abbreviations

3Cs	Coordination, Complementarity and Coherence
ACP	Africa, Caribbean and Pacific countries
ADB	Asian Development Bank
AfT	Aid for Trade
AIDCO	EuropeAid Cooperation Office
ARF	Asian Regional Forum
ASEAN	Association of South East Asian Nations
ASEM	Asia-Europe Meeting
Bn	Billion
BPC	Building Productive Capacity
CARIFORUM	Caribbean Forum
CLE	Country-Level Evaluation
COMESA	Common Market for Eastern and Southern Africa
CRIS	Common RELEX Information System
CSP	Country Strategy Paper
DAC	Development Assistance Committee
DCI	Development Cooperation Instrument
DDA	Doha Development Agenda
DfID	Department for International Development
DG DEVCO	European Commission Directorate on Development
DG RELEX	European Commission Directorate for External Relations
DG SANCO	European Commission Directorate for Health and Consumers
DG TRADE	European Commission Directorate for Trade
DP	Development Partner
DTIS	Diagnostic Trade Integration Studies
EAC	Eastern African Community
EBA	Everything but Arms
EC	European Community
EDF	European Development Fund (for ACP countries)
EEAS	European External Action Service
EIB	European Investment Bank
EIF	Enhanced Integrated Framework
ENP	European Neighbourhood Policy
ENPI	European Neighbourhood and Partnership Instrument
EPA	Economic Partnership Agreement
EQ	Evaluation Question
ESA	Eastern and Southern Africa
ESA-IO	Eastern and Southern Africa – Indian Ocean
EU	European Union
EUD	EU Delegation
EU MS	European Union Member States
FA	Financial Agreement
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GATS	General Agreement on Trade in Services
GBS	General Budget Support

GDP	Gross Domestic Product
GSP	Generalised System of Preferences
GIZ	German Agency for International Cooperation
HQ	Headquarters
ICT	Information and Communication Technology
IF	Integrated Framework
IFC	International Finance Corporation
ILO	International Labour Organisation
IMF	International Monetary Fund
IPR	Intellectual Property Rights
JAS	Joint Assistance Strategy
JC	Judgment Criteria
LDC	Least Developed Country
LT	Long-Term
MDG	Millennium Development Goal
MEDA	Mediterranean Basin and Middle East group of nations (EU financial tool serving the Mediterranean region)
MERCOSUR	Mercado Común del Sur (Southern Common Market)
Mn	Million
MUTRAP	Multilateral Trade Project
M&E	Monitoring and Evaluation
NGO	Non-Governmental Organisation
NIP	National Indicative Programme
NSA	Non-State Actor
NTB	Non-Tariff Barriers to Trade
OECD-DAC	The Development Assistance Committee of the Organisation for Economic Cooperation & Development
OECD	Organisation for Economic Cooperation & Development
OECD-CRS	Organisation for Economic Cooperation & Development Creditor Reporting System
PFM	Public Finance Management
PIU	Project Implementation Unit
PRS	Poverty Reduction Strategy
PRSP	Poverty Reduction Strategy Paper
REC	Regional Economic Community
RG	Reference Group (of the present evaluation)
RIP	Regional Indicative Programme
RO	Regional Organisation
ROM	Results-Oriented Monitoring
RSP	Regional Strategy Paper
RTA	Regional Trade Agreement
SAARC	South Asian Association for Regional Cooperation
SACU	Southern African Customs Union
SADC	South African Development Community
SBS	Sector Budget Support
SPS	Sanitary and Phytosanitary Measures
SSA	Sub-Saharan Africa
SSP	Support to Sector Programmes

TA	Technical Assistance
TACIS	Technical Assistance to the Commonwealth of Independent States – (EU support programme to Eastern European and Central Asian group of nations/region)
TAP	Technical and Administrative Provisions
TBT (agreement)	Agreement on Technical Barriers to Trade
TEP	Trade Enhancement Programme
TD	Trade Development
TPR	Trade Policy and Regulations
ToR	Terms of Reference
TRA	Trade-related Assistance
TRAd	Trade-related Adjustment
TRI	Trade-related Infrastructure
TRIMS	Trade-related Investment Measures
TRTA	Trade-related Technical Assistance
UEMOA	Union Economique et Monetaire Ouest Africaine (West African Economic and Monetary Union)
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNIDO	United Nations Industrial Development Organisation
US	United States of America
WB	World Bank
WG	Working Group
WTO	World Trade Organization

**Note:** The evaluation uses the common acronym EU to refer to either the "Commission of the European Union" (post-Lisbon Treaty) or the "European Commission" (pre-Lisbon Treaty), as applicable.

## Executive Summary

Trade can be a main driver of economic growth. The EU has committed itself to harnessing its poverty-reducing potential aiming to assist third countries in better integrating in the global economy, thus offering them a chance to increase the benefits of trade and globalisation.

The first main trade and development policy document of the EU was the 2002 Communication *Trade and Development: Assisting Developing Countries to Benefit from Trade*, which outlined the priorities of support for the EU's aid for trade. This was complemented in 2007 by a joint EU (i.e. including member states) *Aid for Trade (AfT) Strategy*, in which principles for aid delivery were agreed, focusing in large part on improving co-ordination and promoting harmonisation.

This evaluation covers Trade-Related Assistance (TRA) provided by the EU from 2004 to 2010. TRA relates to AfT category 1, trade policy and regulation; category 2, trade development; to category 5, trade-related adjustment activities relevant to TRA; and to category 6, other trade-related needs. The aim of TRA, provided against the background of the aid effectiveness agenda, was to contribute to poverty reduction through a sustainable increase in employment and income in third countries.

### Overall assessment

During the last decade, the EU's TRA to third countries has increased rapidly. It peaked around 2006, but has since plateaued. TRA allocations have broadly reflected the priorities of the EU, which has provided a significant added value with many of the TRA interventions. The EU's TRA has maintained relevance over time and has increasingly broadened support, placing more emphasis on trade facilitation, standards, and "behind the borders" constraints related to exports of the productive sectors.

Through the EU's TRA, significant results have been achieved in most of the priority areas. Success of TRA and supported trade reforms processes correlated with the existence of committed governments with proven policy capacities to implement broader policy processes on the basis of well-designed and partner-owned success indicators and monitoring tools. Moreover, trade-related co-ordination mechanisms in relations between the EU and other development partners

have been strengthened over time. There has clearly been a EU *contribution* to progress in making trade work for development outcomes. Political ownership and leadership to implement trade reforms were not surprisingly key to success, not only in regional economic cooperation, but also in relation to trade reforms.

In the period under review, many third countries have deepened their integration into the world economy, especially in Asia. While the primary drivers of positive impacts have been governments and private sector actors with strong trade orientation and commitment to integrate, the EU has nevertheless accelerated the process and assisted in ensuring better compliance to international rules and regulations. However, most LDCs – notably in Sub-Saharan Africa – have failed to increase substantially their share of the world economy, and the trade gains made have often been limited to increased production and trade of a few commodities and traditional exported products. TRA has not been sufficiently focused or able to assist in initiating a structural transformation, especially in LDC and commodity-based economies. TRA has also hardly contributed to enhanced investments climates in third countries. The EU's TRA has therefore had limited success in accelerating many poorer countries' integration into the world economy.

TRA has supported the stabilisation and modest expansion of trade from poorer developing countries, and has thus had some success in one part of the core TRA objective – that of increasing trade. However, it has had less success in the other part of the objective – that of diversifying trade. Indeed, many LDCs and sub-Saharan countries have seen the reverse situation of trade concentration during the period evaluated. In this area, the EU's TRA has arguably not delivered what was envisaged in the strategic documents.

This development undermined the ability of poor countries to increase inclusive employment opportunities that could act as the catalyst for a rise in real income in the long term – another key TRA objective. Consequently, there is still an unfinished agenda – especially in Africa and LDCs – to assist in making trade and associated growth more inclusive by accelerating efforts aimed at diversifying economies and trade characteristics.

## Main findings

Between 2004 and 2010, 44 % of the EU's direct support to TRA (i.e. excluding general budget support) has been dedicated to trade development, 43% to trade policy and regional integration, with trade-related adjustment and other trade-related needs accounting for the rest. Support has been concentrated in three main regions: ACP (48%), ENP (27%), Asia (11%). Latin America and global initiatives account for the rest.

## Alignment

The EU's TRA has increasingly been aligned to its partners' priorities, and, mainly in the early part of the period evaluated, there was also a clear trend to work through country systems and procedures, with the aim of strengthening these.

There was considerable explicit reliance on partners' strategies in the justification and focus areas of TRA, both at national and regional levels. However, the pace at which partners' systems have been strengthened has often been lower than initially anticipated. This has, in part, been due to over-optimistic assumptions with regard to the timeframes needed for improving complex institutional systems and procedures. The evidence indicates that partner ownership and commitment were more critical determinants of TRA impact and sustainability than the degree of alignment.

Towards the end of the period evaluated, the EU's TRA tended to draw on less aligned approaches – with reduced use of budget support. This suggests that, in certain contexts, there may be a trade-off between alignment objectives and the pursuit of TRA-specific outcomes.

## Aid modalities, channels and ownership

The EU's delivery modalities and channels were mostly appropriate to providing TRA. There was strong reliance on the project approach, which, in many cases, was the appropriate choice, depending on the country or regional context.

Lack of absorption capacity on the partner side was encountered with all modalities. Predominantly, this was due to challenges in properly assessing the implementation capacities of TRA recipients. In general, the EU based its choice of aid modality on the assessment of the specific country and/or regional context. However, it was found that the advantages and disadvantages of the different modalities were systematically analysed only in a few cases.

Sector budget support (SBS) effectively facilitated trade reform processes requiring a broad range of development activities to be driven by the respective partner government. Unsurprisingly, a common denominator for the success appeared to be highly-committed governments assuming strong leadership for trade reform processes, and for ownership in policy design, implementation and monitoring. General budget support (GBS) proved to be an effective modality to back up trade-related reforms when the partners followed clear trade reform priorities and strategies, and effectively translated these strategies into operational programmes. However, the identification of the exact location and incentives for ownership should have been stronger accentuated. Only limited efforts have been made to understand the institutional and political drivers of, and barriers to, trade reforms that have undermined effectiveness and impact of TRA

In most circumstances, the chosen delivery channels (i.e. the partners through which support was implemented) were efficient in providing the required expertise for TRA, and the EU made judicious use of different channels to that effect.

## Co-ordination, complementarity and coherence

The EU's support to TRA has been designed and implemented in a co-ordinated and complementary fashion. Coherence of the EU's TRA objectives with key development and trade-related policies was integrated at the programming and formulation level, and was also maintained during implementation. The importance of achieving stronger policy coherence related to TRA was increasingly recognised, not only by decision makers at EU headquarters, but also at EU Delegation and Member States level.

Policy dialogue is a widely acknowledged instrument for promoting coherence. While the intensity of policy dialogue varied across countries and regions, by and large it has made an important contribution in terms of paving the way for establishing and increasing coherence with key development and trade-related policies, such as sanitary and phytosanitary standards (SPS) and agreements on technical barriers to trade (TBT). Enhanced policy dialogue on trade issues (notably related to SPS) went hand-in-hand with the existence of highly-committed governments taking up their leadership role *and* with well-designed support.

Co-ordination mechanisms with EU Member States were well developed in most cases.

Towards the end of the period evaluated, formal co-ordination groups had been established in the majority of countries and regions. There were however still substantial co-ordination challenges, and correspondingly few synergies between TRA at national, regional and global level.

### ***Trade policy***

The EU has made important contributions to improving trade policy environments, especially in countries and regions where there was strong demand for such support. In the earlier part of the period evaluated, there was a strong emphasis on developing trade negotiation capacity – often with considerable success, but also with variable results between countries and regions.

A key challenge has been to maintain capacity levels sustainably, especially in weaker policy environments. Here, the analytical underpinnings of the EU's TRA have not always enabled it to better address systemic challenges undermining capacity strengthening. At times, the capacity development approach used has been too narrowly based on apparent “gaps” and on the supply of conventional capacity-building inputs, such as training and Technical Assistance (TA). These approaches did not systematically take into account incentive structures and the often rather complex institutional context in which partner institutions were operating undermining sustainability prospects..

Nevertheless, there has been an increased awareness and analysis of the importance of the context in which TRA for policy formulation is being implemented. Also, over time, the EU generally became more explicit in basing its TRA on lessons learned from previous interventions. However, in some instances the trade policy analysis continued to be somewhat shallow and not sufficiently demand-driven.

### ***Trade facilitation***

TRA related to trade facilitation has had a significant impact on the reduction of trade-related transaction costs, especially at customs. This is evidenced by simplification of procedures and reduction in delays. However, specific transaction cost reductions have often still to be translated into reductions in the overall trade-related transaction cost, suggesting that better co-ordination with other agencies beyond customs is needed. There are still challenges in making custom reforms well-coordinated with other issues that hinder trade, such as health and agricultural policies.

In general, the EU has not applied a “one size fits all” approach. All interventions at national and regional level aiming at trade facilitation have been specifically targeted at the most pressing trade-related issues in the respective regional or national environment.

### ***Compliance with standards***

The EU's TRA has strengthened the capacity of third countries in the area of international trade standard setting, especially related to the quality infrastructure and capacity enhancement of technicians. It was generally well adapted to country needs, especially towards the end of the period evaluated.

Higher impact was achieved in better prepared countries, and where greater dependence on EU trade increased the competitive pressure for compliance. In countries with a weaker quality infrastructure, the base has been strengthened, but there was not yet capacity for setting technical standards, and conformity assessment mechanisms tended to be ineffective. TRA has made a higher impact in the area of TBT compliance, whereas success in the more complex area of SPS control management has been more mixed.

The EU has targeted legal framework revision, technical training and equipment provision as key capacity constraints. The impact of legislation revision is expected to be seen only in the longer term, but the groundwork for reform has been firmly established in most cases. Substantial progress has been made in terms of institutional strengthening, training and equipment.

Participation of partner country authorities in design of and engagement with international standard setting bodies, does not appear to have become more effective, despite EU provision of equipment and the training of scientific officers.

### ***Regional integration***

The EU has made strong contributions to the fostering of regional integration processes, albeit with significant geographical variations. The co-ordination and creation of synergies between interventions in support of integration at regional and national levels has improved during the period evaluated, but this has been from a low starting level, and there is still considerable scope for improvements. The involvement of the private sector and other non-state actors is only just emerging, and remains a weak point.



The EU has contributed to the deepening and widening of regional integration in a wide range of areas through the support to design and, to a lesser extent and more varying degree, to implement new protocols, framework agreements and harmonised regulations. For example, the EU has spearheaded the process of establishing regional SPS and TBT regimes. However, in the case of Sub-Saharan Africa, the overlapping of regional organisations has added complexity to the support to regional integration and has contributed to challenges in the co-ordination of interventions. Combined with mixed political will and weak capacities, this has undermined progress.

TRA has also contributed to the mainstreaming, and partly implementation, of regional economic commitments at national level. There is evidence that the obligation to comply with SPS and TBT measures has strengthened regional trade regimes in some regions, and intellectual property rights have been a major success in the specific case of ASEAN. Progress has often been slowed down by a lack of political will (partly due to national protectionism) or low technical capacity, expectation-capability gaps in regional economic integration processes, and the inter-governmental nature (as opposed to supra-national structures) of all regional organisations.

### **Trade development**

The contribution of the EU's TRA to reducing supply-side constraints and to increasing the international competitiveness of supported enterprises has been substantial, and helped considerably to improve market access for enterprises. However, at the broader national level the impact and sustainability of the EU's TRA on increased international competitiveness has been less evident.

The EU has supported the trade-related productive sector substantially – often focusing on traditional exports, such as in the agriculture and fisheries sectors. It has clearly contributed to the stabilisation of export levels in these sectors, and also, with higher commodity prices, to improved incomes in the latter part of the period evaluated.

More fundamentally, the EU has struggled, especially in ACP countries, to promote an effective product diversification that could enhance the value-added element of exports and promote more innovations and research in the industries supported. There are only few examples of support to productive sectors being the catalyst for more

structural change in beneficiary countries, but, where attempted, this has often been successful.

The limited focus both on improving the investment climate – including attracting foreign direct investment (FDI) – and trade finance has further restricted the EU's contribution to changing the trade and production structure towards high-productivity activities that are key drivers of sustained economic development.

### **Contribution to poverty reduction**

Poverty reduction has not been sufficiently mainstreamed in TRA design and implementation. The EU policy statement that *trade can foster growth and poverty reduction and be an important catalyst for sustainable development* has not been explicitly operationalised in most interventions.

Poverty levels have fallen in most countries and regions during the period evaluated, but vulnerability has simultaneously increased – in part, due to economic reforms, in which trade reforms had a significant share. It is plausible that the EU's TRA has contributed to both aspects. However, neither the relation of decreasing absolute poverty with TRA nor the intensification of vulnerability as the result of trade reforms has been consistently monitored and documented by the EU. This has undermined the ability to provide flanking measures that could reduce such vulnerability.

## **Conclusions**

### **TRA design, management and monitoring**

*Conclusion 1: An expanded TRA portfolio has enabled the EU to engage successfully and relevantly in diverse contexts.*

The EU has rightly been complementing TRA to increasingly encompass wider TRA areas, such as export promotion, trade facilitation and improving compliance with standards, TBT.

This has enabled the EU to address trade constraints comprehensively and to focus on the most pressing constraints for trade. It has also allowed the EU to become more selective in targeting TRA to sectors and thematic areas where the demand and relevance have been strongest. The EU has generally been seizing the opportunities for TRA portfolio diversification, which has enabled better focus on more relevant TRA interventions, and also in fragile contexts.



*Conclusion 2: The joint EU AfT Strategy of 2007 did support harmonisation and alignment efforts, but momentum has recently been weakening*

The EU has been at the forefront of implementing the ambitions enshrined in the 2007 AfT Strategy and the wider aid effectiveness agenda, and has increasingly harmonised its TRA with other development partners and aligned it to partner systems.

The use of budget support has been a key vehicle for achieving this. SBS in particular has often successfully supported trade-related reforms. It was effective especially in environments with a highly committed government and with proven policy capacities to implement broader reform processes on the basis of well-designed and partner-owned success indicators and monitoring tools. Yet, especially general budget support has not consistently delivered one of the main benefits – an increased focus on policy dialogue. A recent reversal of the trend towards budget support was also observed for TRA implying that the use of partners' systems has decreased.

However, it was also found that left aside the principle of *Managing for Results*, the importance of *ownership* has been so great that it trumped the other Paris Declaration principles and the aid modality as a predictor of TRA effectiveness. This was often not sufficiently taken into account during TRA design.

*Conclusion 3: The EU's TRA support has been well-co-ordinated and complementary, but with coordination challenges mainly at regional level.*

During the period evaluated, the co-ordination of TRA has improved, with EU Member States and other development partners increasingly using institutionalised mechanisms. However, shortcomings and challenges still exist, particularly with regard to systematic linkages between global, regional and national level support. The lack of complementarity and co-ordination between regional and national TRA often reflected limited national demand for support to regional integration, and translated into difficulties in getting national authorities involved in supporting regional initiatives.

The EU often lacked a realistic assessment of the crucial national commitments to implement regional agreements, while regional organisations have, at times, ambitious visions and objectives not being commensurate with political will and capacities at national level.

*Conclusion 4: None-state actors have been insufficiently involved in design, implementation and monitoring of TRA.*

With the exception of support to trade-related productive sectors, TRA has primarily been designed and implemented through partnerships with governments and regional organisations.

There were many instances of consultations, especially with the private sector, but this has often been more about informing the private sector, rather than engaging in a dialogue on how best to utilise TRA. A key challenge has been the limited capacity and representativeness of private sector organisations undermining their ability to engage in substantive dialogue and design.

The participation of representative bodies had grown towards the end of the period evaluated, but remained at a low level, considering that the private sector is a main beneficiary of TRA. The wider spectrum of None-State Actors (NSAs) has been only marginally involved in TRA.

*Conclusion 5: The EU and its partners have often not ensured monitoring of outcomes and impact, thus reducing learning opportunities.*

The monitoring has too often been at either input or, at best, output level, which has done little to address the fundamental issues of the outcomes, or has been at macro level (e.g. increase of exports), which was too divorced from the TRA interventions to be informative about contribution.

There have been missed opportunities for gauging the poverty impact of TRA, especially when supporting trade-related productive sectors. Also, when promoting wider trade reforms, the EU and, more importantly, its partners, have often neglected analysis of the significant impact on poverty, gender, regional disparities and labour market dynamics.

#### **TRA outcomes**

*Conclusion 6: The EU has helped improving the capacity of public institutions involved in trade policy and regulation, but with an insufficient context analysis of the incentive framework for trade development, especially in weaker settings.*

The EU's TRA has been focused on the core area of trade negotiation capacity, where success has been achieved, but also on challenges faced in terms of sustaining capacity in the post-project phase. Focus has also included capacity development support to a wider array of public sector

institutions, such as export and trade promotion agencies, and regulatory bodies.

While the EU has improved analyses at macro level resulting in an improved *strategic* focus, the widespread absence of robust assessments of institutional settings and incentive structures has led to suboptimal outcomes, often with gap analysis being inadequate in determining systemic causes of dysfunctionality. To properly target support, the underpinning analysis has to be sufficiently detailed to capture differences between (and sometimes within) implementing partners. The root causes for suboptimal outcomes were frequently related to dysfunctional staff incentives for performance and high staff rotation. In more committed environments, the partners tended to have a clearer perspective of where the capacity constraints were in the core policy and regulatory bodies, and demonstrated willingness to address these. Here, the EU's TRA was more successful.

*Conclusion 7: The EU's work on trade facilitation has yielded significant results, but there is still a need for more coordinated reforms beyond customs.*

The EU's work on trade facilitation has yielded significant results, and TRA has consistently used contextualised and well-designed approaches, mainly targeting customs

However, there is still a need for more co-ordinated reform measures beyond customs, which would also be consistent with the more recent "behind the border" focus of wider AfT. The EU and its national partners have often failed to ensure better co-ordination between customs and other enforcement and trade-related agencies. Too limited information sharing between trading communities and trade-related agencies – in the same country or between countries – has also undermined effectiveness at times.

*Conclusion 8: Over-optimistic assumptions on progress in regional integration have been replaced by a more realistic EU approach*

While the EU itself has useful experiences in regional integration, the contexts and historical backgrounds of the diverse regional organisations that the EU has supported have often been rather different from the European experience, which in turn has also affected outcomes. Here, the EU and its regional partners have aimed at achieving targets and outcomes requiring policy reforms and changes that many of the constituent countries were unwilling or unable to undertake.

Moreover, the EU has, at times, overestimated both the capacities and mandates of the regional organisations. During the period under evaluation, more realism has been influencing design and targets, increasingly factoring in the need to have national commitment that extends beyond rhetoric. Most progress has been seen in ASEAN, less in Sub-Saharan Africa.

*Conclusion 9: SPS and TBT support has often led to high impact, but enforcement of regional agreements at national level has varied widely.*

The EU has made significant contributions to improving compliance with trade-related standards and conformity assessment. This has increased the coherence, as many of the compliance requirements originate from the EU. Given its own achievements, the EU was therefore seen as a point of reference, or even as a model, for national governments and particularly regional organisations. This has increased both the relevance and legitimacy of the EU's approach towards the design and implementation of standards (including harmonisation) on a global scale.

While regional organisations have often been able to reach agreement on SPS issues, effective implementation and enforcement has varied widely, with ACP countries often lagging behind, due in part to lack of political will and in part due to limited capacities at national level.

*Conclusion 10: Trade-related support to productive sectors has had higher impact when embedded in broader frameworks.*

The impact of TRA on the competitiveness of economic sectors or economies was enhanced through a selective approach, focusing on sectors and/or clusters on the basis of a thorough analysis, with participation of relevant private sector stakeholders, utilising available sector knowledge at policy-making level, and drawing on academia. In general, the potential contribution of a stronger knowledge transfer to third countries and targeted support to innovation has not adequately been taken into consideration in TRA, particularly in ACP countries.

A key shortcoming of TRA to the productive sectors has thus been its inability to target more long-term, high-productive and new emerging economic sectors that could facilitate much-needed structural transformation, which could foster integration into global markets, through, for example, diversification. TRA to FDI and trade finance have also made insufficient impact.

A key challenge appears to be not only finding an appropriate mix to maintain and/or stabilise exports in traditional sectors, but also to spur the development of non-traditional export sectors requiring innovation and product diversification.

## Main recommendations

### TRA strategy and design

*Recommendation 1: Consider updating the EU Joint AfT Strategy.*

The updating of the AfT Strategy would reflect the growing diversity of support options. It would also provide better guidance on context analysis and modality choices.

There is a need to complement the recent EU trade and development policy with more specific guidance on how TRA should respond to changing contexts and recent developments on the global economy – not least in terms of better analytical guidance on TRA design and provision of information about the vastly expanded portfolio of aid instruments and modalities available. This should be done jointly with EU Member States to further enhance harmonisation and alignment of the EU's TRA.

*Recommendation 2: Continue the diversification of the TRA portfolio.*

As governments have continually reduced tariff barriers to trade, behind-the-borders issues have assumed increasing importance. The diversification of the TRA portfolio would allow for an even more tailored assistance, especially to LDCs and fragile states. Different countries and regions have different needs within behind-the-border issues.

Least developed and fragile countries in particular face challenges in just maintaining their share of the world market. Here, the EU should accelerate efforts to identify proper interventions and an appropriate mix of support modalities that can not only assist in stabilising current levels of trade, but also, in the longer term, reduce dependence on a narrow export bundle.

*Recommendation 3: When choosing an aid modality, include assessment of wider alignment consequences and make explicit any trade-offs between alignment and TRA objectives.*

Often there can be trade-offs involved in the design of TRA intervention – in particular, between alignment ambition and pursuing specific TRA objectives. In this context, a more thorough

analysis of the implications of modality choice should be undertaken when designing TRA. In particular, when supporting public organisations, such analysis should consider the pros and cons of using budget support (especially sector-based, allowing for more targeted policy dialogue) and openly discuss possible drawbacks in terms of less progress in reaching specific TRA outcomes.

*Recommendation 4: Improve TRA-related monitoring and evaluation.*

Of particular importance will be the strengthening of monitoring and evaluation efforts with regard to the outcomes to which the TRA interventions can reasonably be expected to contribute.

More careful articulation of the M&E frameworks is needed, making the frameworks capable of identifying meaningful indicators at appropriate levels. Of particular interest will be income and poverty changes, distributional consequences, and structural transformations. This applies to support both to public and private sector actors, although the focus and methodologies may be different. The EU may also wish to subject TRA interventions to more rigorous monitoring and evaluation methodologies – using, where appropriate, methodologies capable of identifying impact.

### TRA implementation

*Recommendation 5: Rebalance TRA between regional and national levels in areas where political commitment and capacities are weak.*

While the EU has achieved successes in regional integration, there have also been many challenges, calling for a more strategic and contextualised approach that recognises different economic and political realities. This may include a scaling back of support (in terms of volumes) to some ACP-based regional organisations, compared with what has been seen previously, and an adjustment towards more easily achievable (and possibly less ambitious) objectives.

*Recommendation 6: Increase the analytical use of political economy tools and institutional assessment, especially for capacity development interventions.*

There is a need to analyse more systematically the real binding constraints, especially when designing capacity development interventions.

The EU should make better and more consistent use of its own robust tools developed for that purpose, including the backbone strategy of technical

cooperation. Especially in weak and fragile contexts, such analysis is required, and should be applied at all relevant organisational levels.

*Recommendation 7: Direct trade facilitation to committed partners and strengthen co-ordination beyond custom reforms.*

Customs is an especially sensitive area, with potentially compromised governance and processes characterised by a high degree of informality. There is a need to apply sound and rigorous institutional assessments of commitment or resistance to reforms.

However, customs is only a part of the border management challenges that traders face. In line with the expanded focus on wider issues of trade-related border management that the EU is already addressing, the EU should ensure better co-ordination of all government agencies impacting on trade to better address institutional challenges characterised by overlapping authority.

*Recommendation 8: Intensify work on standards and TBT where demand is strong.*

It will be vital to base increased assistance in the area of standards and TBT on thorough analysis of the demand and, partly as a consequence, the sustainability prospects.

Moreover, to improve efficiency and effectiveness of TRA in this area, the EU may also have to assist in streamlining the institutional framework, as partly overlapping and duplicating organisations often exist. At regional level, there is the further complexity of member states' real commitment to realising commonly-agreed objectives within the area.

*Recommendation 9: Consider increased focus on productive sectors beyond traditional commodities with more use of investment promotion and trade finance instruments*

The EU has increasingly provided assistance to the productive sector and has helped to stabilise export levels for many LDCs, especially in Africa.

This has often focused on traditional exports, dominated by agriculture.

To guard against future shocks and make the economies more resilient, the EU should consider also stronger accentuating the support to non-traditional exports with higher labour productivity, higher added value, and positive externalities to the rest of the economy. This can be characterised as support to growth-enhancing structural changes that are highly reliant on better integration into world markets. While some attempts have been made, more can be done to support the role of research and innovation in trade-related productive sectors.

In this process, the EU should target FDI promotion and trade finance more towards highly productive sectors that have potential to assist in a structural transformation of the trade and production basis, facilitating more diversified exports. It should also consider enhancing synergies between financial and non-financial support to trade development.

*Recommendation 10: Ensure better analysis of poverty, spatial and gender implications of TRA.*

The EU should be more systematic about assessing, ex-ante, possible trade-related poverty-distributional outcomes in TRA and the reforms supported. Complementary or transitional policies, as well as compensation mechanisms and targeted programmes, may be needed to ensure that firms and workers can benefit from the new opportunities generated by trade reforms, and that the reforms have widespread political acceptance.

Policies and actions to achieve these objectives often require actions by labour and finance ministries and are not part of the mandate of trade ministries. Spatially, the benefits from trade reforms often entail a change in the economic geography favouring metropolitan over rural areas, which in turn may also have distributional consequences. It will be therefore important to anchor TRA more robustly in the wider analysis of poverty determinants.



## Résumé Exécutif

**L**e commerce peut être l'un des principaux moteurs de la croissance économique. L'UE s'est engagée à exploiter son potentiel de réduction de la pauvreté pour aider les pays tiers à mieux intégrer l'économie mondiale, et dès lors, à leur donner une chance d'accroître les bénéfices qu'ils peuvent tirer du commerce et de la mondialisation.

Le premier document portant sur la politique commerciale et de développement de l'UE fut la Communication de 2002 sur le *Commerce et le Développement : Comment aider les pays en développement à tirer parti du commerce*, qui énonce les priorités de l'appui de l'UE en matière de commerce. Ce document a été renforcé en 2007 par une stratégie conjointe de l'UE (y compris les Etats membres) de *l'aide au commerce*, dans laquelle les principes de l'octroi de l'aide ont été convenus, en insistant sur une meilleure coordination et plus d'harmonisation.

Cette évaluation porte sur l'ALC (assistance liée au commerce) fournie par l'UE de 2004 à 2010. L'assistance liée au commerce correspond à plusieurs catégories de l'aide au commerce : la catégorie 1 – politique commerciale et réglementation commerciale; la catégorie 2 – développement du commerce; la catégorie 5 – activités d'ajustement lié au commerce ; et la catégorie 6 – autres besoins liés au commerce. L'objectif de l'assistance liée au commerce, fournie dans le contexte de l'agenda pour l'efficacité de l'aide au développement, était de contribuer à la réduction de la pauvreté par le biais de l'augmentation durable de l'emploi et des revenus dans les pays tiers.

### Appréciation globale

Au cours de la dernière décennie, l'ALC pour les pays tiers a augmenté rapidement pour atteindre son pic en 2006 et puis s'est stabilisée. Les montants alloués à l'ALC reflètent largement les priorités de l'UE, qui a fourni une valeur ajoutée significative avec de nombreuses interventions d'assistance liée au commerce. L'assistance liée au commerce de l'UE a gardé sa pertinence dans le temps et a largement été étendue, en renforçant la facilitation des échanges ainsi que les normes et contraintes « derrière les frontières » appliquées aux exportations des secteurs productifs.

Par le biais de l'assistance liée au commerce de l'UE, des résultats pertinents ont été atteints dans

la plupart des domaines prioritaires. La réussite de l'ALC et des processus de réformes commerciales soutenus a été de pair avec l'existence de gouvernements engagés ayant prouvé leurs capacités politiques à mettre en œuvre des processus politiques vastes, sur base d'indicateurs de réussite et d'outils de suivi bien conçus et que les partenaires se sont appropriés. Par ailleurs, les mécanismes de coordination liés au commerce entre l'UE et ses autres partenaires de développement se sont renforcés avec le temps. Il y a eu une claire *contribution* de l'UE aux progrès pour faire du commerce un moteur du développement. Il n'est pas surprenant que l'appropriation et le *'leadership'* politique visant la mise en œuvre des réformes commerciales aient été la clé du succès, non seulement en termes de coopération économique régionale mais aussi en termes de réformes commerciales.

Durant la période évaluée, plusieurs pays tiers ont amélioré leur intégration à l'économie mondiale, en particulier en Asie. Tandis que les principaux moteurs d'impacts positifs ont été les gouvernements et les acteurs du secteur privé ayant une forte orientation vers le commerce et un certain engagement pour l'intégration, l'UE a néanmoins accéléré le processus et contribué à une meilleure conformité par rapport aux règles et règlements internationaux. Ceci dit, la plupart des PMA – notamment en Afrique sub-saharienne – ne sont pas parvenus à augmenter de manière substantielle leur part à l'économie mondiale. De plus, leurs gains issus du commerce se sont souvent limités à une production accrue et au commerce de certains produits de base et produits traditionnellement exportés. L'ALC n'a pas été suffisamment ciblée ou capable d'initier une transformation structurelle, en particulier dans les PMA et les économies reposant sur les produits de base. En outre, l'ALC a à peine contribué à rendre le climat plus propice aux investissements dans les pays tiers. L'assistance liée au commerce de l'UE a par conséquent eu une contribution limitée à accélérer l'intégration de beaucoup de pays les plus pauvres dans l'économie mondiale.

L'ALC a soutenu la stabilisation et la modeste expansion du commerce en provenance des pays en développement les plus pauvres, et a ainsi partiellement contribué à l'un de ses objectifs principaux, à savoir celui d'augmenter le commerce. En revanche, sa réussite est plus

limitée en ce qui concerne l'autre objectif de diversification du commerce. En effet, de nombreux PMA et pays d'Afrique sub-saharienne ont connu la situation inverse d'une concentration des échanges pendant la période évaluée. Dans cette zone, l'assistance liée au commerce de l'UE n'a incontestablement pas mené aux résultats envisagés dans les documents de stratégie.

Cette évolution a nui à la faculté des pays pauvres à augmenter les offres d'emploi inclusives qui auraient pu servir de catalyseur d'une augmentation du revenu réel à long terme – autre objectif clé de l'ALC. Par conséquent, il reste des objectifs non atteints à l'agenda – en particulier en Afrique et dans les PMA – ceux consistant à rendre le commerce et la croissance associée plus inclusifs, en accélérant les efforts de diversification des économies et des caractéristiques commerciales.

### Principales constatations

Entre 2004 et 2010, 44 % de l'appui direct de l'UE au commerce (hormis l'appui budgétaire général - ABG) a été consacré au développement du commerce et 43% à la politique commerciale et à l'intégration régionale ; le reste se concentrant sur l'ajustement et les autres besoins liés au commerce. L'appui s'est principalement concentré sur trois régions : les pays ACP (48%), le voisinage (27%), et l'Asie (11%). L'Amérique latine et les initiatives mondiales représentent le pourcentage restant.

### Alignement

L'assistance liée au commerce de l'UE s'est largement alignée sur les priorités de ses partenaires. Dans la première partie de la période évaluée, la tendance était clairement de travailler par le biais des systèmes et procédures nationales, dans le but de les renforcer.

Il y avait une dépendance explicite considérable des stratégies des partenaires pour justifier l'ALC et ses secteurs focaux, à la fois aux niveaux national et régional. Cependant, le rythme de renforcement des systèmes des partenaires a souvent été plus lent qu'initialement anticipé. Ceci s'explique notamment par des hypothèses trop optimistes concernant les délais nécessaires à l'amélioration de systèmes et procédures institutionnels complexes. Les résultats montrent que l'appropriation et l'engagement des partenaires ont été des éléments plus déterminants de l'impact et de la durabilité de l'ALC que le degré d'alignement.

Vers la fin de la période d'évaluation, l'assistance liée au commerce de l'UE portait davantage sur des approches moins alignées – avec une utilisation réduite de l'appui budgétaire, ce qui laisse penser que dans certains contextes, il pourrait y avoir un décalage entre les objectifs d'alignement et les résultats escomptés de l'assistance liée au commerce.

### Modalités de l'aide, canaux et appropriation

Les modalités et les canaux d'octroi de l'aide de l'UE ont été appropriés la plupart du temps pour fournir l'assistance liée au commerce. L'approche projets a été prédominante et, dans beaucoup de cas, elle fut un choix judicieux, selon le contexte national et régional.

Le manque de capacité d'absorption de la part des partenaires a été observé pour toutes les modalités. Ceci s'explique principalement par les problèmes liés à apprécier correctement les capacités de mise en œuvre des bénéficiaires de l'ALC. En général, l'UE a basé ses choix de modalité d'aide sur l'appréciation de contexte national et/ou régional spécifiques. Néanmoins, il a été constaté que les avantages et inconvénients des différentes modalités ont fait l'objet d'une analyse dans quelques cas seulement.

L'appui budgétaire sectoriel (ABS) a effectivement facilité les processus de réforme du commerce en nécessitant que de nombreuses activités soient menées par le gouvernement partenaire respectif. Il n'est pas surprenant que le dénominateur commun de réussite aient été des gouvernements fortement engagés ayant fait preuve de '*leadership*' pour promouvoir les processus de réforme du commerce, l'appropriation de la conception, de la mise en œuvre et du suivi des politiques. L'appui budgétaire général (ABG) s'est révélé être une modalité efficace afin de soutenir les réformes liées au commerce dans les cas où les partenaires suivaient des priorités et stratégies de réforme commerciale claires, et traduisaient effectivement ces stratégies en programmes opérationnels. Toutefois, l'identification d'emplacements exacts et de mesures incitatives à l'appropriation aurait dû être davantage accentuée. Seuls des efforts limités ont été faits pour comprendre les moteurs ainsi que les freins institutionnels et politiques vis-à-vis des réformes commerciales, qui ont influencé l'efficacité et l'impact de l'assistance liée au commerce.

Dans la majorité des cas, les canaux d'aide choisis (à savoir, les partenaires en charge de la mise en œuvre de l'appui) ont fourni l'expertise nécessaire en matière de commerce. L'UE a fait un usage judicieux des différents canaux à cet effet.

### **Coordination, complémentarité et cohérence**

L'assistance liée au commerce de l'UE a été conçue et mise en œuvre de manière coordonnée et complémentaire. La cohérence entre les objectifs de l'ALC de l'UE et les politiques clés de développements et de commerce a été intégrée dans les phases de programmation et de formulation et maintenue au cours de la phase de mise en œuvre. L'importance d'une cohérence politique accrue en matière d'ALC a été de plus en plus reconnue, non seulement par les décideurs de l'UE au siège mais aussi par les Délégations de l'UE et les Etats membres.

Le dialogue politique est l'un des instruments largement reconnus pour promouvoir cette cohérence. Tandis que l'intensité du dialogue politique a varié d'un pays et d'une région à l'autre, ce dialogue a contribué à l'élaboration et au renforcement de la cohérence avec les politiques de développement et de commerce, tels que les mesures sanitaires et phytosanitaires (SPS), et les accords sur les obstacles techniques au commerce (OTC). Un dialogue politique renforcé sur des problématiques commerciales (notamment, en ce qui concerne les mesures sanitaires et phytosanitaires) est allé de pair avec un fort degré d'engagement des gouvernements assumant leur rôle de leader *et* une bonne conception de l'appui.

Les mécanismes de coordination avec les Etats membres de l'UE ont été bien développés dans la plupart des cas. Vers la fin de la période évaluée, des groupes formels de coordination avaient été établis dans la majorité des pays et régions. Néanmoins, des défis substantiels de coordination persistaient et par conséquent peu de synergies ont été observées en matière d'ALC aux niveaux national, régional et mondial.

### **Politique commerciale**

L'UE a fait d'importantes contributions pour améliorer les cadres politiques en matière de commerce, et plus spécifiquement, dans les pays et les régions où la demande d'aide dans ce domaine était forte. Dans la première partie de la période évaluée, l'accent était mis principalement sur le développement de la capacité de

négociation commerciale – souvent avec un succès considérable mais aussi avec des résultats variant d'un pays et d'une région à l'autre.

L'un des défis clés a été de maintenir les niveaux de capacité durablement, en particulier dans les environnements politiques plus fragiles. Dès lors, les fondements analytiques de l'assistance liée au commerce de l'UE ne lui ont pas toujours permis de faire face au mieux aux défis généraux pouvant nuire au renforcement des capacités. Par le passé, l'approche utilisée pour le développement des capacités était trop cantonnée aux lacunes évidentes et aux apports conventionnels de développement des capacités, comme la formation et l'Assistance technique (AT). Ces approches ne prenaient pas systématiquement en compte les structures incitatives et le contexte institutionnel bien souvent complexe dans lequel les institutions partenaires opéraient, réduisant ainsi les perspectives de durabilité.

Toutefois, il y a eu une prise de conscience et une analyse accrues de l'importance du contexte dans lequel l'ALC est mis en œuvre, dans la formulation des politiques. En outre, avec le temps, l'UE a globalement basé son ALC sur des leçons tirées de ses interventions antérieures de manière plus explicite. Néanmoins, dans certains cas, l'analyse des politiques commerciales restait superficielle et n'était pas suffisamment tournée vers la demande.

### **Facilitation des échanges**

L'ALC liée à la facilitation des échanges a eu un impact significatif sur la réduction des coûts des transactions commerciales, en particulier aux douanes, comme en attestent la simplification des procédures et la réduction des délais. Cependant, les réductions spécifiques des coûts des transactions doivent encore se traduire en réductions du coût global des transactions commerciales ce qui implique nécessairement une meilleure coordination avec les agences au-delà des douanes. D'autres défis persistent en termes de coordination des réformes douanières avec des domaines qui entravent le commerce, comme la politique de la santé et la politique agricole.

En général, l'UE n'a pas appliqué une approche « unique et universelle ». Toutes les interventions aux niveaux national et régional visant à faciliter les échanges ont spécifiquement ciblé les questions commerciales les plus urgentes de l'environnement national ou régional concerné.

### **Conformité aux normes**

L'assistance liée au commerce de l'UE a renforcé la capacité des pays tiers à instaurer des normes de commerciales internationales, en particulier, en matière d'infrastructure de qualité et de renforcement des capacités des techniciens. Elle était généralement bien adaptée aux besoins nationaux, et ce, surtout vers la fin de la période évaluée.

L'impact a été plus élevé dans les pays mieux préparés, et où la plus grande dépendance par rapport au commerce de l'UE a augmenté la pression concurrentielle à respecter les normes. Dans les pays où la qualité d'infrastructure était moindre, la base a été renforcée mais il n'y avait pas encore de capacité à mettre en place des normes techniques et les mécanismes d'appréciation de la conformité étaient plutôt inefficaces. L'ALC a eu un plus grand impact dans le domaine de la conformité aux OTC que dans le domaine plus complexe de la gestion du contrôle des mesures sanitaires et phytosanitaires, où son succès fut plus mitigé.

L'UE a défini la révision du cadre juridique, la formation technique et l'approvisionnement du matériel comme des contraintes clés en termes de capacités. Il est prévu que l'impact de la révision de la loi ne soit visible qu'à long terme mais le travail préparatoire de la réforme a été fermement établi dans la plupart des cas. Des progrès considérables ont été faits en termes de renforcement institutionnel, de formation et d'équipement.

La participation des autorités nationales partenaires dans la conception et l'engagement vis-à-vis des organismes de normalisation internationale n'est pas encore suffisamment efficace malgré la livraison d'équipements par l'UE et la formation des Agents scientifiques.

### **Intégration régionale**

Par ses contributions, l'UE a considérablement encouragé les processus d'intégration régionale, malgré des variations géographiques significatives. La coordination et la création de synergies entre les interventions en faveur de l'intégration tant au niveau régional que national, se sont améliorées tout au long de la période évaluée, sachant qu'elles étaient presque inexistantes initialement. La marge d'amélioration est encore large. L'implication du secteur privé et des acteurs non étatiques ne fait qu'émerger et reste un point faible.

L'UE a contribué à approfondir et élargir l'intégration régionale à une large série de domaines par le biais de l'appui à la conception, et dans une moindre mesure et un degré plus variable, à la mise en œuvre de nouveaux protocoles, de contrats-cadre et réglementations harmonisées. Par exemple, l'UE a lancé le processus d'instauration de régimes réglementaires régionaux en termes de mesures sanitaires et phytosanitaires et d'OTC. Cependant, en Afrique subsaharienne, le chevauchement d'organisations régionales a rendu l'appui à l'intégration régionale encore plus complexe et a contribué aux défis de coordination des interventions. Combiné à une volonté politique mitigée et des capacités limitées, ce phénomène a entravé tout avancement.

L'ALC a également permis d'intégrer, et de partiellement mettre en œuvre les engagements économiques régionaux au niveau national. Il est évident que l'obligation du respect des mesures SPS et OTC a renforcé les régimes commerciaux régionaux dans certaines régions. Les droits de propriété intellectuelle constituent l'une des principales réussites en ce sens, dans le cas spécifique de la région ASEAN. Les progrès ont été souvent freinés par le manque de volonté politique (partiellement dû au protectionnisme national), à la capacité technique réduite, aux écarts entre attentes et capacité dans le cadre des processus d'intégration économique régionale, et à la nature intergouvernementale (par opposition aux structures supranationales) de toutes les organisations régionales.

### **Développement commercial**

La contribution de l'ALC de l'UE à réduire les contraintes liées à l'offre et à augmenter la compétitivité internationale des entreprises soutenues a été substantielle. Elle a permis d'améliorer l'accès au marché pour les entreprises. Néanmoins, à un niveau national plus large, l'impact et la durabilité de l'ALC de l'UE sur l'accroissement de la compétitivité internationale est moins manifeste.

L'UE a appuyé le secteur de la production commerciale de manière substantielle – en se concentrant souvent sur les exportations traditionnelles, telles que dans les secteurs de l'agriculture et de la pêche. Elle a clairement permis de stabiliser les niveaux d'exportation dans ces secteurs et, avec une augmentation des prix des denrées, à améliorer les recettes dans la dernière partie de la période évaluée.



Plus concrètement, l'UE s'est battue, en particulier dans les pays ACP, pour promouvoir un appui efficace à la diversification des produits qui pourrait mettre en exergue la valeur ajoutée des exportations et promouvoir l'innovation et la recherche dans des industries soutenues. Il existe peu d'exemples où l'appui aux secteurs productifs s'est révélé comme déclencheur d'un changement plus structurel dans les pays bénéficiaires, mais dans les cas où l'appui a été octroyé, cela a souvent porté ses fruits.

L'accent limité porté sur l'amélioration à la fois du climat des investissements – y compris, en attirant l'investissement direct étranger (IDE) – et de la finance commerciale a cantonné davantage la contribution de l'UE à modifier la structure de production et de commerce à des activités hautement productives qui sont des moteurs clés du développement économique durable.

### **Contribution à la réduction de la pauvreté**

La réduction de la pauvreté n'a pas été suffisamment intégrée dans les phases de conception et de mise en œuvre de l'ALC. La déclaration politique de l'UE selon laquelle *le commerce peut favoriser la croissance et la réduction de la pauvreté et être un moteur important du développement durable* n'a pas encore été explicitement concrétisée dans la plupart des interventions.

Les niveaux de pauvreté ont baissé dans la plupart des pays et régions pendant la période évaluée mais la vulnérabilité, par la même occasion, a augmenté – notamment en raison des réformes économiques, dont les réformes commerciales font largement partie. Il est plausible que l'ALC de l'UE ait contribué à ces deux aspects. Cependant, ni le lien entre la réduction absolue de la pauvreté, ni l'intensification de la vulnérabilité en tant que résultat des réformes commerciales n'ont été suivis de manière consistante et documentée par l'UE. Dès lors, la capacité à fournir des mesures d'accompagnement susceptible de réduire une telle vulnérabilité s'en ressent.

## **Conclusions**

### **Conception, gestion et suivi de l'ALC**

*Conclusion 1 : Un portefeuille étendu de l'ALC a permis à l'UE de se lancer avec succès et de manière pertinente dans divers contextes.*

L'UE a élargi à raison l'ALC à des domaines plus larges, comme la promotion des exportations, la facilitation des échanges, l'amélioration de la conformité aux normes, les OTC.

Cela a permis l'UE de faire face aux contraintes commerciales de manière exhaustive en se concentrant sur les plus urgentes. Cela a aussi permis à l'UE de se montrer plus sélective en ciblant davantage l'ALC sur les secteurs et domaines thématiques où la demande et la pertinence étaient plus fortes. L'UE a généralement saisi les opportunités de diversification du portefeuille de l'ALC, ce qui a permis de mieux cibler les interventions les plus pertinentes, ainsi que dans les contextes fragiles.

*Conclusion 2 : La Stratégie conjointe d'aide au commerce de l'UE datant de 2007 a soutenu l'harmonisation et l'alignement des efforts mais cette impulsion a récemment été affaiblie.*

L'UE avait fait de l'exécution des ambitions de la Stratégie d'aide au commerce de 2007 et de l'agenda plus large de l'efficacité de l'aide, son cheval de bataille. Elle a nettement harmonisé son ALC avec les autres partenaires de développement et s'est alignée sur les systèmes de ses partenaires.

Le recours à l'appui budgétaire a été le véhicule clé de cette réalisation. L'ABS, en particulier, a souvent été bénéfique aux réformes commerciales. L'ABS a été efficace, plus spécialement, dans les environnements disposant d'un gouvernement fortement engagé, avec des capacités politiques prouvées pour mettre en œuvre des processus de réformes plus larges sur base d'indicateurs de réussite et des outils de suivi bien conçus et que les partenaires se sont appropriés. Pourtant, l'ABG, tout particulièrement, n'a pas livré l'un de ces principaux bénéfices – un dialogue politique accru. Un retournement récent de la tendance vers l'appui budgétaire a également été observé pour l'ALC, ce qui impliquerait une diminution de l'utilisation des systèmes des partenaires.

Toutefois, il a également été constaté qu'en dehors du principe de *Gestion pour des résultats*, l'importance de l'*appropriation* s'est incontestablement imposée comme variable déterminante de l'efficacité de l'ALC, loin devant les autres principes de la Déclaration de Paris ainsi que le choix de modalité de l'aide. Cet aspect n'a souvent pas suffisamment été pris en compte dans la conception de l'ALC.

*Conclusion 3 : L'appui de l'ALC de l'UE a été bien coordonné et complémentaire, mais des défis de coordination persistent au niveau régional.*

Durant la période évaluée, la coordination de l'ALC s'est améliorée, avec les Etats membres et les autres partenaires du développement ayant de plus en plus recours à des mécanismes institutionnalisés. Cependant, des insuffisances et des défis demeurent, en particulier en ce qui concerne les liens systématiques entre l'appui aux niveaux mondial, régional et national. Le manque de complémentarité et de coordination entre l'ALC régionale et nationale a souvent reflété une demande nationale limitée d'appui à l'intégration régionale, et s'est traduite en difficultés à inciter les autorités nationales à soutenir les initiatives régionales.

L'UE a souvent manqué d'appréciation réaliste des engagements nationaux cruciaux pour mettre en œuvre les accords régionaux tandis que les organisations régionales avaient parfois des visions et des objectifs ambitieux et disproportionnés par rapport à la volonté politique et aux capacités nationales.

*Conclusion 4 : Les acteurs non étatiques n'ont pas été suffisamment impliqués dans la conception, la mise en œuvre et le suivi de l'ALC.*

A l'exception de l'appui aux secteurs de production commerciale, l'ALC a été principalement conçue et mise en œuvre par le biais de partenariats avec des gouvernements et des organisations régionales.

Il existe plusieurs exemples de consultation, en particulier avec le secteur privé. Mais il s'agissait davantage d'une campagne d'information du secteur privé que de son implication dans un dialogue pour optimiser l'ALC. L'un des défis principaux a été la capacité et la représentativité limitée des organismes du secteur privé à s'engager dans un dialogue et une conception substantiels.

La participation des organismes de représentation a augmenté vers la fin de la période évaluée mais elle est restée limitée, étant donné que le secteur privé est le principal bénéficiaire de l'ALC. Le spectre plus large des acteurs non étatiques (ANE) n'a été que marginalement impliqué dans l'ALC.

*Conclusion 5 : L'UE et ses partenaires n'ont pas toujours assuré le suivi des résultats et de l'impact, réduisant ainsi les leçons à tirer.*

Le suivi s'est trop souvent concentré au niveau des inputs ou, au mieux, des résultats, ce qui a donc limité la possibilité de résoudre les problèmes fondamentaux liés aux résultats. Lorsqu'il a eu lieu au niveau macro (par exemple, en termes d'augmentation des exportations), il était trop séparé des interventions d'ALC pour renseigner sur leur contribution.

De multiples opportunités de juger l'impact de l'ALC (en particulier de l'appui aux secteurs commerciaux), sur la pauvreté n'ont pas été saisies. En outre, dans le cadre de la promotion de réformes commerciales plus larges, l'UE et ses partenaires ont souvent négligé l'analyse de l'impact significatif sur la pauvreté, les inégalités régionales et les dynamiques du marché du travail.

#### Résultats de l'ALC

*Conclusion 6 : L'UE a permis d'améliorer la capacité des institutions publiques impliquées dans la politique et réglementation commerciales mais sans analyse contextuelle suffisante du cadre incitatif pour le développement commercial, en particulier, dans les environnements plus faibles.*

L'ALC de l'UE s'est concentrée sur la capacité de négociation commerciale, et ce, avec succès. Elle s'est aussi portée sur les défis rencontrés en matière de maintien durable de la capacité dans la phase post-projet. L'appui au développement des capacités d'un spectre plus large d'institutions du secteur publique, telles que des agences d'exportation et de promotion commerciale ainsi que des organismes régulateurs, ont aussi fait l'objet d'une attention toute particulière.

D'une part, l'UE a amélioré les analyses au niveau macro-économique, ce qui a permis une meilleure approche stratégique. Mais l'absence généralisée d'appréciations solides des cadres institutionnels et des structures d'incitation a donné des résultats sous-optimaux, fréquemment avec une analyse des lacunes inadaptée à l'identification des causes systémiques de dysfonctionnement. Pour correctement cibler l'appui, l'analyse sous-jacente doit être suffisamment détaillée pour capturer les différences entre (et parfois, au sein des) les partenaires d'exécution. Les causes fondamentales des résultats sous-optimaux étaient souvent liées à des dysfonctionnements dans les mesures

d'incitation du personnel à la performance et une forte rotation du personnel. Dans des environnements plus engagés, les partenaires ont eu tendance à mieux identifier les contraintes de capacité dans les organismes politiques et régulateurs principaux, et ont démontré la volonté d'y répondre. Sur ce point, l'ALC de l'UE a remporté plus de succès.

*Conclusion 7 : Le travail de l'UE en matière de facilitation des échanges a produit des résultats significatifs. Cependant, d'autres réformes coordonnées doivent encore être mises en place au-delà des douanes.*

Le travail de l'UE en matière de facilitation des échanges a produit des résultats significatifs. L'ALC n'a cessé de recourir à des approches bien conceptualisées, ciblant principalement les douanes.

Cependant, d'autres mesures de réformes plus coordonnées sont nécessaires au-delà des douanes, en cohérence avec la plus récente approche « derrière les frontières » de la stratégie plus globale d'aide au commerce. L'UE et ses partenaires nationaux ont souvent échoué à assurer une meilleure coordination entre les douanes et les autres agences d'exécution et organismes commerciaux. Le partage trop limité d'informations entre les communautés d'échanges et les agences commerciales – dans le même pays ou entre pays – s'est parfois avéré nuisible à l'efficacité.

*Conclusion 8 : Des hypothèses trop optimistes sur l'évolution de l'intégration régionale ont été remplacées par une approche de l'UE plus réaliste.*

Même si l'UE elle-même a vécu des expériences utiles d'intégration régionale, les cadres et contextes historiques des diverses organisations régionales soutenues par l'UE ont souvent différé de l'expérience européenne, qui à son tour, a influencé les résultats. Dans ce cas précis, l'UE et ses partenaires régionaux ont cherché à atteindre des cibles et résultats nécessitant des réformes politiques et des changements que de nombreux pays concernés refusaient ou ne pouvaient pas réaliser.

En outre, l'UE a parfois sous-estimé à la fois les capacités et les mandats des organisations régionales. Pendant période évaluée, elle a fait preuve de plus de réalisme dans la conception et les objectifs, tout en tenant compte de plus en plus du besoin d'un engagement national au-delà de la

rhétorique. Les progrès les plus importants ont été observés dans la région ASEAN, et en Afrique subsaharienne dans une moindre mesure.

*Conclusion 9 : L'appui aux mesures sanitaires et phytosanitaires et aux OTC a souvent eu un impact conséquent. Néanmoins, l'application d'accords régionaux au niveau national a beaucoup varié.*

L'UE a contribué significativement à l'amélioration des normes commerciales et à l'appréciation de leur conformité, ce qui a permis d'accroître la cohérence étant donné que de nombreuses exigences ont été initiées par l'UE. Eu égard à ses propres réalisations, l'UE était perçue comme une référence, voire un modèle pour les gouvernements nationaux, et plus particulièrement, pour les organisations régionales. L'approche de l'UE en termes de conception et de mise en œuvre des normes (harmonisation, comprise) a ainsi gagné plus de pertinence et de légitimité à l'échelle mondiale.

Tandis que les organisations régionales ont souvent été capables d'aboutir à un accord sur les mesures sanitaires et phytosanitaires, leur mise en œuvre et application effectives ont largement varié, les pays ACP étant souvent à la traîne, notamment en raison du manque de volonté politique et de capacités limitées au niveau national.

*Conclusion 10 : L'impact de l'assistance lié au commerce dans les secteurs productifs est plus important s'il s'inscrit dans un cadre plus large.*

L'impact de l'ALC sur la compétitivité des secteurs économiques ou des économies a été renforcé grâce à une approche sélective, en se concentrant dans les secteurs et/ou groupes basé sur une analyse approfondie. Elle s'est appuyée sur la participation des parties prenantes pertinentes du secteur privé, en utilisant la connaissance sectorielle disponible au niveau des décideurs politiques, tout en tirant profit du secteur académique. En général, la contribution potentielle d'un transfert de connaissance plus important aux pays tiers et de l'appui ciblé à l'innovation n'a pas été prise en compte correctement dans l'ALC, en particulier dans les pays ACP.

L'un des principaux inconvénients de l'ALC pour les secteurs productifs a résidé dans son incapacité à cibler les nouveaux secteurs économiques émergents, fortement productifs à plus long terme, qui pourrait faciliter la

transformation structurelle grandement nécessaire, susceptible de favoriser l'intégration dans les marchés mondiaux, notamment, par le biais de la diversification. L'ALC en termes d'IDE et de finance commerciale a eu un impact insuffisant.

Il ne s'agit pas seulement de trouver un équilibre approprié pour maintenir et/ou stabiliser les exportations dans les secteurs traditionnels mais aussi de stimuler le développement des secteurs d'exportation non traditionnels exigeant la diversification des produits et l'innovation.

## Principales recommandations

### Stratégie et conception de l'ALC

*Recommandation 1 : Envisager la mise à jour de la stratégie d'aide au commerce conjointe de l'UE*

La mise à jour de la stratégie d'aide au commerce reflèterait la diversité croissante des options d'appui. Cela fournirait un meilleur accompagnement en matière d'analyse contextuelle et de choix des modalités.

Il est nécessaire de compléter la récente politique commerciale et de développement de l'UE en expliquant comment l'ALC pourrait répondre aux contextes changeants et aux développements récents de l'économie mondiale – notamment, par le biais d'une meilleure orientation analytique sur la conception de l'ALC et la publication de données sur le vaste portefeuille des instruments d'aide disponibles et leurs modalités. Cela devrait être fait conjointement avec les Etats membres afin de renforcer l'harmonisation et l'alignement de l'ALC de l'UE.

*Recommandation 2 : Continuer la diversification du portefeuille de l'ALC*

Les gouvernements ayant continuellement réduit les barrières tarifaires au commerce, les questions dites de « derrière les frontières » ont pris une importance accrue. La diversification du portefeuille de l'ALC pourrait permettre une assistance d'autant plus sur mesure, tout spécialement aux PMA et aux états fragiles. A chaque pays, chaque région ses propres besoins en termes de préoccupations « derrière les frontières ».

Les pays les moins développés et fragile, plus spécialement, doivent faire face à des défis pour maintenir leur part du marché mondial. Dans ce

cas, l'UE devrait accélérer les efforts d'identification d'interventions adéquates et de combinaison appropriée de modalités d'appui qui peuvent non seulement aider à stabiliser les niveaux actuels de commerce mais aussi à réduire, à long terme, la dépendance à une petite poignée d'exportation.

*Recommandation 3 : En choisissant une modalité d'aide, inclure l'appréciation des conséquences d'un alignement plus vaste et rendre explicite tout compromis entre l'ambition d'alignement et la poursuite des objectifs de l'ALC*

Il peut souvent y avoir des compromis dans la conception d'une intervention d'ALC – en particulier, entre l'ambition d'alignement et la poursuite des objectifs spécifiques de l'ALC. Dans ce contexte, une analyse plus approfondie des implications du choix de la modalité devrait être effectuée lors de la conception de l'ALC. Et plus spécialement, dans le cadre de l'appui aux organisations publiques, une telle analyse permettrait de peser les pour et les contre de l'utilisation de l'appui budgétaire (en particulier sectoriel, ouvrant sur un dialogue politique plus ciblé) et de discuter ouvertement des effets néfastes éventuels en termes d'évolution vers les résultats escomptés de l'ALC.

*Recommandation 4 : Améliorer le suivi et l'évaluation de l'ALC*

Il sera particulièrement important de renforcer les efforts de suivi et d'évaluation effectués par rapport aux résultats auxquels l'ALC peut raisonnablement espérer contribuer.

Une articulation plus prudente des cadres de S&E est nécessaire, afin de les rendre capables d'identifier des indicateurs sensés et à des niveaux appropriés. Les changements en termes de revenus et de pauvreté, les conséquences en termes de répartition et les transformations structurelles font l'objet d'une attention toute particulière. Cela s'applique à l'appui à la fois aux acteurs des secteurs privé et public, bien que l'approche et les méthodologies soient différentes. L'UE peut également souhaiter soumettre les interventions de l'ALC à un suivi et des méthodologies d'évaluation plus rigoureux – en ayant recours, si nécessaire, à des méthodologies capables d'identifier l'impact.



## Mise en œuvre de l'ALC

*Recommandation 5 : Rééquilibrer l'ALC entre les niveaux régional et national dans les zones où l'engagement et les capacités politiques sont faibles*

D'une part, l'UE a réalisé des avancées en matière d'intégration régionale. Cependant, de nombreux défis persistent en faveur d'une approche plus stratégique et conceptualisée reconnaissant les différentes réalités politiques et économiques. Ceci impliquerait la réduction de l'appui (en termes de volumes) aux organisations régionales de la région ACP, comparé au passé, ainsi qu'un ajustement sur des objectifs plus facilement atteignables (et sans doute, moins ambitieux).

*Recommandation 6 : Augmenter l'utilisation analytique des outils de politique économique et d'appréciation institutionnelle, en particulier pour les interventions de développement des capacités*

Il est nécessaire d'analyser plus systématiquement les réelles contraintes, tout spécialement lors de la conception des interventions de développement des capacités.

L'UE devrait faire un meilleur usage de ses propres outils conçus à cet effet, y compris la stratégie fondamentale relative à la coopération technique. Une telle analyse est particulièrement nécessaire dans les contextes faibles et fragiles et devrait s'appliquer à tous les niveaux organisationnels concernés.

*Recommandation 7 : Orienter la facilitation commerciale vers des partenaires engagés et renforcer la coordination au-delà des réformes douanières*

Les douanes constituent un terrain particulièrement sensible, avec une gouvernance potentiellement compromise et des processus revêtant un caractère informel élevé. Il convient d'appliquer des appréciations institutionnelles saines et rigoureuses de l'engagement ou de la résistance aux réformes.

Cependant, les douanes ne forment qu'une petite partie des défis rencontrés par les commerciaux en termes de gestion des frontières. Compte tenu de l'accent grandissant mis sur les problématiques plus larges de gestion des frontières liée au commerce d'ores et déjà abordées par l'UE, cette dernière devrait assurer une meilleure coordination de toutes les agences gouvernementales actives dans le commerce pour

mieux faire face aux défis institutionnels caractérisés par un chevauchement d'autorité.

*Recommandation 8 : Intensifier le travail sur les normes et les OTC, là où la demande est forte*

Il est vital de baser l'assistance accrue dans le domaine des normes et des OTC sur une analyse approfondie de la demande, et par conséquent, partiellement sur les perspectives de durabilité.

De plus, afin d'améliorer l'efficacité et l'efficacite de l'ALC dans ce domaine, l'UE devrait peut-être aider à rationaliser le cadre institutionnel, sachant qu'il existe souvent des organisations qui se chevauchent ou qui font double emploi. Au niveau régional, il faut souligner la complexité supplémentaire de l'engagement réel des Etats membres à atteindre les objectifs approuvés conjointement dans ce domaine.

*Recommandation 9 : Envisager une attention plus accrue aux secteurs productifs au-delà des traditionnels produits de base avec une utilisation plus importante de la promotion à l'investissement et des instruments de finance commerciale*

L'UE a appuyé de plus en plus le secteur productif et permis de stabiliser le niveau des exportations dans beaucoup de PMA, en particulier en Afrique. Cela a souvent concerné les exportations traditionnelles, dominées par l'agriculture.

Pour éviter de futurs chocs et rendre les économies plus résistantes, l'UE devrait également envisager d'appuyer davantage les exportations non traditionnelles ayant une meilleure productivité du travail, une plus grande valeur ajoutée et des externalités pour le reste de l'économie. Cela peut se caractériser par l'appui aux changements structurels favorables à la croissance, qui repose largement sur une meilleure intégration des marchés mondiaux. Malgré quelques tentatives, le rôle de la recherche et de l'innovation dans les secteurs productifs liés au commerce peut encore être renforcé.

Dans ce processus, l'UE devrait davantage cibler la promotion de l'IDE et le financement du commerce vers les secteurs hautement productifs ayant un potentiel propice à la transformation structurelle de la base commerciale et productive, en facilitant des exportations plus diversifiées. Il faudrait aussi envisager de renforcer les synergies entre l'appui financier et non financier au développement commercial.

*Recommandation 10 : Assurer une meilleure analyse de la pauvreté, des implications spatiales et de genre de l'ALC*

L'UE devrait se montrer plus systématique dans l'appréciation, ex-ante, des éventuels effets commerciaux de la répartition et de la pauvreté sur l'ALC et les réformes soutenues. Des politiques complémentaires ou de transition, ainsi que des mécanismes de compensation et des programmes ciblés, sont susceptibles d'être nécessaires pour faire en sorte que les entreprises et les travailleurs bénéficient de nouvelles opportunités générées par les réformes commerciales, et que ces réformes emportent une large adhésion politique.

Les politiques et les actions pour atteindre ces objectifs requièrent bien souvent des actions de la part des ministères de l'emploi et des finances, ne faisant pas partie du mandat des ministères du commerce. D'un point de vue spatial, les bénéfices des réformes commerciales impliquent souvent un changement de la géographie économique favorisant les zones métropolitaines plutôt que les zones rurales, pouvant à leur tour avoir des conséquences en termes de répartition. Dès lors, il convient d'ancrer l'ALC plus solidement dans une analyse plus large des déterminants de la pauvreté.

## Resumen Ejecutivo

El comercio puede ser uno de los motores principales del crecimiento económico. La UE se ha comprometido a aprovechar su potencial de reducción de pobreza para mejorar la integración de los países en desarrollo en la economía mundial, y así, ofrecerles la oportunidad de aumentar los beneficios del comercio y de la globalización.

El primer documento principal de la UE sobre la política de comercio y de desarrollo fue la Comunicación del 2002 *Comercio y Desarrollo: Cómo ayudar a los países en desarrollo a beneficiarse del comercio*, que indica las prioridades del apoyo de la UE para el comercio. Dicho documento fue complementado en el 2007 por la estrategia colectiva de la UE (incluyendo los Estados miembros) *Ayuda al comercio (AfT – Aid for Trade)*, en la cual se acordaron los principios para la entrega de la ayuda, con enfoque en la mejora de la coordinación y en el fomento de la armonización.

Esta evaluación abarca la ayuda relacionada con el comercio (TRA – Trade-Related Assistance) proporcionada por la UE del 2004 al 2010. La TRA se relaciona con ayuda al comercio (AfT) en la categoría 1 – política y normas comerciales; categoría 2 – desarrollo del comercio; categoría 5 – actividades de ajuste relacionadas con el comercio relevantes para la TRA y categoría 6 – otras necesidades relacionadas con el comercio. El objetivo de la ayuda relacionada al comercio, proporcionada en el contexto del programa sobre la eficacia de la ayuda, era contribuir a la reducción de la pobreza mediante el incremento sostenible del empleo y de la renta en terceros países.

### Apreciación global

Durante los diez años pasados, la TRA de la UE en los países terceros ha aumentado rápidamente para alcanzar el nivel más alto en el 2006 y luego estabilizarse. La asignación de ayuda vinculada al comercio refleja ampliamente las prioridades de la UE, la cual aporta un valor añadido significativo en numerosas intervenciones de la TRA. La TRA ha mantenido su relevancia y ha aumentado el apoyo, enfatizando la facilitación del comercio, los estándares y las limitaciones “más allá de las fronteras” relacionadas con las exportaciones de los sectores productivos.

Gracias a la TRA, se han alcanzado resultados significativos en la mayoría de las áreas prioritarias. El éxito de la TRA y de los procesos de reformas comerciales se correlacionó con la existencia de gobiernos comprometidos, que tienen las capacidades políticas de ejecutar procesos políticos más amplios, en base a herramientas de monitoreo e indicadores de éxito bien diseñados y asumidos por los países asociados. Asimismo, a lo largo del tiempo se han ido reforzando los mecanismos de coordinación vinculados al comercio entre la UE y los otros socios de desarrollo. Ha habido una clara contribución de la UE para ayudar a que el comercio sirva para obtener resultados de desarrollo. No fue sorpresa que la responsabilidad y el liderazgo político para aplicar las reformas comerciales hayan sido la clave del éxito, no solo en términos de cooperación económica regional, sino que también en términos de reformas comerciales.

Durante el período del estudio, muchos países terceros han mejorado su integración en la economía mundial, particularmente en Asia. Si bien los motores principales de los impactos positivos han sido los gobiernos y actores del sector privado que tienen una fuerte orientación comercial y un compromiso a la integración, la UE también ha acelerado el proceso y ha contribuido a garantizar un mejor cumplimiento de las normas y reglamentos internacionales. Sin embargo, los países menos desarrollados (LDC – Least Developed Country) – notablemente en África subsahariana – no han conseguido aumentar de manera substancial su participación en la economía mundial. Los ingresos del comercio en estos países se han limitado al aumento de la producción y el comercio de productos básicos y productos tradicionales exportados. La ayuda relacionada con el comercio no se ha enfocado suficientemente ni ha sido capaz de contribuir a iniciar una transformación estructural, especialmente en los países menos avanzados y las economías basadas en productos básicos. La TRA tampoco ha fomentado demasiado un clima de inversión propicio en los países terceros. Por consiguiente, la TRA de la UE ha tenido un éxito limitado en el contexto de acelerar la integración de los países más pobres en la economía mundial.

La TRA ha ayudado a estabilizar y expandir modestamente el comercio de los países en desarrollo más pobres y, de esta manera, ha tenido cierto éxito en una parte del objetivo principal de la TRA – el incremento del comercio. Sin embargo, su éxito ha sido menor en otra parte del objetivo – la diversificación del comercio. Efectivamente, durante el periodo evaluado, numerosos países menos desarrollados y países de África subsahariana tuvieron una situación opuesta a la de concentración comercial. En este dominio, la ayuda de la UE al comercio no ha traído los resultados anticipados en los documentos de estrategia.

Esta situación ha perjudicado la facultad de los países pobres para aumentar las oportunidades de empleo que hubieran podido servir de catalizador del incremento de los ingresos reales a largo plazo – otro objetivo clave de la ayuda vinculada al comercio. Por consiguiente, quedan objetivos por alcanzar en el programa –particularmente, en África y en los países menos desarrollados– para que el comercio y el crecimiento asociado se vuelvan más inclusivos, acelerando los esfuerzos de diversificación de las economías y las características comerciales.

### Hallazgos principales

Entre el 2004 y el 2010, 44% del apoyo directo de la UE al comercio (excepto el apoyo presupuestario general) ha sido dirigido al desarrollo del comercio, 43% a la política comercial e integración regional y el resto ha sido dirigido al ajuste y otras necesidades vinculadas al comercio. El apoyo ha estado enfocado en tres regiones principales: los países de África, el Caribe y el Pacífico (ACP) (48%), los países que forman parte de la Política Europea de Vecindad (ENP - European Neighborhood Policy) (27%), y Asia (11%). América latina y las iniciativas mundiales representan el porcentaje sobrante.

### Alineamiento

La ayuda de la UE vinculada al comercio se ha alineado cada vez más con las prioridades de los países asociados. En la primera parte del periodo evaluado, había una tendencia clara a trabajar mediante los sistemas y los procedimientos a nivel nacional con el objetivo de reforzarlos.

Había una considerable dependencia explícita de las estrategias de los socios en la justificación y las áreas focales de la TRA, tanto a nivel nacional como regional. Sin embargo, el ritmo con el que se han reforzado los sistemas de los socios, en

repetidas ocasiones fue más lento que lo anticipado inicialmente. Esto ha sido, en gran parte, debido a supuestos demasiado optimistas relativos al plazo necesario para mejorar sistemas y procedimientos institucionales complejos. Las pruebas indican que la apropiación y el compromiso de los socios son determinantes del impacto y la sostenibilidad de la TRA más críticas que el grado de alineamiento.

Hacia finales del periodo de evaluación, la ayuda vinculada al comercio se concentraba más en enfoques menos alienados – con un uso restringido del apoyo presupuestario, lo que sugiere que en ciertos contextos, puede haber un desfase de los objetivos de alineamiento y la búsqueda de resultados específicos de la TRA.

### Modalidades, canales y apropiación de la ayuda

Las modalidades y los canales que fueron usados por la UE para entregar la ayuda vinculada al comercio fueron adecuados en la mayoría de los casos. Hubo una fuerte dependencia en el enfoque del proyecto, el cual en muchos casos fue la opción adecuada, dependiendo del contexto nacional o regional.

En todas las modalidades se ha experimentado una falta de capacidad de absorción por parte de los socios. Esto fue principalmente debido a los desafíos que hubo al evaluar las capacidades de ejecución de los beneficiarios de la ayuda. En general, la UE seleccionó la modalidad de ayuda basándose en la apreciación del contexto nacional y/o regional específico. Sin embargo, se constató que las ventajas y desventajas de las distintas modalidades sólo se examinaron en algunos casos.

El apoyo presupuestario sectorial ha facilitado efectivamente los procesos de reforma comercial que exigen que el respectivo gobierno socio lleve a cabo una amplia gama de actividades de desarrollo. Como era de esperar, el común denominador del éxito fueron los gobiernos fuertemente comprometidos, que demostraron su liderazgo para promover los procesos de reforma comercial y de apropiación del diseño, implementación y supervisión de las políticas. El apoyo presupuestario general resultó ser una modalidad eficaz de apoyo a las reformas vinculadas al comercio en los casos en que los socios siguieron prioridades y estrategias de reforma comercial claras y tradujeron efectivamente esas estrategias en programas operativos. No obstante, se hubiera tenido que acentuar aún más la identificación de la



localización exacta y los incentivos de la apropiación. Sólo se han hecho esfuerzos limitados para entender tanto los motores políticos e institucionales, como las barreras de las reformas comerciales que han perjudicado la eficacia y el impacto de la ayuda vinculada al comercio.

En la mayoría de los casos, los canales de ayuda elegidos (es decir, los socios mediante los cuales se implementó el apoyo) han proporcionado eficientemente la experiencia requerida para la TRA. En ese sentido, la UE ha hecho un uso juicioso de los distintos canales.

### ***Coordinación, complementariedad y coherencia***

El apoyo de la UE al comercio se ha diseñado y ejecutado de manera coordinada y complementaria. La coherencia entre los objetivos de la ayuda de la UE y las políticas clave de desarrollo y de comercio se integró desde las fases de programación y de formulación y también se mantuvo durante la fase de implementación. La importancia de alcanzar una coherencia política más fuerte en el contexto de la ayuda de la UE, fue siendo reconocida cada vez más, no sólo por los encargados de tomar decisiones en la sede de UE, sino también en las Delegaciones de la UE y los Estados miembros.

El diálogo político es una herramienta ampliamente reconocida para fomentar la coherencia. Mientras la intensidad del diálogo político varió entre los países y las regiones, ese diálogo ha contribuido a abrir el camino para la elaboración y el refuerzo de dicha coherencia con las políticas clave de desarrollo y de comercio, tal como las normas sanitarias y fitosanitarias y los acuerdos sobre obstáculos técnicos al comercio. El diálogo político reforzado sobre cuestiones comerciales (notablemente relacionado con medidas sanitarias y fitosanitarias) fue a la par con la existencia de gobiernos fuertemente comprometidos que tomaron su rol de liderazgo y tuvieron un apoyo bien diseñado.

En general, los mecanismos de coordinación con los Estados miembros de la UE se desarrollaron correctamente. Hacia el final del periodo evaluado, se establecieron grupos formales de coordinación en la mayoría de los países y de las regiones. No obstante, aún hubo considerables desafíos de coordinación y poca sinergia en el apoyo relacionado al comercio a niveles nacional, regional y mundial.

### ***Política de comercio***

La UE ha contribuido sustancialmente a la mejora de los ámbitos políticos en materia de comercio, específicamente en los países y las regiones donde hubo mayor demanda de ayuda en esa área. En la primera parte del periodo evaluado, se enfatizó fuertemente el desarrollo de la capacidad de negociación comercial – a menudo con un éxito considerable pero también con resultados variables entre países y regiones.

Uno de los desafíos cruciales ha sido mantener niveles de capacidad sostenibles, particularmente, en entornos políticos más débiles. Por ello, los fundamentos analíticos del apoyo de la UE vinculado al comercio no siempre han permitido abordar de una mejor manera los retos sistemáticos que perjudican el refuerzo de capacidades. En ocasiones, el enfoque de desarrollo de capacidades aplicado ha sido demasiado limitado a las diferencias visibles y al suministro de aportaciones convencionales de desarrollo de capacidades, como la formación y la asistencia técnica. Estos enfoques no tomaron en cuenta las estructuras de incentivos y el contexto institucional complejo en el que las instituciones asociadas operaban perspectivas de sostenibilidad débiles.

Sin embargo, se ha experimentado una mayor concientización y análisis de la importancia del contexto en el que la TRA es realizada en la formulación de las políticas. Además, a lo largo del tiempo, la UE ha sido más explícita en basar su apoyo al comercio en lecciones aprendidas de sus intervenciones pasadas. No obstante, en ciertos casos, el análisis de las políticas comerciales se ha quedado superficial y no suficientemente orientado a la demanda.

### ***Facilitación del comercio***

En ese contexto, la ayuda relacionada con la facilitación de intercambios comerciales ha tenido un impacto significativo sobre la reducción de los costes de las transacciones comerciales, en particular, en las aduanas. Evidencia de esto es la simplificación de los procedimientos y la reducción de los retrasos. Sin embargo, las reducciones específicas de los gastos de transacción siguen necesitando ser traducidas en cuestión de reducciones del coste global de las transacciones comerciales, lo que implica que se necesita una mejor coordinación con las agencias más allá de las aduanas. Aún permanecen desafíos en términos de coordinación de reformas

aduaneras con otros asuntos en áreas que también puedan “trabar” el comercio, como la política de salud y la política agrícola.

En general, la UE no ha aplicado un enfoque “único y universal”. Todas las intervenciones a nivel nacional y regional para facilitar el comercio han sido dirigidas específicamente a las cuestiones comerciales más urgentes del respectivo ámbito nacional o regional.

### **Conformidad con las normas**

La ayuda de la UE vinculada al comercio ha reforzado la capacidad de terceros países a establecer normas internacionales de comercio, en particular, en materia de infraestructura de calidad y de refuerzo de capacidades de técnicos. En general, se adaptó correctamente a las necesidades nacionales, sobre todo al final del periodo evaluado.

El impacto más alto fue logrado en los países más preparados y en donde el aumento en la dependencia del comercio con la UE incrementó la presión competitiva en cuanto al cumplimiento de las normas. En los países cuya infraestructura de calidad es menor, se fortalecieron las bases, pero aún no ha habido capacidad suficiente para establecer normas técnicas y los mecanismos de evaluación de conformidad tendieron a ser ineficaces. La TRA ha tenido mayor impacto en el entorno del cumplimiento del acuerdo OTC (Obstáculos Técnicos al Comercio) que en el entorno más complejo de la gestión de control de medidas sanitarias y fitosanitarias, cuyo éxito fue moderado.

La UE se ha concentrado en la revisión del marco jurídico, la formación técnica y el suministro de equipo como limitaciones clave de capacidad. Se espera que el impacto de la revisión de la ley sólo sea notado a largo plazo pero las bases para la reforma ya se han establecido claramente en la mayoría de los casos. En términos de fortalecimiento institucional, de formación y de equipo, se ha observado un avance considerable.

A pesar de la entrega de equipos y la formación de funcionarios científicos por parte de la UE, la participación en el diseño de organismos internacionales para el establecimiento de estándares y el compromiso con los mismos por parte de las autoridades nacionales de los países asociados con la UE aún no ha revelado ser lo suficientemente eficaz.

### **Integración regional**

La UE ha hecho contribuciones considerables para el fomento de los procesos de integración regional, aunque con variaciones geográficas significativas. La coordinación y creación de sinergias entre las diferentes intervenciones que apoyan la integración tanto a nivel regional como a nivel nacional se ha mejorado a lo largo del periodo evaluado. Esto ha sido empezando de un nivel inicial bajo y aún queda un amplio margen para mejoras. La participación del sector privado y los agentes no estatales recientemente empezó a surgir pero sigue siendo un punto débil.

La UE ha contribuido a profundizar y extender la integración regional en un amplio rango de áreas mediante el apoyo al diseño y, en menor medida y de forma más variable, mediante el apoyo a la implementación de nuevos protocolos, contratos marco y reglamentaciones armonizadas. Por ejemplo, la UE ha encabezado el proceso de establecimiento de regímenes regionales de medidas sanitarias y fitosanitarias y de OTC. Sin embargo, en el caso de África subsahariana, el solapamiento de organizaciones regionales ha vuelto el apoyo a la integración regional aún más complejo y ha contribuido a los desafíos en la coordinación de intervenciones. Esto, combinado con la voluntad política mixta y las capacidades limitadas, ha perjudicado el progreso.

La ayuda relacionada al comercio también ha contribuido a la integración y a la implementación parcial de los compromisos económicos regionales a nivel nacional. Es evidente que la obligación de cumplir con las medidas sanitarias y fitosanitarias y los acuerdos OTC ha fortalecido los regímenes comerciales regionales en ciertas regiones. En el caso específico de la región ASEAN, los derechos de propiedad intelectual representan un gran éxito. Con frecuencia se ha desacelerado el progreso por la falta de voluntad política (parcialmente debido al proteccionismo nacional) o por la deficiente capacidad técnica, las diferencias entre las expectativas y la capacidad en los procesos de integración económica regional y la naturaleza intergubernamental (a diferencia de las estructuras supranacionales) de todas las organizaciones regionales.

### **Desarrollo comercial**

La contribución de la TRA de la UE ha sido sustancial para reducir las restricciones de la oferta y aumentar la competitividad internacional de las empresas apoyadas y ayudó

considerablemente a mejorar el acceso de las mismas al mercado. Sin embargo, a nivel nacional, el impacto y la sostenibilidad de la TRA en el aumento de la competitividad internacional son menos notorios.

La UE ha apoyado al sector de la producción comercial de manera sustancial – a menudo acentuando las exportaciones tradicionales, como en los sectores de la agricultura y de la pesca. También ha favorecido claramente la estabilización de los niveles de exportación en estos sectores y, mediante la fijación de mayores precios de los productos básicos, ha favorecido la mejora de los ingresos en la última parte del periodo evaluado.

En un aspecto más fundamental, la UE ha luchado, particularmente en los países ACP, para promover un apoyo eficaz a la diversificación de los productos, que podría destacar el elemento que añade valor a las exportaciones y para promover la innovación y la investigación en las industrias apoyadas. Existen pocos ejemplos del apoyo a los sectores de producción como catalizador para un mayor cambio estructural en los países beneficiarios, pero en dónde se ha intentado, ha sido generalmente un éxito.

El escaso enfoque, tanto en mejorar el clima de inversiones – incluyendo la atracción de inversión extranjera directa (IED) – como en las finanzas comerciales, ha limitado aún más la contribución de la UE al cambio de la estructura de la producción y del comercio hacia actividades de alta productividad, que sean los motores clave del desarrollo económico sostenible.

### **Contribución a la reducción de la pobreza**

La reducción de la pobreza no se ha integrado suficientemente en el diseño y la implementación de la TRA. La declaración política de la UE, que estipula que *el comercio puede favorecer el crecimiento económico y la reducción de la pobreza y ser un importante catalizador del desarrollo sostenible*, todavía no se ha concretizado en la mayoría de las intervenciones.

Los niveles de pobreza han bajado en la mayoría de los países y regiones durante el periodo evaluado, pero la vulnerabilidad ha aumentado simultáneamente – en parte, debido a reformas económicas en las que las reformas comerciales formaban una parte significativa. Es plausible que la TRA haya favorecido en ambos aspectos. Sin embargo, ni el enlace de la reducción de la pobreza absoluta con la TRA, ni la intensificación

de la vulnerabilidad como resultado de las reformas comerciales se han monitoreado y documentado de manera consistente por la UE. Esto ha disminuido la habilidad de ofrecer medidas complementarias que pudieran reducir dicha vulnerabilidad.

## **Conclusiones**

### **Diseño, gestión y supervisión de la TRA**

*Conclusión 1: Una cartera extendida de la TRA ha permitido a la UE comprometerse exitosamente y de manera pertinente en diversos contextos.*

La UE ha complementado correctamente la TRA para abarcar cada vez áreas más amplias, como el fomento de las exportaciones, la facilitación del comercio y la mejora del cumplimiento de las normas, como el acuerdo OTC.

Esto ha permitido a la UE afrontar las limitaciones comerciales de manera exhaustiva y concentrarse en las más urgentes. También le ha permitido ser más selectiva al enfocar la TRA en los sectores y áreas temáticas donde haya mayor demanda y relevancia. La UE ha aprovechado las oportunidades de diversificación de cartera de la ayuda relacionada al comercio, la cual ha permitido una mayor concentración en las intervenciones más pertinentes y en los contextos más frágiles.

*Conclusión 2: La estrategia colectiva europea de ayuda al comercio con fecha del 2007 si favorecía la armonización y el alineamiento de los esfuerzos pero ese impulso se ha debilitado.*

La UE ha estado a la vanguardia de la implementación de las ambiciones proclamadas en la estrategia colectiva de comercio del 2007 y la amplia agenda de eficacia de la ayuda. También se ha armonizado la TRA cada vez más con otros socios de desarrollo y se ha alineado a los sistemas de sus socios.

El uso de apoyo presupuestario ha sido el motor clave de dicha realización. El apoyo presupuestario sectorial, en particular, ha apoyado frecuentemente las reformas comerciales. Este fue muy eficaz, específicamente en los entornos con gobiernos muy comprometidos y con capacidades políticas comprobadas para implementar los procesos de reformas más amplios, basándose en herramientas de supervisión e indicadores de éxito bien diseñados y apropiados por los países asociados con la UE. Sin embargo, el apoyo

general presupuestal, en particular, no ha generado uno de los beneficios principales – un mayor enfoque en el diálogo político. En el contexto de la TRA, también se ha observado un reciente cambio opuesto a la tendencia hacia el apoyo presupuestario, lo que implica una disminución del uso de los sistemas de los socios.

No obstante, también se ha descubierto que, aparte del principio de *Gestión para Resultados* (*Managing for Results*), la importancia de la *apropiación* prevalece ante otros principios de la declaración de París y la modalidad de la ayuda como predictor de la eficacia de la TRA. Este aspecto no se tomó suficientemente en cuenta durante el diseño de la TRA.

*Conclusión 3: La ayuda de la UE relacionada al comercio ha sido bien coordinada y complementaria, pero con desafíos de coordinación al nivel regional.*

Durante el periodo evaluado, se ha mejorado la coordinación de la TRA ya que los Estados miembros y los otros socios del desarrollo usan cada vez más mecanismos institucionalizados. Sin embargo, aún quedan deficiencias y desafíos, especialmente en cuanto a los enlaces sistemáticos entre el apoyo a nivel global, regional y nacional. La falta de complementariedad y coordinación entre la TRA regional y nacional resaltó la limitada demanda nacional de apoyo a la integración regional y se tradujo en dificultades al querer involucrar a las autoridades nacionales en el apoyo a las iniciativas regionales.

La UE a menudo falló en hacer una evaluación realista de los compromisos nacionales cruciales para implementar los acuerdos regionales, ya que las organizaciones regionales a veces tienen visiones y objetivos ambiciosos que no son compatibles con la voluntad política y las capacidades a nivel nacional.

*Conclusión 4: No se ha involucrado suficientemente a los actores no estatales en el diseño, la implementación y la supervisión de la TRA.*

A excepción del apoyo a los sectores de producción comercial, la TRA ha sido diseñada e implementada mediante alianzas con los gobiernos y organizaciones regionales.

Hubo muchas sesiones de consulta, especialmente con el sector privado. Pero, a menudo, se trató más acerca de informar al sector privado que de entablar un diálogo acerca de

cómo optimizar el uso la TRA. Uno de los principales desafíos ha sido la limitada capacidad y representatividad de las organizaciones del sector privado para participar en un diseño y un diálogo sustantivo.

Hacia el final del periodo evaluado, la participación de organismos representativos había aumentado pero permaneció baja, tomando en cuenta que el sector privado es el principal beneficiario de la ayuda. El espectro más amplio de actores no estatales sólo ha sido involucrado marginalmente en la TRA.

*Conclusión 5: En repetidas ocasiones, la UE y sus socios no han garantizado la supervisión de los resultados y de su impacto, lo que ha reducido las oportunidades para aprender de la experiencia.*

La supervisión a menudo ha estado a nivel de insumos o, en el mejor de los casos, a nivel de producción, limitando así la posibilidad de resolver cuestiones vinculadas con resultados. O bien, ha sido a nivel macro (por ejemplo, en términos de incremento de exportaciones), lo cual fue demasiado alejado para que las intervenciones de la TRA fueran puramente informativas sobre la contribución.

No se ha aprovechado las múltiples oportunidades para determinar el impacto de la TRA en la pobreza, en particular, en el apoyo a los sectores de producción comercial. Asimismo, en el ámbito de la promoción de reformas comerciales más amplias, la UE y sus socios a menudo han descuidado el análisis del significativo impacto sobre la pobreza, el género, las desigualdades regionales y las dinámicas del mercado del trabajo.

### Resultados de la AVC

*Conclusión 6: La UE ha ayudado a mejorar la capacidad de las instituciones públicas involucradas en la política y la reglamentación comercial pero sin el análisis contextual suficiente acerca del marco de incentivos para el desarrollo comercial, en particular, en los entornos más débiles.*

La TRA de la UE se ha enfocado en el área principal de capacidad de negociación comercial, donde se ha tenido éxito, pero también en los desafíos relacionados con mantener las capacidades en la fase post-proyecto. Su enfoque también incluye el apoyo de desarrollo de capacidades a un espectro más amplio de

instituciones del sector público, como las agencias de exportación y de promoción comercial y los organismos reguladores.

Si bien la UE ha mejorado los análisis a nivel macro y esto ha resultado en un mejor enfoque estratégico, la falta generalizada de evaluaciones profundas de los marcos institucionales y de las estructuras de incentivos ha llevado a resultados sub-óptimos. Estos frecuentemente han tenido un análisis de discrepancias inadecuado para determinar las causas sistémicas del mal funcionamiento. Para canalizar la ayuda de manera apropiada, el análisis subyacente debe ser suficientemente detallado para capturar las diferencias entre (y a veces, dentro de) los socios de ejecución. Las causas fundamentales de los resultados sub-óptimos estaban vinculadas con incentivos disfuncionales de personal en términos de desempeño y de fuerte rotación del personal. En los entornos más comprometidos, los socios tenían la tendencia a identificar mejor las limitaciones de capacidad en términos de política y los organismos reguladores, y demostraron la voluntad de hacerles frente. En este aspecto, la TRA ha tenido más éxito.

*Conclusión 7: El trabajo de la UE en materia de facilitación de comercio ha generado resultados significativos. Sin embargo, se necesitan más reformas coordinadas que incluyan más que las aduanas.*

El trabajo de la UE en materia de facilitación de comercio ha generado resultados significativos y la TRA consistentemente ha usado enfoques bien diseñados y contextualizados, orientados principalmente a las aduanas.

Sin embargo, se necesitan más medidas de reformas coordinadas que vayan más allá de las aduanas, las cuales también serían consistentes con el enfoque de la UE “detrás de las fronteras” en la ayuda al comercio. En repetidas ocasiones, la UE y sus socios nacionales han fracasado en asegurar una mejor coordinación entre las aduanas y otras agencias encargadas de la ejecución de leyes comerciales o relacionadas con el comercio. El escaso intercambio de información entre comunidades de comercio y las agencias relacionadas al comercio – en el mismo país o entre países – en ocasiones ha mostrado perjudicar la eficacia.

*Conclusión 8: Las suposiciones demasiado optimistas respecto al progreso de la integración regional se han sustituido por un enfoque europeo más realista.*

Aunque la UE tenga experiencias útiles en materia de integración regional, los contextos y trasfondos históricos de las diversas organizaciones regionales apoyadas por la UE han sido diferentes a la experiencia europea, que a su vez, ha influido en los resultados. En este caso, la UE y sus socios regionales han aspirado a alcanzar metas y resultados que requieren reformas políticas y cambios que numerosos países rechazaron o no pudieron realizar.

Además, la UE ha sobreestimado tanto las capacidades como los mandatos de las organizaciones regionales. Durante el periodo de evaluación, el diseño y los objetivos fueron influenciados con más realismo, tomando en cuenta cada vez más la necesidad de un compromiso nacional más allá de la retórica. La mayoría del progreso se ha visto en la región ASEAN y en África subsahariana en menor escala.

*Conclusión 9: El apoyo a medidas sanitarias y fitosanitarias y a los OTC a menudo ha supuesto un alto impacto. Sin embargo, la ejecución de acuerdos regionales a nivel nacional ha variado mucho.*

La UE ha contribuido significativamente a la mejora del cumplimiento de las normas comerciales y las evaluaciones de conformidad. Esto ha incrementado la coherencia ya que la mayoría de las normas originan de la UE. Dados sus logros, la UE se ha convertido en una referencia, o incluso un modelo, para los gobiernos nacionales y, en particular, para las organizaciones regionales. El enfoque de la UE en términos de diseño y de implementación de las normas (incluyendo la armonización) ha ganado más relevancia y legitimidad a escala global.

Aunque las organizaciones regionales a menudo han sido capaces de llegar a un acuerdo sobre las medidas sanitarias y fitosanitarias, la implementación y la ejecución eficaces han variado en gran manera. En este ámbito, los países ACP a menudo se han quedado atrasados, en parte por la falta de voluntad política y en parte por las capacidades limitadas a nivel nacional.



*Conclusión 10: El apoyo relacionado al comercio hacia los sectores de producción ha tenido mayor impacto al integrarlo en marcos más amplios.*

El impacto de la TRA en la competitividad de los sectores económicos y de las economías fue reforzado mediante un enfoque selectivo, concentrándose en los sectores y/o grupos en base a un profundo análisis, incluyendo la participación de las partes interesadas pertinentes del sector privado, en el cual se utilizó el conocimiento sectorial disponible a nivel de la elaboración de políticas. En general, en la TRA, especialmente en los países ACP, no se ha tomado adecuadamente en cuenta la potencial contribución a una mayor transferencia de conocimiento a terceros países ni el apoyo enfocado a la innovación.

En consecuencia, uno de los principales fallos de la TRA en lo concerniente a los sectores de producción ha consistido en su incapacidad para enfocarse más en nuevos sectores económicos emergentes, altamente productivos y de largo plazo, que podrían facilitar la tan necesitada transformación estructural, la cual, a su vez, podría fomentar la integración en los mercados globales mediante la diversificación. La TRA también ha tenido un impacto insuficiente, en términos de inversión extranjera directa y de financiación comercial.

Un reto clave aparenta no sólo ser el encontrar un equilibrio para mantener y/o estabilizar las exportaciones en los sectores tradicionales, sino también el estimular el desarrollo de los sectores de exportación no tradicionales que requieren diversificación de productos e innovación.

## Recomendaciones principales

### Estrategia y diseño de la AVC

*Recomendación 1: Considerar actualizar la estrategia europea de ayuda al comercio.*

La actualización de la estrategia de ayuda al comercio reflejaría la creciente diversidad de opciones de apoyo. Asimismo, proporcionaría mejor orientación en materia de análisis contextual y de selección de modalidades.

Es necesario complementar la reciente política comercial y de desarrollo de la UE con orientación más específica respecto a cómo responder a los contextos cambiantes y los recientes desarrollos de la economía global – entre otros, mediante una mejor asistencia analítica sobre el diseño de la TRA y el suministro de

información sobre la gran cartera de instrumentos de ayuda y modalidades disponibles. Esto debería ser hecho en conjunto con los Estados miembros para fomentar aún más la armonización y el alineamiento de la ayuda.

*Recomendación 2: Continuar la diversificación de la cartera de la TRA.*

Debido a que los gobiernos continuamente han reducido las barreras arancelarias a favor del comercio, las cuestiones “detrás de las fronteras” han revestido mayor importancia. La diversificación de la cartera de la TRA podría permitir una ayuda hecha aún más a la medida, especialmente en los países menos desarrollados y en los estados frágiles. Cada país y cada región tiene sus propias necesidades relacionadas con problemas de “detrás las fronteras”.

Los países menos desarrollados y más frágiles, en particular, se enfrentan a desafíos simplemente para mantener su cuota del mercado mundial. En este caso, la UE debería acelerar los esfuerzos de identificación de intervenciones adecuadas y encontrar un equilibrio apropiado de modalidades de apoyo, que puedan no sólo estabilizar los niveles actuales del comercio sino también a largo plazo reducir la dependencia de un pequeño paquete de exportaciones.

*Recomendación 3: Al elegir una modalidad de ayuda, incluir la evaluación de las consecuencias de un alineamiento más amplio y hacer explícito cualquier compromiso (trade-off) entre el alineamiento y los objetivos de la TRA.*

A menudo puede haber compromisos en el diseño de la intervención de la TRA - en particular, entre la ambición de alineamiento y el alcance de objetivos específicos de la TRA. En este contexto, un análisis más profundo de las implicaciones de la selección de la modalidad debería efectuarse durante el diseño de la TRA. Y más específicamente, al apoyar a las organizaciones públicas, tal análisis debería considerar los pros y contras del uso de apoyo presupuestario (en particular el sectorial, abriéndose en un diálogo político más focalizado) y también debería discutir de manera abierta las posibles desventajas en términos de un menor progreso de los resultados de la TRA.

*Recomendación 4: Mejorar la supervisión y la evaluación de la TRA.*

De particular importancia es el refuerzo de la supervisión y de los esfuerzos de evaluación con

respecto a los resultados para los cuales se podría prever una contribución por parte de las intervenciones de la TRA.

Una articulación más cuidadosa del marco de seguimiento y evaluación es necesaria para que los marcos sean capaces de identificar los indicadores significativos a niveles apropiados. Los cambios en términos de renta y de pobreza, las consecuencias distribucionales y las transformaciones estructurales son de particular interés. Se trata de un apoyo a los actores del sector privado y público a pesar de que el enfoque y las metodologías sean diferentes. La UE también podría someter las intervenciones de la TRA a metodologías de seguimiento y evaluación más rigurosas – aplicando, donde sea adecuado, metodologías capaces de identificar el impacto.

### Implementación de la TRA

*Recomendación 5: Reequilibrar la TRA entre los niveles regional y nacional en las zonas donde el compromiso y las capacidades políticas son débiles.*

Por un lado, la UE ha tenido éxito en la integración regional. Por otro lado, ha habido numerosos desafíos que requieren un enfoque más estratégico y contextualizado, que reconozca las diferentes realidades políticas y económicas. En comparación con lo anteriormente realizado, esto podría implicar una reducción del apoyo (en términos de volúmenes) a algunas de las organizaciones regionales basadas en los países ACP y un ajuste hacia objetivos más fácilmente alcanzables (y posiblemente, menos ambiciosos).

*Recomendación 6: Aumentar el uso analítico de herramientas de economía política y de evaluación institucional, en particular para las intervenciones de desarrollo de capacidades.*

Se necesita analizar más sistemáticamente las verdaderas limitaciones que frenan las intervenciones, especialmente en la fase de diseño de intervenciones de desarrollo de capacidades.

La UE debería utilizar mejor y más consistentemente sus propias herramientas, desarrolladas para ese mismo propósito, incluyendo la estrategia troncal de la cooperación técnica. Dicho análisis es especialmente necesario en los contextos débiles y frágiles, y debería ser aplicado en todos los niveles organizacionales relevantes.

*Recomendación 7: Dirigir la facilitación comercial hacia los socios comprometidos y reforzar la coordinación más allá de las reformas aduaneras.*

Las aduanas constituyen una zona particularmente sensible, con una gobernanza y procesos potencialmente en peligro, cuyo carácter informal es alto. Se necesita aplicar evaluaciones institucionales sólidas y rigurosas del compromiso o de resistencia a las reformas.

Sin embargo, las aduanas sólo forman una parte de los retos en la gestión de fronteras que enfrentan los comerciantes. En la perspectiva de extender la visión a cuestiones más amplias de la gestión de fronteras desde el punto de vista comercial, la UE debería de asegurar una mejor coordinación de todas las agencias gubernamentales que tengan algún impacto en el comercio, para enfrentarse mejor a los desafíos institucionales caracterizados por autoridades que se traslapan.

*Recomendación 8: Intensificar el trabajo sobre las normas y los OTC, donde la demanda sea fuerte.*

Será vital basar el aumento de la asistencia en cuanto a las normas y los OTC en un análisis de la demanda, y por consiguiente, en las perspectivas de sostenibilidad.

Además, para mejorar la eficacia y la efectividad de la TRA en esta área, la UE debería ayudar a estructurar el marco institucional, sabiendo que a menudo existen organizaciones duplicadas o que se traslapan. A nivel regional, existe una complejidad adicional – el verdadero compromiso de los Estados miembros para alcanzar los objetivos aprobados colectivamente en esa área.

*Recomendación 9: Considerar concentrarse más en los sectores de producción más allá de los productos de base, aumentando el uso de la promoción de inversión y de los instrumentos de la financiación del comercio.*

La UE cada vez más ha prestado su apoyo a los sectores de producción y ha ayudado a estabilizar los niveles de exportación en los países menos desarrollados, en particular, en África. A menudo, esto se ha enfocado en exportaciones tradicionales, en su mayoría de agricultura.

Para evitar futuras crisis y construir economías más resistentes, la UE debería considerar concentrarse más en las exportaciones no tradicionales con mayor productividad laboral,

mayor valor añadido y externalidades positivas para el resto de la economía. Esto puede considerarse como apoyo a los cambios estructurales que fomenta el crecimiento, que dependen ampliamente de una mejor integración en los mercados mundiales. Mientras ya se han hecho esfuerzos, se necesita hacer más para apoyar el papel de la investigación y la innovación en los sectores de la producción comercial.

En este proceso, la UE debería orientar la promoción de la inversión extranjera directa y la financiación del comercio hacia los sectores altamente productivos con un potencial favorable a la transformación estructural de la base comercial y productiva, facilitando de esta manera las exportaciones más diversificadas. También debería considerar fomentar las sinergias entre el apoyo financiero al desarrollo comercial y el no financiero.

*Recomendación 10: Asegurar un mejor análisis de la pobreza y de las implicaciones de espacio y de género de la TRA.*

La UE debería ser más sistemática en la evaluación, ex ante, de las reformas apoyadas y de los posibles resultados comerciales de la TRA

relacionados con el reparto de la pobreza. Puede ser que se necesiten políticas complementarias o de transición, así como mecanismos de compensación y programas concretos para que las empresas y los trabajadores se beneficien de nuevas oportunidades generadas por las reformas comerciales y para que dichas reformas tengan una amplia aceptación política.

Las políticas y las acciones para alcanzar dichos objetivos a menudo requieren acciones por parte del Ministerio de Empleo y el de Finanzas y no forman parte del mandato del Ministerio de Comercio. En cuestión de espacio, los beneficios de las reformas comerciales comúnmente implican un cambio en la geografía económica que favorece a las zonas metropolitanas más que a las rurales, lo cual, a su vez, podría tener consecuencias distribucionales. Por lo tanto, será muy importante fundamentar la TRA en un amplio análisis de los factores determinantes de la pobreza.



## Resumo Executivo

O Comércio pode ser o principal condutor do crescimento económico. A UE comprometeu-se em aproveitar o seu potencial de redução da pobreza com o objectivo de ajudar os países terceiros a uma melhor integração na economia global, oferecendo-lhes, assim, uma oportunidade para aumentar os benefícios do comércio e da globalização.

O primeiro documento principal sobre a política de comércio e desenvolvimento da UE foi a Comunicação de 2002 *Comércio e Desenvolvimento: Ajudar os Países em Desenvolvimento a Beneficiarem do Comércio*, que delineou as prioridades do apoio para a ajuda da UE ao comércio. Esta foi complementada em 2007 por uma Estratégia conjunta da UE (isto é, incluindo os Estados-Membros), denominada *Estratégia de Ajuda ao Comércio (AaC)*, na qual foram acordados os princípios para a prestação de ajuda, concentrando-se em grande parte na melhoria da coordenação e promoção da harmonização.

Esta avaliação abrange a Assistência Relacionada ao Comércio (ARC) prestada pela UE de 2004 a 2010. ARC diz respeito à categoria 1 de AaC, política e regulamentação em matéria comercial; categoria 2, desenvolvimento comercial; categoria 5, actividades de ajustamento ligadas ao comércio relevantes para ARC e à categoria 6, outras necessidades relacionadas com o comércio. O objectivo de ARC, desde que no contexto de um programa de eficácia da ajuda, foi contribuir para a redução da pobreza através de um aumento sustentável no emprego e no rendimento em países terceiros.

### Avaliação Geral

Ao longo da última década, a ARC da UE a países terceiros aumentou rapidamente. Atingiu o seu pico em 2006, mas desde então estabilizou. As dotações ARC reflectiram largamente as prioridades da UE, que providenciou um significativo valor agregado a muitas das intervenções ARC. A ARC da UE tem mantido a sua relevância ao longo do tempo e tem ampliado largamente o apoio, dando maior ênfase à facilitação comercial, normas e constrangimentos "por detrás das fronteiras" relacionados com as exportações dos sectores de produção.

Através da ARC da UE, foram alcançados resultados significativos na maioria das áreas prioritárias. O sucesso da ARC e dos processos de reformas comerciais apoiados correlacionados com a existência de governos empenhados com competências políticas comprovadas para implementar processos políticos mais abrangentes com base em indicadores de sucesso bem delineados e propriedade de parceiros e ferramentas de monitorização. Além disso, os mecanismos de coordenação relacionados com o comércio nas relações entre a UE e outros parceiros de desenvolvimento têm sido fortalecidos ao longo do tempo. Tem havido uma clara *contribuição* da UE para progredir no sentido de fazer o comércio trabalhar para os resultados de desenvolvimento. Apropriação política e liderança para implementar reformas comerciais não foram surpreendentemente a chave para o sucesso, não só na cooperação económica regional como também em relação às reformas comerciais.

No período em análise, muitos países terceiros aprofundaram a sua integração na economia mundial, especialmente na Ásia. Enquanto os principais impulsionadores do impacto positivo foram os governos e os actores do sector privado com forte orientação comercial e compromisso para a integração, não obstante, a UE acelerou o processo e ajudou a assegurar uma melhor conformidade com as normas e regulamentos internacionais. Contudo, a maioria dos PMD - nomeadamente na África Subariana - não conseguiram aumentar substancialmente a sua quota na economia mundial e os ganhos comerciais realizados foram frequentemente limitados pelo aumento da produção e o comércio das poucas mercadorias e produtos exportados tradicionalmente. ARC não tem estado suficientemente empenhada ou capaz de ajudar na iniciação de uma transformação estrutural, especialmente em PMD e economias baseadas nas mercadorias. ARC também contribuiu muito para climas de investimento reforçados em países terceiros. A ARC da UE tem por conseguinte um sucesso limitado na aceleração da integração de muitos países pobres na economia mundial.

A ARC apoiou a estabilização e modesta expansão do comércio dos países em desenvolvimento mais pobres, e por isso tem tido algum sucesso em uma parte do objectivo central

TRA - a de aumentar o comércio. Contudo, tem tido menos sucesso na outra parte do objectivo - a de diversificar o comércio. De facto, muitos PMDs e países subsarianos viram a situação inversa da concentração comercial durante o período avaliado. Nesta área. A ARC da UE provavelmente não proporcionou o que estava previsto nos documentos estratégicos.

Este desenvolvimento minou a capacidade dos países pobres aumentarem, inclusivamente, as oportunidades de emprego que poderiam agir como um catalisador para uma subida no rendimento real a longo prazo - outro objectivo chave da ARC. Consequentemente, ainda existe um programa por terminar - especialmente em África e nos PMD - para ajudar a tornar o comércio e o crescimento associado mais inclusivo através de uma aceleração dos esforços visados para diversificar economias e características comerciais.

### Principais Resultados

Entre 2004 e 2010, 44 % do apoio directo da UE à ARC (isto, excluindo o apoio orçamental geral) foi dedicado ao desenvolvimento comercial, 43% à política comercial e integração regional com um ajustamento ligado ao comércio e outras necessidades relacionadas com o comércio a representarem o restante. O apoio foi concentrado em três regiões principais: ACP (48%), ENP (27%), Ásia (11%). A América Latina e iniciativas globais representam o restante.

### Alinhamento

A ARC da UE tem vindo a ser cada vez mais alinhada às prioridades dos seus parceiros, e, principalmente na fase inicial do período avaliado, existiu também uma clara tendência para trabalhar através de sistemas e procedimentos nacionais no sentido de fortalecer os mesmos.

Houve uma considerável dependência explícita sobre as estratégias dos parceiros na justificação e áreas de foco da ARC, tanto a nível nacional como regional. Contudo, o ritmo a que os sistemas dos parceiros foram fortalecidos foi frequentemente inferior ao inicialmente antecipado. Isto foi, em parte, devido a pressupostos demasiado optimistas relativamente aos prazos necessários para melhorar os sistemas e procedimentos institucionais complexos. Os dados indicam que a posse e o compromisso dos parceiros foram determinantes mais críticos do impacto e sustentabilidade da ARC do que o grau de alinhamento.

No final do período avaliado, a ARC da UE tendeu a recorrer a abordagens menos alinhadas - com a redução do uso de apoio orçamental. Isto sugere que, em determinados contextos, poderá existir uma compensação entre os objectivos de alinhamento e a procura dos resultados específicos da ARC.

### Modalidades, canais e apropriação da Ajuda

As modalidades e canais de execução da UE foram maioritariamente apropriados para fornecer ARC. Houve uma forte confiança na abordagem do projecto, a qual, em muitos casos, foi a escolha apropriada, dependendo do contexto nacional ou regional.

A falta de capacidade de absorção do lado do parceiro foi observada em todas as modalidades. Predominantemente, isto deveu-se aos desafios na avaliação apropriada das capacidades de implementação dos destinatários da ARC. Em geral, a UE baseou a sua escolha de modalidade de ajuda na avaliação do contexto nacional e/ou regional específico. Contudo, concluiu-se que as vantagens e desvantagens das diferentes modalidades foram sistematicamente analisadas apenas em alguns casos.

O apoio orçamental sectorial (AOS) facilitou efectivamente os processos de reforma do comércio que exigiam o impulsionamento de uma ampla gama de actividades de desenvolvimento pelo respectivo governo parceiro. Sem surpresa, um denominador comum para o sucesso parecia ser os governos altamente comprometidos a assumir uma liderança forte para os processos de reforma do comércio, e para a apropriação na concepção, implementação e monitorização da política. O apoio orçamental geral (AOG) provou ser uma modalidade eficaz para apoiar as reformas relacionadas com o comércio quando os parceiros seguiram prioridades e estratégias de reforma do comércio claras e traduziu eficazmente estas estratégias em programas operacionais. Contudo, a identificação da localização exacta e dos incentivos à apropriação deviam ter sido mais acentuados. Apenas foram feitos esforços limitados para compreender os impulsionadores institucionais e políticos, e barreiras também, às reformas do comércio que prejudicaram a eficácia e o impacto da ARC

Na maioria das circunstâncias, os canais de distribuição escolhidos (isto é, os parceiros através dos quais o apoio foi implementado) foram eficientes no fornecimento de

conhecimentos necessários para ARC e a UE fez um uso criterioso dos diferentes canais para esse efeito.

### ***Coordenação, complementaridade e coerência***

O apoio da UE à ARC tem sido concebido e implementado de forma coordenada e complementar. A coerência dos objectivos ARC da UE com políticas relacionadas com o comércio e de desenvolvimento chave foram integradas ao nível da programação e formulação e também foram mantidas durante a implementação. A importância de alcançar uma coerência política forte relativamente à ARC foi cada vez mais reconhecida, não só pelos tomadores de decisões na sede da UE como também ao nível de Delegação da UE e Estados-Membros.

O diálogo político é um instrumento amplamente reconhecido para promover a coerência. Embora a intensidade do diálogo político tenha variado entre países e regiões, em geral tem dado um contributo importante em termos de abrir o caminho para estabelecer e aumentar a coerência com políticas de desenvolvimento chave e relacionadas com o comércio tais como normas sanitárias e fitossanitárias (NSF) e acordos sobre barreiras técnicas ao comércio (BTC). O diálogo político reforçado sobre questões comerciais (nomeadamente relacionadas com NSF) andou de mão dada com a existência de governos altamente empenhados que assumem o seu papel de liderança e com o apoio bem concebido.

Os mecanismos de coordenação com os Estados-Membros da UE foram bem desenvolvidos na maioria dos casos. No final do período avaliado, os grupos de coordenação formal foram estabelecidos na maioria dos países e regiões. Existiram contudo, ainda desafios de coordenação substanciais bem como as poucas energias entre ARC ao nível nacional, regional e global.

### ***Política Comercial***

A UE fez importantes contribuições para melhorar os ambientes da política comercial, em especial nos países e regiões onde existia uma forte procura desse apoio. Na parte inicial do período avaliado, houve uma forte ênfase no desenvolvimento da capacidade de negociação comercial - frequentemente com sucesso considerável, mas também com resultados variáveis entre países e regiões.

O principal desafio foi manter a sustentabilidade dos níveis de capacidade, em especial em

ambientes de política mais fraca. Aqui, os fundamentos analíticos da ARC da UE nem sempre permitiram abordar melhor os desafios sistémicos prejudicando o fortalecimento da capacidade. Por vezes, a abordagem de desenvolvimento da capacidade usada tem sido muito estreitamente baseada nos aparentes "hiatos" e no fornecimento dos dados de reforço de capacidade, como a formação e Assistência Técnica (AT). Estas abordagens não têm sistematicamente em consideração as estruturas de incentivo e o frequente e complexo contexto institucional em que as instituições parceiras operavam minava as perspectivas de sustentabilidade.

Não obstante, houve uma maior sensibilização e análise da importância do contexto em que a ARC para formulação da política está a ser implementada. De igual modo, ao longo do tempo, a UE geralmente tornou-se mais explícita ao basear a sua ARC nas lições retiradas de intervenções anteriores. Todavia, em algumas instâncias a análise da política de comércio continuou a ser algo superficial e não suficientemente orientada pela procura.

### ***Incentivos ao Comércio***

A ARC relacionada com os incentivos ao comércio teve um significativo impacto na redução dos custos de transacção relacionados com o comércio, especialmente nas alfândegas. Isto é demonstrado pela simplificação de procedimentos e redução nos atrasos. No entanto, as reduções de custo de transacção específica têm ainda de ser frequentemente traduzidas em reduções no custo de transacção relacionado com o comércio geral, sugerindo ser necessária uma maior coordenação com outras agências para além das alfândegas. Ainda existem desafios para tornar as reformas personalizadas bem coordenadas com outras questões que dificultam o comércio, como as políticas agrícolas e de saúde.

Em geral, a UE não aplicou uma abordagem de "um tamanho único para todos". Todas as intervenções ao nível nacional e regional com o objectivo de reforçar o comércio foram especificamente direccionadas para as questões ligadas ao comércio mais prementes no respectivo ambiente regional ou nacional.

### ***Conformidade com as Normas***

A ARC da UE fortaleceu a capacidade dos países terceiros no domínio da definição de normas de comércio internacionais, em especial ligadas à

infra-estrutura de qualidade e de reforço da capacidade dos técnicos. Foi geralmente bem adaptado às necessidades nacionais, em especial no final do período avaliado.

Foi alcançado um maior impacto em países mais bem preparados e onde uma maior dependência do comércio da UE aumentou a pressão competitiva pela conformidade. Em países com uma infra-estrutura de qualidade mais fraca, a base tem de ser fortalecida, mas ainda não existe capacidade para definir normas técnicas e os mecanismos de avaliação da conformidade tendem a ser ineficazes. ARC também teve um maior impacto na área da conformidade BTC, ao passo que o sucesso na área mais complexa de gestão de controlo NSF tem sido mais misto.

A UE tem como alvo a revisão da estrutura jurídica, formação técnica e fornecimento de equipamento como principais limitações à capacidade. O impacto da revisão da legislação deverá ser visto apenas no longo prazo, mas as bases para a reforma têm sido firmemente estabelecidas na maioria dos casos. Foi feito um progresso substancial em termos de fortalecimento institucional, formação e equipamento.

A participação das autoridades do país parceiro na concepção e envolvimento com os órgãos que definem a norma internacional, não parece ter-se tornado mais eficaz apesar da disposição de equipamento e a formação de funcionários científicos pela UE.

### **Integração Regional**

A UE fez fortes contribuições para a promoção dos processos de integração regional, embora com variações geográficas significativas. A coordenação e criação de sinergias entre as intervenções de apoio à integração aos níveis regional e nacional melhoraram durante o período avaliado, mas tal foi a partir de um nível inicial baixo e ainda há margem para melhorias. O envolvimento do sector privado e outros intervenientes não estatais está apenas agora a emergir e permanece um ponto de fraqueza.

A UE tem contribuído para o aprofundamento e alargamento da integração regional em uma ampla gama de áreas, através do apoio ao design e, em menor medida, e em um grau mais diverso, para implementar novos protocolos, acordos-quadro e regulamentos harmonizados. Por exemplo, a UE tem liderado o processo de criação de regimes NSF e BTC regionais. Contudo, no caso da África

Subsariana, a sobreposição de organizações regionais acrescentou complexidade ao apoio à integração regional e tem contribuído para desafios na coordenação das intervenções. Combinado com uma vontade política mista e capacidades debilitadas, tal tem prejudicado o progresso.

ARC também contribuiu para a integração, e em parte implementação de compromissos económicos regionais a nível nacional. Há indícios de que a obrigação de cumprir com as medidas NSF e TBT fortaleceu os regimes comerciais regionais em algumas regiões e os direitos de propriedade intelectual foram um grande sucesso no caso específico da ASEAN. O progresso foi frequentemente abrandado por uma falta de vontade política (em parte devida ao proteccionismo nacional) ou baixa capacidade técnica, lacunas na capacidade-expectativa nos processos de integração económica regional e a natureza intergovernamental (em oposição às estruturas supranacionais) de todas as organizações regionais.

### **Desenvolvimento Comercial**

A contribuição da ARC da UE para reduzir as limitações à oferta e aumentar a competitividade internacional das empresas apoiadas foi substancial e ajudou consideravelmente a melhorar o acesso ao mercado por parte das empresas. Contudo, ao nível nacional mais amplo, o impacto e a sustentabilidade da ARC da UE sobre o aumento da competitividade internacional tem sido menos evidente.

A UE apoiou substancialmente o sector de produção ligado ao comércio - muitas vezes incidindo sobre as exportações tradicionais, como nos sectores da agricultura e pescas. Contribuiu claramente para a estabilização dos níveis de exportação nestes sectores, e também, com preços de mercadorias mais elevados, para melhores rendimentos na última parte do período avaliado.

Mais fundamentalmente, a UE tem lutado, especialmente nos países ACP, para promover uma diversificação de produtos eficaz que poderia aumentar o elemento de valor agregado das exportações e promover mais inovações e pesquisas nas indústrias apoiadas. Existem apenas alguns exemplos de apoio aos sectores produtivos sendo o catalisador para uma alteração mais estrutural nos países beneficiários, mas, quando experimentado, isto tem sido frequentemente bem-sucedido.

O foco limitado tanto na melhoria do clima de investimento - incluindo a atracção de investimento directo estrangeiro (IDE) - e financiamento ao comércio limitaram ainda mais a contribuição da UE para alterar a estrutura de comércio e produção para actividades de alta produtividade, que são factores-chave de um desenvolvimento económico sustentado.

### **Contribuição para a redução da pobreza**

A redução da pobreza não foi suficientemente integrada no design e implementação da ARC. A declaração política da UE de que *o comércio pode promover o crescimento e redução da pobreza e ser um importante catalisador para o desenvolvimento sustentável* não foi explicitamente operacionalizada na maioria intervenções.

Os níveis de pobreza desceram na maioria dos países e regiões durante o período avaliado, mas simultaneamente, a vulnerabilidade aumentou - em parte devido às reformas económicas, das quais as reformas do comércio tiveram uma participação significativa. É plausível que a ARC da UE contribuiu para ambos os aspectos. Contudo, nem a relação de diminuição de pobreza absoluta com ARC nem a intensificação da vulnerabilidade como resultado das reformas do comércio têm sido consistentemente vigiadas e documentadas pela UE. Isto tem prejudicado a capacidade de fornecer medidas de acompanhamento destinadas a reduzir essa vulnerabilidade.

## **Conclusões**

### **Design, gestão e monitorização de ARC**

*Conclusão 1: Uma carteira ARC alargada permitiu à UE participar em diversos contextos de forma bem-sucedida e relevante.*

A UE tem vindo justamente a complementar ARC para abranger cada vez mais áreas ARC, como a promoção da exportação, reforçar o comércio e melhorar a conformidade com as normas BTC.

Isto permitiu à UE enfrentar as restrições ao comércio de forma abrangente e a concentrar-se nas limitações mais prementes para o comércio. Também permitiu à UE tornar-se mais selectiva na segmentação de ARC para sectores e áreas temáticas onde a procura e a relevância têm sido mais fortes. A UE tem geralmente aproveitado as oportunidades para diversificação da carteira ARC, o que lhe permitiu um melhor enfoque nas

intervenções ARC mais relevantes e também nos contextos mais frágeis.

*Conclusão 2: A Estratégia Conjunta AaC da UE de 2007 apoiou os esforços de harmonização e alinhamento mas o momentum tem vindo a enfraquecer recentemente.*

A UE tem estado na vanguarda da implementação das ambições consagradas na Estratégia ARC 2007 e o programa de eficácia de ajuda mais amplo e tem a sua ARC cada vez mais harmonizada com outros parceiros de desenvolvimento e alinou-a para os sistemas parceiros.

O uso de apoio orçamental tem sido uma força motriz para esta concretização. O AOS em particular tem muitas vezes apoiado com sucesso as reformas ligadas ao comércio. Foi eficaz especialmente em ambientes com um governo altamente empenhado e com capacidades políticas comprovadas para implementar processos de reforma abrangentes com base nos indicadores de sucesso bem concebidos com base em indicadores de sucesso bem delineados e propriedade de parceiros e ferramentas de monitorização. No entanto, em especial o apoio orçamental geral não tem proporcionado de forma consistente um dos principais benefícios - um enfoque acrescido no diálogo político. Também foi observada uma inversão recente da tendência de apoio orçamental para ARC, o que implica que o uso de sistemas dos parceiros diminuiu.

Contudo, também se concluiu que deixando de lado o princípio de *Gerir para os Resultados*, a importância da *apropriação* tem sido tão grande que superou os outros princípios da Declaração de Paris e a modalidade de ajuda como um indicador da eficácia da ARC. Tal não foi, frequentemente, tido em consideração de forma suficiente durante a concepção da ARC.

*Conclusão 3: O apoio ARC da UE tem sido bem coordenado e complementar, mas com desafios de coordenação principalmente ao nível regional.*

Durante o período avaliado, a coordenação da ARC melhorou, com os Estados-Membros e outros parceiros de desenvolvimento a utilizarem cada vez mais mecanismos institucionalizados. No entanto, as falhas e os desafios ainda existem, especialmente no que diz respeito às ligações sistemáticas entre o apoio global, regional e nacional. A falta de complementaridade e coordenação entre ARC a nível regional e



nacional, frequentemente reflectida na limitada procura nacional de apoio à integração regional e traduzida em dificuldades no sentido de envolver as autoridades nacionais no apoio das iniciativas regionais.

A UE frequentemente carecia de uma avaliação realista dos compromissos nacionais cruciais para implementar acordos regionais, enquanto as organizações regionais têm, por vezes, visões e objectivos ambiciosos não sendo compatíveis com a vontade política e capacidades ao nível nacional

*Conclusão 4: Actores não estatais têm estado envolvidos de forma insuficiente na concepção, implementação e monitorização da ARC.*

À excepção do apoio aos sectores de produção ligados ao comércio, a ARC foi concebida e implementada essencialmente através de parcerias com governos e organizações regionais.

Existiram muitas instâncias de consultas, especialmente com o sector privado, mas isto foi mais frequentemente para informar o sector privado do que para encetar um diálogo sobre como melhor utilizar a ARC. Um dos principais desafios foi a capacidade e representatividade limitada das organizações do sector privado que mina a sua capacidade de participar no diálogo positivo e concepção.

A participação dos órgãos representativos sofreu um crescimento no final do período avaliado, mas permaneceu a um nível baixo, considerando que o sector privado é um dos principais beneficiários da ARC. O amplo espectro dos Actores Não Estatais (ANE) tem apenas estado envolvido marginalmente na ARC.

*Conclusão 5: A UE e os seus parceiros não asseguraram frequentemente a monitorização dos resultados e do impacto, reduzindo desta forma as oportunidades de aprendizagem.*

A monitorização tem sido frequentemente a entrada ou, na melhor das hipóteses, o nível de produção, o que tem feito pouco para resolver as questões fundamentais dos resultados ou tem sido ao nível macro (por exemplo, aumento das exportações), o que foi demasiado distante das intervenções ARC para ser informativo sobre a contribuição.

Não têm faltado oportunidades para medir o impacto sobre a pobreza da ARC, especialmente ao apoiar os sectores produtivos relacionados com o comércio. De igual modo, aquando da promoção de reformas do comércio mais abrangentes, a UE

e, mais importante ainda, os seus parceiros, negligenciaram frequentemente as análises do impacto significativo sobre a pobreza, género, disparidades regionais e dinâmica do mercado de trabalho.

## Resultados ARC

*Conclusão 6: A UE ajudou a melhorar a capacidade das instituições públicas envolvidas na política e regulamentação do comércio, mas com uma análise contextual insuficiente do quadro de incentivos para o desenvolvimento comercial, em especial em ambientes mais fracos.*

A ARC da UE tem estado empenhada na área central da capacidade de negociação comercial, onde o sucesso tem sido alcançado, mas também sobre os desafios encontrados em termos de sustentar a capacidade na fase pós-projecto. O enfoque também incluiu o apoio ao desenvolvimento de capacidade de uma ampla gama de instituições do sector público, como as agências de promoção da exportação e comércio e as entidades reguladoras.

Enquanto a UE melhorou as análises ao nível macro, o que resultou em um enfoque *estratégico*, a ausência generalizada de avaliações robustas dos ambientes institucionais e estruturas de incentivo levou a resultados abaixo do ideal, frequentemente com análises de lacunas a serem inadequadas na determinação de causas sistémicas de disfuncionalidade. Para orientar apropriadamente o apoio, a análise subjacente tem de ser suficientemente detalhada para captar as diferenças entre (e por vezes dentro) dos parceiros de implementação. As principais causas para resultados de qualidade inferior foram frequentemente relacionadas com incentivos de pessoa disfuncional para o desempenho e rotação de pessoal superior. Em ambientes mais empenhados, os parceiros tenderam a ter uma perspectiva mais clara de onde se encontravam as limitações de capacidade nos principais órgãos reguladores e de política e demonstraram vontade em as abordar. Aqui, a ARC da UE foi mais bem-sucedida.

*Conclusão 7: O trabalho da UE no reforço do comércio tem apresentado resultados significativos mas ainda existe uma necessidade de reformas mais coordenadas para além das aduaneiras.*

O trabalho da UE no reforço do comércio tem apresentado resultados significativos e a ARC tem



usado consistentemente abordagens contextualizadas e bem concebidas, visando principalmente a alfândega

Contudo, ainda existe uma necessidade de medidas de reforma mais coordenadas para além da aduaneira, o que também seria consistente com o mais recente enfoque "para trás da fronteira" de uma AaC mais ampla. A UE e os seus parceiros nacionais falharam muitas vezes na garantia de uma melhoria coordenação entre as alfândegas e as outras agências ligadas ao comércio e de aplicação da lei. A partilha de informação demasiado limitada entre comunidades comerciais e agências ligadas ao comércio - no mesmo país ou entre países - também enfraqueceu a eficácia muitas vezes.

*Conclusão 8: Pressupostos demasiado optimistas sobre o progresso na integração regional foram substituídos por uma abordagem mais realista da UE*

Enquanto a própria UE possui experiências úteis na integração regional, os contextos e antecedentes históricos das diversas organizações regionais que a UE tem apoiado têm sido frequentemente muito diferentes da experiência Europeia, o que por sua vez também tem afectado os resultados. Aqui, a UE e os seus parceiros regionais visaram alcançar metas e resultados exigindo reformas e alterações políticas que muitos dos países parte não estavam dispostos ou eram incapazes de assumir.

Além disso, a UE tem, por vezes, sobrestimado quer as capacidades quer os mandatos das organizações regionais. Durante o período sob avaliação, existiu cada vez mais realismo a influenciar o projecto e as metas, levando cada vez mais em consideração a necessidade de ter um compromisso nacional que se estenda para além da retórica. Foi observado um maior progresso nos ASEAN e menor na África Subsariana.

*Conclusão 9: O apoio NSF e BTC têm frequentemente levado a um maior impacto, mas a aplicabilidade dos acordos regionais ao nível nacional tem variado muito.*

A UE tem feito contribuições significativas para melhorar a conformidade com normas ligadas ao comércio e avaliação da conformidade. Tal aumentou a coerência, visto que muitos dos requisitos de conformidade têm origem na UE. Devido aos seus próprios resultados, a UE foi, portanto, vista como um ponto de referência, ou mesmo como um modelo, para os governos

nacionais e particularmente organizações regionais. Isto aumentou a relevância e a legitimidade da abordagem da UE face à concepção e implementação de normas (incluindo harmonização) à escala global.

Enquanto as organizações regionais foram frequentemente capazes de alcançar um acordo sobre as questões NSF, a implementação efectiva e a aplicabilidade tem variado muito, com os países ACP frequentemente a ficarem para trás, devido em parte à falta de vontade política e em parte devido às capacidades limitadas ao nível nacional.

*Conclusão 10: O apoio ligado ao comércio aos sectores de produção tem tido um maior impacto quando integrado em enquadramentos mais amplos.*

O impacto da ARC sobre a competitividade dos sectores económicos ou economias foi reforçado através de uma abordagem selectiva com enfoque nos sectores e / ou grupos com base numa análise cuidadosa, com a participação de agentes do sector privado relevantes, utilizando o conhecimento sectorial disponível ao nível da elaboração de políticas e de desenho na academia. Em geral, a contribuição potencial de uma maior transferência de conhecimentos a países terceiros e o apoio específico à inovação não foram devidamente tidos em consideração na ARC, em particular nos países ACP.

Uma limitação chave da ARC aos sectores de produção foi assim a sua incapacidade para dirigir mais sectores económicos a longo prazo, altamente produtivos novos emergentes que poderiam facilitar a muito necessária transformação estrutural, a qual poderia fomentar a integração nos mercados mundiais, através de, por exemplo, a diversificação. A ARC para IDE e financiamento do comércio também tiveram um impacto insuficiente.

Um desafio chave parece ser não só a descoberta de um mix apropriado para manter e/ou estabilizar as exportações nos sectores tradicionais como também para impulsionar o desenvolvimento de sectores de exportação não tradicionais que careçam de inovação e diversificação de produto.

## Principais recomendações

### Estratégia e concepção ARC

*Recomendação 1: Considerar a actualização da Estratégia Conjunta da UE AaC.*

A actualização da Estratégia AaC iria reflectir a crescente diversidade das opções de apoio. Também iria proporcionar uma melhor orientação sobre a análise de contexto e escolhas da modalidade.

Existe uma necessidade de complementar a recente política de desenvolvimento e comércio da UE com orientação mais específica sobre como ARC deve responder aos contextos em evolução e aos recentes desenvolvimentos na economia global - sobretudo em termos de uma melhor orientação analítica sobre a concepção da ARC e a provisão de informação sobre a muito alargada carteira de instrumentos e modalidades de ajuda disponíveis. Isto deve ser feito em conjunto com os Estados-Membros da UE para aumentar ainda mais a harmonização e alinhamento da ARC da UE.

*Recomendação 2: Continuar a diversificação da carteira ARC.*

Como os governos reduziram continuamente as barreiras pautais para o comércio, as questões por trás das fronteiras assumiram uma importância crescente. A diversificação da carteira ARC deverá permitir uma assistência ainda mais personalizada, especialmente aos PMD e estados frágeis. Os diferentes países e regiões têm diferentes necessidades dentro das questões por trás da fronteira.

Os países menos desenvolvidos e mais frágeis enfrentam, em particular, desafios como apenas manter a sua quota no mercado mundial. Aqui, a UE deve acelerar os esforços para identificar intervenções apropriadas e um conjunto de modalidades de apoio apropriadas que podem não só auxiliar na estabilização dos níveis actuais de comércio como também, a longo prazo, na redução da dependência de um conjunto de exportação restrito.

*Recomendação 3: Aquando da escolha de uma modalidade de ajuda, incluir a avaliação das consequências de alinhamento mais abrangentes e tornar claro quaisquer compromissos entre os objectivos de alinhamento e ARC.*

Frequentemente poderão existir compromissos envolvidos na concepção da intervenção ARC - em particular, entre a ambição de alinhamento e a prossecução dos objectivos ARC específicos. Neste contexto, deve ser realizada uma análise mais aprofundada das implicações da escolha de modalidade aquando da concepção da ARC. Nomeadamente, aquando do apoio de

organizações públicas, essa análise deve considerar os prós e os contra de utilizar apoio orçamental (especialmente baseado no sector o que permite o diálogo de políticas mais específicas) e discutir abertamente os possíveis inconvenientes em termos de um menor progresso no alcançar de resultados ARC específicos.

*Recomendação 4: Melhorar a monitorização e avaliação ARC.*

De particular importância será o fortalecimento da monitorização e avaliação dos esforços relativamente aos resultados que as intervenções ARC podem razoavelmente esperar dar um contributo.

É necessária uma articulação mais cuidadosa dos quadros de M&A, tornando os quadros capazes de identificar indicadores significativos em níveis apropriados. De particular interesse será as alterações ao rendimento e pobreza, consequências de distribuição e transformações estruturais. Isto aplica-se ao apoio de intervenientes do sector público e privado apesar do enfoque e metodologias poderem diferir. A UE também pode desejar sujeitar as intervenções ARC a metodologias de monitorização e avaliação mais rigorosas - utilizando, sempre que apropriado, metodologias capazes de identificar o impacto.

#### **Implementação ARC**

*Recomendação 5: Reequilibrar ARC entre os níveis regional e nacional em áreas onde o compromisso e a capacidades políticas são fracas.*

Enquanto a UE alcançou sucessos na integração regional, também existiram muitos desafios, apelando a uma abordagem mais estratégica e contextualizada que reconheça as diferentes realidades políticas e económicas. Isto pode incluir uma redução progressiva do apoio (em termos de volumes) a algumas organizações regionais baseadas em ACP, em comparação com o que foi visto anteriormente e um ajuste no sentido de os objectivos serem mais facilmente alcançáveis (e eventualmente menos ambiciosos).

*Recomendação 6: Aumentar o uso analítico das ferramentas económicas e políticas e avaliação institucional, em especial para as intervenções de desenvolvimento de capacidade.*

Existe a necessidade de analisar mais sistematicamente as limitações de vinculação real, em especial aquando da concepção de intervenções de desenvolvimento de capacidade.

A UE deve fazer um melhor e mais consistente uso das suas próprias e robustas ferramentas desenvolvidas para esse efeito, incluindo a estratégia principal de cooperação técnica. Especialmente em contextos fracos e frágeis, essa análise é necessária e deve ser aplicada a todos os níveis organizacionais relevantes.

*Recomendação 7: Reforço directo do comércio para parceiros comprometidos e fortalecer a coordenação para além das reformas aduaneiras.*

A alfândega é uma área especialmente sensível com uma governação potencialmente comprometida e processos caracterizados por um elevado grau de informalidade. Existe a necessidade de aplicar avaliações do compromisso institucionais saudáveis e rigorosas ou da resistência a reformas.

No entanto, as alfândegas são apenas uma parte dos desafios de gestão fronteiriça que os comerciantes enfrentam. Em linha com o enfoque ampliado sobre questões mais amplas da gestão das fronteiras relacionadas com o comércio que a UE já está a abordar, a UE deveria garantir uma melhor coordenação de todos os organismos governamentais que influem no comércio para abordar melhor os desafios institucionais que se caracterizam pela sobreposição de autoridades.

*Recomendação 8: Intensificar o trabalho sobre normas e BTC quando a procura é forte.*

Será vital para basear uma maior assistência no âmbito das normas e BTC sobre a análise a fundo da procura e, em parte como consequência disso, as perspectivas de sustentabilidade.

Além disso, para melhorar a eficiência e eficácia de ARC nesta área, a UE também pode ter de ajudar a simplificar o marco institucional, em parte sobrepondo e duplicando organizações frequentemente existentes. A nível regional, encontra-se a maior complexidade de compromisso real dos estados membros para a realização de objectivos comumente acordados na zona.

*Recomendação 9: Considerar a possibilidade de uma maior atenção aos sectores de produção para além dos produtos tradicionais com maior uso dos instrumentos de promoção de investimento e de financiamento do comércio*

A UE tem proporcionado cada vez mais assistência ao sector de produção e já ajudou a estabilizar os níveis de exportação de muitos países menos adiantados, especialmente em

África. Isto centrou-se frequentemente nas exportações tradicionais, dominadas pela agricultura.

Para se proteger face a crises futuras e tornar as economias mais resistentes, a UE deveria considerar uma acentuação mais forte de apoio às exportações não tradicionais com maior produtividade do trabalho, maior valor agregado e as externalidades positivas ao resto da economia. Isto pode caracterizar-se por um apoio às alterações estruturais de crescimento e melhoria que são altamente dependentes de uma melhor integração nos mercados mundiais. Ainda que se tenham feito algumas tentativas, pode fazer-se mais para apoiar o papel da investigação e inovação nos sectores de produção ligados ao comércio.

Neste processo, a UE deveria centrar-se na promoção de IDE e no financiamento do comércio mais no sentido dos sectores altamente produtivos que têm o potencial de ajudar a uma transformação estrutural da base do comércio e à produção, o que facilita as exportações mais diversificadas. Também deve considerar a melhoria das sinergias entre o apoio financeiro e não financeiro para o desenvolvimento do comércio.

*Recomendação 10: Garantir uma melhor análise da pobreza, as implicações espaciais e de género da ARC.*

A UE deve ser mais sistemática sobre a avaliação, ex-ante, dos resultados distributivos da pobreza possivelmente relacionados com o comércio e as reformas apoiadas. Podem ser necessárias políticas complementares ou de transição, assim como mecanismos de compensação e programas específicos para garantir que as empresas e os trabalhadores podem beneficiar das novas oportunidades criadas pelas reformas do comércio e que as reformas têm uma ampla aceitação política.

As políticas e acções para alcançar estes objectivos requerem, frequentemente acções por parte dos ministérios das finanças e trabalho e não são parte do mandato dos ministérios do comércio. Especialmente, os benefícios das reformas comerciais implicam, frequentemente, uma alteração na geografia económica favorecendo as áreas metropolitanas face às rurais, o que por sua vez também pode ter consequências de distribuição. Será, por conseguinte, importante ancorar ARC de forma mais robusta numa análise mais vasta dos determinantes de pobreza.

## 1 Introduction

This report presents the outcome of the *Evaluation of the European Union's Trade-Related Assistance in Third Countries*. It was commissioned by DG DEVCO's Evaluation Unit<sup>1</sup> and implemented between December 2010 and October 2012<sup>2</sup>.

### 1.1 Objectives, scope and coverage of the evaluation

According to the Terms of Reference (ToR) of this evaluation, its **main objectives** are to:

- Provide the relevant development and cooperation services of the EU and the wider public with an **overall and independent assessment of the EU's Trade-related Assistance (TRA) in third countries**. It should also serve policy decision-making and project management purposes.
- Identify **key lessons** in order to improve current and future strategies and programmes of the EU.

**The purpose** of the evaluation is to assess to what extent the EU's TRA has been relevant, efficient, effective and sustainable in providing the expected impacts in supporting trade integration efforts in third countries. It assesses whether the relevant development cooperation policies laid down by the EU have been implemented and had the desired effect. It pays detailed attention to the co-ordination and complementarity with other donors and actors, and to the coherence of TRA with relevant EU policies and the partner Governments' priorities and policies.

**The evaluation covers** support to TRA over the period 2004-2010. The geographical scope covers all third countries, including ACP and non-ACP countries, with the exception of regions and countries under the mandate of DG Enlargement. In accordance with the ToR, the evaluation takes into account all aid modalities and channels that were used to deliver TRA, including project support, sector budget support (SBS) and general budget support (GBS) ("indirect support"), as well as funds channelled through multilateral organisations or global initiatives.

**The evaluation also serves policy decision-making and project management purposes.** It arrives at an overall judgment of the extent to which EU policies, strategies and sector programmes, including sector budget support and general budget support, have contributed to the achievement of the objectives and intended impacts of the EU's support to TRA, based on the answers to agreed EQs. The strategic backdrop against which EU TRA is evaluated derives from two core documents:

- *Trade and Development – Assisting Developing Countries to Benefit from Trade*<sup>3</sup>.
- *EU Strategy on Aid for Trade: Enhancing EU support for trade-related needs in developing countries – Conclusions of the Council*<sup>4</sup>.

In addition, **further guidelines and/or policy documents** were taken into account, such as the *Communication Towards an EU Aid for Trade Strategy – the Commission's contribution*<sup>5</sup>, and the *Guidelines for European Commission Trade Related Assistance*<sup>6</sup>.

The evaluation **covers activities in the field of TRA** and trade-related adjustment activities relevant to TRA. The wider aid for trade (AfT)<sup>7</sup> agenda does not fall within the scope of this evaluation, which therefore covers:

- Trade policy and regulation (AfT Category 1).
- Trade development (AfT Category 2).
- Other trade-related needs capturing programmes in other sectors with a trade-related dimension (AfT Category 6).
- Trade-related adjustment activities relevant to TRA (AfT Category 5).

<sup>1</sup> Former Joint Evaluation Unit common to Directorates General of External Relations (RELEX), of Development (DEV) and the EuropeAid Cooperation Office.

<sup>2</sup> ACP and non-ACP countries are covered by the evaluation (specific contract numbers EVA 2007 - 2010/254070 for ACP and EVA 2007 - 2011/261-717 for non-ACP countries).

<sup>3</sup> COM (2002) 513 final.

<sup>4</sup> Council of the European Union, Conclusions of the Council and of the Representatives of the Governments of the Member States meeting with the Council, October 2007, 14470/07.

<sup>5</sup> COM (2007) 163 final.

<sup>6</sup> European Commission, May 2003, AIDCO E3 (D) 17823.

<sup>7</sup> Cf. COM/DCD/TAD(2008)10: Reporting on AfT to the Creditor Reporting System, Information Note.



## 1.2 Structure of the Report

The **evaluation report is structured** as follows:

- **Chapter 1** – Introduction: presents a brief overview of the evaluation objectives, scope and coverage.
- **Chapter 2** – Methodology: details the methodological approach and refers to challenges and limitations.
- **Chapter 3** – Background: provides context and a résumé for EU’s TRA between 2004 and 2010.
- **Chapter 4** – Main findings and analysis: answers to the evaluation questions on the basis of corresponding judgement criteria and indicators.
- **Chapter 5** – Conclusions and recommendations.

The report also contains 13 **annexes** in a separate volume.

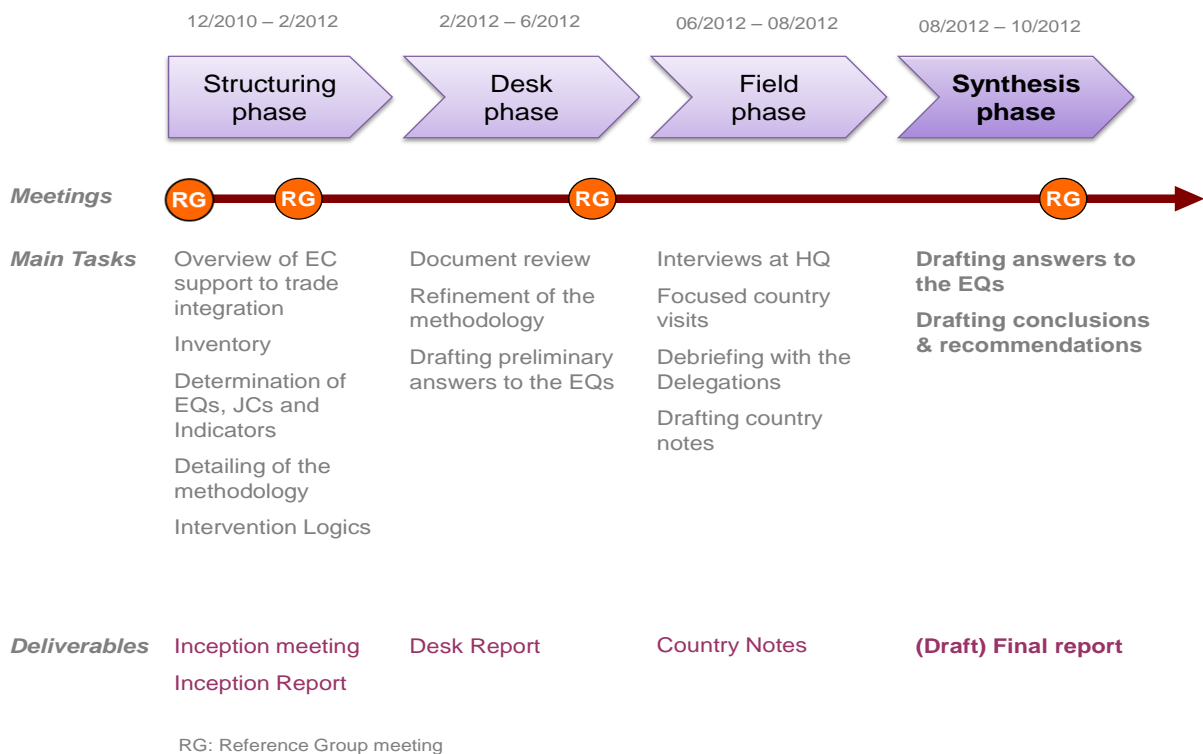
## 2 Methodology

### 2.1 Key phases of the evaluation process

The **methodology applied** for this evaluation is based on the methodological guidelines developed by the DG DEVCO Evaluation Unit. The guidelines give indications on the design of the study, the structure the evaluation process in its different phases, and provide an array of tools that can be used for evaluations.<sup>8</sup>

The evaluation has been conducted in **four main phases**, as summarised in the figure below. It was managed and supervised by the Evaluation Unit of DG DEVCO. Evaluation progress was followed by a Reference Group (RG), chaired by the Evaluation Unit. The figure also lists the main tasks, the RG meetings held, and the deliverables for each phase.

Figure 1 Evaluation process with selection of main tasks



The various phases and subsequent “stages” coincide with the methodological steps undertaken within the framework of the evaluation and are described in more detail in the following paragraphs.

<sup>8</sup> General information on these guidelines can be found online at: [http://ec.europa.eu/europeaid/how/evaluation/methodology/index\\_en.htm](http://ec.europa.eu/europeaid/how/evaluation/methodology/index_en.htm)

### 2.1.1 Inception phase

During the inception phase, the evaluation methodology was refined in close co-ordination with the Evaluation Unit and in consultation with the RG. The evaluation coverage and approach, as outlined in the ToR, were reconfirmed<sup>9</sup>. Given the purpose and conditions of the evaluation, **the most appropriate design for the evaluation was conducting multiple case studies on a country/regional basis**, relying on the use of a mixed-methods approach. It was essential **to reconfirm a common understanding of TRA** pursuing trade-development oriented objectives as a sub-set of productive capacity building<sup>10</sup>.

An **inventory** of the EU's support to TRA was undertaken for the period from 2004 to 2010<sup>11</sup>. Moreover, during the inception phase, the **intervention logic** of the EU's support to TRA was reconstructed. It is based on the EU's main policy documents relevant for TRA, and links the areas of EU support to TRA to the intended results, as well as to specific, intermediate and global impacts. The evaluation is structured around **nine evaluation questions** (EQs) developed during the inception phase. The EQs address the key issues with respect to the EU's support to TRA. They are derived from the intervention logic and the inventory, and cover technical aspects of the EU's support to TRA, as well as planning, implementation and monitoring aspects. The EQs shed light on critical points of the intervention logic, and provide more concrete content to the evaluation criteria and key issues related to the EU's TRA. They cover the five DAC evaluation criteria and the EU's specific criteria, such as "added value" and the "3Cs".

To facilitate data collection, as well as the responses to these questions at a later stage, each question has been further structured. To this end, appropriate **judgment criteria** (JCs) **and related indicators** were developed with the purpose of facilitating the answering of the corresponding EQ. The judgments are based on quantitative and qualitative objectively verifiable indicators. Furthermore, potential information sources were identified for each indicator, as well as appropriate methods and techniques for collecting and analysing the information. The EQs, JCs and indicators were discussed and agreed upon with the Evaluation Unit and the Reference Group.

A **sample of 23 countries and five regional organisations** was selected on which the in-depth data collection was focused<sup>12</sup>. These countries represented and reflected the broad range of the EU's support to TRA. The selected countries and regions represent 42% of the total direct support to TRA.

### 2.1.2 Desk study phase

**The desk study was based on EQs, as well as on their related JCs and indicators** (overview and presentation, see chapter 3)<sup>13</sup>. The results of the desk study were presented by EQs at the level of the JCs and based on the data and information collected at the level of the corresponding indicators.

On the basis of the established methodological framework during the desk study phase, data collection took place. **The combination of data collection methods and techniques varied according to the different JCs**. As a principle, data collected through different means was cross-checked. Where possible, the evaluation team combined the use of qualitative and quantitative data, and relied both on primary and secondary data sources, taking into account resources and time constraints. The data collection was focused on, but not limited to, the selected desk study countries. The desk study focused on a review of available documentary sources, which included general level information, relevant Country and Regional Strategy Papers (CSP/RSP), macro-economic data, Country and Regional Level Evaluations, Result Oriented Monitoring reports, as well as selected External Assistance Management reports (EAMRs) and project documentation<sup>14</sup>. In addition, a meta-analysis **of evaluation reports** was undertaken, leading to a "Summary of Evaluation Reports".

<sup>9</sup> This included, the approach to undertake the inventory on the basis of key word search covering contracts registered in Commission's CRIS, to representative country and region selection, to the due consideration of Sector Budget Support and Budget Support.

<sup>10</sup> As a basis, OECD-DAC's *Reporting Directives for the Creditor Reporting Systems – Addendum for Aid for Trade monitoring* (January 2008), *DCD/DAC (2007) 39/ADD*, in particular, Annex 1, were taken

<sup>11</sup> A synopsis of the main inventory results can be found in chapter 3.4 and in annex 9 – Volume IIb.

<sup>12</sup> The selection criteria used and further information on country selection can be found in annex 8 – Volume IIb and in the Inception Report

<sup>13</sup> In the desk phase, the evaluation team had identified a number of indicators and judgment criteria that needed to be adjusted to reflect additionally available evidence and to acknowledge comments of the Reference Group, with the approval of the inception report. In general, these adjustments aimed to reflect a broader understanding of the coverage of AfT category 2 and to adequately address the "wider issues", such as value added, the quality of design and monitoring, as well as the engagement with Non-State Actors.

<sup>14</sup> A detailed list of sources of information and documents can be found in annex 5 in Volume IIb of this report.



Table 1 Countries and regional organisations selected for the desk study

ACP	ASIA	ENPI	LATIN AMERICA	Regional Organisations
BURKINA FASO	BANGLADESH	EGYPT	EL SALVADOR	CARICOM
CAMEROON	CAMBODIA	JORDAN	PARAGUAY**	COMESA
COTE D'IVOIRE	CHINA	RUSSIAN FEDERATION	URUGUAY**	UEMOA
DOMINICA	INDIA	TUNISIA		COMUNIDAD ANDINA
GHANA	VIETNAM	UKRAINE		ASEAN
GUYANA				MERCOSUR**
MOZAMBIQUE				
SENEGAL				
SOUTH AFRICA				
TANZANIA				
ZAMBIA				

\*\* Included additionally after Paraguay had declined to receive a field mission.

Out of the originally pre-selected 23 countries and five regions, 11 countries and three regions have been selected for further in-depth desk research and potential field study countries. These countries/regions are highlighted in green in the table above. The countries and regions for further in-depth desk studies have been selected with a view of an appropriate, albeit multi-faceted, balance, which is informed by the assessments of the inventory and covering a variety of criteria<sup>15</sup>.

In addition, a web-survey has been carried out, with questions sent to 23 EUDs of the countries covered as desk phase<sup>16</sup>. Moreover, during the desk phase of the evaluation, the **inventory was mirrored** against the OECD CRS data base<sup>17</sup> and the EU Aft Reporting<sup>18</sup>.

### 2.1.3 Field phase

**The desk phase was followed by a set of eight case studies<sup>19</sup>, covering three regional organisations and seven countries.** The main objective of the field phase was to complete the data collection and to contribute to answering the EQs. Their aim was to capture specific issues in more depth than had been identified during the desk phase, to fill data gaps, engage with a broader set of stakeholders and to test hypotheses developed for each country on the basis of a desk review.

The field missions were organised in close consultation with the Evaluation Unit and respective EU delegations. The main tools used for data collection were additional document study, semi-structured interviews, and focus group discussions. The field phase covered both policy and strategy aspects and implementation issues. Nevertheless, it was not intended at the field phase to conduct an in-depth

<sup>15</sup> *Regions*: the geographical distribution approximately reflected the overall TRA commitments per region: ACP: 48%, ENPI 27%, Asia 11%, Latin America 9%<sup>15</sup>; *Areas of intervention*: adequate representation of the different Aft Categories. This reflected the varied focus of TRA support in the respective countries; *Number, scope and timing of interventions*: the selection took into account that in the respective country/region, the number, scope, and timing of the various interventions allowed for broad and in-depth assessments. The selection also took into account a reasonable spread over the evaluation period; *Aid modalities*: adequate representation of the different support modalities, namely General Budget Support (GBS), Sector Budget Support (SBS), Support to Sector Programmes (Joint Management), Project Approach.

<sup>16</sup> The complete EUD survey report can be found in Annex 7.

<sup>17</sup> OECD.StatExtracts (<http://stats.oecd.org/Index.aspx?DatasetCode=CRSNEW>). Variations in TRA reporting between the inventory for this evaluation and OECD statistics were mainly attributable to different reporting approaches: for the purpose of this evaluation, the selection of TRA actions was confined to *contracts*, and not to *decisions*, which resulted in a lower amount of reported TRA. The trade development marker was only introduced in 2007 so that it could not be taken as a basis for further assessment taking into account the evaluation period from 2004 to 2010.

<sup>18</sup> European Commission Staff Working Paper: "Aid for Trade Monitoring Report 2011" ([http://ec.europa.eu/development/icenter/repository/SEC\\_2010\\_0419\\_COM\\_2010\\_0159\\_EN.PDF](http://ec.europa.eu/development/icenter/repository/SEC_2010_0419_COM_2010_0159_EN.PDF)) taken as a basis (the Aft Monitoring Report being published only in July 2012)

<sup>19</sup> Due to contractual reasons, the number of field visits had to be reduced from originally 12 envisaged field visits to eight and had to be undertaken in a rather short period.

assessment of the implementation of specific interventions financed by the EU. **The analysis of specific interventions was rather aimed at exemplifying results and impacts of the EU's support.** Emphasis was on processes and achievements, which could not be fully covered by the tools of the desk analysis.

The **criteria for selection of the field visit countries and regions** were multiple, concerning geographical and sub-sectoral distributions. The country and regional case studies were carried out in ACP and non-ACP countries and regions, and were considered to be representative in terms of such aspects as region, TRA focus, allocated budget, and approach. The selection aimed to reflect the fact that regional integration is considered to be a key ingredient in the EU's AfT strategy<sup>20</sup>. The country/regional selection for the field phase represented 17% of the overall TRA provided through direct support (excluding GBS). Out of the 53 GBS with a reference to TRA, two were covered by the field study countries (namely, Ghana and Zambia), covering 28% of the overall GBS with trade-related indicators. The deliverables resulting from the field phase were Country Notes attached to this report<sup>21</sup>.

Table 2 Countries and regions covered by field visits

ACP		Non-ACP	
Countries	Regional Organisations	Countries	Regional Organisations
Cameroon	COMESA	Bangladesh	ASEAN
Ghana		Egypt	MERCOSUR
Côte d'Ivoire		Uruguay	
Zambia			

#### 2.1.4 Synthesis phase

The evaluation process adopted a systematic approach that used different building blocks to eventually develop an answer to the EQs and to formulate conclusions and recommendations. **Based on the information and reporting from the field phase**, the synthesis phase was devoted to further fill gaps detected during the desk study phase, to **validate preliminary findings** to the EQs. In order to do so, the evaluation team focused on selected key issues and specific topics to study in detail through targeted further literature and document review and phone interviews with EU headquarters, and consideration of survey results, among others.

The combination of answers to the different EQs (see Chapter 4) in the main report **allowed the team to formulate more general judgments in the form of conclusions** (see Chapter 5.1) **and, on that basis, to propose a set of recommendations** (see Chapter 5.2). This approach allowed for a clear linkage between findings, conclusions and recommendations.

## 2.2 Challenges and limitations

### 2.2.1 Overall methodological challenges

A strategy-level evaluation goes beyond a mere summation of evaluations of multiple operations. It covers different dimensions and areas of support, periods and countries, and simultaneously focuses on individual interventions. This challenge has been tackled mainly through a **specific structured methodological approach**, based primarily on EQs, JCs and indicators, and the choice of countries and interventions for the data collection phase.

The evaluation faced a number of challenges that refer both to technical aspects related to the EU's support to TRA and to contractual specificities related to its implementation. It followed the definitions and categorisation set forth with the WTO AfT initiative<sup>22</sup> – namely, six AfT categories<sup>23</sup>. AfT category 2, trade development, is largely a sub-set of building productive capacity, thus reflecting the fact that

<sup>20</sup> European Commission (2008): Regional integration for development in ACP countries (COM 2008 604) for ACP countries.

<sup>21</sup> See Annex 13 – Volume 2c.

<sup>22</sup> [http://www.wto.org/english/tratop\\_e/devel\\_e/a4t\\_e/aid4trade\\_e.htm](http://www.wto.org/english/tratop_e/devel_e/a4t_e/aid4trade_e.htm) for more information.

<sup>23</sup> Further information on the categorisation and scope of the Evaluation is provided in the Inception Report.

trade development and private sector development in general go along with each other. As such, **it was challenging: i) to distinguish “core” TRA (AfT category 2), being the object of this evaluation, from support to building productive capacity (AfT category 4); and ii) to clearly determine “non-core” TRA, being part of broader sector support programmes**, such as for the agricultural or the mining sector, notably, as the trade marker was introduced in OECD reporting only in 2007 – that is, only in the middle of the period evaluated. As a consequence, statistics and quantitative assessments of TRA largely depended on how overlaps between these were handled and to what extent trade-related components of larger sector programmes were taken into consideration.

The use of some aid modalities, especially **GBS**, added to the complexity of assessing the EU's contributions. While there are often trade-related indicators in governing agreements, **approaches in terms of how to assess this modality at a general level and its contribution to achieve trade-related development objectives are still subject to discussions.**

### 2.2.2 Availability and processing of information

**Limitations of the analysis are closely related to the quantity and quality of information that was available to the evaluation team.** This relates in particular to the process of accessing primary sources, as well as the availability, heterogeneity and quality of secondary data. For instance, the return from the online survey of EUDs was satisfactory, but not high<sup>24</sup>.

**A main challenge encountered in information collection was related to a lack of information on results and impacts.** This was attributable to a widespread absence of systematic monitoring and, eventually, to a limited availability of assessments and evaluations that sufficiently reflected on outcomes and impacts. The evaluation team aimed to mitigate this by diversifying the sources of information and subsequent triangulation.

To a large extent, the analysis of the EU's project documentation had to rely on documentation provided in the CRIS database. As the amount and types of documentation uploaded come under the responsibility of the EU's headquarters and Delegation staff, **the information retrieved by the team varied considerably from programme to programme and between countries.**

**Some of the key challenges** that had to be tackled **in constructing the inventory and typology** for this evaluation are common to all mapping exercises for thematic evaluations. They **relate to the information source on which they are based.** It is recognised and explicitly stated in the ToR and Launch Note for this evaluation that CRIS has its limitations in a number of regards – in particular, the non-systematic classification of interventions. In order to retrieve the interventions belonging to a specific sector, a more subjective and more innovative approach – including meticulous line-by-line review of interventions – was required to develop a comprehensive inventory of the EU's support to TRA.

### 2.2.3 Assessment of the EU's contribution

The evaluation looked at specific achievements at country and/or regional level, progress made, and constraints encountered, through specific case studies. At the country and/or regional level, however, it was difficult to isolate the impact of the EU's TRA in a multi-stakeholder and complex environment. Thus, **none of the identifiable dynamics and effects at country/regional level was solely dependent on the EU's contributions, but on the results of an interplay of various stakeholders and contextual factors.** In order to better assess possible EU contribution<sup>25</sup> to progress related to a substantial number of indicators, a specific focus was put on completing quantitative data with qualitative assessments on the role played by the EU and cross-checking the information being gathered through different tools and from different actors. Moreover, the scope of the evaluation includes trade-related policies and strategies, and their translation into results and impacts. Therefore, indicators specifically investigated in the course of this evaluation also refer to achievements at a global level.

<sup>24</sup> From 23 questionnaires sent out, 16 EUDs responded.

<sup>25</sup> Keeping in mind the limitations of such an exercise concerning thematic evaluations, and especially assessing effects and impact due to variety of donors, regional and national situations and availability of information.

## 3 Background and context of the EU's TRA

### 3.1 Development cooperation context

#### 3.1.1 Aid effectiveness and alignment

International efforts to increase and assure financial support, while at the same time improving aid effectiveness, have led to various declarations, starting with the Monterrey accord in 2002, and followed by the declarations of Rome (2003), Paris (2005), Accra (2008) and Busan (2011). The declarations are aimed at **enforcing the principles of ownership, harmonisation, alignment, results-based management and mutual accountability in development partnership in the aid delivery system**. Ultimately, they should help to increase the effectiveness of aid.

The **European Consensus on Development** reflects the main principles of the aid effectiveness agenda at European level. It addresses the challenges of, and opportunities for, harmonisation with (and between) EU Member States (EU MS) at policy and operational levels by improving donor co-ordination practices. This is reflected by the development of protocols around the 3Cs (Co-ordination, Coherence and Complementarity) as principles for development activities of the EU and EU MS. The Consensus recognises the importance of trade and regional integration for third countries' development, and confirms priorities set forth with the AfT agenda and the need for alignment to partner countries' systems and policies.

Moreover, the **Poverty Reduction Strategy** (PRS) initiative, introduced in World Bank (WB) and International Monetary Fund (IMF) operations in 1999, has become a key element in the international development aid architecture. Twenty-seven PRS aim to be genuinely country-owned and to reflect the outcome of an open participatory process involving governments, civil society and relevant international institutions and donors. The PRS seek to link and bridge national public actions and external support with development outcomes in order to meet development goals, such as the Millennium Development Goals (MDGs). The PRS are the reflection of the partner countries' policy priorities and a major point of reference for the EU's cooperation with partner countries, as highlighted in the 2011 Joint Communication "Global Europe: A New Approach to Financing EU External Action". Trade promotion and private sector development are very often elements covered by a PRS at country level.

#### 3.1.2 Millennium Development Goals

Adopted by world leaders in 2000 and set to be achieved by 2015, **the MDGs provide concrete, numerical benchmarks for tackling extreme poverty in its many dimensions**. They have set the policy priority for most donors and partner countries. TRA aims to complement the development of a global partnership for development (MDG 8) through the further development of an open, rule-based, predictable, non-discriminatory trading system (target 8.A). Ultimately, TRA aims to contribute to ending poverty and hunger (MDG 1) through the achievement of full and productive employment and decent work for all (target 1.B).

With MDG 8, it is specifically envisaged that developing countries gain greater access to the markets of developed countries and that LDCs benefit most from tariff reductions, especially on their agricultural products. Taking into account the principle of reciprocity, **TRA aims to facilitate the opening of markets and the reduction of all kinds of barriers that hinder increased international trade and investment in third countries**. Moreover, through contribution to an enhanced supply capacity and investment climate, **TRA impacts can deepen integration into a rules-based world trading system, eventually contributing to more inclusive employment**<sup>26</sup>. However, according to the most recent MDG report from 2012<sup>27</sup>, poverty reduction goals are far from being achieved – particularly in Sub-Saharan Africa and in India. Vulnerable employment has remained high, notably in the ACP region, and in Southern and Eastern Asia. While having received almost half of TRA during the period evaluated, the ACP region is still characterised by the lowest labour productivity in the world.

<sup>26</sup> Cf. reconstructed intervention logic for EU's support to TRA, chapter 3.4.

<sup>27</sup> Cf. UN, The Millennium Development Goal Report 2012.

## 3.2 The EU's approach to TRA

### 3.2.1 Overall approach

The EU has **committed itself to addressing the issue of harnessing the poverty-reducing potential of trade** and to assisting in better integrating third countries in the global economy, thus offering them a chance to reap the benefits of trade and globalisation.

**AfT is the development assistance provided in support of partner countries' efforts to develop the economic infrastructure and tools they need to expand their international trade.** The AfT Initiative came into being at the WTO Ministerial Conference in Hong Kong in December 2005. It is not part of the negotiations under the DDA, but it is complementary to it. The Doha development round ushered a new approach to trade, centred on development and supported by capacity development to help poor countries to participate effectively in trade negotiations. AfT is now an official OECD concept, with six OECD/DAC categories, namely: (1) Trade policy and regulations (TPR); (2) Trade development (TD); (3) Trade-related infrastructure (TRI); (4) Building productive capacity (BPC); (5) Trade-related adjustment (TRAD); (6) Other trade-related needs. TRA covers AfT categories 1, 2 and 6 and excludes categories 3, 4 and 5, which are considered to fall under the "wider AfT Agenda".

As early as 2002, the EU responded to requests for assistance with a comprehensive **Communication, "Trade and Development – Assisting Developing Countries to Benefit from Trade"**. Taking into account the EU being the world's largest trading partner, the Communication spelled out how the EU could fulfil its global commitments in support of the efforts of developing countries to better reap the benefits of trade and investment. The 2002 Communication provided a seminal shift in the EU's focus and approach to AfT, coherently presenting for the first time a strategy, and identifying core priorities in this area.

The 2002 Communication was complemented in October 2007 by the **EU's AfT Strategy**. This is still the main guiding document for the EU's priorities, approach and activities in the AfT area. AfT has a broad scope encompassing aid directly helping third countries to formulate and implement trade policies and practice, and aid supporting third countries' wider economic capacity to trade, such as investing in infrastructure and productive sectors (the wider aid for trade agenda)<sup>28</sup>. Similar to the 2002 Communication, the overall objective of the 2007 AfT Strategy is to support developing countries to integrate into the rules-based world trading system and to use trade more effectively in poverty reduction. It aims to contribute to growth, employment and income generation. With the AfT Strategy, the EU intends to assist partner countries to increase their efforts to include trade development in their poverty reduction and national development strategies, implementation plans and national budgets.

The AfT Strategy of the EU is an attempt to provide guidance and direction for these efforts. The **initial focus of AfT** was on capacity development in trade policy formulation, the participation in trade negotiations, the implementation on new trade-related regulations, and the formulation of export strategies. Over time, **the scope has been broadened to address supply side constraints and structural weaknesses, the strengthening of customs capacities, the upgrading of trade-related infrastructure, and the building of domestic and regional markets**. AfT has taken into consideration complementary efforts, such as macroeconomic stabilisation, fiscal reforms, and the strengthening of capital and financial markets.

**Mainstreaming trade in the broader development initiatives has increasingly become an aim**, mainly through the "Enhanced Integrated Framework" (EIF) of 2005, targeted on LDCs, and through "Diagnostic Trade Integration Studies" (DTIS). In addition to the overall development cooperation context, the EU's TRA has been based on, among others, the principle of ownership, the "Sustainability Impact Assessments" in trade, the 2003 "Governance and Development" Communication, the 2007 "Gender Equality and Women Empowerment in Development Cooperation" Communication, and the "Policy Coherence for Development" Communication of 2005<sup>29</sup>.

<sup>28</sup> The first element of helping third countries to formulate and implement trade policies and practice is mainly within the domain of Trade-Related Assistance (TRA) and consists of the two categories: 1) trade policy and regulations; 2) trade development. Definitions according to European Commission: "Trade Fact Sheet – Aid for Trade" (September 2009).

<sup>29</sup> Cf. <http://www.enhancedif.org/>; <http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/TRADE/0,,contentMDK:20615178~menuPK:1574524~pagePK:148956~piPK:2166>



### 3.2.2 Economic Partnership Agreements

**The signing of the Cotonou Agreement (2000)<sup>30</sup> marked a fundamental change in the direction of trade relationships between the EU and ACP countries.** The non-reciprocal (WTO incompatible) preferences previously offered to ACP are being replaced by WTO-compatible trade arrangements. The options are economic partnership agreements (EPAs), progressively removing barriers to trade on a reciprocal basis and enhance cooperation in all areas related to trade, or GSP arrangements.

The EPA process aims to **support the effective implementation of regional trade in goods agreements, encourage regional trade in services, promote regional investment, and consolidate regional trade-related rules.** EPAs have been negotiated with regions in the ACP with the objective of **consolidating regional integration initiatives that provide a platform for the gradual integration of the ACP in the global economy,** and which are WTO compatible.

**The EPAs aimed to develop an open, transparent and strong regulatory framework for goods, and also for trade in services.** To date, one full EPA has been concluded and ratified with the Caribbean region, and several (interim) agreements signed (Botswana, Cameroon, Côte d'Ivoire, Fiji, Lesotho, PNG, Madagascar, Mauritius, Mozambique, Seychelles, Swaziland, Zimbabwe), while corresponding regional EPAs have not yet been signed<sup>31</sup>.

### 3.2.3 Regional integration

Based on its own history and legacy, **the EU has been a long-standing supporter of regional integration in developing countries.** Today, regional integration is not only firmly anchored in EU development policy, such as the European Consensus on Development, but also reflected in a number of regional policy initiatives that are highly relevant for the EU's support to TRA.

EU support to regional integration and open regionalism is based on the **assumption that regional integration is a building block for trade expansion at national levels.** It is a key tool in the EU's trade and development strategy, supposed to contribute to developing countries' integration in the world economy and promote peace and stability. The experience of the EU – more particularly, the Commission – in regional integration is seen to give it a comparative advantage in this area of support, according to the 2004 evaluation of the Commission's trade-related assistance to third countries.

**The Cotonou Agreement places the EPAs firmly in the context of regional integration.** Support to regional integration in the ACP region has been a major area of support for the EU, and distinct from – although, as set out above, closely linked to – the EPA. In response to the increase in funding for regional integration programmed in the RIP under the 10<sup>th</sup> EDF, the EU issued the Communication **“Regional Integration for Development in ACP Countries”<sup>32</sup>.** It sets out the main benefits of regional integration as being political stability, economic development, and the provision of regional public goods. The interventions supposed to achieve these objectives, and to which the EU's support to TRA aimed to contribute, include:

- Strengthening regional institutions.
- Building regional integrated markets.
- Supporting business development.
- Developing regional policies for sustainable development.

The EU is **Latin America's** second largest trading partner and is the biggest investor in the region. The EU has also provided assistance to regional economic cooperation agreements in Latin America, including the Andean Community, Central America and MERCOSUR. The EU<sup>33</sup> identified key areas for enhanced cooperation:

[18~theSitePK:239071,00.html](#) ; <http://ec.europa.eu/trade/analysis/sustainability-impact-assessments/> ; COM(2003)615; COM(2007)332; COM (2005)134.

<sup>30</sup> [http://europa.eu/legislation\\_summaries/development/african\\_caribbean\\_pacific\\_states/r12101\\_en.htm](http://europa.eu/legislation_summaries/development/african_caribbean_pacific_states/r12101_en.htm)

<sup>31</sup> EU Trade, EPA, “State of Play”, last updated 12 June 2012, [http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc\\_144912.pdf](http://trade.ec.europa.eu/doclib/docs/2009/september/tradoc_144912.pdf); only CARRIFORUM, Fiji and PNG having ratified.

<sup>32</sup> COM(2008)604

<sup>33</sup> COM(2009)1227: Communication “*The European Union and Latin America: Global Players in Partnership*” from 2009.



- Bi-regional dialogue at different levels, including in co-ordination with regional processes and involving also the non-state actors and financial institutions.
- Strengthening regional integration and inter-connectivity through continuing negotiations, strengthening infrastructure to support inter-connectivity supported by a Latin America Investment Facility, and making provision for environmental and social factors and the growth of SMEs.
- Strengthening bilateral relations by working through, inter alia, existing Strategic Partnerships.
- Focusing and tailoring development cooperation on sustainable development and poverty eradication.

**The EU has strengthened its support to regional integration in Asia** through the Asia-Europe Meeting (ASEM), and by intensifying cooperation with the Association of South-East Asia Nations (ASEAN), the ASEAN Regional Forum (ARF) and the South Asian Association for Regional Cooperation (SAARC). EU assistance for Asia, as is with Latin America and the Middle East, is governed by the **instrument for development cooperation (DCI)**<sup>34</sup>, which, among other aspects, sets forth trade and regional integration as a main cooperation area. An EU **Central Asia Strategy**<sup>35</sup> was adopted in 2007. In the area of trade and investment, it focuses on the accession of the Central Asian region to the WTO. It aims to help the region to take greater advantage of the EU's GSPs.

The **Euro Mediterranean partnership**, launched in 1995 with the "Barcelona Declaration", aimed to establish a common area of peace, stability, and shared prosperity in the Euro-Mediterranean region. This was followed in 2004 by the launch of the European Neighbourhood Policy Instrument (ENPI)<sup>36</sup> and the creation in 2008 of the "Union for the Mediterranean". While the Union is the main regional forum, EU-Southern Mediterranean relations are managed mainly through the Euro-Mediterranean Association Agreements (with Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority and Tunisia)<sup>37</sup>. The European Investment Bank (EIB) has also provided support to the economic development and the integration of Southern Mediterranean partner countries.

Under the **Eastern Partnership of ENP**, the EU intends to enhance relations with Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. This implies new association agreements, including deep and comprehensive free trade agreements with those countries willing and able to enter into a deeper engagement and gradual integration in the EU economy. The status and depth of trade with the EU varies among the countries. When the EU unveiled ENP, **Russia** chose not to join, and aspires to be an equal partner of the EU. Therefore, Russia and the European Union agreed to create four Common Spaces for cooperation in different spheres, an also in the area of trade and accession to the WTO.

### 3.2.4 Sector policies

Traditional commodity and business sectors are a key source of export earnings, influencing employment, income and poverty reduction in third countries. **Being a sub-set of building productive capacity, trade development has played an important role as a key source of export earnings influencing employment, income and poverty reduction.**

In line with the Communication on Agricultural commodity chains<sup>38</sup> and based on the development of commodity strategies at national and/or regional level, EU's support aims at supporting economic diversification through a strengthened private sector and fostered rural growth. **A key element to spur economic diversification consists of maximising opportunities for commodity-dependent countries in the multilateral trading system**, including the following three key ingredients:

- Securing a development-friendly outcome of the DDA, to which TRA may contribute through capacity building aimed at further strengthening negotiation skills and fostering regulatory frameworks at national/regional level.
- Supporting third countries to valorise their market access through knowledge sharing, (foreign) market information, and enhanced quality standards.

<sup>34</sup> Regulation (EC) No [1905/2006](#) of the European Parliament and of the Council of 18 December 2006 establishing a financing instrument for development cooperation.

<sup>35</sup> European Union and Central Asia: The New Partnership in action, 2009.

<sup>36</sup> Cf. [http://ec.europa.eu/world/enp/index\\_en.htm](http://ec.europa.eu/world/enp/index_en.htm)

<sup>37</sup> Note that the new "Partnership for Democracy and Shared Prosperity with the Southern Mediterranean", COM(2011)200, 8.3.2011, which was formulated as a response to the Arab Spring, falls outside the period evaluated.

<sup>38</sup> COM(2004)89

- Contributing to the reduction of supply-side constraints, with the aim of strengthening the competitiveness not only in the commodity sector, but also in other economic sectors, including services.

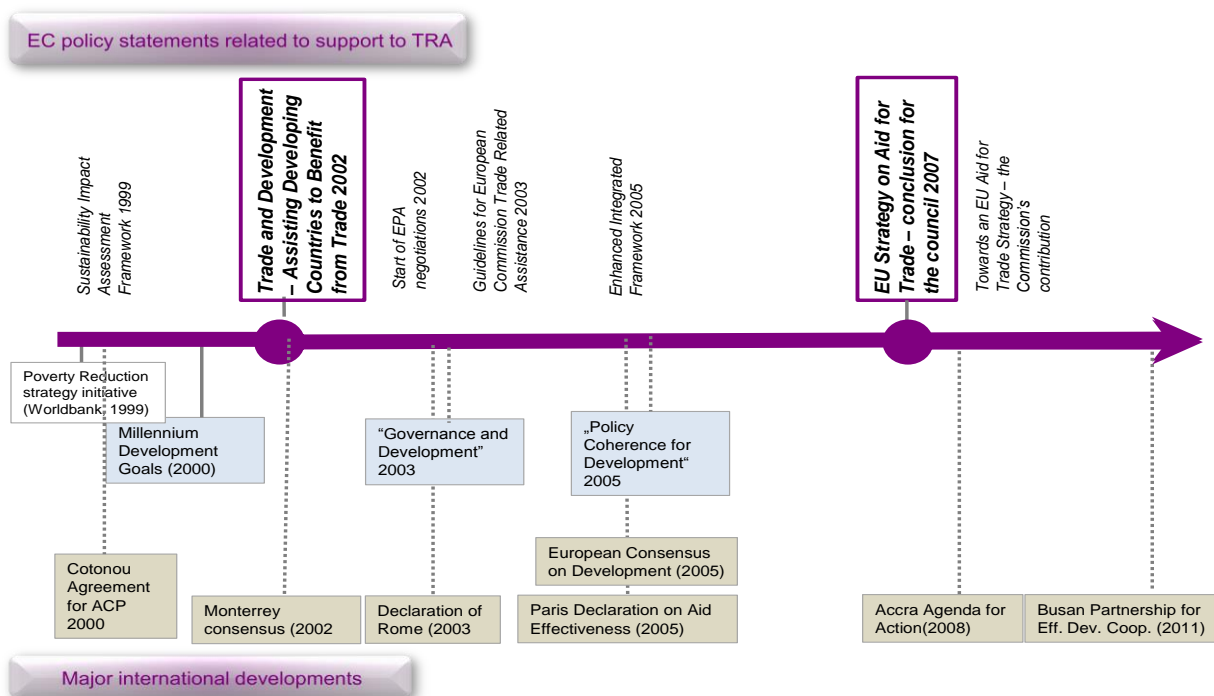
In the Communication on the EU's approach to future support for the **development of the business sector**<sup>39</sup>, the EU presents four main areas of support that are relevant also for TRA<sup>40</sup>:

- Overall policy dialogue and support, particularly with regard to macroeconomic and trade policies aimed at providing an enabling regulatory framework and institution building at government level.
- Investment promotion and inter-enterprise cooperation.
- Facilitation of investment financing.
- SME support, and support for microenterprises.

### 3.2.5 Cross-cutting issues and contributions to inclusive growth

The EU is committed to **mainstreaming cross-cutting issues into its development policies and practices**. The 2005 European Consensus identifies four issues, of which the following aspects have particular relevance for the EU's support to TRA – namely, ensuring environmental sustainability, promoting democracy and human rights, promoting gender equality, and the fight against HIV/AIDS.

Figure 2 Summary: Synthetic timeline of most important events/strategies at global and EU level



Trade liberalisations lead to intensified international competition, which tended to increase the pace both of job creation and job destruction – and can do so in uneven ways within and between countries. Current policy discussions and research on trade and labour focus, therefore, on how **labour markets can better adjust to trade reform** and ensure inclusive growth and poverty mainstreaming in support design. The EU is committed to **promoting trade liberalisations that result in the creation of decent work for all**, in line with the international commitments made to the International Labour Organisation (ILO), in particular the ILO Declaration on Social Justice for a Fair Globalisation (2008). The declaration aims to strike a balance between two arguments: that free trade allows for exploitative practices in the workplace, and the argument that labour standards are mainly a smokescreen for protecting uncompetitive domestic industries against companies from developing countries. Concretely, the EU is assessing the impact of trade agreements in which labour standards assessments are a

<sup>39</sup> COM(2003)267

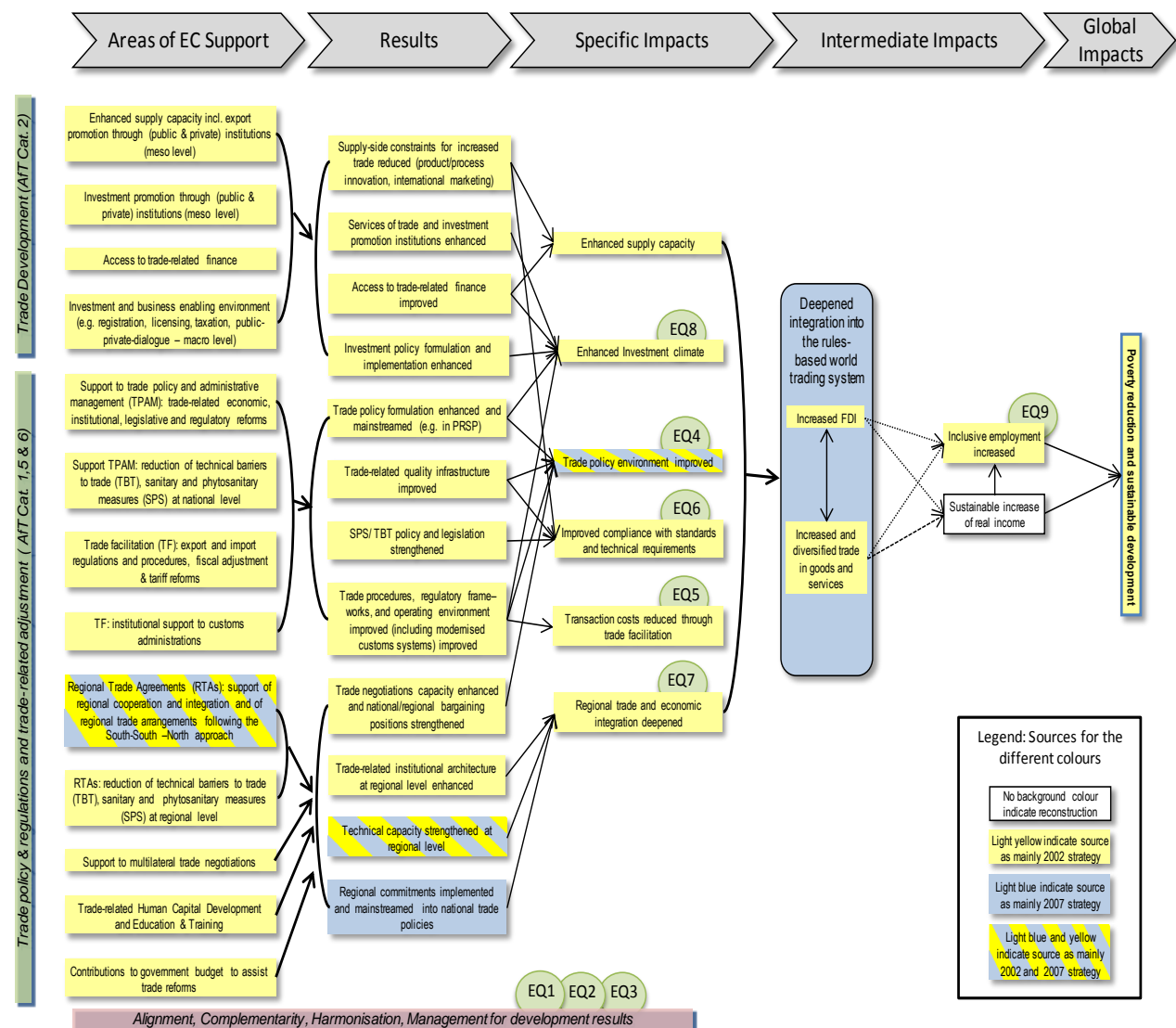
<sup>40</sup> The intermediate impacts set out with this Communication are also part of the intervention logic for TRA – namely, contributing to accelerated private sector development, improved productivity, and business sector upgrading and technology transfer.

feature<sup>41</sup>. Moreover, in working towards mainstreaming trade into national development strategies, the EU is also promoting the inclusion of trade-related labour market reforms that may be needed to reap the full benefits of trade liberalisations. Several TRA programmes also include the **promotion of core labour standards**, often as a component of a wider trade programme. These issues are obviously also relevant for this evaluation, especially in determining the degree to which **employment generation aspects** have been included in TRA design and implementation (e.g. in EQ9).<sup>42</sup>

### 3.3 Intervention Logic

Based on an analysis of the main reference documents, the intervention logic for the EU's support to TRA has been reconstructed. It is reflected in a **policy impact diagram (Intervention Logic) for the period 2004-2010, in which the hierarchical links for attaining these results and impacts are made explicit**. It also makes reference to the main sources for its reconstruction. The diagram also highlights the level at which the EQs are asked within the intervention logic.

Figure 3 EU support to TRA: Reconstructed Intervention Logic



<sup>41</sup> See European Commission: “Handbook for Sustainability Impact Assessments” 2006 and European Commission: “Guidelines for European Commission Trade-Related Assistance”, 2003

<sup>42</sup> It should be noted that labour issues, while not directly part of the traditional four cross-cutting issues of the EU presented here, is often partly related to the promotion of good governance and human rights.

### 3.4 Priorities of the EU's TRA over the period 2004-2010

By and large, **TRA allocations have mirrored the priorities of the EU**. Taking into account the budgets dedicated to the various AFT categories at a global level, support to trade policy and regulation (AFT category 1, including the trade policy environment, trade facilitation, compliance with standards and technical requirements, regional integration) and to trade development (AFT category 2, including enhanced supply capacity and trade-related services, support to investment climate enhancement, trade finance) was balanced. The support to an enhanced investment climate, however, was rather under-represented. **TRA was less balanced from a regional perspective**. In Asia, for instance, trade policy support increasingly dominated EU TRA for the period under review, with the support to trade development being focused on only a few countries. In ENPI countries, TRA trade development support was almost halved between 2004 and 2010 (with the level of trade policy support being more or less maintained). In Latin America, the focus of TRA drastically changed from trade development in 2004 to trade policy and regulation in 2010. It is also striking that TRA to trade policy and regulations in ACP countries almost tripled between 2004 and 2010, and trade development (support to the productive and service sector and trade-related services) quadrupled. Overall, it can be concluded that, **from a regional and country perspective, the EU's TRA followed a highly selective approach**, with an accentuated focus on specific TRA sub-categories.

**The inventory of the EU's support to TRA undertaken for the purpose of this evaluation provides an overview of interventions financed by the EU in the countries and regions covered by the evaluation for the period from 2004 to 2010<sup>43</sup>**. The analysis of the captured interventions gives an overview of the funding, in terms of temporal evolution of funds committed and disbursed, financial instruments applied, sectors, channels and aid modalities used. It also provides a regional and country breakdown of support to TRA<sup>44</sup>.

Table 3 Direct EU support to TRA: Top three areas of action at regional level, 2004-2010

Categories/Sub-categories		ACP	ASIA	ENPI	LA	Total
Category 1	Facilitation					
	Multilateral Trade Negotiations					
	Policy and Administrative Management	3	1	2	2	1
	RTA/Regional Integration	1				3
	Other					
Category 2	Business Support/Investment Promotion	2	2	3	1	2
	Support to Production and Service Sector					
	Trade Finance			1		
	Other					
Category 5			3			
Category 6					3	
1	Rank 1 within the Top 3 areas of action					
2	Rank 2 within the Top 3 areas of action					
3	Rank 3 within the Top 3 areas of action					

Source: Particip Inventory

**In the 2000s, the EU's TRA increased rapidly, peaking in 2006, after which it has plateaued.** Taking into account specific decisions and contracts at this point in time, the remarkable rise in 2006 can mainly be attributed to the launching of some important actions in the fields of regional trade development and regional integration with high budget volumes. **Geographically, support has been concentrated in three main regions:** ACP (48%), EPN (27%), Asia (11%), with Latin America and global initiatives accounting for the rest. Within the ACP region, 54% of TRA was allocated to Sub-Saharan African countries, 15% to Caribbean, and 2% to Pacific countries. The remaining 29% covered

<sup>43</sup> An overview of the inventory can be found in Annex 9 – Volume IIb.

<sup>44</sup> The inventory is based on data from the EU's CRIS database. The data was extracted in February 2011 and processed to obtain the best possible overview of EU's support to TRA during the period evaluated. A number of challenges were faced by the evaluation team in compiling this data, due to inherent limitations of the CRIS database – also see Chapter 2 of the evaluation report. A specific and systematic methodology was therefore developed in order to ensure that all relevant interventions within the scope of this evaluation were identified.

one or several ACP countries, which – according to CRIS encoding – cannot clearly be attributed to one of the three major ACP regions. These allocations can also be intra-ACP allocations.<sup>45</sup>

Within the **ACP region**, around 26% of TRA was devoted to the support of regional (trade) organisations and/or regional trade agreements. In the **Asian region**, support to trade policy and administrative management was by far the most important area of actions, with 47% of contracted TRA. The contribution of the EU to **ENPI countries** focused on the delivery and support of trade-related financing instruments (27%; €240 million). In **Latin America**, business support and investment promotion were the most important action area, accounting for roughly 40% of TRA.

**Regional and thematic actions covering more than one country are important characteristics of the EU's TRA.** Intra-ACP allocations and regional assistance not allocated by country and/or ACP sub-region accounted for more than 13% of the entire TRA. In terms of regional integration schemes, the Eastern and Southern African region had more than 5% of the overall TRA, followed by the West African region (4%) and the Caribbean region (around 2%). “Leaders” benefiting from regional allocations were the Mediterranean region (8% of all contracted amounts), Eastern and Southern Africa (4%) and West Africa (3%), followed by the Caribbean (2%).

In summary, **125 countries benefited from EU support to TRA, with 47 countries with a contracted amount exceeding €10 million each for the period under review.**

A certain shift in the financing modalities becomes clear when looking at the different ratios for each modality in relation to the overall contracted amounts for the contracts signed within each year. **While over the entire period evaluated the project approach accounted for 60%-80% of the funds, the SBS spending already accounted for more than 30% of the EU direct support in 2009.** However, in 2010, this development was seemingly reversed again, with a decreasing share of SBS in the field of TRA. No clear trends can be derived from the figures, either for Support to Sector Programmes or for SBS, as changes are either very small or highly ambiguous over time.

**A breakdown of modalities by main sub-sector leads to the following findings:** support activities covering trade policy and regulations (category 1) as well as trade development activities (category 2) were to the largest extent financed using the project approach. Category 5 activities (trade-related adjustment) were to the largest share financed through SBS, and only to a limited extent through project approach. Sector budget support was of considerable importance in financing trade development issues and funds channelled through SSP ranked second in the area of trade policy & regulations. Under category 6, covering various trade-related HRD projects and public policy support, the most diversified and balanced use of financing modalities can be observed. In conclusion, the following patterns appear for the modalities used in the EU's support to TRA:

- The preferred modality over the period under consideration was the project approach, with a strongly fluctuating share over the entire period.
- There were no significant regional differences in the use of different modalities, except for SBS, which was not used in Asian countries.
- Disbursement rates differed only slightly between the three modalities and were not necessarily a result of disbursements being lacking, but due to the fact that projects and programmes were ongoing and to the recording methodology in CRIS.

The EU used different channels to implement its “direct” support to TRA. **By far the largest share of the overall contracted amount was channelled through the government or other government-owned agencies (30%).** Approximately 27% of the funds were contracted with **private companies (mainly for supply and technical assistance)** and development agencies, mainly such organisations as the World Bank or other UN agencies. The other important channels were regional organisations (15%) and non-profit organisations such as NGOs, associations, chambers, foundations (10%). All other channels are of minor importance, while it is especially noteworthy that institutions focusing on research and education rank last, with only 0.1% of the contracted amounts channelled through them.

**Partner governments were the major channel in middle-income countries,** with South Africa, Egypt, Jordan, Guyana and Ukraine receiving 56% of the entire amount contracted directly with partner

<sup>45</sup> In accordance with the ACP-EC Partnership Agreement, intra-ACP cooperation is embedded in the regional cooperation and integration framework and covers all regional operations that benefit many or all ACP States. Such operations may transcend the concept of geographic location. Such cooperation falls into three main areas: global initiatives, “all-ACP” initiatives, and pan-African initiatives.



governments. This picture is significantly different when taking a closer look at the **development agency** channel. Financial flows through this channel were **mainly directed to actions at the regional and global level, as well as to post-crisis countries**. The amounts that were contracted with **private companies were far more dispersed over the various countries and regions**. Again, regional programmes under the EDF budget line were the most important target, followed by Egypt, Ukraine, Algeria and the Syrian Republic. Other ENP/TACIS countries, as well as the Southern African region, were among the major geographical areas where large amounts of TRA aid-flows were channelled through private companies. **Regional organisations** played a major role as a channel in ACP countries, both for funds that were directed to specific regional programmes and for general intra-ACP allocations. The Eastern and Southern Africa Region, together with the West Africa Region, already accounted for 45% of the overall funds in this channel. In total, 87% of the entire contracted amounts with regional organisations was allocated in the ACP region, with the remaining funds either unspecified allocations or flow to global programmes, South Asia and Latin America (Central America Region, Comunidad Andina, and MERCOSUR).

*Box 1 Overview of main technical areas, modalities and channels of the EU's support to TRA*

<i>Direct support</i>
<ul style="list-style-type: none"> <li>▪ In the area of trade policy and regulations (AfT category 1), TRA focused on:               <ul style="list-style-type: none"> <li>▪ Policy and administrative management including standards, TBT and SPS (52%).</li> <li>▪ Regional integration (33%).</li> <li>▪ Trade facilitation (13%).</li> <li>▪ Others – such as trade negotiations (2%).</li> </ul> </li> <li>▪ In the area of trade development (AfT category 2), TRA focused on:               <ul style="list-style-type: none"> <li>▪ Business support services and export &amp; investment promotion (49%).</li> <li>▪ Trade-related support to the productive and service sector (26%).</li> <li>▪ Trade finance (20%).</li> <li>▪ Others – such as cross-cutting studies, evaluation missions.(5%).</li> </ul> </li> <li>▪ The use of the project approach as a modality amounted to 72%, followed by SBS (approximately 17%) and support to sector programmes (10%).</li> <li>▪ The government was the preferred channel for TRA delivery (30%), followed by private companies, mainly for supply and technical assistance (27%), development agencies (24%), regional organisations (15%), and NSAs (10%).</li> </ul>
<i>Indirect support (GBS relating to TRA)<sup>46</sup></i>
<ul style="list-style-type: none"> <li>▪ GBS with trade-related indicators represented 38% of the total GBS funds transferred to partner countries during the period evaluated.</li> <li>▪ The support concerned a total of 27 countries, out of which 21 are located in the ACP region, one in Latin America, three in Asia, and two in the ENPI region.</li> <li>▪ The five main beneficiary countries (Zambia, Tanzania, Ghana, Mauritius, and Tunisia) accounted for almost 60% of the GBS relating to TRA, among other sectors.</li> </ul>

<sup>46</sup> Direct support is defined as support targeted directly and entirely to TRA via projects or via support to sector programmes, as well as sector budget support. Indirect support is defined as support provided via General Budget Support.



## 4 Main findings

This part of the report presents the answers to the nine EQs listed below. These answers are based on an assessment according to the respective judgment criteria (JCs) for each question.

Table 4 Overview of the evaluation questions

No	Evaluation Question	Type
1	To what extent has the EU's support to TRA been aligned to the partners' evolving priorities and has strengthened their trade-related planning and implementation systems?	Alignment
2	To what extent have the EU's modalities and channels used been appropriate to delivering TRA?	Modalities Aid effectiveness
3	To what extent has the EU's support to TRA been designed and implemented in a co-ordinated and complementary fashion with other EU development and trade-related policies and with other donors, in particular EU Member States?	3Cs
4	To what extent has the EU's support to TRA contributed to an improved trade policy environment at national level?	Sector results and impacts
5	To what extent has the EU's support to trade facilitation contributed to reducing trade-related transaction costs?	
6	To what extent has the EU's support to TRA contributed to third countries' participation in the design of, and subsequently compliance with, trade-related technical standards and to enhanced conformity assessments?	
7	To what extent has the EU's support to TRA contributed to deepening regional economic integration?	
8	To what extent has the EU's support to trade development helped in improving market access and investment climate?	
9	To what extent has the EU's support to TRA mainstreamed poverty reduction in TRA design and implementation?	

The EQs can also be linked to one or several of the five DAC evaluation criteria, and/or to other evaluation criteria identified in the ToR. These linkages are illustrated in the following table.

Table 5 Coverage of the evaluation criteria by the evaluation questions

Criteria	DAC criteria					Other criteria		
	Relevance			Impact	Sustainability	Cross-cutting issues	3 Cs	Added value
EQ1: Alignment and strengthening of partners' systems	✓✓	✓			✓		✓	✓✓
EQ2: Aid modalities and channels	✓	✓✓	✓✓				✓	✓✓
EQ3: 3Cs	✓✓		✓✓			✓	✓✓	✓✓
EQ4: Trade-policy environment	✓	✓✓		✓✓	✓✓	✓	✓	✓
EQ5: Trade facilitation		✓✓		✓	✓✓			
EQ6: Compliance with standards		✓✓		✓	✓✓			
EQ7: Regional Integration	✓	✓✓		✓✓	✓	✓	✓	✓
EQ8: Trade development	✓	✓✓	✓	✓✓	✓✓	✓		✓
EQ9: Addressing poverty	✓	✓		✓✓	✓	✓✓		
✓✓	The criterion is largely covered by the EQ		✓	The criterion is partly covered in the EQ				

#### 4.1 EQ1 on alignment and strengthening of partners' trade-related systems

**Evaluation Question 1:** To what extent has the EU's support to TRA been aligned to the partners' evolving priorities and has strengthened their trade-related planning and implementation systems?

The EU places significant emphasis on providing TRA as an effective response to partner countries' own trade-related priorities in the context of their overall national development frameworks (including poverty reduction strategies and private sector development). This evaluation question seeks to assess the degree to which the EU has anchored its interventions and strategy in these trade priorities, or, in the absence of priorities, has assisted in clarifying these, and has thus improved the potential for increasing relevance and, more importantly, for helping to establish domestic priorities that should lead to strengthened ownership and stronger institutional anchoring.

##### EQ1 on alignment and strengthening –Summary Answer Box

*The EU's support to TRA has increasingly been aligned to its partners' priorities. However, the pace at which partners' systems have been strengthened has often been lower than initially expected. This has, in part, been due to over-optimistic assumptions by the EU with regard to the timeframes needed for improving complex institutional systems and procedures. Moreover, concerns grew, towards the end of the period evaluated, about the effectiveness of budget support as a means of reaching the specific TRA objectives. This may explain why, towards the end of the period evaluated, the EU preferred to use less aligned approaches – with, for example, reduced use of budget support as a TRA instrument.*

In the early parts of the period evaluated, there was a clear trend to work through partners' planning systems and procedures, with the ambition of strengthening these. This led to increased use of sector and general budget support operations, and to increased support to sector programmes (joint and harmonised modalities). There was also considerable and explicit reliance on partners' strategies in the justification and focus areas of TRA interventions, both at national and regional level.

The situation started changing towards the end of the period evaluated, when the use of budget support to further TRA objectives was reduced, while more project-based approaches gained greater prominence. This trend may undermine the EU's commitments to improving aid effectiveness, made in the Paris Declaration (2005) and the Accra Agenda for Action (2008), as well as the pledges in the Joint EU Strategy on Aid for Trade (2007). However, evidence suggests that partner ownership and commitment were more crucial determinants of TRA impact and sustainability, rather than the degree of alignment and the aid modality.

The EU has invested significant analytical efforts in improving partner ownership and increasingly integrating TRA into domestic plans and priorities. Initially, the EU was clearly breaking new ground, as few other external development partners had provided TRA using highly aligned approaches, which also featured budget support. In that respect, findings suggest that the degree of flexibility in budget support has been conditional upon the realism and specificity of agreed indicators and triggers, as well as the willingness of both partners to engage in dialogue. This allowed for flexibility in some cases, but not in others. Flexibility in project support was often set back by procedural aspects.

The EU has aligned its support around existing policy frameworks, or substantially assisted in formulating them where they were insufficiently detailed. Where policies were more clearly formulated and consistent with the EU's TRA objectives, the EU has, at times, set high standards for alignment, by innovating around both sector and budget support, as well as promoting other more joint approaches (e.g. sector programmes). This clearly improved alignment substantially compared with traditional, often TA-dominated, project approaches that had characterised part of the earlier TRA project-based assistance. Simultaneously, however, concerns have been mounting about recipients' capacity to manage and implement TRA and, as corollary, the ability to deliver on the specific TRA objectives not related to alignment. The limited evidence available suggests that general budget support in particular can be too imprecise an instrument to promote progress in reaching trade specific objectives, unless there is clear government commitment and capacity to make trade an integral part of the overall macro-economic development strategy.

At regional level, there has also been increased alignment with EU TRA support strategies, often being fully integrated into the regional organisations' work plans and budgets. In one instance (COMESA), the EU signed a contribution agreement, which ensured a very high level both of policy and procedural alignment.

However, irrespective of the degree of alignment, there are very few examples of well-functioning M&E systems that have contributed to better management producing development results. This has been somewhat persistent throughout the period evaluated, and the EU has been aware of the challenges. While the situation improved over time, not enough effort has been made to identify and stimulate the demand for M&E (and identify exactly what is demanded) and to formulate proper indicators that the programmes could realistically influence but were non-trivial. In this context, findings demonstrate that there is still an unfinished agenda of working with the domestic partners' M&E systems to ensure better sustainability and impact.

#### 4.1.1 JC 1.1: Extent to which priorities in relation to TRA reflect partners' development strategies

**In most countries and regions, TRA-related setting of priorities has largely been partner-driven,** as seen most clearly in sector budget support, which is related to the fact that most of this type of support is explicitly aimed at relying on partners' priorities. However, regardless of aid modality, the tendency to let the partner determine the TRA priorities has been accelerating over most of the period evaluated.<sup>47</sup> Here, a main challenge has been to agree on partner-driven monitoring frameworks. There is, however, also strong evidence – especially from Asia – to suggest that most support implemented through individual projects reflected partner strategies both in relation to governments and to regional organisations – not least where the partner has had a well-developed strategy and a strong commitment to it. Thus, for the process to become partner-driven, commitment to assume ownership of the strategies and their implementation was essential. Among the country sample, this has clearly been the case in, for example, Egypt, Vietnam, Uruguay and China, but also at regional level, where ASEAN is an example of a partner driving the process.

**Analysis also revealed a number of situations for countries with less well-defined trade frameworks where it turned out to be challenging to base TRA priorities on partner strategies:**

- In contexts characterised by fragility, the EU has sought to remain engaged through support to reducing supply side constraints and to providing rather ad-hoc advice to the government according to specific demand – as has been seen in, for example, Côte d'Ivoire.
- In environments where TRA priorities were fully aligned to formal partner strategies, but where weak capacity and/or commitment to implement such strategies undermined genuine alignment and impacted on the effectiveness of TRA (e.g. Bangladesh and Zambia). Here, the EU faced challenges in engaging constructively and substantially with the respective authorities.

Thus, there is a challenge in making alignment ambitions based on, and commensurate, with the overall context and the commitment of the partner.

**The specific TRA interventions were generally conceived in a joint process.** While sector and general budget support are, almost by definition, either joint or partner led, project interventions were increasingly based on joint analytical efforts<sup>48</sup>. Moreover, while most TRA project interventions were jointly elaborated, not all relevant entities of the domestic partner participated, which can undermine alignment and, ultimately, effectiveness and sustainability – as can be seen in Bangladesh, Côte d'Ivoire, Egypt and Ghana, where weak NSA participation was noted.

With regard to **regional organisations, analysis shows that the EU engaged substantially with the regional secretariats to define and agree on joint analysis and frameworks.** This is clearly conducive to alignment, but there is no evidence of this being done with other development partners, probably reflecting that EU is often the main donor to these organisations. However, the key challenge in this context has been to assist in aligning the policies and implementation practices of the member states with those of the regional organisations, and vice versa. This has so far gained only limited traction outside ASEAN.

In summary, there is **strong evidence of the EU seizing opportunities to engage in joint analytical work** wherever these materialise. However, whether such opportunities arose, and if they led to improved alignment, critically depended on the commitment of the domestic partners (most notably the government) to taking the process forward. More recently, the role of donors in being mutually

<sup>47</sup> e.g. both the survey of EUDs and the CSP analysis documented this trend.

<sup>48</sup> See CSP analysis.

accountable to promote alignment has also received inadequate attention by all partners, as there is mounting evidence of increased fragmentation and “bilateralisation” of TRA and wider private sector development support (e.g. Ghana and Egypt).

#### 4.1.2 JC 1.2: Extent to which EU TRA support has maintained relevance over time

**At intervention level, the EU's ability to maintain relevance has been mixed, but generally positive. The EU's project procedures and administrative practices have been singled out as challenging, but partly compensated for by diligent interventions by EU Delegations and TA teams.** Evidence also points to an improvement over time with regard to procedural constraints making flexible adjustments and alignment to a changing context less challenging.

**At the macro level, the EU has been increasingly basing its TRA strategies on thorough analyses and on experience gained, which is a key precondition for maintaining relevance.** However, it should also be noted that **capacity constraints at partner level to actually implement envisaged strategies have not always sufficiently been taken into account.**<sup>49</sup> With better and more explicit analysis, the EU has become better equipped to design TRA in ways that are appropriate to the context. Partly as a consequence, the EU has also changed its TRA strategy in a substantial number of cases, mainly as a response to the macro-economic country context. **Towards the very end of the period evaluated, the EU also changed its focus in certain countries, partly to provide more targeted TRA by using project approaches.** Also, more analytical resources were invested in designing TRA strategies, and the EU has been reasonably responsive to changing circumstances. However, this did not necessarily lead to better alignment. Thus, there has apparently been increased reluctance to utilise budget support instruments that tend to present new challenges for alignment, as the alternatives being promoted are project approaches, with, to some extent, associated PIUs. Evidence indicates that these challenges have not yet been overcome. There may thus be a trade-off between the general alignment objectives of the EU's aid policies and the specific TRA objectives, with especially *general* budget support often being a too imprecise instrument to further trade-related objectives.

**Moreover, many EU partners and beneficiaries of its support faced challenges in complying with EU procedures, leading to delays and higher than necessary transaction costs.** In this context, there has been substantial follow-up by EUDs in providing assistance to overcome these challenges, and also willingness to let experiences feed into the design of subsequent TRA interventions (e.g. Egypt and Vietnam).

#### 4.1.3 JC 1.3: Increased EU TRA compliance with relevant Paris Declaration indicators on alignment, strengthening partners' systems and effectiveness

**In the early part of the period evaluated, the EU raised its ambitions regarding alignment and strengthening partners' systems and effectiveness, which are core ingredients of the Paris Declaration.** There has been a strategic shift towards more aligned approaches in many countries (such as Tunisia, Egypt and Ghana) aimed at addressing systemic challenges with increased use of domestic systems, procedures and accountability frameworks. Here, the EU made the deliberate choice of basing TRA on its partners' systems and accountability systems in order to strengthen these and not to fragment capacity into PIUs operating in parallel to mainstream domestic institutions (e.g. ministries and departments). Unfortunately, there is **limited availability of TRA-specific information on the shared use of national systems and procedures, but, in general, it appears that there has been a trend towards more aligned approaches,** backed by joint analytical efforts, use of pooled mechanisms and sector budget support.<sup>50</sup>

**Towards the end of the period evaluated, the shift towards using more aligned approaches has lost some momentum.** This stems partly from the fact that the aligned TRA approaches did not produce the expected and ambitious TRA results, and is due to some extent to the critical reflections of development partners on the use of budget support. Thus, this recent trend is more the result of a push away from budget support, rather being drawn towards the project approach as a result of identifying better ways and modalities of delivering TRA. In 2010, TRA *projects* accounted for more than four

<sup>49</sup> The number and the analytical depth of such TRA and trade strategy analyses has consistently increased over the period evaluated. This is evident from the CSP analysis and the EUD Survey, as well as from the field mission.

<sup>50</sup> See e.g. the CSP analysis.

times the amount allocated to TRA-related sector budget support – a significant fall compared with the previous year, when allocation to the project modality was only twice as high (figures from inventory, year 2010).

**However, the oft-mentioned corrosive effects of less-aligned TRA approaches on aid effectiveness might be overestimated.** While unaligned assistance in aid-dependent countries can contribute in some countries to fragmentation, capacity undermining, and loss of strategic oversight by domestic partners, projects using a classical PIU set-up have been universally deemed to be highly successful (e.g. ASEAN, China and Vietnam), suggesting that government ownership, vision and policy direction are more important determinants of TRA outcomes. Also, in a very fragile context (e.g. Côte d'Ivoire), project approaches can be appropriate if they are institutionally correctly aligned and embedded in the host organisation.

**Finally, there are still challenges in generating and providing the required information to assess the effectiveness and impact of TRA and in maximising the full potential for learning from experience through monitoring and evaluation.** The EU has been facing a considerable challenges to ensure that interventions are subject to results-based monitoring – a challenge both for the EU and for its partners, and at national, regional and global intervention levels. A recurrent issue in many TRA interventions has been either the absence or the weakness of the monitoring and evaluation systems applied. The challenges tended to fall into two categories: the monitoring focused mainly on activities and outputs (e.g. number of workshops/training /study tours, as in Bangladesh, for example), which provided little informational value on outcomes and impact; or it focused on higher-level impacts that were too divorced from the project to have any plausible causation (e.g. increase in GDP, trade, FDI, as in Egypt, for example). This revealed no information on results achieved, or was at such a high impact level that no attribution to the intervention could be made, reducing the relevance of the indicators monitored. Here, in several interventions studied, the absence of sufficiently operational M&E mechanisms has led to important lessons remaining unnoticed, which in turn reduced the relevance of the intervention and the flexibility to adjust to a changing context.

**In summary, progress has been made towards ensuring better compliance with the principles of aid effectiveness,** but with some reversal in the latter part of the period evaluated. Moreover, the inadequacy of monitoring efforts is also evident in many places.<sup>51</sup>

## 4.2 EQ2 on aid modalities and channels

**Evaluation Question 2:** To what extent have the EU's modalities and channels been appropriate to delivering TRA?

The EU used various aid modalities and channels in order to achieve TRA objectives. It is assumed that each of them served specific objectives and was selected on the basis of specific national and regional context requirements. With the Paris Declaration on Aid Effectiveness (2005), the choice of modalities and channels has been particularly aimed at rationalising donor activities to make them as effective as possible and to reform donor policies and procedures.

This evaluation question seeks to address whether the choice and mix of aid modalities and channels have facilitated the EU's support to TRA according to the aid effectiveness agenda. The question also analyses to what extent the respective advantages of the various modalities and channels have been analysed with TRA programming. Specific attention is given to the project approach and budget support (SBS and GBS), but also on the mix of the modalities and the appropriateness of the channels in a given context.

<sup>51</sup> It should be noted that most donors face challenges to put in place adequate, informative and results-based monitoring systems. See e.g. World Bank: Performance Monitoring Indicator Handbook.



**EQ2 on aid modalities and channels – Summary Answer Box**

*The EU's modalities and channels were mostly appropriate for the delivery of TRA. There was a strong reliance on the project approach as the modality, which in most cases was the appropriate choice, taking into account the country or regional context. As could be expected, budget support (notably SBS) was found to be most effective in supporting trade-related reforms when embedded within an environment of a highly-committed government with proven policy capacities to implement broader reform processes on the basis of well-designed and partner-owned success indicators and monitoring tools.*

No specific modality was per se the most appropriate for TRA delivery. A combination and/or sequencing, according to the country context, helped to maximise the effects of TRA. This finding is supported by the fact that clear patterns regarding the disbursement rates of the different modalities were not identified. While the EU largely based its choice of aid modalities on the assessment of the specific country/regional context, the assessments were focused on the suitability of moving towards a budget support approach or on explaining why budget support had not been chosen.

The project approach was mostly appropriate under the following circumstances: first, when used to complement and overcome weakly-developed trade policy strategies, and/or in situations of fragility; second, when used to initiate trade-related reform processes in all TRA areas, including trade facilitation, harmonisation of technical standards, SPS regulations, compliance with WTO rules, customs reforms, but also activities to overcome supply-side constraints at private sector level. By and large, the project approach effectively covered areas of a highly technical nature, requiring very specific knowledge. However, this modality was associated with delays (notably during the first part of the period evaluated), thus running the risk of an outdated project design eventually leading to reduced relevance, output and impact if the design was not adjusted appropriately.

The implementation channels for TRA were largely adequate for achieving TRA objectives. A clear pattern did not emerge with regard to differences in their appropriateness. Global instruments such as TradeCom, Bizclim and ProInvest provided additional flexibility of TRA support, but they were not adequately co-ordinated with national TRA and were lacking in follow-up activities.

Often, SBS effectively supported trade reform processes requiring a broad range of development activities to be driven by the partner government. Unsurprisingly, a common denominator for the success appeared to be highly-committed governments that assumed strong leadership and capacities for trade reform processes, and for ownership in policy design, implementation and monitoring. GBS proved to be an effective modality to support trade-related reforms when the partners followed clear trade reform priorities and strategies, and effectively translated these strategies into operational programmes. A success factor appeared to be embedding GBS within broad governance and public finance reforms with the aim to strengthen overall policy planning, implementation and monitoring capacities at government level and to enhance transparency and accountability. Shortcomings were found in the design of a number of budget support programmes, notably with the development and monitoring of appropriate indicators. It was mainly GBS that faced corresponding challenges. Furthermore, evidence shows that budget support, when well designed and embedded in functional public Financial management (PFM) and public governance systems had strong potential to reduce transaction costs for aid delivery. Not surprisingly, enhanced policy dialogue on trade issues (notably related to SBS) went hand-in-hand with the existence of highly-committed governments taking up their leadership role *and* with well-designed support.

**4.2.1 JC 2.1: Aid delivery modalities appropriate to the national or regional context**

Among the EU's various aid delivery modalities for **direct support** to TRA, the project approach was most used, with a share of 73%, followed by SBS (17%) and SSP (10%)<sup>52</sup>. Over the period evaluated, there were no clear trends, in terms of shares of the total volume, with regard to the importance of the different modalities. The share of the project approach fluctuated greatly over the years, while the amount delivered via SBS grew over the period evaluated, peaking in 2009, but decreasing substantially again in 2010. Moreover, the EU provided **indirect support** in the form of GBS. The share of such GBS

<sup>52</sup> Source: inventory undertaken for this Evaluation for the period 2004 – 2010

with trade-related indicators amounted to 38% of the total GBS funds transferred to national governments over the period 2004 to 2010.

**Overall, the choice of aid modalities for delivering TRA was appropriate to the regional and country contexts, and was commensurate with the capacities of implementing partners.** No aid modality was found per se to be more adequate than others for delivering TRA support. Moreover, it was found that a targeted combination and sequencing of different modalities favoured the effective delivery of TRA – as can be seen in Egypt, Jordan and Tunisia, from the sample countries chosen for this evaluation. In Egypt, for instance, the project modality successfully complemented sector budget support operations, especially in areas where the EU was perceived to offer specific competence (such as aspects of TBT and SPS, and compliance with WTO regulations). In Jordan, different modalities proved to be adequate at different stages of a policy reform process. The commencement of the reform in Jordan was supported via the project approach, until the reform was far enough advanced to be assisted through SBS.

**No clear patterns were identified with regard to disbursement rates of the various modalities.** For the period under review, disbursements for the different modalities varied largely. The project modality was marked by the highest disbursement rates in the ENPI (for the second part of the period evaluated) and the Latin American region. In ACP countries, project-related TRA disbursement rates were the lowest when compared with those of SBS and SSP. Overall, disbursement in the ENPI region was the highest for all modalities. Disbursement rates for SBS and SSP were markedly higher in the ACP region than in the Latin American or Asian regions. This evidence underlines that, while the aid modality had a minor influence on the disbursement rate, the main factors that determined disbursements were the commitment and absorption capacities of the partner government involved, and the capacities of the EU actually to administrate the aid flows. By and large, many EU partners and beneficiaries of its support faced challenges in complying with EU procedures, resulting in delays that eventually led to lower than expected disbursement rates. In this context, there has been, in most cases, substantial follow-up by EUDs in providing assistance to overcome these challenges, and also a willingness to feed experiences into the design of subsequent TRA interventions (e.g. Egypt and Vietnam), although it was also found that such support through EUDs was notably deficient for regional projects (ASEAN, West and East Africa).

**The choice of a specific aid modality for TRA support was mainly based on an assessment of the specific local context.** The majority of the strategy papers analysed (11 out of 23 CSPs/RSPs for the first period, and 17 out of 23 CSPs/RSPs for the second period) contained a brief assessment of the various aid modalities that could be used to deliver TRA. Findings from the field visits confirmed that the EU examined the appropriateness of modalities when planning TRA support. However, in nearly all cases, the discussion regarding alternative aid modalities was limited. Analytical efforts increased over the period evaluated, especially for situations where the EU considered the general eligibility of a country for budget support. This means that most analysis in documentation is focused on the suitability of moving towards a budget support approach, or on explaining why budget support has not been chosen.

#### **4.2.2 JC 2.3: Use of project approaches and global channels has contributed to delivering on TRA objectives**

**In three thematic areas, reliance on the project approach was especially strong: in trade facilitation, 94% of the support was delivered via the project modality, while 89% of support to regional integration and 85% of support in the area of trade policy and administrative management was delivered via projects.**

**This finding is reflected in the fact that the project approach was highly appropriate when strategically used to complement and overcome weakly-developed trade policy strategies in third countries.** In these cases, the project modality proved to be effective, and contributed to the development of trade policy frameworks (in Bangladesh, Burkina Faso, Ghana and Paraguay) as it induced third countries to exercise effective leadership in their trade policies and TRA implementation. It enhanced the institutional capacities required to implement results-driven development strategies. It was also mostly appropriate in fragile environments (e.g. Côte d'Ivoire), where governments were not yet sufficiently stabilised to allow for alternative modalities.

**The project approach was also effectively applied when it aimed to initiate trade-related reform processes in specific areas, such as quality infrastructure, customs, or reforms concerning supply-**

**side constraints.** The examples of Jordan and Zambia show how support via the project approach contributed to the commencement of relevant reform processes and positively influenced trade policy prioritisation. In these cases, aid delivered via the project approach successfully laid the foundations and provided the necessary capacity building to enable the partner government to take full leadership of the reform process. Moreover, **TRA of a technical nature and requiring very specific knowledge** – such as harmonisation of technical standards, SPS regulations, compliance with WTO rules, and customs reforms – **was successfully delivered via the project approach.** Findings from Ghana, Egypt and Ukraine demonstrate how support via the project approach mobilised specialised expertise that would have been difficult to be sourced otherwise, due to a lack of adequate procedures. Consequently, it can be confirmed that, taking into consideration the technical areas in which the project approach was mostly used, the inventory undertaken for this evaluation indicates that, by and large, this modality was wisely used for TRA delivery.

Moreover, general findings related to the project modality are also confirmed for TRA delivery. **The project approach tended to be associated with delays**, notably during the first part of the period evaluated, thus running the risk of an outdated project design eventually leading to reduced relevance, output and impact if the design was not adjusted appropriately. Overall, and also specifically for TRA delivery, partner institutions perceived EU procedures as being overly complicated, time consuming and/or not sufficiently flexible – notably in ACP countries and in relation to EDF procedures (ASEAN, Bangladesh, Cameroon, Côte d'Ivoire, Egypt, Ghana, India, MERCOSUR, West Africa). Regrettably, the finding of the 2004 TRA Evaluation for this aspect is still mostly valid: *“The rigidity of EC procedures governing the implementation of aid is a source of delays.”*<sup>53</sup> However, from the countries assessed for this evaluation, there were also a few examples of the EU's use of modalities being rather flexible in responding to partners' changing needs, such as in Jordan or in Ukraine.

**Governments were used as an implementation channel for 29% of the total volume of direct TRA support, followed by private companies (27%), development agencies (17%), regional organisations (15%), NGOs/associations/chambers/foundations (9%), and research institutions/universities (1%)**<sup>54</sup>. Most of the channels showed high fluctuations over the period evaluated, apart from two exceptions: the private companies channel displayed a steady trend upwards, while the research institutions/universities channel remained continuously at a very low level.

**The chosen implementation channels for TRA were largely adequate for achieving TRA objectives, but a clear pattern with regard to differences in appropriateness of the diverse channels did not emerge.** Evidence from the field phase confirms the information from the EUD survey that development agencies, private sector companies and governments were the most appropriate channels for TRA delivery. In general, NGOs were found to be the least appropriate. This was mainly related to high transaction costs, resulting from the smaller average budget allocated to NGOs, as compared with other channels.

**International organisations (IOs) as aid delivery channels were, by and large, appropriate.** The example of Bangladesh shows that IOs provided added value as they supplied expertise and networks not available on the conventional consulting market (the same was also found in Cameroon and Ghana). However, the Bangladesh example also shows that the use of IOs as aid delivery channels came with specific challenges (also shown in Côte d'Ivoire). These challenges consisted of a loss of visibility for the EU, and the fact that some IOs were quite headquarter-driven, with the consequence that they had little local knowledge and limited flexibility. Moreover, the technical expertise provided was expensive.

**Global instruments used for TRA, such as TradeCom, Bizclim and ProInvest, provided additional flexibility in the use of appropriate modalities. However, these instruments were not adequately co-ordinated with national TRA, and therefore tended to lack adequate follow-up activities and sustainability.** Assessments from Cameroon and Côte d'Ivoire of these instruments (such as ProInvest monitoring) confirm a lack of co-ordination between global instruments and national TRA, and show how that led to confusion on the partner side and loss of control through the respective EUDs. Interviews at EC Headquarters confirm these findings. subs

<sup>53</sup> Evaluation of Trade-Related Assistance by the European Commission in Third Countries Final report, 2004, p. 30.

<sup>54</sup> According to the inventory undertaken for this evaluation.

### 4.2.3 JC 2.2: Use of EU's SBS and GBS has contributed to delivering on TRA objectives

**Over the period evaluated, budget support was increasingly used as the aid modality for delivering support to TRA**, following the general trend to rely on partners' systems for the delivery of aid. This shift by the EU from a project approach to a sector approach was in response to the preference stated by the EU for using budget support where possible, in acknowledgement of commitments made by the EU under the Paris Declaration and Accra Agenda for Action. This shift was also clearly reflected for TRA over the period evaluated, with an increase in sector budget support (SBS) and general budget support (GBS) with trade-related indicators, and the design and choice of these aid modalities benefiting from previous EU support. The use of both sector and general budget support as an aid modality peaked in 2009, and subsequently declined in 2010, when the focus shifted to providing capacity development and to targeted TRA support via the project approach again. This is also reflected in an increase of resources geared towards the design of trade strategies and comprehensive trade policy frameworks.

**There was a strong concentration of TRA provided through SBS. Seven countries alone accounted for approximately 85% of the entire SBS provided** (with TRA-related SBS provided to 25 countries in total) – namely, South Africa (33% of the SBS provided worldwide during the period under review), Egypt (14%), Guyana (13%), Jordan (13%), Ukraine (7%), El Salvador (2%) and Burkina Faso (2%). ACP countries accounted for approximately 64% of the SBS provided. **Four countries account already for half of GBS with indicators related to trade** – namely Zambia (15%), Tanzania (14%), Ghana (13%) and Tunisia (8%).<sup>55</sup>

**In the majority of the cases reviewed for this evaluation, SBS effectively supported trade reform processes.** Unsurprisingly, a common denominator for the success appeared to be highly-committed governments that assumed strong leadership and capacities for trade reform processes, and for ownership in policy design, implementation and monitoring. Among the countries under review, this was the case in Egypt, Jordan and Tunisia.

Although its contribution to trade-related objectives appeared to be less well articulated on a global scale, **GBS proved to be an effective modality** to support the reforms and processes conducive to a deeper integration into the rules-based world trading system for a number of the countries under review – notably, Ecuador, Laos, Tunisia and in Uganda. In these cases, the partner governments followed clear economic and trade reform priorities and strategies, and effectively translated these strategies into operational programmes. **A success factor appeared to be embedding GBS in a broad governance and broad public finance reform strongly led by the partner government.** In contrast, in environments characterised by low commitment, vaguely-defined reform strategies and, as a consequence, insufficiently appropriate indicators, both SBS and GBS were unable to support institutional reforms and policy processes to the desired extent (e.g. Ghana, Zambia). This occurred despite the fact that countries had received support from the EU's HQ when developing the indicators, and despite the fact that many of these indicators were based on well-established methodologies, such as the World Bank's "Doing Business" indicators methodology. In such cases, instead of budget support, project approaches as a basis for well-designed trade reform processes and the strengthening of capacities might have been more effective.

**Findings regarding the design of SBS and GBS provide a mixed picture.** This concerns two inter-related aspects: the quality of TRA-related indicators, and the existence of adequate monitoring. Tunisia was the only one of the sample countries where there was evidence that the indicators were appropriate and incentivising. For most countries in the sample, it appeared that having a large number of indicators was less appropriate – that is, objectives were not attainable, and difficulties occurred in trying to measure their achievement, in particular in countries with a focus on GBS (Egypt, Ghana, Uganda and Zambia). Apparently, in the design phase, existing capacities and commitments were not sufficiently taken into consideration. This means that most analyses in documentation focused on the suitability of moving towards a budget support approach or on explaining why budget support had not been chosen. In nearly all cases, the discussion regarding alternative aid modalities was limited. As a result, deficiencies in the design of budget support eventually led to **insufficient availability of reliable and timely monitoring information and inadequate transparency of partner governments' systems.**

<sup>55</sup> According to the inventory undertaken for this evaluation



**Enhanced policy dialogue on trade issues facilitated through SBS and GBS** went along with the **existence of highly committed governments taking up their leadership role and well-designed support** based on the availability of appropriate indicators. Under such circumstances, by and large, SBS, and GBS, contributed to extend the space for policy dialogue on trade-related issues (notably found in ENPI countries, but also in the other countries with effective budget support, see above). An enhanced policy dialogue was not found in cases where at least one of the above mentioned conditions was not fulfilled (such as in El Salvador, Ghana, Zambia).

**In the majority of the reviewed countries with EU trade support, SBS and GBS contributed to the reduction of aid delivery transaction costs** (GBS and SBS in the case of Ghana; SBS for El Salvador, Egypt, Guyana; GBS for Vietnam). **Moreover, in most of the countries where transaction costs were reduced, government ownership was strengthened.** However, this was not the case in all the countries scrutinised. One explanation for a limited effect on ownership and on strengthened planning and management capacities appeared to be a lack of initial commitment and a low level of capacity on the partner side (e.g. in Guyana, Ghana, Zambia).

Overall, it can be stated, predictably, that **budget support (notably SBS) was most likely to support the necessary reforms** when embedded within an environment of highly committed government with proven policy capacities to implement broader reform processes and well-designed and partner-owned indicators and monitoring tools.

### 4.3 EQ3 on co-ordination, complementarity and coherence

**Evaluation Question 3:** To what extent has the EU's support to TRA been designed and implemented in a co-ordinated and complementary fashion with other EU development and trade-related policies, and with other donors, in particular EU Member States?

This evaluation question seeks to assess the extent to which the EU has been able to meet the challenges of coherence in delivering TRA. It also seeks to determine the degree to which the EU has co-ordinated its TRA with other development partners (DPs), not least in relation to EU MS with whom the EU has a joint strategy on AFT. However, other development partners are obviously also key, and the broader co-ordination is also an important aspect of this evaluation question.

The evaluation question thus concerns four interrelated aspects: coherence of the EU's TRA objectives with other development and trade-related policies; co-ordination with EU MS; ensuring co-ordination with the wider development community; and coherence of support to TRA at different intervention levels – namely, at national, regional and global levels.

#### EQ3 on co-ordination, complementarity and coherence - Summary Answer Box

*The EU's support to TRA has been designed and implemented in a co-ordinated and complementary fashion. Coherence of the EU's TRA objectives with key development and trade-related policies was given at the programming and formulation level, and also was maintained during implementation.*

The importance of achieving greater policy coherence related to TRA was increasingly recognised not only by decision makers at EU Headquarters, but also at EUD and MS levels in the partner countries. Political and policy dialogue is a firmly acknowledged instrument for promoting coherence, and the importance of such dialogue has steadily increased during the period evaluated. While the intensity of policy dialogues varied across countries and regions, by and large they have made an important contribution in terms of paving the way for establishing and increasing coherence with key development and trade-related policies, such as SPS and TBT

Over the period evaluated, co-ordination mechanisms between the EU and EU MS have been strengthened. Towards the end of the period evaluated, formal co-ordination groups had been established in the majority of countries and regions, facilitating information sharing and helping to develop common awareness, between the EU MS and the EU, of the partner's needs.

Potential synergies between the EU and MS interventions have often not been explored - as, for instance, in the Central African and the West African regions. However, the co-ordination of positions has improved during the period evaluated. In many of the countries that part of evaluation, the EC contributed to establishing co-ordinated EU positions on trade issues by contributing to elaborate joint strategies and reviews in this area. In a number of cases, EU MS were not, or only marginally, involved in TRA (e.g. ASEAN, Cameroon, Ghana, Uruguay and Zambia, among the country sample) and hence there was no need for co-ordination. The scope and effectiveness of co-ordination of the



EU's TRA with other development partners has grown substantially during the period evaluated. The sharing of information and policy analysis at the level of partner countries, which existed only to a very limited extent a decade ago, has markedly improved in recent years. In general, information exchange – aimed at avoiding overlapping – and co-ordination took place during all phases of the project cycle. The structures of co-ordination mechanisms varied from informal (e.g. Central Africa, TradeCom) to organised Donor Committees where the EU took a prominent role (for example, in ASEAN, Bangladesh and Cameroon).

With a view to implementing Paris Declaration commitments, joint strategies have become more prominent during the latter part of the period evaluated (e.g. in Bangladesh, Cambodia, South Africa and Zambia), while joint design remains nascent. Co-ordination during the implementation of activities has been found to be generally rather limited, with the notable exception of a number of Sub-Saharan countries in the sample.

Most of the time, the EU's leadership and added value stemmed from its place as a large – or even the largest – donor in Central America, West Africa, Cameroon, Bangladesh, and Vietnam. The EU's highly visible contribution to regional integration and trade has been highlighted in the cases of ASEAN and COMESA (see EQ7).

Deficiencies exist with regard to complementarity, co-ordination and coherence of TRA at global, regional and national levels. The involvement of NSAs in the TRA programming and project cycle is still only emerging, particularly with relation to the participation of civil society organisations other than private sector stakeholders.

#### 4.3.1 JC 3.1: Mechanisms in place and effective in ensuring coherence of EU TRA objectives with key development and trade-related policies

**Overall, the analysis reveals a considerable degree of coherence of the EU's TRA strategies and programmes with key development and trade-related policies.** All CSPs and all RSPs analysed (except for Cameroon CSP 2002-2007 and CSP 2008-2013) refer to overarching EU policies and strategy papers, including those related to TRA. Most country fiches also revealed that programmes and projects have been formulated in accordance with the EU's key policy documents – including, but not limited to, the European Consensus on Development, the Cotonou Agreement, the Joint Council and Commission Declaration on Development Cooperation, the Generalised System of Preferences (GSP), and the Everything But Arms (EBA) initiative.

**Political and policy dialogue have functioned well in the majority of cases analysed** and took into account the EU's TRA objectives and their coherence with key selected development and trade-related policies. In general, an effective policy and political dialogue is essential to secure the coherence of specific development cooperation objectives with the key development objectives of the EU. This also holds true for TRA, **particularly for interventions focusing on trade policy and regulation, and thus for deepening the integration of partner countries and regions into the rules-based world trading system.** Except for COMESA, frameworks for undertaking political and policy dialogue, promoting trade and investment between the parties – independently of, and prior to, financial assistance from the EU – exist and contribute to coherence, albeit to varied degrees. Among the desk phase and field phase countries and regions scrutinised, the strongest evidence for the successful embedding of TRA in policy dialogues was found for ASEAN (a model case in this regard), Vietnam, the MEDA countries, Ukraine, and Uruguay. Partial or limited evidence exists in the cases of Egypt, Ghana, Côte d'Ivoire, Cameroon, Zambia, and MERCOSUR. The EU also made strong efforts to improve coherence by, for example, supporting quality infrastructure and other SPS/TBT measures – as demonstrated in the case of Egypt. Overall, there is sufficient evidence that the dialogue has been effective. At the same time, however, interviews during the field missions in some countries (particularly Cameroon, Ghana and Zambia) indicate that EPAs have somewhat hindered policy dialogues on the basis of alignment principles, and findings reveal that several EPA-related projects were not demand-driven.

Overall, analysis suggests that **coherence of the EU's TRA objectives with key development and trade-related policies was strong at the programming and formulation level.** Coherence was usually **monitored throughout the entire project cycle** in the majority of cases.

#### 4.3.2 JC 3.2 and JC 3.3: Mechanisms in place and effective in ensuring co-ordination of EU TRA with EU Member States and other development partners

On the basis of interviews with EU Delegations, Member States Embassies and other relevant stakeholders conducted during the field missions, and corroborated by the results of a survey sent to the EU Delegations, it can be concluded that, in the majority of partner countries, **the Commission contributed considerably to establishing co-ordinated EU positions on trade issues through joint strategies and reviews** in this area. However, particularly in Sub-Saharan African countries and Egypt, co-ordinated EU positions on TRA were either not explicitly included on the agenda of joint forums or were missing – especially in cases where EU member states were not or only marginally involved in TRA (ASEAN, Cameroon, Ghana, Uruguay, Zambia). Consequently, there was no need for co-ordination.

In most instances, **information sharing and the development of common awareness of the partner's needs between the EU MS and the EU** – and, to a lesser extent, co-ordination of programming and implementation of activities – **has taken place within co-ordination groups**, such as the EU Development Counsellors Group and the EU Environment Counsellors Group in China, the internal Development Cooperation Group (EUDCG) for Jordan, the Donor Assistance Group (DAG), including nine thematic sub-groups, in Egypt, the forums established by the MEDA regional cooperation (ministerial, senior official, and working group levels), and in formal co-ordination meetings recently created for ASEAN. Overall, however, the evidence is mixed. In most cases, information sharing has taken place informally and, to a lesser extent, through formal cooperation mechanisms. In several countries, the need for information sharing and co-ordination was minimal because few, if any, EU MS were active in the TRA area. Responses to the survey sent to EU Delegations were mostly positive about the degree of information sharing with EU Member States, with 12 out of 16 EUDs indicating that “*sharing of information and policy analysis on trade with EU MS*” was good or very good in 2010. While co-ordination can no longer be described as a “*very ad hoc process*”<sup>56</sup>, a key finding of the 2004 TRA Evaluation is still valid to a great extent: “*In terms of co-ordination with other donors, although co-ordination mechanisms exist among EU MS, a need was identified to move beyond information sharing to genuine co-ordination.*”<sup>57</sup> Furthermore, as underlined in the case of ASEAN, **information-sharing often did not result in a formal division of labour, which, in turn, led to overlapping TRA interventions** – for example, with regard to customs reforms.

**The sharing of information and policy analysis on trade between the EU and other development partners at the level of partner countries has improved considerably since the last TRA evaluation in 2004.** While the 2004 TRA evaluation concluded that “co-ordination with other donor activities remains limited in both form and content”<sup>58</sup>, the approach to co-ordination since then has made advances. Among the sample countries studied, the proportion of CSP/RSP mentioning co-ordination mechanisms with other donors increased from 41% in the first period to 56% in the second period (respectively, 11 and 15 out of a total 27 CSP reviewed). For both periods, only four CSPs/RSPs did not indicate with which donor co-ordination was meant to take place. The EUDs (according to the survey) and other stakeholders interviewed during the field missions overwhelmingly rate the sharing of information and policy analysis on trade with other donor agencies as good.

**Evidence of functioning formally institutionalised co-ordination mechanisms between development partners and government has been found across regions, and such mechanism exist – to varying degrees – in all countries.** It is usual procedure that the respective national governments lead these meetings at national levels. At the regional level, leadership is less clear, as none of the secretariats of the organisations supported by the EU have a supranational mandate to make decisions on behalf of the MS. It generally appears that co-ordination mechanisms were most effective if there exists an overall political framework and the will at the level of national governments to support or, even better, lead such co-ordination. This finding is confirmed by the case of Central America, where governments are perceived generally to support regional economic integration efforts and promote co-ordination schemes, thus also facilitating DP co-ordination at regional level. ASEAN is a case in point for the upgrading of EU co-ordination of activities with other donors and implementing agencies (such as USAID, AusAID, Japan, and GIZ). Evidence gathered from reports and interviews points to **Sub-**

<sup>56</sup> Joint Evaluation of Co-ordination of Trade Capacity Building in Partner Countries, Final Report, February 2006, p. 22.

<sup>57</sup> Evaluation of Trade-Related Assistance by the European Commission in Third Countries, Final report, 2004, p. 25.

<sup>58</sup> Evaluation of Trade-Related Assistance by the European Commission in Third Countries, Final report, Vol. 1, 24 May 2004, p. 25, p. 33.

**Saharan Africa as the region with the highest share of functioning donor-government co-ordination mechanisms** in the TRA area, both at regional and national levels, with national task forces for COMESA, the National Working Group on Trade in Zambia, and the PSD Strategy WG in Ghana. Apart from Zambia, co-ordination was most challenging in the SADC countries, where the establishment of effective mechanisms was constrained by the lack of political will at governmental level.

There is substantial evidence that the scope and effectiveness of co-ordination of the EU's TRA with non-EU development partners has grown since the beginning of the period evaluated, when such co-ordination was still the exception rather than the rule. Moreover, efforts at co-ordinating the EU's and MS's positions have grown during the period evaluated. Where opportunities for co-ordination existed, they were generally exploited, and the level of co-ordination has been commensurate both with demand and need. However, in a sizeable number of countries, co-ordination with EU MS on TRA has remained limited, due to the simple fact that no EU MS were prominently involved and the Commission was the only EU agency active in the TRA area. **Structures of co-ordination mechanisms vary from informal** (e.g. Central Africa, TradeCom), **to organised Donor Committees on which the EU takes a prominent role** (for example, in ASEAN, Bangladesh and Cameroon). In most of the countries analysed, information exchange at programme/project level was aimed at avoiding overlapping. Co-ordination took place during the identification and implementation phase, but on an ad hoc basis only in some instances. However, during the identification phase, such co-ordination has rather been the exception than the rule, with indications existing for only two countries of the sample, Vietnam and Côte d'Ivoire, where the identification of some EU-supported activities has been co-ordinated with the World Customs Organisation, as well as the IMF, UNCTAD and UNIDO.

While there is substantial evidence for value added of the EU's TRA, examples of synergies between the TRA of the EU and the EU MS are rare, and where they did occur they were, in most cases, only limited. In some countries, the EU provided added value in the process of establishing co-ordinated EU positions on trade issues by contributing to elaborate joint strategies and reviews in this area, as illustrated in Bangladesh. In Ukraine, the creation of a common database was found to be an effective initiative, with the long-term perspective of joint programming and joint financing, which, however, was not specifically related to the TRA area. In the case of China, the EU has elaborated its strategy according to other donors' interventions in the trade area and adopted a co-ordinated EU position on trade issues. For the countries and regions analysed, evidence of synergies between EU and MS interventions was found mainly in ASEAN (with projects funded by Germany), while they existed only to a limited extent in most other countries. In Central Africa and West Africa, effective co-ordination systems between EU MS and the EU were almost non-existent. Strategic linkages between TradeCom and the interventions of EU MS were confined to one-off mutually beneficial opportunities, whereby the advancement of an activity would facilitate the "next steps" in implementation for the relevant programme, stakeholders or beneficiaries. Consequently, synergies were limited and unplanned.

With a view to implementing Paris Declaration commitments, **joint strategies have become more prominent during the latter part of the period evaluated, but, overall, the findings are mixed.** Among the sample countries, joint strategies, mechanisms to develop joint strategies and programmes, have been identified for Bangladesh, Cambodia, South Africa and Zambia. Examples include the Joint Cooperation Strategy from 2010 in Bangladesh and, in Cambodia, the formulation of a sector-wide approach in the area of trade reform with the other donors involved in this sector (EU MS, UN, ADB and WB in particular). In Africa, the CSP II for South Africa has set out a joint response strategy, which was planned to be developed into a joint multi-annual indicative programme by the EU and EU MS, while a Joint Assistance Strategy (JAS) was signed in 2007 in Zambia. In Egypt and Uruguay, there have been neither joint strategies nor programmes, as there has been no need for this due to the lack of EU MS involvement in TRA. Mechanisms to develop joint TRA strategies have been in the process of being created in Cameroon, while missed opportunities for joint strategies are evident in ASEAN.

In most cases, **EU leadership and value added came naturally from its position as a large, or the dominant, donor.** Often the main comparative advantage noted by MS, government and beneficiaries has been the scale of funding. However, in some cases (e.g. Tanzania), the EU has been seen as a legitimate player without paying an "entry price" in the form of substantial financial support. The specific EU know-how on regional integration and the weight of this area of intervention in the EU development strategies have allowed the EU to run important support programmes to regional integration in the case of ASEAN and COMESA. **Overall, there is clear evidence of added value of the EU's TRA in the context of its portfolio in most countries and regions.**

### 4.3.3 JC 3.4: Complementarity, co-ordination and coherence of EU's TRA at global, regional and national level

**The level of coherence between EU strategies at regional level and its strategies at national level varies.** Particularly in Central Africa, this type of coherence appears to be insufficient, and complementarity between a RIP and the NIPs has remained a theoretical concept, with its practical application being insufficient. In West Africa, coherence between the EU's regional strategy and its strategies in member states of the region is low. This is clearly illustrated by the fact that, out of 14 CSPs, only four took into account the regional integration process in the identification of sectors of intervention of the NIP.

**There is also a gap between the programming and strategies at regional and national levels.** The main exceptions are ASEAN – where, at programming level, regional and national programmes and projects are coherent – and TradeCom. The final evaluation of the latter indicated a relatively high level of coherence between regional and global levels of intervention. It should also be noted – as, for example, the cases of Egypt, Ghana and Zambia demonstrate – that while there have been virtually no attempts to make bilateral TRA coherent with regional or global TRA initiatives, the evaluation did not detect any major incoherencies in the support either.

**Co-ordination between regional and national TRA has been weak in many cases.** In Zambia, trade issues were neglected in the preparation of country strategies because they were supposed to be considered at the regional level. In ASEAN, the strengthening of regional economic integration has suffered from a lack of co-ordination between national and regional levels, with the logical impact that potential synergies and high effectiveness of the EU's cooperation programmes could not materialise to the extent desirable. Similar findings have emerged for the COMESA region. In both cases, the current situation can be described as a compartmentalised approach, characterised by the parallel implementation of: a) regional projects, which often include support at national level via sensitisation and training; b) TRA instruments accessed both by national and regional stakeholders for specific and technical trade-related assistance; and c) national programmes, which often see regional integration as a matter for the regional programmes.

In the majority of cases, **clear evidence for complementarity of national TRA with global/regional level interventions was lacking.** Exceptions include the relatively high level of coherence of RSPs with the AfT Strategy. However, at implementation level, evidence for larger-scale complementarity between global initiatives, such as ProInvest, and TRA at national level could not be found. For the minority of cases for which some rather low degree of complementarity could be identified (e.g. Vietnam, the Philippines, Nigeria and the Dominican Republic), it was more a **rather unplanned outcome in the absence of strategic planning.**

**In general, complementarity has often remained “rhetorical” and taken the form of a “division of labour”** (as demonstrated in West Africa), **instead of “real complementarity”.** In the ENPI South region, where bilateral cooperation strategies clearly refer to the Barcelona process, linkages between national and regional TRA remained largely nominal. The programming documents did not demonstrate how process objectives were meant to be jointly achieved. Overall, the 3Cs are a weak point when it comes to the EU's TRA at global, regional and national levels. In many countries, the EU has prioritised its bilateral assistance. However, effective co-ordination, coherence and complementarity – particularly between regional and national levels of intervention – have remained underdeveloped.

## 4.4 EQ4 on trade policy environment

**Evaluation Question 4:** To what extent has the EU's support to TRA contributed to an improved trade policy environment at national level?

The EU is committed to assist developing countries in improving their trade policy environments, which often materialises through various capacity development interventions. This includes support to trade-related ministries and their officials for enhancing negotiation capacity, for trade facilitation, and for improving analytical and diagnostic capacity. To ensure consistency and enable better chances of sustainability, trade policy is often attempted to be mainstreamed into wider domestic policy and development frameworks. This has also been an explicit objective of the EU's TRA. This evaluation question thus concerns interventions categorised under the AfT heading ‘trade policy and regulation’ (category 1). Its focus is on capacity development for trade and regulatory reforms.

**EQ4 on trade policy environment –Summary Answer Box**

*The EU has made important contributions to improving trade policy environments, especially in countries and regions where there is strong demand for such policy initiatives. In most cases, TRA has effectively assisted in improving the capacity of public institutions involved in trade facilitation, export and investment promotion. Especially in the earlier part of the period evaluated, there has been a strong policy emphasis on developing trade negotiation capacity, often with considerable success, but also with variations between countries and regions. A key challenge has been to maintain capacity levels sustainably, especially in weaker environments where partner commitment may be partial only. Here, the analytical underpinnings of the EU's TRA have not always enabled it to better identify and address systemic challenges undermining capacity development. At times, the capacity development approach used has been too narrowly based on apparent gaps identified and on the supply of conventional capacity building inputs, such as training and TA.*

EU support to trade policy and regulation (a main focus of this EQ) amounted to 53% of total TRA in the period evaluated<sup>59</sup>. Trade policy, broadly interpreted, has assumed increased importance, with the number of countries in which trade policy is a priority in the CPSs increasing from 11 to 14 (in a sample of 23). The EU's awareness and analysis of the context in which TRA for policy formulation is being implemented has increased during this period. Thus, strategies and plans have become more reflective of the overall environment and more related to key macro-economic conditions that shape the constraints and opportunities for increasing trade. Also, the EU was increasingly explicit in basing its TRA on lessons learned from previous related interventions. However, in some instances, the trade policy analysis was somewhat shallow, and there are also several examples of limited analysis of partners' demand – most notably, in the case of TradeCom technical assistance and for EPA-related support. This relates in particular to ACP countries, whereas there seems to have been a stronger articulation of demand in Asia, including ASEAN.

The EU aims to develop organisational capacity so that services can be provided sustainably. In that regard, the analyses made by the EU in the preparatory phases of support have at times been incomplete, and in only few instances have they been conducted with explicit robustness.<sup>60</sup> Consequently, the analyses often resorted to the conventional “lack of” and gap analysis, which could (and often did) overlook more fundamental systemic constraints to effective capacity utilisation (e.g. TradeCom). The absence of thorough capacity analysis may be one explanatory factor of the mixed results seen especially in weaker contexts (such as Bangladesh and, partly, Zambia), where TRA has faced an increased risk of being less demand driven, more ad-hoc and gap-filling. However, in more committed environments (e.g. Vietnam, China and the wider ASEAN region), the partners often had a clear perspective of where the capacity constraints were, and demonstrated willingness to address these head on. In such contexts, the capacity development analysis was internalised by the partners, and hence was not as necessary as in weaker contexts. In such weaker context, high staff turnover and lack of an appropriate incentive structure in the beneficiaries' organisations often limited the effectiveness of training interventions (e.g. some of the units in Egypt's government, and in Bangladesh), especially if this was not factored in during the design phase.

In these contexts, the EU (and other external development partners) thus faced more substantial challenges in designing capacity development interventions that “stick” – i.e. are sustainable and improve the targeted organisations' capacity. Overall, the EU's own analytical toolkits for providing appropriate capacity development were rarely used.<sup>61</sup> If applied with more consistency (which indications suggest they now are), these could arguably have led to more contextually adapted interventions related to enhancing the trade policy environment, with substantially improved prospects for higher effectiveness and sustainability.

<sup>59</sup> According to the inventory undertaken for this evaluation.

<sup>60</sup> In some instances, such analyses were nevertheless made, but not explicitly documented.

<sup>61</sup> e.g. EuropeAid's Reference Document “Institutional Assessment and Capacity Development” (2005) and the “Toolkit for Capacity Development” (2009).



#### 4.4.1 JC 4.1: Trade policy formulation and mainstreaming has been strengthened

At operational level, a first step in trade policy drafting and mainstreaming has often been to enhance government capacity to formulate trade policies that were appropriate to its assets, comparative advantages and broader context. **Over the period evaluated, the EU has increasingly invested analytical resources into designing assistance to trade formulation and mainstreaming, and considerable progress has been recorded in the majority of countries analysed.** Approximately 23% of all planned direct TRA funding has been allocated to trade policy and management, which covers part of this criterion, with mainstreaming also taking place in other AFT categories. During the period evaluated, contextual factors were considered more thoroughly when designing TRA strategies and interventions, with almost all analysed CSPs (21 out of 23 in the first period, and 23 out of 23 in the second period) reflecting on trade dependencies and binding constraints.

**There is, however, significant variation of the degree to which the micro-level contextual factors have been analysed, both in term of breadth and depth.** When designing TRA support to, for example, trade policy units in ministries and agencies, explicit analyses of the binding constraints for effective policy formulation have, in most instances, been somewhat shallow. In instances of either low capacity and/or commitment or with considerable fragilities, there was too strong a focus on the lack of certain inputs and gaps in terms of capacity and resources. These analyses have failed to identify the more systemic constraints that hinder policy formulation – a topic also covered in JC4.2.

**In the analysis of the targeted organisations (e.g. trade ministries, export promotion agencies, and customs), often neglected aspects have been the incentive structures (formal and informal) that guide behaviour and interactions.** This aspect is also related to the political economy of change in public institutions and has recently assumed centre stage in the EU guidelines on support to capacity development, where there is clearly encouragement to venture beyond simply basing the contextual analysis on gaps and “lack of” focus. Our evidence from analysing capacity development support, in both the desk and field cases, suggests that such a focus is highly relevant and could have contributed to improving trade policy formulation and mainstreaming in most contexts characterised by capacity weaknesses and incentive structure unaligned to EU TRA objectives.

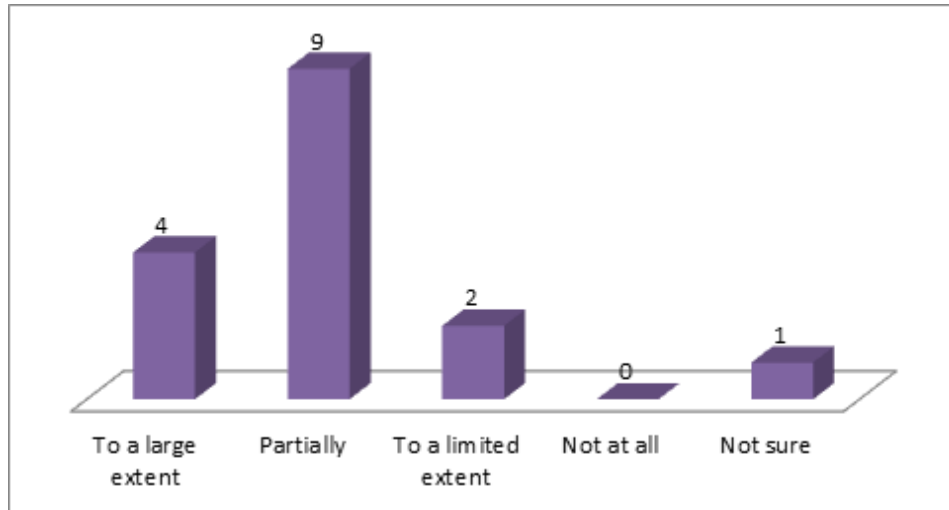
**In terms of supporting trade policy mainstreaming, the EU has clearly accelerated efforts to ensure that trade is an integral part both of its own global, regional and country strategies and of those of its partners. As for mainstreaming trade into CPSs, there is a clear trend for making more solid analysis of (macro) trade issues in the CPS.** In the first generation of CSPs (2003-2007), five countries in the 23-country sample had only a brief analysis of trade issues, while in the second generation (2007-2012) only one country had. At global level, the TradeCom facility also assisted in trade policy mainstreaming, and analysis of the country sample shows that complementary mainstreaming efforts have also been observed at national level. However, the analysis revealed that, in some of the countries analysed, trade policies were either weak or absent.<sup>62</sup> At times, limited capacity to engage in partner-driven policy formulation undermined the ambitions of the EU to assist in developing partner-driven trade policies. Conversely, in countries with stronger trade visions and commitment, EU TRA has proved to be more effective in fine-tuning and adjusting the trade policy (as it was often already there) and integrating trade into wider policy frameworks. This suggests that national ownership and commitment to trade policies are important predictors of success. In weaker contexts (e.g. in Bangladesh, Zambia and Côte d'Ivoire), the EU is still struggling to ensure mainstreaming, mainly due to limited domestic traction.

**Engaging the private sector and wider non-state actors meaningfully in the trade policy formulation process remained challenging for the EU and its partners.** In developing trade policy frameworks that are compatible with, and supportive of, national development frameworks, it is important to include the main drivers of the trade – for example, the private sector and its representatives, as well as a wider range of NSAs with a stake in trade policies. This is also the policy of the EU. Otherwise TRA design can be inappropriate and not responding to the real needs of business. While attempts have been made in many of the countries analysed, the outcome varied, with considerable challenges being faced due to factors such as weak representation of the private sector,

<sup>62</sup> In our detailed sample analysis, three countries (Zambia, Cotê d'Ivoire and Bangladesh) stood out as having weakly formulated trade policies, whereas four (Vietnam, China, Tunisia and partly Egypt) had comparatively strong and explicit trade policies. Inadequate information in the reminder of cases made it impossible to pass definite judgment.

limited government engagement to encourage them, and limited sustainability and representativeness of some of the NSAs (e.g. Ghana, Zambia and Cameroon). This is also corroborated by the survey results, in which only a minority of EUDs reported that the private sector had participated in TRA formulation to a large extent, while most respondents indicated only a partial involvement.

Figure 4 Results of the survey to EUDs: Degree of private sector involvement in trade policy formulation



Source: EUD survey

Nevertheless, over the period evaluated, NSAs were increasingly and often successfully included in policy making – but the above challenges remains. In more trade-oriented countries (such as Vietnam), the inclusion of the private sector has gained traction more easily, whereas there are still challenges in weaker environments (e.g. Cameroon). In other instances, participation has had elements of tokenism, and the evaluation found insignificant involvement of NSAs, other than private sector organisations, almost universally. Thus, there is clearly an unfinished agenda of encompassing a wider audience in the trade policy dialogue, such as unions, NGOs and consumer organisations.

#### 4.4.2 JC4.2: Institutional capacities of trade-related public institutions to promote regional and global trade and investments have been enhanced

Nearly all analysed support to public institutions entailed some form of capacity development – typically, training, TA, study tours and HRD.<sup>63</sup> As a matter of principle, capacity development support should be based on thorough institutional analysis. **Significant progress in developing capacity has been made, especially in several European Neighbourhood countries, whereas progress in weaker contexts has been more mixed. In countries with a strong trade orientation (e.g. ASEAN countries), progress has also been noticeable.**

**The EU's analytical efforts** in designing and implementing capacity development to promote trade and investments **have improved over time, but they are still mostly focused on identifying alleged “gaps” between current and desired level, often using an ideal state of capacity.** At general level (e.g. CSPs), where the analysis often focused on macro-trends, increased attention has been paid to analysing contextual factors (as also discussed in JC4.1), which has improved the overall analytical base. However, at intervention level, capacity development support should start with analysing why the current levels are deemed inadequate, and identifying systemic and resources challenges hindering better capacity utilisation. In most concrete interventions evaluated, the design analysis focused on what the organisation was lacking (e.g. training, equipment, co-ordination, planning and leadership). The response was then to introduce elements such as planning, procedures, formats, equipment, TA and training. However, very few of the TRA-related capacity development interventions analysed aimed to

<sup>63</sup> However, given the fact that capacity development to public institutions is spread over many Aid-for-Trade and CRIS categories and is included in programme components with multiple objectives (of which CD may be only a small sub-component), it is not possible to arrive at any meaningful estimate of disbursed amounts.

go beyond such “lack of” and gap analyses to determine more fundamental structures that can create capacity constraints and opportunities.<sup>64</sup> **Hence, incentive structures (both formal and informal) guiding staff performance were analysed only to a very limited extent, and the analyses also often failed to identify who would champion the changes aimed for and who might oppose them.**<sup>65</sup> The political economy of change was generally not explicitly considered, especially concerning issues related to inter-agency rivalries, staff incentives, corruption and power-relations. In many instances, no such analysis was done. However, in some instances, such analyses were made more or less explicitly and factored into design (e.g. ASEAN), but they were not made public due to sensitivity concerns.

Evidence from desk and field phase cases reveals that **in contexts with high partner commitment to implement necessary reforms and tackle opposition, the absence of a robust analysis was less detrimental to outcomes than in more non-committed environments.** In such cases, the evaluation found that capacity development support was in close alignment with both the EU's objectives and the incentive structures guiding performance in the organisations supported, as has been unambiguously the case for four of the sample countries.<sup>66</sup> However, when such alignment was less clear, challenges arose in promoting changes in capacity levels that may have altered the power balance and patronage systems – as with, for example, the limited success in strengthening the capacity to reform the competition policy in Vietnam. Here, an incomplete analysis of the political economy of monopolies clearly undermined effectiveness of an otherwise successful programme (MUTARP). Similarly, cases have been found in, for example, Bangladesh (staff incentives not analysed, leading to inadequate leadership) and in Egypt (inter-agency power struggles prevented the streamlining of quality and standards systems). Moreover, in contexts characterised by pervasive weakness and dominance of informal incentives structures that may not be aligned to formal ones, analysis reveals that capacity development interventions based on superficial gaps and “lack of” analysis undermined effectiveness and relevance of institutional support.

**Given these elements, the evaluation concludes that the EU's TRA has made the strongest contributions to capacity development of public institutions in contexts where trade was a high priority.** Progress was clearly evident in the above mentioned four cases in our sample, but also materialised partly in some other sectors and in thematic focus areas in other cases. Here, the EU's TRA has assisted in producing important and high-impacting public policy services and products within a wide range of areas, including general trade facilitation, export and import promotion, SPS, TBT, IPR, and procurement policies. However, as effectiveness is closely related to political commitment, in areas where this was weak (e.g. reforming Vietnam's competition policy) results were correspondingly compromised. Moreover, sustainability has also proved to be highly conditional upon government commitment, both in terms of financing (if not paid by the private sector) and in terms of protecting capacity (e.g. reducing staff transfer and corruption). Recent indications are that an intensified use of the EU's toolkit on capacity development and related work are increasingly improving the situation.<sup>67</sup>

#### 4.4.3 JC 4.3: Trade negotiation capacity has been enhanced

**Substantial efforts have been made by the EU to help improve partners' negotiation capacity through, for example, training and making expertise and competencies available, with reasonable progress in European Neighbouring countries and the ASEAN region.**<sup>68</sup> In our sample of 23 countries, support to trade negotiations has assumed slightly less priority, with 10 countries being supported in the first CPS cycle and nine in the second. The intention has been to provide countries and regions with the tools to maximise the benefits of trade opportunities available through negotiations. This has been a key element in TRA in the field of trade policy, especially in the first part of the period

<sup>64</sup> In fact, none in our sample included such analysis explicitly, but indications are that such factors were nevertheless considered in a few instances (e.g. Vietnam).

<sup>65</sup> Again, none of the sampled cases included such analysis explicitly.

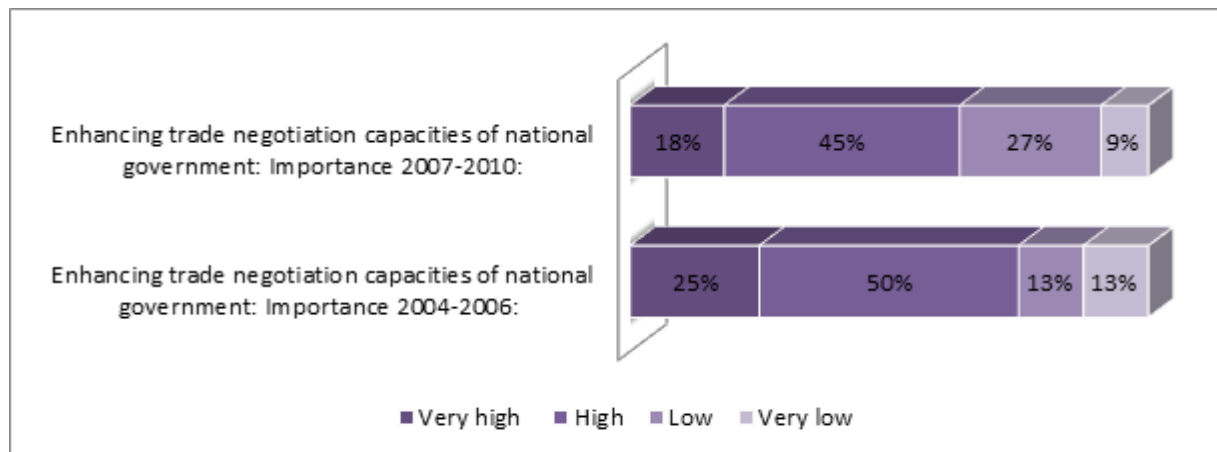
<sup>66</sup> These were China, ASEAN, Uruguay and, partly, Vietnam and Egypt. However, there were also many other cases where partner commitment was initially strong but later weakened.

<sup>67</sup> Moreover, the recently developed methodology to evaluate capacity development, which looks specifically at the constraints, incentives and political factors, is also likely to contribute.

<sup>68</sup> While multilateral trade negotiations have been accorded high priority, the volumes have been comparatively modest, due to the limited absorptive capacity in this very narrowly targeted area – e.g. there are only a few trade negotiators to train. The amount of support for this area is 2% of all direct TRA to category 1 (see inventory). However, support to regional/bilateral trade negotiations has also been provided under wider TRA programmes, which complicate exact quantifications.

evaluated, marking the end of the first wave of substantial TRA, which had a strong focus on trade negotiation capacity in the context of, for example, the WTO and DDA. In the later part of the period evaluated, the TRA agenda became more broad-based and other priorities also assumed centre stage, although capacity for EPA negotiations and bilateral/regional free trade agreements also demanded the attention of EU TRA. Thus, EUDs attached slightly decreasing importance to trade negotiation capacity over the periods, as illustrated in the following figure.

Figure 5 Results of the survey to EUDs: Importance attached to developing trade negotiation capacity



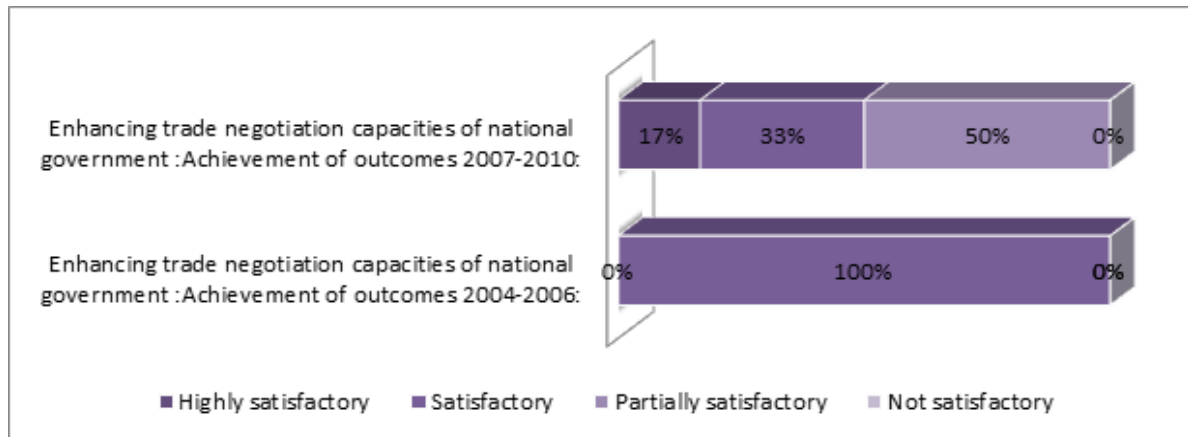
Source: EUD survey

**Overall, the EU has had considerable success in helping to improve trade negotiation capacity among its partners, but with substantial variations across countries and regions.** Training, a core delivery modality for enhancing this capacity, has generally been appreciated as being of high quality and useful. This has manifested itself especially in countries and regions with strong trade performance. Here, TRA was instrumental in improving negotiation capacity, enabling countries to better define, promote and defend their trading interests. Thus, in all six cases analysed, trade negotiation capacity was improved, in one aspect or another<sup>69</sup>.

**However, there have been challenges in making negotiation capacity sustainable – i.e. permanently upgrading the partners’ ability to engage with its trade partners in an informed manner.** In some cases (e.g. TradeCom), the EU’s TA often “gap-filled” and substituted functions of the respective institutions. Retaining capacity was thus dependent on continued TA, the costs of which were beyond the budget of most governments. Further undermining the sustainability of negotiation capacity has been the high turnover of staff in some of the organisations targeted for training (such as Egypt and Zambia), especially those with no mitigation measures in place that could, for example, ensure training of new staff. This again suggests that sound analysis of contextual factors, going beyond the “lack of” capacity assessments, is crucial for designing capacity interventions that “stick”, especially in weaker contexts. Moreover, some of the capacity development has not been fully demand driven; this relates both to part of TradeCom’s training delivery and to more recent efforts aimed at strengthening EPA negotiation capacity. This is corroborated by the survey, where the perception of the EUDs was that the outcomes of TRA to improve negotiation capacity also worsened, as illustrated in the following figure.

<sup>69</sup> These cases are Mercosur, Comesa, Egypt, Zambia, Cote d’Ivoire and Ghana (through WTO see field report).

Figure 6 Results of the survey to EUDs: Outcomes of TRA to improve negotiation capacity



Source: EUD survey

Whereas all relevant EUDs reported satisfactory achievement for the early part of the period evaluated, only half did so for the latter period – again perhaps reflecting decreasing partner demand and commitment to this area. This is also consistent with the (limited) evidence that there has been a slightly decreasing focus in TRA on reaching specific trade negotiation targets, and thus also a somewhat corresponding decrease in its effectiveness – as, for example, other areas of TRA have assumed increased importance (see inventory of TRA). Moreover, analysis of the EUD questionnaire, combined with evidence from our sample countries, reveals that **interventions were more successful in the earlier part of the period evaluated, and demand may have weakened later – consistent with the faltering of DDA and EPA negotiations.**

#### 4.5 EQ5 on trade facilitation

**Evaluation Question 5:** To what extent has the EU's support to trade facilitation contributed to reducing trade-related transaction costs?

Trade facilitation focuses on the reduction of trade-related transaction costs and improved customs management. The core objectives of trade facilitation, in a broader sense, are to improve the international trade infrastructure, to simplify and internationally harmonise customs procedures, and to enhance cooperation between customs authorities and other government offices, such as by certifying or licensing bodies. The overriding aim is to reduce transaction costs in international trade. Trade facilitation, mainly centred on customs reform, is likely to have a very substantial impact on developing countries' ability to raise revenue through more effective duty collection and increased trade volumes, as well as to fight corruption and inefficiency, through the introduction of modern and more transparent administrative practices.

Evaluation Question 5 looks at the specific impact of TRA that can plausibly be attributed to EU trade facilitation assistance. It covers part of AFT category 1. Hence, it links back in the Intervention Logic to the "Support for trade policy and regulation", with a focus on import and export procedures (e.g. licensing, customs procedures) influencing the transaction cost of trade in goods and services for the private sector. It reflects the importance of this intervention area in terms of allocated budgets.



**EQ5 on trade facilitation - Summary Answer Box**

*The EU's TRA in the area of trade facilitation has had a significant impact on the reduction of trade-related transaction costs. Evidence of this is found in numerous examples of simplification of procedures and reduction in delays at customs. This is fundamentally due to achievements such as the modernisation of customs systems, and an increase in official body co-ordination and private sector communication exchange, brought about by EU assistance provided.*

The EU has not applied and implemented "one size fits all" approaches. All interventions at national and regional level have been specifically targeted at the most pressing trade-related issues in the respective regional or national contexts.

Generally, comprehensive needs assessments have been carried out prior to interventions in the trade and customs facilitation areas, giving them a strong grounding. The interventions have addressed legal and regulatory adjustments, specific adjustments to simplify, standardise and harmonise trade procedures and their implementation, and contributions to infrastructure and human resource development. They were customised to each situation.

The EU has given substantial attention to the identification of root causes, shortcomings, limitations and weaknesses in existing trade and customs regimes. Diagnostic and feasibility studies and similar analytical exercises often marked the beginning and the basis of major interventions, thereby increasing the soundness and legitimacy of the EU's approach. The EU's TRA has been able to contribute its own vast experience in trade facilitation in the process of making legal and regulatory adjustments related to trade and customs facilitation. This has taken place across four areas: 1. It carried out (either directly or in cooperation with governments and other donors) comprehensive study and analysis of gaps in existing legal and regulatory regimes; 2. The EU was able to contribute its own vast experience in trade facilitation to propose specific adjustments to effectively simplify, standardise and harmonise trade procedures, depending on the specific needs of the respective region or country; 3. The EU also successfully assisted in the implementation of the specific adjustments; 4. The EU significantly contributed to human resource development – for example, through the training of customs officers.

The EU TRA in trade and customs facilitation has had a strong impact in most countries and regions where it has been implemented. In the sample countries, this has notably been recognised in Egypt, Bangladesh, Tunisia, Ghana, Philippines, Vietnam, and across the ASEAN region.

#### **4.5.1 JC 5.1: EU interventions contributed to simplification, standardisation and harmonisation of trade procedures**

**EU trade facilitation interventions in around two-thirds of the relevant countries<sup>70</sup> have demonstrably invested in producing comprehensive preliminary diagnostic studies, gap analyses and policy plans, and this has, overall, resulted in successful implementation of interventions aimed at simplification, standardisation and harmonisation. Thus, trade facilitation was in general well-tailored to the specific needs of the respective partner countries/regions.**

TradeCom supported a number of diagnostic studies in areas such as trade in services, agricultural diversification, EPA impact assessments, financial services and telecoms. By mid-2010, 36 impact assessments, trade diagnostic studies and briefs relevant to trade procedures had been prepared. All evidence gathered for the period evaluated clearly indicates that the recommendations generated put beneficiary countries in better positions to: a) adopt strategic positions based on assessments of the likely impact of Economic Partnership Agreements (EPAs); and b) start or strengthen the process of formulating trade policies and upgrading regulations and procedures for WTO compliance.

The countries analysed that showed positive documented evidence for diagnostic studies, needs analyses and similar studies were Bangladesh, Cameroon, Côte d'Ivoire, Ghana, Egypt, Vietnam,

<sup>70</sup> Relevant countries/regions: Bangladesh, Cameroon, China, Côte d'Ivoire, Egypt, Ghana, Paraguay, Tunisia, Ukraine, Vietnam; COMESA, MERCOSUR, ASEAN.

COMESA, and the ASEAN region. The type and scope of the analyses differ according to the specific TRA focus of the EU in the respective country.

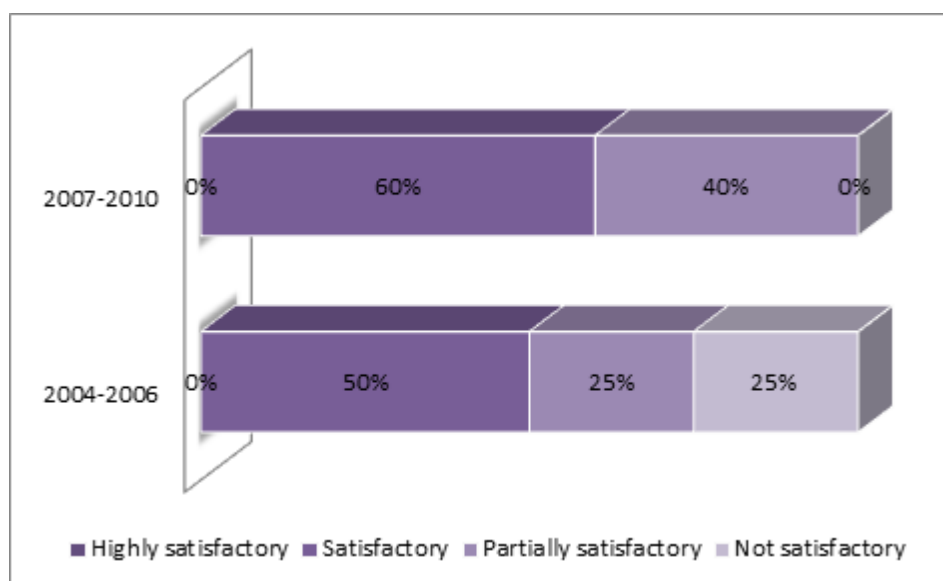
**The EU played an instrumental role in working towards legal and regulatory adjustments.** For example, the evaluation of the EU's cooperation with ASEAN confirms that progress towards the implementation of the ASEAN Free Trade Area, customs harmonisation, standards harmonisation, IP legislation, registration and awareness would not have been produced without the EU's support. Across the board, support to TRA in the area of legal and regulatory adjustments was provided according to the following categories:

- Analysis of shortcomings and gaps in existing legal and regulatory regimes (China);
- Contributions to design of specific adjustments (ASEAN, Egypt, Ukraine, Vietnam);
- Contributions to the implementation of specific adjustment (Egypt, Vietnam, Cameroon, Bangladesh);
- Contributions to infrastructure development to facilitate the implementation of adjustments (Egypt, Ukraine, Ghana).

**Egypt was the country that benefited from the most EU TRA interventions in this category, while ASEAN has to be considered the greatest success story in terms of the number of outputs and the most targeted and streamlined approach,** as all interventions took place under the umbrella of APRIS II. This project contributed to the preparation of common regulatory regimes, such as in cosmetics and electrical and electronic equipment (EEE), as well as to the preparation and adoption of common trade documents – for example, ASEAN Harmonised Tariff Nomenclature (AHTN) and ASEAN Customs Declaration Document (ACDD). An impressive number of legal and regulatory adjustments resulted from the EU's interventions, and these have been pivotal in developing an improved and modernised operational environment for trade at national or regional level.

According to the EUD survey, **increasing importance of EU support was assigned to legal and regulatory adjustments in reducing trade-related transaction costs throughout the period evaluated.** This clearly indicates a positive trend in terms of assessing the *achievement* of outcomes. While for the first part of the period evaluated, half of the EUDs assessed the achievements as “not satisfactory” or “partially satisfactory” and half as “satisfactory” or “highly satisfactory”, for the second period the majority of EUDs assessed the achievements as “satisfactory” or “highly satisfactory”, and no EUD rated them as “not satisfactory”. Confirmation of these trends can be found among the documentation reviewed and in countries visited, where the interventions implemented in, for example, Bangladesh, Egypt, Vietnam and several countries of ASEAN have been successful. Furthermore, no cases in the study show a negative impact from any of the EU TRA interventions.

Figure 7 Results of the survey to EUDs: Degree of achievements of TRA support related to reducing trade-related transaction costs. 2004-2006 & 2007-2010



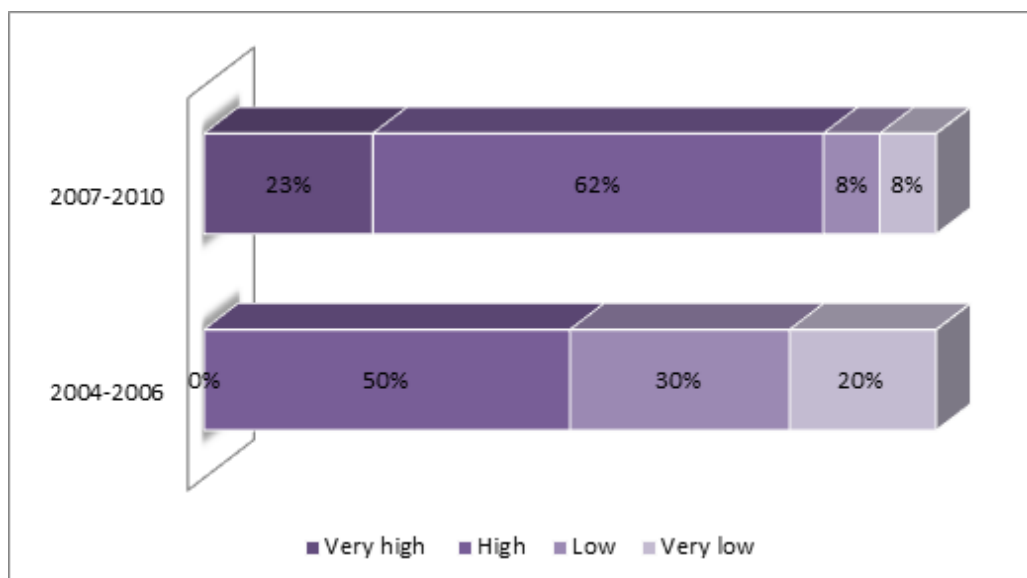
Source: EUD survey

**Implementation of the EU's support to customs and trade facilitation has tended to lack co-ordination between customs regulations enforcement mechanisms.** In Egypt, for example, implementation was done along strictly compartmentalised lines. In other cases, such as COMESA and Bangladesh, other donors tried to pick up where the EU's support to TRA left off, but in an unco-ordinated way. In Ghana, the GCNet was accompanied by better co-ordination between many customs and trade-related agencies, but, apart from that example, stakeholders co-ordinated only to a limited extent during the period evaluated. This is an area where the EU appears not to have seized the opportunities for obtaining greater synergies and simplification of procedures, which, in turn, undermined impact. Nevertheless, **it can be concluded that the interventions dealing with customs and trade facilitation assessed were generally appropriate to the specific country or regional context** – that is, they set their starting point within existing capacities, and were realistic overall. The evaluation could not identify any trend with regard to any aid modality or channel favouring or not the relative success of interventions.

#### 4.5.2 JC 5.2: Operational environment for trade at national or regional level improved, including modernised customs systems

The EU support to customs strengthening has, in most cases, been based on modern, but also contextualised, principles. The EUD survey in Figure 8 indicates a **clearly positive trend regarding the importance of reducing trade-related transaction costs** through enhanced operational environment (such as improved customs procedures and post-clearance audit systems). While for the first analysed period (2004 to 2006), 50% of the EUDs considered the importance to be “high”, the figure rose to 62% for the second period, with 23% considering its importance to be “very high”.

Figure 8 Results of the survey to EUDs: Importance of reducing trade-related transaction costs, 2004-2006 & 2007-2010



Source: EUD survey

**Qualitative evidence from the desk study and from field visits (i.e. to Bangladesh, Egypt, Cameroon and ASEAN) confirms that customs administrations, procedures and systems have been strengthened through the EU's support to TRA.** Examples of successful interventions are detailed below, dealing with different aspects of trade facilitation – namely, **automation** of systems, setting up **one-stop-shop/single windows**, **single-stop controls**, use of **risk management** for inspection, and **post-clearance** systems audits carried out at authorised economic operators.

**Overall, based on the desk study and the field visits, it appears that, where EU TRA provided has related to customs procedures and “behind-the-border” systems, these have indeed become more efficient and effective.** A greater impact is expected in the longer term, as it has to be taken into consideration that, in most cases, trade facilitation has been a focus only in the latter half of the period evaluated.

For example, in Egypt, the rudimentary data available supports the general finding that the **EU's TRA has led to an increase in the volume of imports/exports**. It has reportedly improved a quicker release time of goods, and the results are visible and considered very useful. Furthermore, single window, one-stop-shops were established, and disputes dropped from 30-35% (2004) to less than 1% (2007). Also in Egypt, **the EU TRA contributed to a reduction of customs clearance time from a mean of 15 days in 2004 to 13 days in 2006**. In Ghana, improvements due to a newly-equipped, trained and staffed customs authority have been achieved under the Private Sector and Trade Enabling Programme (PSTEP). Publication of information on the rights of accessing public services through surveys has also shown that the bureaucracy is increasingly perceived as being a minor barrier to businesses – a success to which TRA has contributed. The Customs Authority was not only newly equipped, but also staff were trained, and customs clearance was reduced from 14 to seven days. In Bangladesh, the time required for clearance of goods was reduced from six days to three days and administrative steps for the clearance of imported goods were reduced from around 40 to less than 20. Another example is in the Philippines, where the improvement to customs procedures is one of the best documented examples in this regard. As a result of TRA, the **customs process improved markedly**: cargoes or shipments targeted for yellow-lane or red-lane (medium and high risk products) inspections have **declined from 80% to 20 %** over the duration of the project. Moreover, clearance time has been reduced to less than eight hours for green-lane (low risk) entries. In Tunisia, a **substantial reduction in port transit time** from 5.6 days in 2008 to three days in 2010 was achieved under the PAI programme jointly funded by the EU, ADB and WB, as a result of a risk-based selective management system for import controls, and the operationalisation of the Rades one-stop-shop and “transport bundling”.

#### 4.6 EQ6 on compliance with standards

**Evaluation Question 6:** To what extent has the EU's support to TRA contributed to third countries' participation in the design of, and subsequently compliance with, trade-related technical standards and to enhanced conformity assessments?

The WTO agreement on the application of sanitary and phytosanitary measures (SPS) on food safety and animal and plant health standards sets out the basic rules on trade in order to protect human, animal or plant life or health. The WTO agreement on technical barriers to trade (TBT) does the same for product standards in general. Difficulties in demonstrating compliance with standards, due to weak conformity assessment mechanisms and structures, have been identified as bottlenecks that reduce the potential benefits of trade between countries. A consequence of this lack of adequate and timely access to markets is that many third countries are unable to benefit from a growing global market.

The challenge with providing TRA to the area of compliance with standards lies in the very broad base of actions across government and private sector, which are needed to help countries pull themselves towards better compliance with the required international standards.

This evaluation question thus covers an important aspect of trade policy and administration as a sub-category under AfT category 1. It reflects the importance of addressing the issue of standards and norms. This question focuses on the degree to which TRA has addressed the issues related to SPS, TBT and quality infrastructure, thus helping to improve competitiveness and allowing increased trade and investments.

##### **EQ6 on compliance with standards - Summary Answer Box**

*The EU's TRA has enabled supported third countries to strengthen their capacity to manage issues related to international trade standards, especially in relation to quality infrastructure and capacity development of technicians. Assistance has generally been well adapted to third country needs, especially towards the end of the period evaluated. Progress on the long-term process of developing technical capacity is on-going, with results expected to materialise only in the longer term.*

The EU's contribution to the strengthening of third countries' systems that deal with trade-related standards and conformity assessment has been important and valuable, and increasing throughout the evaluated period. The EU is seen as a worldwide point of reference in these areas.

Analyses of the existing standards compliance systems have been carried out in most cases to enable targeting of support, taking into account partner needs. However, the impact of TRA directed towards enhancing compliance with standards has varied widely. Higher impact was obtained in better prepared countries, and where stronger dependence on EU trade increased the commercial

pressure for achieving compliance. In other countries with a weaker quality infrastructure, the base has been strengthened but there was not yet capacity for setting technical standards, and conformance assessment mechanisms were out-dated/and or ineffective. TRA interventions have made a more substantial impact in the area of TBT compliance, whereas there has been rather mixed success so far in the more complex area of SPS control management.

The EU has targeted its support at the improvement of management systems for standard compliance, by unblocking key capacity constraints that impede trade. This involved concentrating on legal framework revision (at national and regional level), technical training and equipment provision. Impact of legislation revision is expected to materialise only in the longer term, but the groundwork for reform has been firmly established in most cases.

With regard to improvements in the administrative management of SPS and TBT matters at national and regional levels, substantial progress has been made in terms of institutional strengthening, training and equipment, although time is still required for the structures to become fully effective. The obligation to comply with SPS and TBT measures has strengthened regional trade regimes in some regions. A key aspect which the EU has rightly supported is the management of greater information flow generated by standard compliance systems. TA support has been provided in many interventions for the design and setting up of online databases accessible to market participants and trading partners, with the objective of enhancing overall compliance with standards. Sustainability of such systems has however proven to be a challenge.

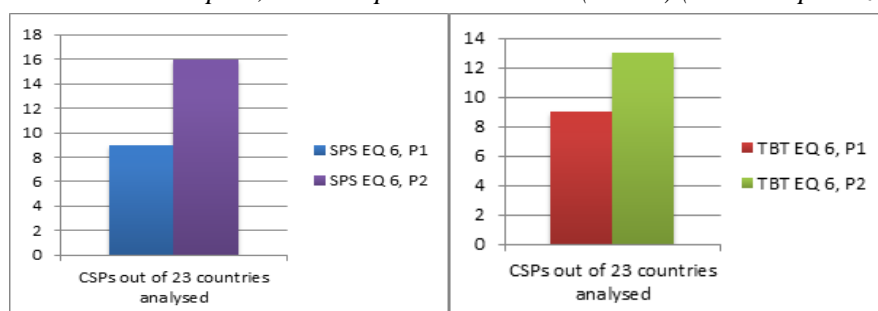
With respect to participation in design and engagement with international standard setting bodies, EU TRA has not yet shown a measurable impact. Lack of coordination between third countries, weak scientific capacity and low investment in scientific data generation are still handicaps Third countries’ effective participation despite EU provision of equipment and the training of scientific officers. EU support for tackling the streamlining SPS and TBT co-ordinating bodies at country and regional levels will produce results in the longer term. Generic awareness raising in SPS issues by the EU has been successfully addressed using a global approach (Better Training for Safer Food programme), which also increased regional cooperation.

The ultimate beneficiaries of EU TRA, which is the private sector, has in general participated little in the design and implementation of the TRA in this area, except in global and demand-driven TRA initiatives. Nevertheless, the private sector has benefitted from EU interventions which have resulted in significant improvements in the quality infrastructure, TBT and SPS management and conformity assessment in around two-thirds of the sample countries supported by EU TRA, where this area was targeted, allowing compliance of exported products with international technical standards.

**4.6.1 JC 6.1: Strengthened SPS/TBT policy, legislation and regulation**

The complexity of providing TRA in the SPS and TBT areas means that a **holistic assessment of the existing system is essential**, in order to identify bottlenecks and weaker areas that can be addressed most effectively. The EU has customised its approach according to requests for assistance of recipient countries/regions, and has determined the actual needs either during the interventions, through preliminary studies or previous implementation experience. Although with some challenges the majority of interventions have fulfilled their intended role, ultimately strengthening SPS/TBT management systems.

*Figure 9 Countries where SPS (left) and TBT (right) measures featured in the Country Strategy Papers, over the period evaluated (P1/P2) (total sample size: 23)*



Source: CSP Analysis



**SPS/TBT has thus increased in importance** throughout the evaluation period. An analysis (see figure 8) of the 23 Country Strategy Papers in the sample shows that SPS and TBT measures were addressed in up to two-thirds of the countries. Compliance with standards is a key element for trade, and has increased in significance in the last few years, and the EU has reflected this in the greater inclusion of these issues in the CSPs which guide the use of TRA in Third countries.

**Because of the complex nature of legislative development, most interventions have advanced the legislation updating process only to a limited degree.** The updating of policy, legislation and regulation is a long-term process that might bear fruit only after a decade of efforts. Situational and institutional analyses were carried out as a routine part of the project cycle. Most interventions have only begun the process – for example, producing guidelines, policies and draft legislation, such as in West Africa, SADC, Bangladesh.

**The EU's TRA addressed basic faults in the respective national and regional TBT and SPS control management systems.** As a rule, the EU's TRA focused on building up the technical and co-ordination capacity of the SPS and TBT structures, especially within the nationally designated competent authorities (i.e. Ministries of Agriculture, Trade and Health), but also within the Regional Economic Community (REC) structures. Again, this is a very slow process, but substantial progress has been made in terms of institutional strengthening, training and equipment. At regional level, the obligation to comply with SPS and TBT measures has strengthened regional trade regimes in some regions such as SADC and COMESA. Thanks to EU TRA, **structures have been established and/or reinforced, both at national and regional levels, for the co-ordination of policy, legislation and regulation of SPS and TBT. However, they still require time to become fully effective, especially in Sub-Saharan Africa.**

**Managing the increasing flow of information and communication and the transparency of results are important issues in TBS/SPS. The EU's TRA has addressed these issues through the development of databases dealing with conformity assessment and TBT/SPS standards and requirements.** However, many interventions have remained weak in this area (with some notable exceptions, such as Bangladesh and Vietnam), which is problematic in view of the need for the private sector to access relevant information easily. Repositories of technical information and data provided by the TRA projects are also, in many cases, not updated once the project is finished.

The EU TRA has been assisting third countries successfully to overcome the basic capacity constraints that need to be addressed, through provision of equipment and the training of scientific officers. **However, this has not yet shown a significant increase in third countries' capacity to interact with international standards-setting bodies (ISSBs) or to participate effectively in standard setting.** This is not so much due to lack of attendance at meetings of these bodies (many developing countries are funded to participate by international organisations), as to the lack of scientific data availability (which is why the quality infrastructure is so important) and lack of co-ordination between government bodies. Since both these issues are being addressed in EU TRA initiatives, it can reasonably be expected that interaction and participation at ISSB level will increase over the longer term.

#### **4.6.2 JC 6.2: Appropriate and sustainable quality infrastructure related to SPS and TBT developed**

It is the objective of any TRA to reinforce a systemic platform necessary for operating an efficient management of the export trade. However, it must be clarified that **the EU has not sought to impose a model of full structuring of quality infrastructure** in third countries. The strategy has rather been to adapt to the absorptive capacity of the country concerned, and to assist with addressing critical resource constraints surrounding key bottlenecks in the compliance with SPS and TBT standards and technical requirements. Thus, the scope of engagement has varied widely, from narrow sector-based interventions in countries with weaker economies (e.g. in Cameroon and Côte d'Ivoire) to wider support, such as in Paraguay, where evidence points to activities in many areas of the national quality infrastructure.

**The private sector's concerns and priorities were seldom included at the design stage of the EU's TRA intervention.** Most support was apparently designed and largely implemented without private sector involvement or consultation, except for the more demand-driven global programmes, such as PIP (COLEACP) and the Fisheries Strengthening Project in 44 ACP countries, which worked directly with the private sector. Where countries and industries had stronger dependency on the EU market (such as in Bangladesh, Cameroon, Egypt and Vietnam), the private sector was more involved and aware of

requirements related to quality assurance and SPS-related matters, as these impacted directly on their profitability and relationship with clients in the EU. Due to the nature of most EU TRA, however, where the interlocutor was an official body, the interaction with the private sector has been weak. However, from the private sector point of view, **significant improvements have been achieved in the quality infrastructure, TBT and SPS management in around two-thirds of the sample countries supported by EU TRA, where this was targeted.** Both EU intervention evaluations and country visit findings confirm this. As most of the EU's investment in quality infrastructure has been made only in the latter part of the period evaluated, these improvements will bring tangible benefits only in the longer term.

**Insufficient evidence exists to draw conclusions with regard to the sustainability of the EU's SBS and TBT initiatives.** Although there is evidence from Bangladesh, Cameroon and Egypt that the EU's interventions are dedicating resources to assisting in the preparation of longer-term business plans for the stakeholders assisted, the sustainability of investments made in the reinforcement of quality infrastructure can reasonably be determined only in the longer term (over five or 10 years), as improvements made bolster confidence in national capacity only over a longer period.

#### 4.6.3 JC 6.3: Strengthened national capacity to engage at international level of standard-setting bodies and awareness of international developments in the SPS and TBT environment

An essential element of engagement with SPS/TBT issues at country or regional level is the **capacity to justify any challenge or position on the basis of scientific evidence and risk assessments.** Awareness of the issues being discussed and their background is key to defending a particular position and providing exporters and consumers with fairer opportunities to trade in the world market.

In this area, the EU TRA has mainly concentrated on increased use of communication channels, awareness raising, and training of government officials in third countries. In particular, a substantial number of **Better Training for Safer Food (BTSF) training activities**, organised under DG SANCO globally, have been conducted for **government officials in the EU and third countries, in issues related to SPS matters.** Between 2006 and 2009, the number of participants increased from 1,400 to 5,000 per year.

The BTSF training activities contributed to **significantly raising the knowledge** of the EU food/feed safety control staff and of the **third countries' participants involved in the production, delivery and inspection processes of products dedicated to exports.** In particular, they provided up-to-date knowledge of the relevant EU legislation, and succeeded in fostering the achievement of **compliance with the EU hygiene and safety export requirements at third countries level.** Furthermore, the beneficiaries declared that they have gained a **better understanding of the international standards and of their requirements, an increased insight into other African countries' SPS models/experiences, and an increased awareness of the need for a regional harmonisation approach.**

#### 4.7 EQ7 on regional integration

**Evaluation Question 7:** To what extent has the EU's support to TRA contributed to deepening regional economic integration?

Support to regional integration initiatives is multifaceted. Political support and the sharing of experience with regional economic communities is one aspect. Financial support is another. Based on the partnership or cooperation agreements – with, inter alia, ASEAN, MERCOSUR, the African, Caribbean and Pacific states (Cotonou Partnership Agreement), and the Mediterranean countries (former MEDA, now part of ENPI) – the EU supports regional integration through jointly-determined regional indicative programmes. Support to regional integration is also a stated objective of EU trade agreements with third countries.

The evaluation question seeks to address the various aspects of support to regional integration: the development of the legal and regulatory framework of regional integration initiatives (new trade protocols or annexes to existing agreements); their implementation at member state level; and the institutional capacity at regional and national level.

**EQ7 on regional integration - Summary Answer Box**

*Overall, the EU has made strong contributions to the fostering of regional integration processes. Generally, the EU is an important reference point for regional communities in Asia, Africa and Latin America, and this status has increased both the acceptance and effectiveness of EU TRA. The co-ordination of – and creation of synergies between – interventions in support of integration at regional and national levels has grown during the period evaluated. However, the involvement of the private sector and other non-state actors in projects directed at the deepening of regional economic integration is only emerging and remains a weak aspect of EU TRA. Over the period evaluated, total funds for the TRA sub-category “Regional Integration” (under TRA category 1, “trade policy and regulation”) amounted to 15% of total TRA.*

The EU's strategic focus on issues of regional economic integration (and the associated barriers, hurdles and challenges) has intensified during the period evaluated, and this is prominently reflected by an increase in funds for the direct support of regional organisations and communities under regional and country strategies

The EU contributed to the deepening and widening of regional integration in a wide range of areas through support to the design and, to a lesser extent, implementation of new protocols, framework agreements and harmonised regulations. For example, the EU has spearheaded the process of establishing and implementing regional SPS and TBT regimes, particularly in ASEAN. However, in the case of Sub-Saharan Africa, the overlapping of regional organisations – which has to be taken as a given and is beyond the scope of EU interventions – has added complexity with regard to the support to regional integration, and has undermined efforts to co-ordinate interventions.

As regularly confirmed by evaluation reports and academic studies, regional organisations and communities perceive the EU as the most important point of reference for their own respective processes of regional integration. This has increased the legitimacy and, ultimately, the success of EU TRA. As the most advanced case of regional economic integration, the EU is seen as the main source of concrete experiences, and often as a model for regional integration and community-building processes elsewhere.

TRA has also contributed to the mainstreaming and, partly, implementation of regional economic commitments at the national level of the member states of regional organisation. However, progress has often been hampered by a lack of political will (mainly due to prevailing national protectionism) or technical capacity, expectation-capability gaps in regional economic integration processes, and the inter-governmental nature (as opposed to supra-national structures) of all RECs. Decision-making is based on consensus, and the lowest common denominator regularly determines the speed and scope of the integration process.

On the other hand, regional and national interventions have often not been well aligned and co-ordinated, especially during the earlier years of the period evaluated. For example, there was hardly any institutionalised exchange of information, let alone co-ordination and cooperation, between the major ASEAN-level regional intervention (APRIS II) and national level TRA programmes in ASEAN member states, which were also dealing with conformity and standards, customs administration and other economic development issues relevant to the deepening of regional integration. The parallel nature of many regional and national interventions also characterises the TRA in other regions, including ESA-IO and Latin America, where the EU has, nevertheless, made significant contributions to the development and implementation of the respective economic integration agendas. In ESA-IO, for example, the EU strategy has been directed both at the strengthening of institutional capacities and at reducing the complexity resulting from the proliferation of, and overlap among, different organisations and trade agreements.

The EU interventions have markedly helped in increasing the technical and management capacities of the regional organisations' secretariats (especially in the case of ASEAN and COMESA), and not least in the emerging field of statistics and monitoring.

NSAs have increasingly been developing an interest in regional integration initiatives, and the involvement of private sector stakeholders, who are supposed to be the main beneficiaries of economic integration, seems crucial. If there is one particular shortcoming of the EU's TRA, it is its almost exclusive focus on state actors (including agencies of regional governance), with very limited focus on non-state actors – mainly in the private sector, but also other civil society organisations.

#### 4.7.1 JC 7.1: Degree to which the EU's TRA facilitated the development and conclusion of regional legal and institutional architecture, addressing key issues for economic integration

**The EU has significantly contributed to the promotion of a regional integration agenda in partner countries, and can be regarded as the most important external stakeholder.** All of the EU's regional policy and strategy documents on regional communities address matters of regional economic integration in great detail, including the challenges in the process leading to such integration. Comprehensive support has been provided – for example, to COMESA's road map to a common market and to ASEAN's objective of establishing an Economic Community by 2015. The strong and growing commitment to key regional integration agendas is reflected by the significant amount of funding that has been provided. During the period evaluated, funds in this regard (under the TRA sub-category "Regional Integration") amounted to 15% of total TRA for this timespan. However, it is difficult to arrive at exact figures – due mainly to the fact that many TRA projects directly or indirectly support regional integration processes in general, and regional organisations in particular, as part of the intervention, without providing a detailed itemisation.

At the same time, one of the striking characteristics of the regional integration process – and this is well understood and recognised by the EU – is the gap between the ambitious political vision for economic integration and the pace at which goals are actually being achieved. National interests and regional implementation strategies are often not consistent.

While the evaluation's general assessment of EU support for regional economic integration is positive, **significant regional differences** are highlighted. There is ample evidence of the crucial contribution of the EU's TRA to the emergence of agreements and harmonised regulation for ASEAN and COMESA. In the case of ASEAN, this includes, but is not limited to, the adoption of harmonised ASEAN standards, conformity measures and regulations in specific sectors, and the regional harmonisation of customs regimes.

In the case of ESA-IO, the SADC/COMESA/EAC Tripartite Task Force, which was established with EU support, has been working towards the harmonisation of the three regional organisations. RISP supported the harmonisation in Common Tariff Nomenclature (CTN) and statistics, and RISP 2 contributed to the design and adjustment of policies and regulations related to COMESA FTA and Customs Union – i.e. Standardisation, Accreditation, Metrology and Conformity Assessment (SAMCA). Particularly with regard to COMESA, **the EU has addressed key challenges relating to, for example, standards harmonisation**, transport and transit challenges through the development of new regulation, training and institutional development, as well as the development of monitoring mechanisms and the COMESA adjustment fund.

**However, COMESA and, generally, ESA-IO have made slower progress towards the actual implementation of harmonisation and new agreements.** However, this is not primarily related to the role of the EU, but to the different integration dynamics in the two regions, and particularly the ASEAN member states' stronger political and technocratic commitment to regional economic integration than that of the COMESA members. There is evidence from project documents, field visits and interviews that the political rhetoric of regional organisations and their published visions for regional organisations were taken at face value by the EU, to the detriment of a more critical analysis and stock-taking of the actual incentives, as well as the expectation-capability gaps in regional economic integration processes.

Regional economic integration in Sub-Saharan Africa is further hampered by the **proliferation of regional trade agreements**, characterised by: a) overlapping membership; and b) in many cases, a lack of harmonisation of (sometimes conflicting) integration objectives and implementation strategies. EU strategic documents (RSPs) address to some extent, but not extensively, these and other challenges and shortcomings in the approach to the institutional and regulatory strengthening of the respective regional organisations. This overlapping of RECs created confusion and lack of co-ordination. The large disparity between development levels and economic diversification of the various countries created obstacles to cooperation, and meant that bilateral aid remained the norm.

**However, the EU has been successful in promoting regional SPS and TBT regimes, and most EU-supported regional organisations in Asia, Africa and Latin America have started to adopt provisions on TBS and SPS, albeit to varied degrees.** As illustrated by the evidence in evaluation and monitoring reports, independent studies and interviews, EU TRA has contributed to the upgrading of standards across the RECs of the sample. However, again, the EU has been most effective with regard to

ASEAN. For example, the implementation of the 2009 ASEAN Trade in Goods Agreement (ATIGA), which was developed with strong EU support, contains new obligations in both the TBT and SPS areas. The process towards ATIGA was supported by the standards and SPS component of APRIS II, building on the achievements of the EU-ASEAN Regional Economic Cooperation Programme on Standards, Quality, and Conformity Assessment (1998-2005). In a similar vein, the EU has supported EAC and COMESA Secretariats in their efforts to strengthen the approach to TBT and SPS. Progress has been achieved, but it is not clear to what extent results can be attributed to the EU, given the prominent involvement of other donors (including UNIDO) in these sectors.

**The case of MERCOSUR is an example of the difficulties of evaluating regional integration processes using EU benchmarks.** The current composition of MERCOSUR is two very large countries and two small ones, the latter differing greatly in their stage of growth and development. The support received from the EU has been aligned with MERCOSUR's needs, but the management of the projects under review encountered difficulties at times due to the absence of a supra-national secretariat that could serve as implementer. This finding also applies to all other RECs where secretariats serve as coordinating bodies (characterised by different sets of functions) but do not have the mandate to steer the implementation of regional agreements. Furthermore, in MERCOSUR, as elsewhere, the process of integration is very pragmatic, gradual, and in progress. Decisions are adopted by consensus. These aspects make decision-taking very difficult, with substantial efforts having to be invested in order to obtain the consensus of all member states.

Because of this set up, the **EU has had to adapt its TRA to match the “gradualist” approach.** This means that great efforts had to be made to prepare issues for decision, and to obtain consensus and buy-in from all member states at all stages, including the preliminary studies and justification. This brought about delays and required projects' ambitions to be adapted accordingly. Impacts of the projects are not seen normally within their lifetime. In MERCOSUR, this is the case of the SPS regional project, which suffered from lack of buy-in at the beginning, due to alleged lack of consultation with responsible technical bodies prior to its launch, then had some implementation issues, and finally was set to deliver some of its objectives after the end of the project.

The examples especially of ASEAN, ECOWAS and COMESA show that **it is not enough to support the establishment of free trade areas (FTAs) and customs unions (CUs) on paper.** In almost every region where the EU has supported regional economic integration, at least one of these two is formally in place. At the same time, nowhere are FTAs or CUs fully implemented or utilised due to, inter alia, complex procedures regarding rules-of-origin and value-added rules, or discordant customs systems and procedures. These hurdles have not been fully anticipated and addressed by EU interventions. The EU needs to develop a better understanding and appreciation of the political framework conditions that determine the success or failure of regional integration. This can be achieved, for example, through a more systematic and comprehensive approach to diagnostic studies. The main challenge is the mismatch between political ambitions and the capacities, capabilities and often political will of member states to walk the talk. The basic political conditions for creating common regimes or the harmonisation of national legislative frameworks and enforcement practises among member states of REC are often not yet in place, owing to considerable disparities in technical and institutional capacities, economic development and political priorities.

**Overall, lack of authority or mandate of RECs to push through agreements and speed up progress remain major stumbling blocks for EU TRA in support of regional economic integration.** A challenge, recognised by the EU, is to adjust ambitions to what is achievable. The evaluations has found a growing appreciation of the fact that, for instance, the ambitions for the customs union in COMESA (as in SADC) are unrealistic and that it is unlikely that a fully integrated ASEAN Economic Community will be in force by 2015.

#### **4.7.2 JC 7.2: Degree to which the EU's TRA facilitated the implementation of regional economic commitments at national level**

All member states of EU-supported RECs that are working towards higher levels of economic cooperation and integration are obliged to adopt appropriate national policies and legislation to implement regional agreements at national level. **The EU's TRA has facilitated the mainstreaming (and, to a lesser extent, the implementation) of regional economic commitments at national levels.** While TRA contributed to a better anchoring of regional integration schemes at national level and to



strengthening the related national administration throughout the period evaluated, efforts have been intensified in more recent years, as demonstrated in strategy and project documentation.

**Generally, however, it is difficult to assess the degree to which national governments have implemented individual regional agreements, and, in many cases, it is not even clear to what extent a real political commitment to implementation exists.** The only organisation with a transparent monitoring system is ASEAN. It is clear, though, that the **EU has given prominent attention to the national dimension of regional integration processes.** For instance, the EU's TRA has supported the expansion of the COMESA FTA from 11 to 14 member states – resulting in an increase in trade – and the EU's TRA (through RISP) has supported the development of national regulation and institutions to implement the regional competition policy. However, implementation of the CU and the COMESA Common Investment Area has been slow and, especially with regard to the CU, there are concerns that the political will to cede sovereignty is not currently sufficient. Furthermore, no regional organisation in Asia, Africa and Latin America has effective sanction mechanisms to enforce national compliance; in most cases, no such mechanisms exist at all. In fact, the vast majority of regional economic integration processes and related agreements are non-binding, and are dependent on the political will of the participating nations and the lowest common denominator among the member states.

Most countries, with the exception of Bangladesh, that are members of regional economic cooperation schemes have received some targeted EU support to foster regional integration through the implementation of policy commitments at the national level. In South-east Asia, where all states (except Timor-Leste) are ASEAN members, all NIPs (Cambodia, Indonesia, Laos, Malaysia, the Philippines, Thailand, and Vietnam) address the regional integration process mainly through the national components of regional projects APRIS and ECAP. Country-specific evidence that the EU support led to national adjustment and implementation measures resulting from regional commitments is mainly available for specific bilateral programmes, and particularly in the cases of Zambia (where a key achievement in the context of regional integration has been Zambia's compliance with tariff phasedowns, in particular in SADC), Côte d'Ivoire, Paraguay and Vietnam.

Overall, the lack of member states' compliance with regional agreements and (often related) limited implementation capacities are the most pressing issues with regard to the EU's support for regional integration agendas. A related finding, which is regularly presented in evaluation reports and was also confirmed during the field missions, is that co-ordination between integration-focused intervention at the regional and national levels is insufficient. **There has never been a lack of EU support for implementation measures at national levels, across all regions, but there is still room for improvement of co-ordination between the EU's regional and national projects in support of integration and achieving higher levels of synergies between regional and national TRA** for example in COMESA, SADC, SAARC and even in ASEAN as the most developed REC. In the latter case main support was given to the ASEC, while more support would arguably have needed to be channelled to the ASEAN member states. The member states, not the Secretariat, are the bottlenecks in the process of economic community building and creating a more open and liberal trade and investment environment. A stronger focus particularly on the weakest links in the regional integration process, the CMLV countries (Cambodia, Myanmar, Laos and Vietnam), in the selection of TRA modalities and channels was missing from the TRA during the evaluation period. There is also a need for the establishment of formal communication channels between interventions that operate at the regional and national levels. (see also EQ3 on co-ordination and complementarity challenges of this aspect).

#### **4.7.3 JC 7.3: Degree to which the EU's TRA strengthened institutional capacities of regional secretariats to support regional integration processes**

**The EU has tended to see the main constraints for capacity improvement at the regional level, and particularly the regional secretariats or other co-ordinating bodies.** Consequently, TRA supported the capacity-building of the ASEAN, COMESA, EAC, IGAD, IOC and SADC Secretariats. It was aimed at developing capacity in policy formulation, implementation and monitoring of regional integration, as well as multilateral and regional trade. However, the lack of regional cohesion and small secretariat structures meant, in most cases, that there was a lack of absorption capacity for TRA aimed at promoting regional integration.

Most analyses of regional economic processes in EU strategies and project documentation are confined to an overview of the achievements and shortcomings or the challenges of the respective

integration processes in general structural terms. This applies to ASEAN in the same way that it does to ESA-IO, and Latin American RECs. However, this **does not amount to “robust analysis”** – that is, a comprehensive discussion of the drivers and constraints for improving capacity, both in terms of structure and agency. Assessments often were either confined to broad statements (such as the general notion of “capacity constraints in the Secretariat” in the case of ASEAN in the Asia MIP 2011-2013) or on a micro level, such as on gaps in training or the lack of TA equipment. Generally, and regardless of the specific region, EU documents never explicitly identify individual member states, organisations or other stakeholders as drivers or constraints in the respective regional integration processes, which goes some way towards explaining why the effectiveness of TRA has been limited in cases where constraints, opposition or weak commitment are present.

However, EU support for the ASEC has helped to **increase the secretariat's institutional capacity** with regard to the facilitation of the regional integration process. ASEC has achieved ISO certification, which places it among the elite of the regional institutions from a management and organisational process perspective. As for ESA-IO, the EU has helped to develop the capacity of the regional organisations and their member states in policy formulation, conducting of trade negotiations, and the implementation and monitoring of regional integration, multilateral and regional trade, and in trade-related areas. This has resulted in increased quality outputs with regard to the secretariats of COMESA and EAC. At the same time, the capacities of the secretariats to produce statistics on intra-regional markets remain weak – despite improvements also linked to the support provided through the RISP to statistical services of the COMESA and EAC Secretariats.. Under-institutionalised secretariats that lack decision-making powers, negotiating mandates and steering capacities have proved to be major bottlenecks for the effective delivery of the EU's TRA. By and large, **all RECs use indicators (statistical and other) to monitor progress** made in the implementation of the various components of their regional integration agenda. All existing initiatives at regional level show the difficulties of compiling a meaningful and measurable set of indicators that reflect the regional integration agenda and can be updated fairly easily, given the statistical and capacity constraints at regional and national levels. It is also clear that, at the moment, there is no unique and standard set of indicators, and that each regional organisation needs a tailor-made set.

The EU-supported COMESA Committee on Statistical Matters addressed some focal areas for statistical development, including merchandise trade, FDI, National Accounts, Infrastructure and ICT, Consumer Price Index. Meanwhile, ASEAN established a new department (ASEANstats) in 2009 to become the authoritative source of ASEAN statistics to monitor and to evaluate the regional statistical system. ASEANstats has been supported by APRIS III and the EU-ASEAN Statistics Capacity Building Programme (EASCAB). The related ASEAN Integration Monitoring Office (AIMO), established in 2011, has started to serve as a performance supervisory institute, as well as facilitating the creation of ASEAN economic community.

The EU's support of regional economic integration processes is mainly targeted at regional official actors, such as the secretariats, and national governments. However, the evaluation identified some general mechanisms for regional consultations with stakeholders from the private sector, who are naturally supposed to be among the main beneficiaries of economic integration. **Involvement of the private sector and other NSAs** in the regional integration process has been encouraged through support to sensitisation and training, direct involvement in programme priorities and in the NTB monitoring mechanism. Overall, however, the involvement of NSAs in projects directed at the deepening of regional economic integration is only now emerging.

**In summary, the EU has clearly helped to strengthen the capacity of regional secretariats in their roles of co-ordinating, or generally contributing to, integration processes. However, this has not necessarily resulted in a strengthening of the respective regional economic integration processes in general, due to the relatively weak position and role of these secretariats, which often play only a co-ordinating role and have neither power nor authority to steer regional integration.**

## 4.8 EQ8 on trade development

**Evaluation Question 8:** To what extent has the EU's support to trade development helped improving market access and the investment climate?

Trade development (as category 2 of the AfT agenda, and sub-set of AfT category 4) covers building productive capacities with trade development oriented objectives<sup>71</sup>. Trade development accounted for roughly 44 % of the EU's TRA provided during the period evaluated<sup>72</sup>, duly reflecting its importance for the deepened integration of third countries into the rules-based world trading system.

Taking into consideration the Intervention Logic for the EU's TRA reconstructed for the purpose of this valuation, Evaluation Question 8 asks to what extent TRA has contributed to reducing supply-side constraints of the productive sector in order to increase trade and to improve the investment climate in third countries. It seeks to assess if TRA has been used effectively by the productive sector for better integration into the rules-based world trading system, through increased/diversified trade in goods and services, to increase foreign direct investment. It covers EU assistance to business support services and institutions with trade-related objectives – namely, support to trade and business associations, chambers of commerce; legal and regulatory reform aimed at improving the business and investment climate; private sector institution capacity building and advice; trade information; and public-private sector networking, including trade fairs and e-commerce. It also encompasses trade-related banking and financial services. Moreover, it assesses support to the agricultural, forestry, fishing, industry, mineral resources and mining, and tourism sectors with trade-related objectives.

The evaluation question mainly relates to the criteria of effectiveness, impact and sustainability, but also to cross-cutting issues and added value.

### EQ8 on trade development - Summary Answer Box

*The contribution of the EU's TRA to reducing supply-side constraints and to increasing international competitiveness of supported enterprises has, in general, been positive. It considerably helped to improve the market access for enterprises benefiting from EU support. At broader national level, however, the impact and sustainability of the EU's TRA on increased international competitiveness was less obvious. The extent to which TRA has contributed to an enhanced investment climate and to foreign direct investment is more limited for the period under review. Trade finance support contributed to a widened financial product portfolio and to improved access to trade-related financial services, but, apart from the ENPI region, only limited support was provided in this area. While EU support to trade development has brought about some resounding success stories, it has not substantially contributed to a broader-scale integration of third countries into the rules-based world trading system. Towards the end of the period evaluated, the importance of trade development in terms of allocated budgets has decreased, mainly due to a strong decline in trade and investment promotion support.*

In many third countries where the EU's TRA has supported trade promotion agencies and private sector organisations, TRA was effective in enhancing the *quality* of trade promotion services. TRA to trade promotion services with a sector focus tended to be more successful than without such focus. The evidence for enhanced *availability and sustainability* of trade promotion service delivery through TRA is more limited. When trade promotion services operated under a macroeconomic, legislative and regulatory environment conducive to productive sector growth, support to trade promotion services led to better results. Another success factor was the focus on a long-term institutional development and comprehensive service delivery strategy with strong backing from the private sector. By and large, a gradual improvement in advocacy through business-oriented private sector organisations, vis-à-vis the government, can be observed for the period under review. Advocacy through other NSAs was much less pronounced, although there were clear signs of improvement towards the end of the period evaluated.

The EU's TRA supported the development of FDI strategies and legal frameworks that, on a global scale, did not markedly contribute to an enhanced investment climate and increased FDI flows. Positive

<sup>71</sup> Cf. OECD definition. For categorisation purposes, in 2008, the trade development marker has been introduced, identifying trade development within the building productive capacity category. Activities are classified as trade development if it is the principle (score 2), a significant (score 1), or no (score 0) objective.

<http://www.oecd.org/dac/aidstatistics/directivesforreportingtotheaidactivitydatabasecreditorreportingsystem.htm>

<sup>72</sup> According to the inventory undertaken for this evaluation.

results were mainly achieved in institutions operating in emerging economies and/or growing sectors with strong support from the private sector. TRA did not substantially contribute to an enhanced legal, regulatory and institutional environment being more conducive to FDI attraction. TRA eventually resulted at times in the *formulation* of a more investor-friendly regulatory environment, but not in its *implementation*.

Trade finance support was focused on the ENPI region channelled through the EIB. Through its cooperation with the EIB, the EU has helped to enhance trade-related financial services and institutions, notably in the ENPI South region. There is no evidence, however, that the EU's TRA has substantially addressed and helped enterprises on the issue of how to better articulate and prepare financing proposals. Moreover, the EU's TRA has addressed only to a limited extent a broader trade-related financial sector development. The TRA only marginally covered the enhancement of regulatory and supervisory frameworks conducive to trade-related finance.

To a large extent, the EU's TRA has helped to increase the competitiveness and exports of supported enterprises in the productive and service sector (agriculture, forestry, fisheries, tourism). In third countries where agricultural-based traditional exports were dominant, trade development support has helped in increasing and/or stabilising exports under challenging international market conditions. Moreover, the EU's TRA resulted in the geographic diversification of export destinations in supported sectors in a number of countries. However, the evaluation found only a few examples of the TRA having a positive impact on product diversification on a broader scale. Moreover, only limited impact of the TRA was found with regard to enhanced international competitiveness at broader country level.

The EU's TRA contributed to the strengthening of trade-oriented value chains and sectors, but with a varying focus and degree of success. In most cases, the value chain approach was rather successfully followed in traditional agricultural and productive sectors. To a lesser extent, TRA has embarked on a cluster approach to support product diversification, and on support to technology transfer in non-traditional sectors. When provided, mainly in emerging economies, such support proved to be rather effective.

To some extent, the EU's TRA contributed to improving the trade-related enabling environment for specific sectors. However, only in a few cases were research and technology transfer institutions and networks, as well as improved methods of sector co-ordination and knowledge transfer (as part of an enabling environment), an emphasis of the TRA provided. This reflects the finding that EU support to TRA has not markedly focused on non-agricultural, high-technology sectors.

In summary, the evaluation reveals that the EU's trade development support was most effective when it was embedded in a broader sector support approach, encompassing the macro policy and the micro level.

#### 4.8.1 JC 8.1: Enhanced quality and availability of trade promotion services

**Trade promotion institutions provide two main types of services – namely, trade-related service delivery for private sector operators, and trade-related advocacy at policy level.** An assessment of trade promotion services encompasses the dimensions of quality and availability. *Quality* refers to the nature of trade promotion services and their effect on improved market access and investment climate. *Availability* relates to the outreach and sustainability of trade promotion services eventually impacting on a better integration into the rules-based world trading system.

**The enhancement of trade and investment promotion services accounted for roughly 50% of EU trade development support between 2004 and 2010. After reaching a peak in 2008, overall commitments have declined considerably,** leaving 2009 and 2010 below the annual average for the period under review. This trend is mainly attributable to the almost complete withdrawal of support from Latin America and a continuous decrease in all other regions, with one exception: in the ACP region, after a peak in 2007, support to trade and investment promotion services remained stable until 2010. This development also reflects the reduced number of CSPs (from seven to five in the countries under review for this evaluation) in which trade and export promotion appears as the focal sector.

**In a number of cases, the EU's TRA has achieved a high impact on the quality and availability of trade promotion services targeted at specific sectors.** However, this finding cannot be generalised. **A common denominator for the success stories was a viable institutional environment, characterised by already stabilised and private-sector-driven intermediary structures.** In these cases, the EU's TRA has plausibly contributed to trade enhancement and diversification as it sustainably

strengthened institutional structures and capacities. Corresponding evidence was found in Bangladesh, Thailand, Vietnam, and in the MERCOSUR region, with institutions being embedded in a comparatively well-developed enabling environment for private sector growth and trade. **When trade promotion services operated under a macroeconomic, legislative and regulatory environment that was less conducive to productive sector growth, support to trade promotion services led to less tangible results.** Cases in point for this finding are Cameroon, the Dominican Republic, and Egypt.

**The contribution of the EU's TRA to the availability, increased outreach and sustainability of trade-related service delivery is less pronounced (as opposed to the quality of services).** The limited sustainability of global approaches, such as from Pro€Invest, confirms this finding. While TRA-supported trade promotion organisations tended to appreciate needs-driven advice primarily focusing on training and match-making, they were also exposed to a lack of follow-up advice and coaching – that is, longer-term capacity enhancement support. **Broader scale availability and sustainability of trade promotion services strongly depended on the capacity of scaling-up trade promotion.** Positive examples for this were found in the more advanced emerging economies in Asia, such as in Thailand or Vietnam. There are also indications that trade-related services had a stronger impact when they were based on a thorough sector assessment and were embedded in broader sector development strategies. Positive examples for such an approach were Paraguay and Uruguay, where trade promotion was embedded in a broader cluster development strategy. Impact and sustainability of TRA were thus fostered when there existed a coherent strategy, with clearer division of responsibilities and more robust analysis of capacity development.

**In a rather large number of cases, trade development support through enhancement of trade promotion services was rather fragmented and did not follow longer-term strategies for institutional strengthening.** This resulted in an unclear division of roles and responsibilities related to the service provision of the involved trade promotion institution and undermined the effectiveness of the EU's TRA. In the sample assessed, this finding is underpinned by the cases of Pro€Invest, in Cameroon, the Dominican Republic and Ukraine. **The quality and availability of trade promotion services was often undermined by institutional instability and high staff turn-over,** the latter due to unattractive working conditions in supported institutions. This impediment was found in Egypt, Ghana and Zambia, among others. In these cases, institutional structures proved to be stumbling blocks for the further enhancement of export promotion services, to the benefit of internationally-operating companies.

**Trade development activities, such as trade fair participation and foreign market development support, were often not sufficiently followed up and sustainably embedded in longer-term institutional structures.** In these cases, the private sector played a rather passive “recipient” role, and TRA lacked a comprehensive approach that sufficiently encompassed a longer-term institutional development of the supported institution. As a consequence, TRA fell short of the knowledge transfer at institutional level required to facilitate a self-sustained enhancement of trade promotion services. The global approach of Pro€Invest, Cameroon and Egypt provide examples for this finding. In some cases, **TRA focused too much on outputs, instead of on results and impact.** In these cases, it tended to emphasise formalised training or more isolated activities, without putting sufficient focus on follow-up coaching and support for service product development and delivery. Pro€Invest and TRA in the Dominican Republic, for instance, were rather output-oriented.

As a general observation, **the impact of the EU's support to trade promotion services focusing on specific sectors tended to be more effective,** as confirmed in Côte d'Ivoire, Ghana, and India. In these cases, support tended to be well-designed and based on a thorough assessment of bottlenecks, targeted and well-coordinated with main sector stakeholders. **The impact of non-sector-related support to trade promotion services tended to be stronger in fast-growing economies with more advanced institutional structures at intermediary level,** such as in Thailand, Vietnam, and Uruguay. **Particularly in higher income third countries, however, the specific added value of EU support to trade promotion services can be questioned,** where the TRA support was confined to activities that would have been undertaken by the business community even without corresponding TRA.

**A general trend of increasing or decreasing success rates of trade promotion support over the period evaluated was not found.** Its success rather depended on the basic conditions presented above.

**Overall, advocacy on trade development, vis-à-vis the government, through business-oriented private sector organisations gradually improved. This trend, however, was rather weak and can be confirmed only in approximately two-thirds of the countries assessed.** The TRA related to the



enhancement of advocacy through the private sector was most effective when it was founded on the partnership with intermediary organisations that had already developed some basic advocacy power. Moreover, TRA was most sustainable when it focused on intermediary organisations with a reasonable representation and with the backing of the private sector. TRA in this area was most effective when it managed to enhance self-organisation, without excessively distorting the existing institutional framework and without encouraging over-reliance on external support.

**Effective trade-related advocacy, vis-à-vis the government, through NSAs was much less evident during the period evaluated, although towards its end, there were signs of improvement.** This finding reflects the fact that governments and the EU gave NSA involvement a higher priority during the second programming cycle from 2007 onwards. The low advocacy power can also be explained by a limited level of technical capacities and governance challenges at NSA level, and/or their (political) polarisation not facilitating an appropriate involvement in technical, trade-related matters.

#### **4.8.2 JC 8.2: Development of FDI strategies and legal frameworks contributing to increases of FDI flows**

FDI flows can be increased through **a more investor-friendly business environment, encompassing the legal, regulatory and administrative framework.** FDI flows are also attracted by the **development and implementation of FDI strategies** for which **enhanced investment promotion services** are crucial. The existence of an enabling business environment and the implementation of FDI strategies determine the **investment climate.**

EU's TRA supported the development and implementation of FDI strategies to a limited extent. Corresponding support focused on regional organisations and/or on ENPI countries. Moreover, it drew on global approaches targeted at ACP countries, such as Pro€Invest. This situation has not changed during the period evaluated. **By and large, EU's TRA to support FDI has helped little to overcome major bottlenecks for increased FDI at the level of investment promotion institutions. As a consequence, there is limited evidence for substantial impact of EU's TRA on FDI growth.** However, there are also cases where EU-supported investment promotion support led to an enhanced institutional environment conducive for investment promotion, such as in Bangladesh, Thailand, Tunisia, and in Ukraine. **A common denominator for success stories appeared to be the support of institutions from emerging economies and/or growing sectors with strong support from the private sector.**

**An appropriate identification and formulation process appeared to be constrained by capacity bottlenecks and/or a lower level of prioritisation at national government/EU delegation level** across almost all countries assessed for the evaluation. Prioritisation relates to the assessment of determining factors for investor-friendliness as a basis for TRA programme design – such as the identification of opportunities and obstacles to investment, the simplification of business registration and licensing procedures, property registration, foreign currency regulations, and improvements of labour laws and administration. Consequently, the potential added value of the EU in this area was not fully exploited.

**Global approaches, such as Pro€Invest at ACP level, led to positive results in a number of cases and facilitated enhanced cooperation between the ACP and EU business community,** as well as strengthening cooperation between regional organisations from within the ACP region. However, due to limited co-ordination and dissemination of good practices, such **global approaches tended to produce rather isolated success stories, with a limited outreach and impact** in terms of capacity building in intermediary organisations and in terms of increased investment flows. Further evidence was found – in India, Moldova, and Zambia – of rather fragmented investment promotion activities that did not lead, over the period examined, to real improvements in attracting foreign investment with the support of TRA. In Zambia, the effectiveness of TRA in this area was undermined by an “unfinished” institutional reorganisation and merger of relevant investment promotion institutions.

**As a general observation, TRA has not substantially contributed to a legal, regulatory and institutional environment more conducive to attracting FDI.** In some cases, where such an environment was visibly improved (e.g. in Vietnam and Zambia), a clear link with the EU's corresponding TRA cannot be confirmed. Overall, while considerable TRA was provided for a number of ENPI countries, such as Algeria, Egypt and Jordan, a visible improvement on the investment climate was not achieved. At times, TRA helped in the formulating of policies for a more investor-friendly regulatory environment, but ultimately did not manage to actually contribute to its implementation (e.g.

in Cameroon and Ghana). A notable positive case was Burkina Faso, where the establishment of commercial courts has contributed to some degree to enhanced investor-friendliness. However, the overall business and legal framework did not improve in the country during the period under review, so a broader impact was not achieved.

Not surprisingly, **the more that political decision making was fragmented and/or the more technical capacities were limited to allow for an implementation of envisaged reforms, the less effective was the support to achieve a more investor-friendly environment.** Bangladesh and Tunisia, however, are examples of effective TRA in this area through reduced administrative barriers to investment, an enhanced competition policy, and/or improved business registration processes. Although this finding seems to be self-evident, it deserves to be highlighted: it points to the fact that **a co-ordinated approach and coherent policy making at partner government level are important factors to be taken into account at the at TRA design stage.**

In broader terms, **a positive impact of investment promotion support was most likely in situations when it effectively addressed macro (legal and regulatory) level constraints, while also helping to improve the institutional framework and service delivery for private sector operators.**

#### 4.8.3 JC 8.3: Improved access to trade finance

Improved access to trade finance contributes to the reduction of trade-related transaction costs. TRA in this area aims to **contribute to a widened product portfolio of financial service providers, and/or to facilitate the use of the trade-related financial services of the productive sector.** Moreover, it aims to strengthen the regulatory and supervisory framework conducive to trade-related finance. Both aspects are assessed here.

The allocation of TRA funds to support trade finance amounted to roughly 20% of the share allocated to trade development for the period under review<sup>73</sup>. **Trade finance support focused on the ENPI region was channelled through the EIB, prioritising the provision of risk capital for (trade-oriented) enterprises.** For other regions, **the importance the EU has attached to improving trade-related finance appeared to be rather limited.** This contrasts with the need of beneficiaries at private sector level in third countries, who consider that lack of trade-related financial services is an important bottleneck for increased trade. However, over the course of the period evaluated, a slight shift towards a stronger accentuation of trade finance support through the EU could be observed, as confirmed by the survey undertaken for the purpose of this evaluation. This may be explained by a considerable regional expansion of support in this area, and large amounts of support committed for ACP countries in 2006.

**Basically, in all countries in which support was provided in this area, it contributed to widening the financial product portfolio and to improving the access to trade-related financial services.** Of the ENPI South countries that benefited from support channelled through EIB, Cameroon and Zambia are cases in point where TRA led to exporters having better access to trade-related financial services. Related EU support was less effective in an environment with a weakly developed private sector and a restricted number of financially viable projects to be financed, and/or with a weak financial sector. This situation was found in Cameroon and in the Comoros, but also to a certain extent, at the beginning of the period evaluated, in ENPI countries where financial sector modernisation gained momentum only during the latter part of the period evaluated.

**There is limited evidence that the EU's TRA has systematically addressed and helped to reduce constraints for trade finance at enterprise level.** In many third countries, SMEs avail of a limited capacity to submit suitable financing proposals and business plans to raise finance. This bottleneck has been hardly addressed through EU support. Such support could have complemented other – non-financial support – and thus further contributed to reduce supply-side constraints at enterprise level.

**The EU has addressed a broader trade-related financial sector development only to a very limited extent,** apparently due to the fact that financial sector support is mainly covered by other EU institutions, such as the EIB and EBRD. Only a few examples exist where – beyond interventions through specifically targeted trade-related financial funds – the EU's TRA has addressed the need for a systemic enhancement of an institutional and home-grown framework of trade finance providers to complement its TRA. An exception was the use of EU funds through the EIB, in the form of loan and/or

<sup>73</sup> According to the inventory undertaken for this evaluation.

capital facilities. This support had a broader and sustainable effect on the availability and use of trade-related financial services, as illustrated by the EIB Risk Capital Facility in the ENPI-South region, which effectively linked the EU's TRA with EIB support activities. Notably, the Risk Capital Facility has not only been successfully exploited by the EIB for financing promising private sector initiatives, but also has helped to strengthen financial sector institutions and their capacity to finance SME. The participation of the EIB as the main investor or co-investor contributed to improving the standards of governance of the beneficiaries, increasing their attractiveness to other investors and to leverage budgets with own funds from the capital market.

**The EU's interventions effectively supported the enhancement of a regulatory and supervisory framework conducive to trade-related finance to only a very limited extent** – namely, in the COMESA region, where it helped to establish a regional payment and settlement system to strengthen an export credit and investment insurance agency. Moreover, support was not provided to enhance the financial and regulatory framework in a way that international capital flows and, more specifically, remittances from abroad were better channelled for investments in productive capital.

**While the EU's support has improved access to trade finance in some selected areas, it has not emphasised the sustainability of such access**, either through stronger attention to the strengthening of an appropriate institutional environment of trade-related financial sector providers or through the reform of the regulatory and supervisory frameworks conducive to trade-related finance.

#### 4.8.4 JC 8.4: Increased competitiveness of export-oriented/trade-oriented enterprises in sectors of the EU's TRA support

**Increased growth** of TRA-supported enterprises and sectors results from **increased competitiveness of export-oriented/trade-oriented enterprises**. The same applies for **export diversification**, which can occur at *geographic* and/or *product* level. Competitiveness can be strengthened through innovation, eventually leading to enhanced productivity, quality, and/or product diversification. It can be spurred by an **improved enabling environment for trade-oriented sectors** and/or by **enhanced value chains/clusters** eventually reducing transaction costs at enterprise level<sup>74</sup>.

**Support to the productive and services sector, with the aim of reducing supply-side constraints for increased trade, accounted for roughly 26% of trade development support between 2004 and 2010**. Corresponding support peaked as early as 2004, due to a very high allocation to ENPI countries, then fell until 2007 and remained stable at a high level between 2008 and 2010. Between 2007 and 2010, corresponding support was almost solely confined to ACP countries (with ENPI and Latin America allocations surging again in 2010). Consequently, findings for ACP countries mainly relate to the period from 2007 onwards, while findings for the ENPI and the Latin American region mainly cover the first part of the period evaluated. The increased diversification of the support to the productive and service sectors across (more) ACP countries is also reflected in the number of CSPs highlighting competitiveness enhancement (13 for the first programming period and 18 for the second period, out of 23 analysed).

**By and large, TRA-supported enterprises tended to be effective in increasing their exports and in strengthening their competitiveness on international markets. Moreover, the EU's TRA contributed to a geographic diversification of export destinations in supported sectors in a number of countries**. The evidence for increased export growth of supported enterprises to which the EU's TRA has contributed can be found across the globe from the sample assessed in this evaluation – in ENPI South and in COMESA countries, in the MERCOSUR region, Vietnam, Zambia, and, for some sectors, in the Central American region (service sector), the Dominican Republic (mainly agriculture, light industry), Namibia (agriculture and tourism) and the Philippines (fisheries). In Egypt, a country to which more than 5% of the EU's global TRA was dedicated during the period under review, the evaluation found strong evidence for increased competitiveness of supported enterprises. In the MERCOSUR region, TRA has added a further impetus to a surging economy, targeted at increasing competitiveness of industrial and agricultural SMEs – although some sectors failed to get organised into

<sup>74</sup> Definitions according to Michael Porter (1985): a *value chain* is a physical representation of the various processes that are involved in producing goods (and services), starting with raw materials and ending with the delivered product. *Value chains generally refer to one sector*. A *cluster* is a geographic concentration of interconnected businesses, suppliers, and associated institutions in a particular field. Clusters are considered to increase the productivity with which companies can compete, nationally and globally. *Clusters go beyond boundaries at sector level and refer to a set of interconnected economic activities*.

meaningful clusters. During the period evaluated, the move towards a stronger regional diversification and market penetration, notably in the ACP region, was only just beginning. This move is now, at the time of writing this evaluation report, clearly more visible.

**Overall, the effects and sustainability of trade development support to specific sectors tended to be more modest when it was narrowed down to specific aspects, such as supporting trade fair participation without the provision of further follow-up or more comprehensive support to overcome supply-side constraints.** This was the case for some of the supported sectors in Paraguay and Uruguay. The same applies for sector support, which was insufficiently flanked by accompanying measures at the macro level – as, for example, in the Philippines (cocoa sector). In Moldova, the attempt at regional diversification and re-orientation from Russia to Europe as the main international market has not led to the envisaged results, as EU support has apparently not contributed sufficiently to removing existing supply-side constraints, such as a lack of product quality.

By and large, TRA was rather successful in helping some (groups of selected) enterprises to increase their international trade, but the **impact of TRA on export growth at broader industrial sector level was less obvious.** The EU's TRA only partially managed to initiate and/or pilot increased international competitiveness through leverage effects. This can be confirmed for the majority of regions under review. The ENPI South region, for instance, has benefitted from more than 8% of global TRA. However, significant breakthroughs of exports to the EU and increased intra-regional trade that would have been necessary to contribute to a shared prosperity and stability of the region have not taken place at the expected pace, notwithstanding the increased financial resources and the accelerated disbursement under former MEDA II, as compared to MEDA I. In the COMESA region, however, the EU's TRA has contributed to increased intra-regional and international trade.

**The positive impact of the EU's TRA on product diversification at a broader scale was more modest. In many cases under review, this TRA did not have the envisaged impact in fostering international trade, due to its focus on rather "traditional" products with stagnating demand and/or increased international competition, mainly from China and other Asian producers<sup>75</sup>.** This finding is valid both for trade-related industrial and agricultural sector support. In some cases – namely, in Bolivia, Cameroon, Côte d'Ivoire, Moldova, and Senegal – the productive capacities for the period under review were considered to be too low to allow for more than modest TRA achievements in terms of product and export diversification. In the same vein, export product diversification in the ENPI region, through TRA beyond the "traditional products", appeared to be rather limited, in particular during the first part of the period evaluated. In broader terms, technology transfer and specific support to innovation emerged as a TRA priority in only a limited number of third countries, and with a focus on specific sectors (as opposed to a cross-sectoral approach, as envisaged in the very recent EU-CELAC action plan or implemented under the 7<sup>th</sup> Framework Programme for Research of the EU) – namely, in Bangladesh, Egypt, Vietnam, and in the MERCOSUR region. Furthermore, the analysis of countries in the desk phase of the evaluation revealed that the product and trade diversification potential was not systematically assessed during TRA programming and formulation – a bottleneck confirmed during the field visits.

**However, in some third countries where agricultural-based traditional exports were still dominant, trade development support has helped to increase and/or stabilise exports under challenging international market conditions.** This is true for Cameroon, Côte d'Ivoire, Namibia and Uganda, and especially for sectors that were supported through thematic budget lines, such as banana and sugar. Moreover, it was found that complementary trade policy support strongly facilitated agricultural export growth and diversification, as observed in Namibia. As the purpose of thematic budget lines was to compensate for the loss of market privileges due to the reduction of tariffs applied by the EU on other suppliers, it constituted market retention, rather than an export growth and diversification approach. **The use of thematic budget lines targeted at specific sectors did not favour innovative approaches, such as the extension of value chains towards agro-processing and an export diversification process.** Consequently, and especially for the banana sector support in the Sub-Saharan region, the sustainability can be questioned, due to the much more competitive status of bananas of Latin American

---

<sup>75</sup> End of the Multi-Fiber Agreement (MFA).

origin<sup>76</sup>. In the West and Central African countries under review, support to sectors with a smaller-scale productive structure, such as cocoa and coffee, tended to have a stronger impact on trade development, and, eventually, on employment creation and poverty reduction.

**The Forestry Law Enforcement, Governance and Trade (FLEGT) Programme has largely achieved its trade-related objectives through a comprehensive approach based on an agreed methodology at global level combining trade-related objectives with cross-cutting aspects of environmental protection and sector support.** It contributed to ensuring compliance with legality and fair trade measures and increasing public awareness and access to information on timber certification and trade opportunities, eventually leading to export growth. In addition, it helped to enhance the visibility of the EU in this sector, fostered sector-related co-ordination. A bottleneck appeared to be knowledge exchange related to foreign markets at exporters' level, and the co-ordination of stakeholders at country level. For the countries under review, there was no indication of any other programme supporting this sector that would have led to comparable results and impacts.

**In the tourism sector, which is very important for international trade in services, the EU's TRA contributed to some extent to strengthening sector clusters**<sup>77</sup>. This is confirmed in Tanzania and in the ASEAN region, for which, for the purpose of this evaluation, specific cases studies have been undertaken<sup>78</sup>. Moreover, as is also the case in Namibia, targeted support to tourism clusters has led to the envisaged impact of increased international tourism. However, there was the tendency to focus too much on tourism marketing and networking, instead of addressing more comprehensively the entire tourism value chain. The case studies also reveal continuing shortcomings in the broader regulatory framework relevant for the tourism sector, such as environmental sustainability, health, hygiene, safety and security, which strongly influence tourists' decisions on whether or not to visit a specific destination. ProInvest projects are a case in point for such a finding, resulting in the danger that tourism marketing campaigns did not have the desired sustainability. By and large, **TRA only partially contributed to enhanced enabling environments for the tourism sector**. The prioritisation of travel and tourism through national Governments can be seen as a success factor for positive outcomes.

More broadly, the assessments undertaken for the purpose of this evaluation (such as evaluation and monitoring reports and field visits) confirm that **the impact and sustainability of the EU's trade development support was positively influenced by a focus on well-selected business clusters and value chains**. It can also be confirmed that **the EU's TRA contributed to the strengthening of trade-oriented value chains and sectors**. However, the focus of support in this area varied across regions. In the majority of cases (e.g. in Bangladesh, Egypt, Ghana, Côte d'Ivoire and Namibia), the value chain approach was rather successfully applied for traditional agricultural and productive sectors, such as the textile and garments sector. Bangladesh can be used as an example where, for the fishery sector, the value chain approach was successfully integrated into a holistic sector-related trade development approach, encompassing trade facilitation, quality infrastructure and a sector-related enabling environment. To a lesser extent, TRA has embarked on a cluster approach to support economic diversification, such as in Namibia (related to trade in services), Paraguay (software) and Uruguay (software). In Paraguay, for instance, where trade development support drew on good international practice of cluster support, the support was successful, eventually attracting foreign investment and strengthening integration into international markets. As an innovative approach supported by the EU, Uruguay is an example of where the concept of cluster development was introduced and successfully launched (in parallel, IADB was also embarking on the cluster approach). In this country, the sustainability of the EU's support has been ensured through appropriate "absorption" at national policy level.

<sup>76</sup> It is impossible to quantify the opportunity costs if TRA budgets used for such market retention had been used for the support of other growth sectors.

<sup>77</sup> The EU does not have of a specific policy or strategy guiding its development cooperation in the field of tourism development, or its TRA in tourism in beneficiary countries. However, the topics raised in the only strategic reference document found ("Communication from the Commission to the Council and the European Parliament. A European Community strategy to support the development of sustainable tourism in the developing countries"), dating back to October 1998, remain relevant today. There is limited documentation, literature and research available on the EU's support to development cooperation in tourism. "Tourism" has neither been subjected to a sectoral evaluation of the EU's development cooperation, nor to specific evaluation questions covered by country level evaluations in the period 2002-2011 (EC DG DEVCO-EuropeAid 2011). Due to lack of data, neither specific information nor knowledge is accessible online in this regard.

<sup>78</sup> See Annex 2 – Volume IIb .



From the assessment presented above, it clearly transpired that **embedding trade development into a comprehensive sector development framework also encompassing the policy level yielded more successes than focusing on a more limited scope of enterprises in a specific sector**. The key challenge for trade development appeared to be the degree to which achievements can be sustained, mainstreamed and adopted in wider sector development and policy frameworks. The growing importance of an enabling environment conducive to private sector development and trade is duly reflected in the increasing number of CSPs highlighting this area (from six in the first programming period to 11 in the second period).

**In a considerable number of cases under review, the EU's TRA contributed – at least to some extent – to improving the enabling environment relating to specific sectors**, including sectors with a strong export orientation and/or also relating to specific cross-cutting aspects (such as research and innovation and/or intellectual property rights). Bangladesh, China, Paraguay, the Philippines, Uruguay, Vietnam, the COMESA and ENPI region are examples of that. Approaches and success factors varied. In Bangladesh (fishery and garments sector) and the Philippines (fishery sector), TRA followed a comprehensive sector-based approach encompassing the entire value chain at policy and enterprise level. In Paraguay, the EU's TRA supported the creation of regional organisations for the promotion of a competitiveness strategy, and initiated the design of the national strategy and plan for improving competitiveness. In Vietnam, through the EU's TRA, the agro-food, fisheries and pharmaceutical sectors benefited from improved regulatory environment and supported integration in the ASEAN region.

**In some countries under review, policy making related to enhancing the enabling environment was somewhat compromised by lack of financial resources, capacities and reform willingness at policy level to actually implement conducive sector policies, and/or by limited advocacy capacities at private sector level**. This situation was found in the Dominican Republic, Ghana and Zambia, where TRA has laid the foundation for an improved enabling environment, although the depth and breadth of corresponding reform has not been sufficient for far-reaching impact and sustainability at sector level. There were also cases where, for specific sectors, the EU's TRA has not contributed to an enhanced enabling environment and did not sufficiently complement trade development at sector level – such as in Egypt, where the support to the spinning and weaving sector was not adequately accompanied by sector-related macro-level reforms.

#### 4.9 EQ9 on addressing poverty

**Evaluation Question 9:** To what extent has the EU's support to TRA mainstreamed poverty reduction in TRA design and implementation?

The seminal Communication on “Trade and Development” (2002) stresses the fact that “*trade can foster growth and poverty reduction and be an important catalyst for sustainable development*”. In recognition of the contribution of trade to development, the EU had already, in 2000, identified trade as one of the six priority areas for development policy. The Communication recognises, however, that trade liberalisation is not the only driver, as poverty reduction requires other policy measures. Nevertheless, trade can play an important part in poverty reduction, primarily through its impact on employment generation – a core element of this question.

It is beyond the scope of this evaluation to quantify definitively the impact of trade on poverty reduction. Indeed, this is the subject of intense research and academic and policy debates, which will not be replicated here. Moreover, the causation between the EU's TRA support and overall falls in poverty levels would be too weak to allow for any firm conclusions, as poverty reduction is a multifaceted challenge requiring many accompanying interventions – of which TRA is only one.

**EQ9 on addressing poverty - Summary Answer Box**

*Poverty reduction has not been sufficiently mainstreamed in TRA design and implementation. The EU's view that trade can foster growth and poverty reduction, and can be an important catalyst for sustainable development, was not explicitly operationalised in most interventions. While it is beyond the scope of this evaluation to quantify the EU's TRA impact on poverty reduction, it can be established that a focus on key socio-economic aspects of TRA was missing in many instances. Poverty has fallen in most countries and regions during the period evaluated, while vulnerability has simultaneously increased – both primarily due to economic reforms, in which trade reforms had a significant share. The EU's TRA has potentially contributed to both aspects. However, neither the relationship of decreasing absolute poverty with TRA nor the intensification of vulnerability as the result of trade reforms have been consistently monitored and documented by the EU.*

The EU has done little to mainstream poverty reduction into the main TRA interventions, both at design stage and in subsequent implementation. While increased trade through TRA has potentially contributed to accelerated economic growth, which, in turn, might have helped to reduce poverty, such trickle-down effects have not been monitored. Nor has the EU analysed any increases of vulnerability due to trade liberalisation.

Although the percentage of country or regional strategy papers that address links between TRA and poverty reduction and, generally, the socio-economic dimensions of TRA, increased for the 2008-2013 phase, as compared with the preceding period, existing analyses do not, in sum, provide a comprehensive understanding or “theory of change” of how and why poverty would be reduced. The picture changes when the designs of individual interventions are taken into the equation. These planning documents elaborate on the poverty aspects of TRA in sometimes substantial detail. Furthermore, HIV/Aids, Gender and Environment, as central socio-economic issues, have been considered in the case of individual TRA interventions in almost all countries and RECs.

There is some proof of adjustments in a small number of projects or project components that have aimed at increasing the effectiveness of poverty reduction strategies. However, this is hardly more than anecdotal evidence, and insufficient to conclude that the EU's TRA had been systematically optimised to achieve better results. While poverty and gender issues are subject to M&E mainly in the form of soft evidence (interviews and qualitative analysis of project documents), there is, in TRA, no consistent and systematic approach to M&E on poverty and gender-related indicators.

#### **4.9.1 JC 9.1: The EU's TRA analysed and targeted key poverty issues (and the gender implications) during design**

**The EU has not directly targeted poverty reduction in the design of TRA interventions.** Generally, while poverty and employment aspects (including gender implications) are at least briefly addressed in the design of a majority of the TRA interventions analysed, they have not been systematically analysed in most cases. Only four out of 27 CSP/RSP covering the programming cycle 2002-2007 explicitly address poverty within the context of TRA. The number slightly increased to nine during the CSP/RSP 2008-2013 phase, including the sample countries/ROs, Bangladesh, Egypt and ASEAN. **Despite the upward trend, this nevertheless indicates that the mainstreaming of poverty reduction in most sectors of interventions** – in particular TRA and other support areas with trade components, such as fisheries, other natural resources and private sector development – **was addressed only in a minority of cooperation strategies.** However, the designs of almost all individual TRA interventions in the sample countries/ROs elaborated on the poverty aspects in more (sometimes substantial) detail than the strategy documents. This is particularly the case for projects in Bangladesh, Cote d'Ivoire, Egypt and Cameroon. Among the regional organisations, the cooperation programme with ASEAN has had the most comprehensive approach to addressing poverty reduction, albeit mainly in indirect ways.

The picture does not change markedly when other socio-economic aspects of TRA in EU strategic documents are analysed. Only the CSP/RSP for South Africa, CARIFORUM and COMESA (i.e. three out of 27 countries) address the full spectrum of three central subject matters: HIV/Aids, Gender, and Environment. **Employment aspects** with regard to gender are at least briefly addressed in most TRA interventions, but they have not been systematically analysed. Overall, gender equality is generally considered a cross-cutting issue, and gender issues were recognised as critical per se and key to sustainable economic and social development in most strategy and programming documents.

**Fair trade initiatives** or similar certificates have not been of much significance during the assessment period as far as the EU's strategy is concerned. The EU has made a modest start on "eco-labelling", mainly within the framework of the SPF in South-east Asia, especially in Vietnam, Bangladesh and Thailand. However, this does not necessarily equal fair trade (although fair trade and eco-labelling are increasingly marketed as the two sides of the same coin). Out of 27 CSP/RSP II papers, only Cameroon, Dominica and India included some consideration of fair trade initiatives.

In sum, a broad range of socio-economic issues has been considered in the design of TRA interventions in almost all countries and RECs. However, the detail of such consideration varies.

#### 4.9.2 JC 9.2: The EU's TRA monitored and documented poverty aspects of TRA during implementation and their gender implications

**While poverty and gender issues are subject to M&E in TRA projects and programmes, mainly in the form of soft evidence** (interviews and qualitative analysis of project documents), **there is, in TRA, no consistent and systematic approach to M&E on poverty and gender-related indicators.** For example, the SADC evaluation found that, although EU support is increasingly poverty-oriented, little actual impact on poverty alleviation could be documented. The systematic monitoring of poverty-related indicators is cost-intensive. Comprehensive approaches to M&E on poverty – such as the Poverty and Social Impact Analysis (PSIA), which was initiated in 2010 by Germany, the Netherlands, Norway, Switzerland and the UK for the use throughout all World Bank operations – exist and could also be used for the benefit of major EU interventions.

The evaluation nevertheless found evidence (in some cases, extensive) for institutionalised monitoring approaches to assess the socio-economic and, to a slightly lesser extent, environmental impacts of trade in a small number of countries, especially Bangladesh, Côte d'Ivoire, Egypt, Cameroon, Ghana, Uruguay and Zambia. However, **impact assessments and actions have not always been exclusively directed at EU trade policy, but have placed socio-economic and environmental factors in broader trade-related contexts.**

On the matter of adjustment of TRA support to optimise poverty impact, some evidence for adjusted approaches to poverty reduction has emerged only in a small number of cases. The China CSE evaluation of 2007 noted that issues related to poverty and "winner and losers" had not been well integrated in the trade projects. This conclusion seems to have been heard, as the 2009 "Support to China's Sustainable Trade and Investment System" addresses this issue explicitly. The project gives particular attention to the least developed provinces within the project sample. The MTE of the Egypt Trade Enhancement Programme A (TEP A) of 2006 came to a similar conclusion and recommended that a clear trade development policy, covering also poverty reduction requirements, should be reflected by TEP A. Two years later, the adjustment had not been made, and consequently the corresponding final evaluation recommended that a specialised focus on broad-based development and poverty reduction could be usefully taken into consideration in the design of forthcoming assistance programmes.

Generally, poverty reduction is one of the cornerstones of the EU's external development policy. Almost everywhere, poverty has fallen during the period of this evaluation, while vulnerability has simultaneously increased – both primarily due to economic reforms, of which trade reforms also played an important role. **The EU's TRA has, consequently, contributed to both aspects, and while the fall in absolute poverty is a significant achievement, its relation with trade reforms has not been consistently monitored and documented by the EU.**

#### 4.9.3 JC 9.3: TRA supported enforcement of ILO standards

Except in the case of Jordan, ILO standards were not addressed strategically in the respective CSP/RSP I. However, it emerged as an issue under CSP/RSP II for Bangladesh, Dominica, El Salvador, Zambia and some ASEAN member states among the some sample countries. Overall, however, **ILO standards have explicitly been addressed in only a very small number of projects.** In Bangladesh, BEST has contributed to the application of the Bangladesh Labour Law and to improved compliance with international labour and social standards. In Ghana, where ILO standards were not mentioned in the CSP, the Civil Society Support Programme had the reduction of child labour as one of its objectives. The Programme robustly succeeded in this, but no other ILO issues were discussed or addressed.

**None of the regional EU-ASEAN projects had an explicit focus on ILO standards.** However, a marked contribution to the enforcement of ILO standards has been made through two other projects, which have not addressed ASEAN collectively as an organisation but several ASEAN member states.

Four ASEAN member states (Cambodia, Indonesia, Malaysia and Vietnam), in addition to Bangladesh, Brazil, Peru, Niger Zambia, Ukraine and Russia, have been involved in the joint EU-ILO project “Monitoring and Assessing Progress on Decent Work in Developing Countries (MAP)”. While MAP is not a TRA intervention in a direct sense, it immediately impacted on the trade agenda, given the growing importance of work standards as a contributing factor to the expansion of exports to the EU and other markets. Generally, while some projects in a small number of countries effectively contributed to the implementation of labour laws and standards, in most of these cases this was achieved without actively pursuing compliance to ILO standards.

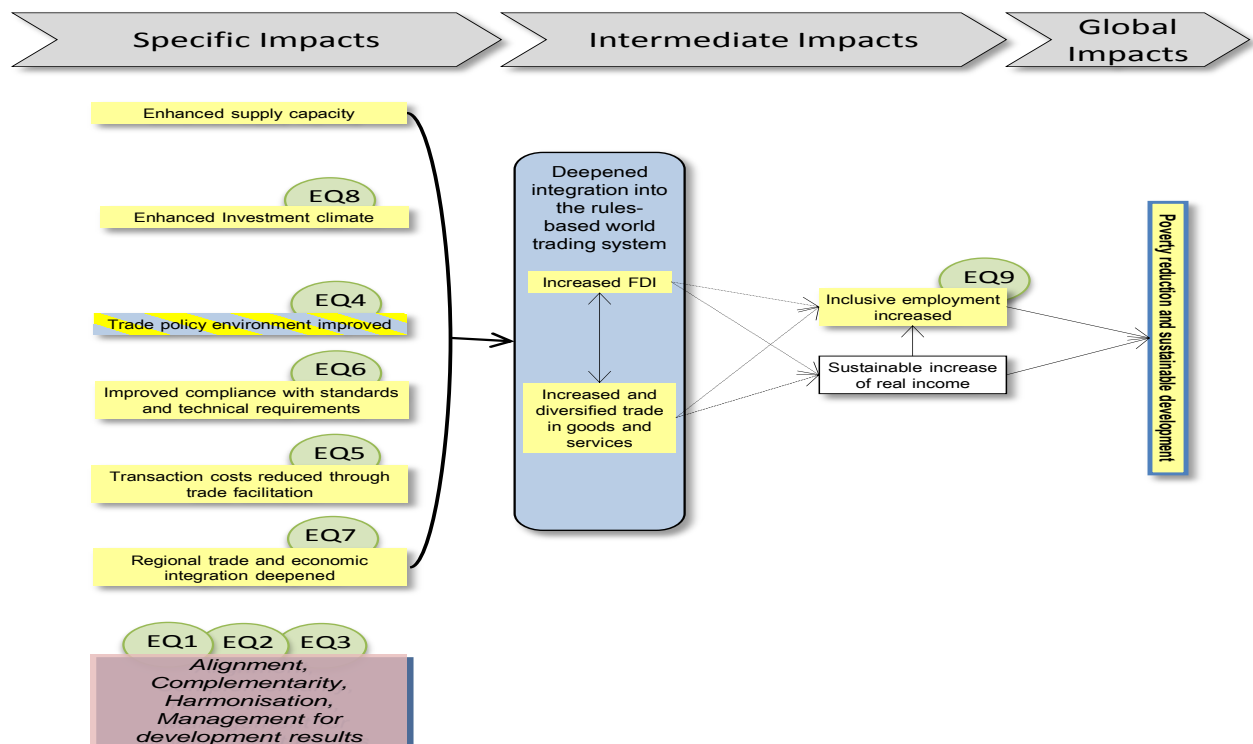
#### 4.10 Overall assessment of the degree to which the EU’s TRA reached its objectives

This section provides an **assessment of the degree to which the EU’s TRA has reached its main objectives according to the priorities summarised with the intervention logic for TRA**. It summarizes the contribution of the EU’s TRA to deepen third countries’ integration into the rules-based world trading system through increased FDI and increased and diversified trade in goods and services. The assessment focuses on the *intermediate impact* on the basis of *specific impacts* of the EU’s TRA.

As a general finding, it can be confirmed that the **aid effectiveness agenda was increasingly reflected in TRA design and support**. However, the pace at which partners’ systems have been strengthened was often lower than initially expected. No delivery modality per se was most adequate for TRA delivery. Overall, the efficiency of the EU’s TRA has improved with the increased recourse to joint funding modalities and the introduction of a broader scope of aid modalities used. Trade-related co-ordination mechanisms in relations between the EU and other development partners were strengthened over time. However, there were issues of **inadequate co-ordination and coherence between national and regional TRA**, which, in part, also stemmed from challenges and mixed commitment among the EU’s partners to ensure better co-ordination. Trade policy coherence has been improving over the period evaluated, with the EU often successfully addressing issues related to SPS and TBT that assisted in expanding market access.

By and large, the EU’s TRA has thus been relatively **successful in promoting the aid effectiveness agenda** – a key objective of the 2007 joint Aft strategy – although with some challenges at the very end of the period evaluated mainly related to the increasingly critical debate on budget support.

Figure 10 Envisaged Impact of the EU’s TRA (based on core EU strategic documents)



For the period under review, many third countries have deepened integration into the rules-based world trading system, especially the populous nations in Asia, including China and India. While the

primary driver of positive impacts has been governments and private sector actors with strong trade orientation and commitment to integration, **the EU has accelerated the process and assisted in ensuring better compliance with international rules and regulations.** However, most LDCs and ENPI South countries have failed to substantially increase their share of the world economy, and the trade gains made have often been limited to increased production and trade of a few basic commodities, despite considerable EU TRA support. Many LDCs remain marginalised in the world trading system, with limited trade and FDI.<sup>79</sup> While FDI has increased in many of these successful countries, the EU's TRA had a **limited effect on enhanced investment climates and FDI.** Overall, while EU support to trade development has brought about some resounding success stories across the globe, mainly in emerging countries/regions and in Asia, it can only to a very limited extent be associated with broader-scale integration of third countries into the rules-based world trading system.

**Success of TRA and trade reforms processes correlated with the existence of well-articulated government ownership and proven policy capacities** to implement broader policy processes on the basis of well-designed and partner-owned success indicators and monitoring tools. While this finding seems to be rather self-evident it underscores the fact that TRA a design which does not take this into account runs the risk of not delivering the expected results.

The EU's support to trade has largely maintained relevance through the period evaluated. With increasing TRA volumes and the slow progress of the DDA negotiations, the EU has increasingly broadened support, placing more emphasis on trade facilitation, standards and "behind the borders" constraints related to exports of the productive sectors. This ensured that the EU retained its thematic relevance. The relevance of the EU's TRA has generally been underpinned by a high degree of alignment to the regional and country level priorities of its partners.

The EU has provided significant added value in many interventions, ranging from advice from EUDs to provision of partner-demanded technical assistance, which has enabled countries and regions to better integrate in the global economy. In many countries and regions, the EU is the largest TRA contributor and is often also the only one with a dedicated focus on TRA, which gives it considerable weight. The EU has placed particular emphasis on regional integration and has achieved notable successes, especially in East Asia. However, there are also limitations as to how much added value the EU experiences provide and how transferable these are in other contexts outside Europe, such as ACP. There is clearly a danger of underestimating the differences in the political and historical context that can undermine the often ambitious targets that the EU and its regional partners have. The EU has not consistently and carefully evaluated the transferability and real value added of its expertise in regional integration.

Through the EU's TRA, **significant specific impacts were achieved in most of the priority areas.** The EU has made **important contributions to improving trade policy environments,** especially in countries and regions with corresponding strong demand, in emerging economies, and in ENPI countries. Progress in weaker environments was slower. Overall, **a key challenge was to enhance and maintain capacity levels sustainable.** The effectiveness of developing capacity in trade-related institutions varied considerably – with partner organisations' ownership, internal coherence and incentives being crucial – but, at times, under-analysed determinants.

The EU TRA's successes have been pronounced where the macro-environment was already more conducive to reform processes. In LDCs and in many parts for sub-Saharan Africa, EU support had less success in accelerating their integration into the world economy, despite significant efforts. TRA has supported the stabilisation and modest expansion of the trade from these poorer developing countries, and has thus had some success in one element of the objective – that of increasing trade. However, the EU's TRA has had far less success in the other element – that of diversifying trade – and many LDCs and sub-Saharan countries have actually seen the reverse: a trade concentration in the period evaluated.<sup>80</sup> With increasing commodity prices and substantial investments in these sectors (e.g. oil and minerals), many economies have become more focused on these, and other sectors of the economy (e.g. manufacturing and traded services) have become uncompetitive, in part due to *Dutch disease* effects<sup>81</sup>.

<sup>79</sup> See e.g. WTO: "Market access for products and services of export interest to least-developed countries" October 2012.

<sup>80</sup> See e.g. UN's Economic Commission on Africa: "Export Diversification and Intra-Industry Trade in Africa" UNECA, 2012.

<sup>81</sup> Dutch disease: apparent relationship between the increase in exploitation of natural resources and a decline in the manufacturing sector. The mechanism is that an increase in revenues from natural resources (or inflows of foreign aid) will



This is clearly undermining a sustainable integration into the rules-based world trading system over the long term, as manufactured exports in particular have been shown to be a key “growth elevator” that can sustainably lift poorer countries out of poverty.<sup>82</sup> In this area, the EU’s TRA has arguably not delivered as envisaged in the strategic documents, and **TRA has not been able, or had sufficient focus, to assist (especially LDCs and commodity-based economies) in initiating a structural transformation** that could increase innovative and productive capacity, especially in manufacturing.

At the aggregated macro level, some developing countries have thus become more integrated, but **there has been only limited progress in improving the rules governing the global trading system**, reflecting the very limited progress made on the DDA negotiations. As noted by many trade economists, failure in multilateral WTO negotiations is also having long-term ramifications for two other core aspects of the WTO: that of rule-making, and that of enforcing these rules. The world has neither been able to conclude nor bury Doha successfully, which has also undermined the core EU TRA objective of *strengthening a sustainable global rule-based trading framework*. Obviously, this is mostly due to external factors, as trade policies *per se* are not within the EU’s TRA mandate. Moreover, the bilateralisation and regionalisation of trade negotiations are by definition discriminatory and may not be able to advance the interests of the poorer countries, including LDCs. Thus, there has been only limited progress in making LDCs in particular integrate into a rules-based world trading system, with a weakening of the core rule-setting and enforcement authority, the WTO, further aggravating the situation.

In the area of **trade facilitation, the EU’s TRA had a significant impact on the reduction of trade-related transaction costs**. The EU played an instrumental role in working towards legal and regulatory adjustments, with ASEAN being a main success story in this regard. **The EU’s TRA contributed to strengthen third countries’ capacity to manage issues related to international trade standards**, especially in relation to quality infrastructure and capacity development of technicians. However, progress on developing technical capacity is on-going, with results expected to materialise in the longer term. Moreover, envisaged legislative reforms related to standards have advanced only slowly.

The EU focused on the fostering of **regional integration** processes, and **to some extent contributed to enhancing regional integration policies and capacities**. Apart from ASEAN, however, **TRA contributed only to a limited extent to increased regional trade and deepened regional integration**. Overall, EU priorities were apparently not sufficiently translated into impact. Success has also been undermined because of the limited political will and capacity of member states and regional secretariats. Notably in Sub-Saharan Africa, the limited co-ordination between RECs and national governments remained a challenge that continued to be apparent, despite the considerable TRA provided in this area.

**EU’s TRA has contributed to reducing supply-side constraints and to increasing international competitiveness of supported enterprises**. At broader national level, however, the impact and sustainability of the EU’s TRA on increased international competitiveness of economic sectors as a whole was less obvious. Apparently, “lighthouse effects”, focusing on “strategic drivers” for economic modernisation and triggering broader development and trade enhancement, were not achieved on a broader scale, notably in poorer countries.

The limited (foreign) direct investment and the lack of economic diversification and trade undermined the ability of poorer countries to increase inclusive employment opportunities that could catalyse a rise in real income in the long term. Too often, commodity-based increases in trade generated limited spill-over to the rest of the economy – especially if the commodities in question are point sources, such as minerals and fuels. Even for more widely-spread commodities, including many agricultural ones, the employment and income gains are limited, volatile and often one-offs, not capable of opening a path towards structural transformation that could make more inclusive and better remunerated jobs available – which of course is also a core TRA objective.<sup>83</sup> **There is, consequently, still an unfinished agenda – especially in Africa and LDCs – to assist in making trade and the associated growth more inclusive by accelerating efforts aimed at diversifying their economies** and trade characteristics.

---

make a given nation's currency stronger compared to that of other nations (manifest in an exchange rate) resulting in the nation's other exports becoming more expensive for other countries to buy, making the manufacturing sector less competitive.

<sup>82</sup> See Rodrik, D.: “Unconditional Convergence in Manufacturing”, Harvard, July 2012.

<sup>83</sup> See e.g. African Development Bank: Trade, Jobs and Growth in Africa: An empirical investigation of the export-led jobless growth hypothesis’ September 2011. Similarly the African Development Outlook in 2012 warned that ‘without urgent action to modernise their economies, African countries risk wasting the tremendous potential offered by their youth’, further suggesting that growth was not sufficiently inclusive nor employment generating.

## 5 Conclusions and recommendations

### 5.1 Conclusions

#### 5.1.1 TRA design, management and monitoring

##### 5.1.1.1 TRA portfolio

**Conclusion 1:** The EU has expanded its TRA portfolio, enabling it to successfully and relevantly engage in diverse contexts.

TRA volumes have increased, and focus has been broadened to encompass new areas and sectors. The initial focus on trade policy and negotiations was clearly warranted and mostly also demanded by partners, given the emphasis on the WTO, DDA and EPAs. It still remains a very important area for the EU's TRA. However, with increasing TRA volumes, the EU has rightly been adjusting and complementing TRA to increasingly also encompass wider TRA areas, such as trade facilitation and improving compliance with standards and technical barriers to trade. Moreover, substantial TRA has also been provided to overcome supply-side constraints in trade-related productive sectors, including agriculture, forestry and fisheries, thematically bordering wider private sector development support. This has enabled the EU to address trade constraints more comprehensively and to focus on a wider Aid for trade agenda and on areas with the most pressing binding constraints, even if outside the classical "trade policy" domains. It has also allowed the EU to become more selective in targeting TRA to sectors and thematic areas where the demand has been strongest, as the demand for policy and negotiations, for example, has at times been limited. The EU has generally been seizing these opportunities for TRA portfolio diversification, which has allowed for better focus on more relevant TRA.

It has also enabled the EU to maintain a meaningful and relevant engagement in fragile or non-committal contexts, where support to productive sectors has in particular been a key entry point. This not only assisted in maintaining crucial employment and production levels, but also entailed support for the private sector to articulate demands on their governments to strengthen focus and commitment to trade issues. Few other development partners have been able to maintain engagement and possess a similarly broad range of TRA support options as the EU, and this has allowed the EU to remain a persistent, resourceful and valuable partner in many contexts. These are important advantages of the broad EU's TRA portfolio options and of having significant resources at its disposal.

*This conclusion is based on EQs 1, 4, 5, 6 and 8.*

##### 5.1.1.2 Alignment, harmonisation and ownership

**Conclusion 2:** The joint EU AfT strategy of 2007 did support the then on-going harmonisation and alignment efforts, but momentum of the EU and other donors has more recently been weakening.

The EU has been at the forefront of implementing the ambitions enshrined in the 2007 joint strategy and the wider aid effectiveness agenda. It has increasingly harmonised its assistance with other development partners and aligned it to partner systems. This is also clear from the analysis of modalities utilised by the EU's TRA during the period under review. There is evidence from the desk study, field visits and the inventory that momentum towards further alignment slowed down at the end of the period evaluated, with the use of joint and aligned approaches having peaked in 2009 after which the project approach has gained ground. This can potentially undermine the alignment and harmonisation objectives of the EU

The evidence in relation to TRA shows that SBS in particular has often successfully supported trade-related reforms – especially in environments with a highly committed government and with proven policy capacities to implement broader reform processes on the basis of well-designed and partner-owned success indicators and monitoring tools. On the other hand, the evidence also suggest that one of the main benefits of budget support, increased focus on policy dialogue, may also have been available through more binding partnership agreements, such as those under the Partnership Instrument of the EU, thus reducing the attractiveness of both general and sector budget support. This also points to the very different incentives and options available across the globe, depending on the countries' wider relations with the EU and other partners. However, there is no evidence that the EU has identified or used new approaches or modalities that could have avoided the fragmentation and ownership challenges that the

return to conventional project approaches entail. There are often trade-offs involved in deciding between a high level of alignment and ensuring the achievements of TRA objectives, especially in contexts where trade is not a core priority of the partner. Such trade-offs have generally not been explicitly or thoroughly analysed.

Alignment facilitates partner ownership having a strong effect on development outcomes. The evaluation's findings corroborate this, but also point to the need to do a thorough pre-implementation analysis of the *strength and location* of such ownership and leadership of governments in planning and implementing TRA. The importance of this aspect is, according to the evaluation's evidence, so high that it trumps the aid modality as a predictor of aid effectiveness. This is not to suggest that aid modalities are uncorrelated to TRA outcomes, and it is also important to note that aid modalities in themselves can promote ownership. Partner capacities, ownership, and conducive incentive structures are key to TRA success, and may vary at sector and partner level, but the EU has not always sufficiently assessed these issues during the TRA design phase.

*This conclusion is based on all EQs, but in particular on EQs 1, 2 and 4.*

### 5.1.1.3 Co-ordination and complementarity

**Conclusion 3:** The EU's TRA support has generally been designed and implemented in a co-ordinated and complementary fashion as far as interactions with different national stakeholder groups are concerned, but has struggled with continued challenges to ensure synergies between national and regional interventions.

During the period evaluated, the co-ordination has improved in the EU's relations both with EU MS and other development partners. Generally, co-ordination has moved from an informal approach to institutionalised mechanisms, which are now present in more than half of the evaluation's sample countries. The extent to which the EU's TRA has relied on joint analytical frameworks, such as DTIS, has increased over time.

Shortcomings and remaining challenges exist, particularly with regard to systematic linkages among the EU's interventions at global, regional and national levels. In most cases in the sample, regional TRA projects are implemented without an active and effective approach to co-ordination with thematically-related interventions at national level and vice versa, resulting in lost opportunities for creating synergies.

This lack of complementarity and co-ordination between regional and national TRA often reflected limited national demand for support to regional integration, and translated into difficulties in getting national authorities involved in supporting regional initiatives. The situation is further aggravated by the fact that there have been only limited attempts by the EU to link regional and national level support, which has made it even more challenging to make progress on deepening regional economic integration, despite the fact that support to regional integration constitutes a significant share of all TRA (15%). At national level, regional integration has been further set back by the weak partner demand for TRA that could ensure better co-ordination and complementarity. At regional level, it is arguable that the EU should have better analysed the political feasibility, will and capacities at national level before engaging. It has, at times, been difficult for regional organisations to formulate realistic programmes that had genuine buy-in from their members, especially in the ACP region. Thus, the EU often lacked a realistic assessment of the crucial national commitments to implement regional agreements, while regional organisations have, at times, advanced programmes and objectives that were not commensurate with political will and capacities. The ambitions were too high and may need to be refocused on more mundane matters of trade facilitation and connectivity.

*This conclusion is based on EQs 2, 3 and 7.*

### 5.1.1.4 Stakeholder participation

**Conclusion 4:** The private sector, advocacy groups and other non-state actors have been insufficiently involved in design, implementation and monitoring of the EU's TRA.

With the exception of support to trade-related productive sectors, the EU's TRA has primarily been designed, negotiated and implemented through partnerships with national governments and regional organisations. There were many instances of consultations, orientations, workshops and conferences, especially with the private sector, but these have often been more about informing the private sector of

new initiatives, laws and regulations, rather than engaging the sector in a dialogue on how best to utilise TRA. As volumes to trade-related productive sectors have increased, the need to engage more systematically with the private sector has been accentuated as shortcomings to fully engage the main driver of trade (the private sector) can cause inappropriate designs and failure to identify the most binding constraints facing businesses.

A key challenge has been the capacity weakness and, at times, limited representativeness of private sector organisations, which has undermined their ability to engage in substantive dialogue and design. The formal participation of representative bodies grew towards the end of the period evaluated, but remains at a low level, considering that the private sector is a main beneficiary of TRA. Moreover, there are also challenges in strengthening such bodies' downward accountability while simultaneously providing substantial external funding, which is potentially creating an unhealthy upward donor dependency. Finally, the wider NSAs (including unions, academia, think tanks and financial institutions) have been only marginally involved in TRA, despite the multifaceted aspects of trade that affect a range of socio-economic issues and groups. Academia and think tanks in particular could have been more involved in establishing evidence on outcomes and impact – the subject of the next conclusion.

*This conclusion is based on EQs 1, 2, 4, 6, 7, 8 and 9.*

### 5.1.1.5 Monitoring and evaluation

**Conclusion 5:** The EU and its partners have often not ensured monitoring and evaluation that could provide robust evidence on outcomes and impact, thus undermining learning opportunities and knowledge sharing.

Monitoring has too often focused either on input level, which did little to address the fundamental issues of the outcomes of the project, or on macro level (e.g. GDP growth), which was too divorced from the TRA interventions to be informative about contribution. At intervention level, there have been several missed opportunities for gauging income and poverty impact of individual beneficiaries, especially when supporting trade-related productive sectors. Not one single impact evaluation has been conducted, and none of the intervention-level evaluations scrutinised by the evaluation have any credible evidence on poverty effects.

Similarly, when promoting wider trade reforms, the EU and, more importantly, its partners have often neglected analyses of the significant impact on poverty, gender, regional disparities and labour market dynamics that could have assisted in designing better flanking and compensation measures that reduce vulnerability. Here, more involvement of the capacities of the wider NSAs (e.g. academia and think tanks) was warranted. This would also have helped in overcoming the key challenge of mainstreaming trade, in the sense that trade and regional integration can become tools for development rather than what they are currently often perceived to be – obligations and concessions to trading partners.

*This conclusion is based on EQs 1, 2, 4, 5, 6, 7, 8 and 9.*

## 5.1.2 Outcomes of the EU's support to TRA

### 5.1.2.1 Capacity strengthening for trade policy and regulation

**Conclusion 6:** The EU has provided valuable assistance to trade negotiation capacities and has improved the capacity of public institutions involved in trade policy and facilitation, but with insufficient analysis of the context shaping the incentive frameworks for trade development, especially in more fragile environments

EU support to trade policy amounted to 53% of total TRA, and was initially mainly focused on the core area of trade negotiation capacity, where successes have been achieved, but where also challenges were faced in terms of sustaining capacity in the post-project phase. In addition, focus has increasingly been expanded to include capacity development support to a wider array of public sector institutions, such as export promotion agencies, regulatory bodies, and trade facilitation agencies. It has been a clear characteristic that, notably in weaker contexts, the results have often been less than anticipated.

In such contexts, the lack of robust assessments of the institutional configurations and incentive structures has led to sub-optimal outcomes, often with gap analysis being inadequate in determining systemic causes of dysfunctionality. In all of the countries analysed, no systemic analysis was found that went beyond the gaps and “lack of” analysis in the design phase. Often the capacity constraints had

deeper causes, and the identified “gaps” were merely symptoms these constraints. The root causes were frequently related to poor (real) staff incentives for performance, high staff rotation in ministries, and pervasive corruption. Predictably, supplying inputs (e.g. training and TA) into a partly dysfunctional system was often ineffective. Without robust analyses, the EU has at times been unable to tailor its assistance appropriately to the prevailing incentive systems, thus undermining potential TRA outcomes.

Ownership has to be supported and nurtured. But to properly identify ownership levels, and thus where to target support, the underpinning analysis has to be sufficiently granular and detailed to capture differences between (and sometimes within) implementing partners. Findings suggest that incentives and ownership may differ within the same government, and even ministry, but this was often not acknowledged during design. Overall, there is a strong connection between high ex-ante level of ownership and subsequent positive development outcomes. However, it seemed very challenging to “buy” genuine political support and ownership – regardless of whether it was through budget support or projects.

In more committed environments, the partners often had a clearer perspective of where the capacity constraints were in the core policy and regulatory bodies, and often (but not always) demonstrated willingness to address these head on. Here, the EU's TRA has been most successful, but not consistently so, because unforeseen resistance to reform was sometimes also too strong here, undermining TRA outcomes. This illustrates the need not only to analyse ownership and commitment, but also to disaggregate the analysis to locate the drivers and assess the strength both of support and of opposition to change.

*The conclusion is based on EQs 1, 2, 4, 5 6 and 7*

### 5.1.2.2 Trade facilitation

**Conclusion 7:** There is still a need for more co-ordinated reform measures beyond customs, which would also be consistent with the more recent “behind the border” focus of wider AFT.

The EU's work on trade facilitation has yielded significant results, and TRA has consistently used contextualised and well-designed approaches, mainly targeting customs. The degree of ownership has been key in determining outcomes of the support, and customs reforms in particular have been shown to be sensitive and subject to issues of governance and perverse incentive structures, as seen (with various intensity) in all examples of customs reforms.

The EU and, more importantly, its national partners have often failed to ensure better co-ordination between customs and other enforcement and trade-related agencies. Better information sharing between trading communities (e.g. freight forwarders) and trade-related agencies, in the same country or between countries, would also have been needed, consistent with the recent more comprehensive focus encompassed in the “behind the border” concept.

*This conclusion is based on EQ5.*

### 5.1.2.3 Regional integration

**Conclusion 8:** Over-optimistic assumptions on progress in regional integration have gradually been replaced by a more realistic EU approach to fostering such processes.

The EU has a comparative advantage in providing support to regional cooperation and integration, based on the model of the European Union, and third countries can clearly use regional integration as a way to overcome the disadvantage of small and fragmented markets, thus making countries more attractive to FDI to spur economic growth. However, the contexts and historical backgrounds of the diverse regional organisations that the EU has supported have often been rather different from the European experience, which in turn has also affected outcomes.

The EU and its regional partners have aimed at achieving targets and outcomes requiring policy reforms and changes that many of the constituent countries were unwilling or unable to undertake, not least in Africa. Moreover, there have been instances where the EU has over-estimated both the capacities and mandates of the regional organisations. There has thus been limited progress in ACP countries towards deepening regional integration, in contrast to ASEAN in particular, and, to some extent, to MERCOSUR. Over time, a greater sense of realism has been influencing design and targets, increasingly factoring in the need to have national commitment that extends beyond rhetoric. This remains a challenge, and illustrates the fact that, for some nations, regional trade integration is not seen as a political priority, and that the short-term political cost involved can outweigh the long-term



benefits, thus stalling progress. In such contexts, EU support has had too limited a focus on making already existing regional initiatives (e.g. on connectivity and border management) and trade work.

*This conclusion is based on EQ7.*

#### 5.1.2.4 Support related to SPS and TBT

**Conclusion 9:** The EU has contributed with significant TRA to SPS and TBT, which has increased coherence and, more importantly, often led to high impact in the sectors benefiting.

The EU has made significant contributions to improving third countries' systems that deal with trade-related standards and conformity assessment, and the EU's focus on this area has also increased over the period evaluated, reflecting the increasing importance attached both by the EU and its partners. This has clearly also improved the coherence, as many of the compliance requirements originate from the EU. Support to SPS control management has faced challenges, due to the substantial complexity and relative novelty in many countries and regions, especially in Sub-Saharan Africa. Effectiveness of implementation of the TRA in SPS and TBT has generally varied widely, depending on the initial capacity level of each country. Also, there have been inefficiencies in partners' institutional structures, with some level of duplication and limited co-ordination between many bodies involved in issues related to SPS and TBT – again, especially in Sub-Saharan Africa. The EU has not always been able to effectively assist in streamlining and co-ordinating the institutional set-up, nor has it always been sufficiently aware of such challenges during the design of support.

While regional organisations have, in general, been able to reach agreement on SPS issues, effective implementation and enforcement has varied widely, with ACP countries often lagging behind, due in part to lack of national-level political will and in part due to limited national capacities.

*This conclusion is based on EQs 5, 6 and 7*

#### 5.1.2.5 Trade development and foreign direct investment promotion

**Conclusion 10:** The impact and sustainability of the EU's trade-related productive sector support were most evident when TRA was embedded in a broader framework encompassing the macro policy and the micro level, and took place in an enabling context conducive to private sector growth.

Conversely, TRA impact was undermined when using piecemeal approaches and when providing only limited support that did not reach beyond the micro level, or even beyond individual enterprises level. Moreover, the impact of TRA on the competitiveness of economic sectors or economies was enhanced when using a selective approach, focusing on sectors and/or clusters on the basis of a thorough analysis, with participation of relevant private sector stakeholders, utilising available sector knowledge at policy-making level and drawing on academia.

In this context, the potential contribution of a stronger knowledge transfer to the third countries and targeted support to innovation has generally not been taken into consideration within TRA, particularly in ACP countries. A key challenge appeared to be finding an appropriate mix to stabilise and increase exports in traditional sectors, while also spurring the development of non-traditional export sectors requiring innovation and product diversification. While the EU's TRA has been successful in the former, it has often not brought about significant improvements in the latter, especially in commodity-dependent countries, where trade could play an important role in fostering a structural transformation of the economies towards more diverse and long-term productive sectors (including industry).

Investment promotion and trade finance has not featured prominently in the EU's TRA portfolio, despite the few positive success stories. The EU's TRA support to the development of FDI strategies and legal frameworks did not markedly contribute to an enhanced investment climate and increased FDI flows. Support to trade finance, mainly provided through EIB, has helped to enhance trade-related financial services and institutions, notably in the ENPI South region.

Related to this is the challenge to mainstream employment generation and poverty reduction into trade development and to strike an appropriate balance between labour-intensive and capital-intensive sectors, with the latter, at times, carrying more potential for increased value added and dynamic innovation over the long term.

*This conclusion is based on EQs 4, 5, 6, 8 and 9.*

## 5.2 Recommendations

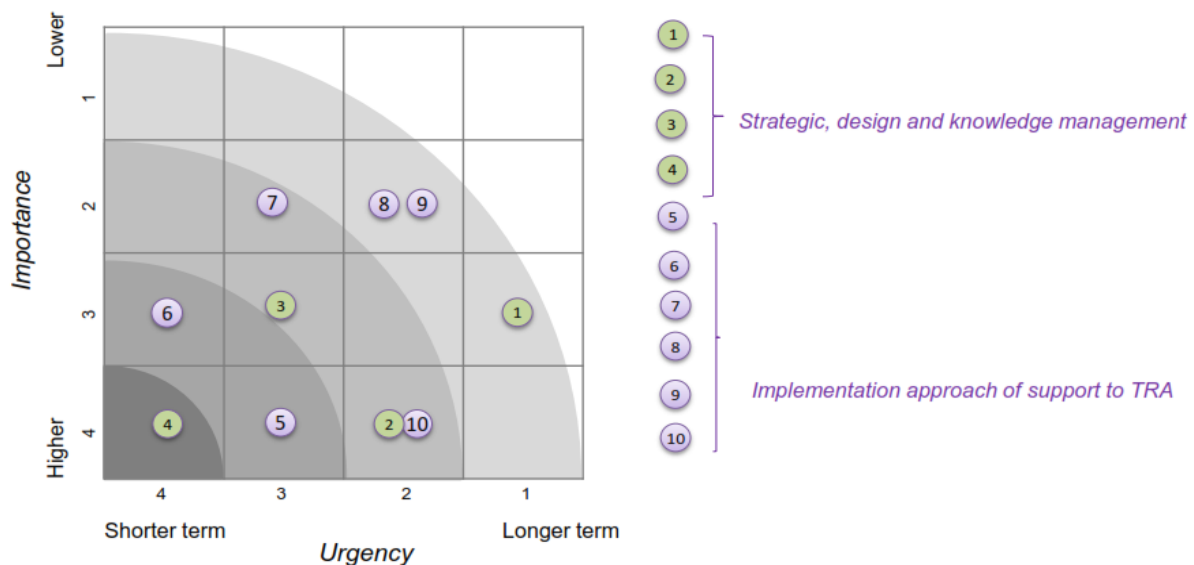
The table below provides an overview of the level of priority in terms of importance of the recommendations and the urgency (agenda) of their realisation. This information is also provided schematically in the following figure.

Table 6 Prioritisation of recommendations

	Issue	Importance*	Urgency*
1.	Aid for Trade Strategy	3	1
2.	TRA portfolio	4	2
3.	Alignment	3	3
4.	Monitoring & Evaluation	4	4
5.	Balance of TRA between regional and national levels	4	3
6.	Institutional assessment	3	4
7.	Trade facilitation	2	2
8.	Standards and technical barriers to trade	2	2
9.	Trade development	4	2
10.	Impact assessment	4	3

\* 4 = High | = Low

Figure 11 Prioritisation of recommendation:, schematic overview



The evaluation team has attached the highest importance and greatest urgency to improving monitoring and evaluation efforts, including impact evaluation. Current efforts are too fragmented and not systematic, thus undermining learning opportunities and limiting the EU’s ability to adjust and optimise its approaches based on solid monitoring. Moreover, it also limits the visibility of the EU by not being able to produce evidence-based information on the important impacts that TRA undoubtedly has contributed to, in terms of poverty reduction and export growth. There is also an urgent and important need to improve the use of existing EU tools for institutional capacity assessment and political economy. Its systemic application should also facilitate a rebalancing of TRA between regional and national level.

Addressing these priorities requires interventions by different actors. Therefore, each recommendation includes suggestions for operational steps to put it into practice, and identifies implementation responsibilities.

## 5.2.1 Strategic and management level recommendations

### 5.2.1.1 AfT Strategy

**Recommendation 1:** Consider updating the EU Joint Aid for Trade Strategy to reflect the growing diversity of support options, and provide better guidance on context analysis and aid modality choices of wider AfT.

Based on Conclusions 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10.

Main implementation responsibility:  
EU HQ and possibly EU MS

Over the course of the period evaluated, the volume, portfolio and diversity of interventions has increased substantially, partly as a result of the EU meeting the commitments made in the 2007 EU Joint Aid for Trade Strategy. At the same time, the world economy has also changed substantially, with developing countries now being the new drivers of global trade, and with the structure of global trade also changing, as global and tightly-integrated value chains become increasingly important. However, LDCs in particular have benefited least, and many have seen a falling share of world trade, as they continue to rely on a concentrated export bundle comprising mainly natural resources and agricultural produce.

At trade policy level, the EU has recently responded with its *“Trade, growth and development”* communication (COM 22, 2012), which outlines primarily the trade policy response to these new challenges. However, there is a need to complement this with more specific guidance on how the development assistance should respond to the changing context – not least in terms of providing better analytical guidance on TRA design, and informing about the vastly expanded portfolio of aid instruments and modalities that are available. If done jointly with EU MS, it could also serve as an opportune moment to agree on how, and under which circumstances, the EU and EU MS could promote the harmonisation and alignment ambitions that have lost part of their momentum within the TRA area. Many of the other recommendations outlined below could also serve as inspiration for such strategic drafting.

Implementing this recommendation would entail:

- Reaching prior agreement with relevant units in the EU on the exact need and scope of an updated EU Aid for Trade Strategy.
- Reaching out to EU MS and engaging them in a dialogue on need, scope, ambitions and content of an updated strategy.
- Taking leadership in drafting the strategy, with close involvement of, and dialogue with, third countries.

If not successful in getting EU MS to update the strategy, the EU could consider drafting a unilateral AfT strategy, complementing the trade policy strategy.

The trade strategy should be seen as an effective aid response to the new challenges, based on countries' and regions' own priorities. It would also assist in improving coherence with the EU's trade and investment policies, as mentioned in the EU's *“Trade, growth and development”* Communication.

### 5.2.1.2 TRA portfolio

**Recommendation 2:** Continue the diversification of the TRA portfolio to allow for better contextually tailored assistance, especially to LDCs and fragile states.

Based on Conclusions 1, 4 6 and 10

Main implementation responsibility:  
EU HQ and EUDs

As governments have continually reduced tariff barriers to trade, “behind the border” issues have assumed increasing importance. The EU's TRA has responded well by broadening its scope to encompass many other elements beyond classical TRA to trade ministries. However, different countries and regions have different needs related to “behind the border” issues. LDCs in particular face challenges in just maintaining their share of the world market, and here the EU should accelerate efforts to identify proper interventions and an appropriate mix of support modalities that can assist both in stabilising current levels and, in the longer term, also reduce dependence on a narrow export

bundle (see next recommendation).

A particular set of challenges faces fragile states where restoring productive capacity can be a crucial element in stabilisation and restoration, which EU TRA has demonstrated. However, TRA will have to factor in that LDCs and fragile states often face a multiplicity of development challenges that undermine the benefits that can be obtained from trade – including political issues such as corruption, perverse and unproductive incentive structures, and poor quality of governance. Implicit herein is also the recommendation to continue and possibly accelerate efforts aimed at addressing binding constraints in these countries. This may not always entail significantly higher financial volumes, as lack of inputs is not necessarily the key challenge. More important is the provision of well-designed TRA that addresses systematically the key constraints.

Implementing this recommendation would entail:

- EU, at both HQ and EUD levels, should consider TRA in a more comprehensive context, especially in LDCs and fragile states, and ensure synergies with other interventions in related areas of governance, anti-corruption, public sector reforms, and private sector development.
- EU HQ should provide clear guidance on engagement in fragile contexts – possibly as part of a wider trade and private sector guidance note, as the two are highly interrelated.
- Accelerate TRA that enhances access to foreign markets for micro and small enterprises, which often constitute the mainstay of economic activity – not least in rural areas. TRA to these can have higher impact on poverty, and also assist in gradual formalisation of the enterprises, which is known to increase growth.
- Gradually reduce TRA to countries already well integrated into the world economy, while intensifying and adjusting trade policy dialogue.

**5.2.1.3 Alignment**

Recommendation 3: When choosing the TRA modality, include a more thorough and explicit assessment of wider alignment consequences, with a view to making explicit any trade-offs between alignment and TRA objectives.

Based on Conclusions 1, 2, 3, 4, and 5

Main implementation responsibility:  
EU HQ, EUDs, and implementing partners

In most of the cases analysed where the EU has returned to project approaches, the wider implications – in terms of fragmentation and transaction costs – have not been detailed, despite the presence of guidelines, such as the backbone strategy. Clearly, there can be a trade-off between achieving specific TRA objectives and ensuring alignment and harmonisation. It is recommended that the EU conduct a more thorough and explicit analysis of the implications and possible trade-offs of modality choice when designing TRA interventions. In particular, when supporting public organisations, such analysis should consider the pros and cons of using budget support (especially sector-based, allowing for more targeted policy dialogue). The focus should also be on ensuring that the partners express demand for such support, that they can demonstrate both political and technical leadership, and that results measurement is ensured through adequate indicators and monitoring systems. Such an approach would entail:

- Ensuring more explicit analysis of modality choice in the design stage, including impact analysis of alignment consequences.
- Explicitly analysing if there are trade-offs in pursuing more narrow TRA objectives, in terms of wider effects on the public sector organisations and their capacity.
- Encouraging other development partners also to increase their reliance on domestic systems, thus further reducing fragmentation (e.g. in the context of an updated joint EU Aid for Trade strategy).
- Critically examining ways of shadow alignment in fragile contexts, focusing on what government systems ought to be, so that the transition is smoother when they are rebuilt.

#### 5.2.1.4 Monitoring and evaluation

##### Recommendation 4: Improve TRA-related monitoring and evaluation.

Based on Conclusion 5

Main implementation responsibility:  
EUDs, EU HQ, implementing partners

There are many opportunities for the EU to improve its learning from its TRA interventions. Of particular importance will be strengthening monitoring and evaluation efforts in relation to the outcomes to which the TRA interventions can reasonably be expected to contribute. More careful articulation of the M&E frameworks is needed, with the capability of identifying meaningful indicators at appropriate levels. Of particular interest will be income and poverty changes, distributional consequences, and structural transformations. This applies to support both to public and private sector actors, although the focus and methodologies may be different. The EU may also wish to subject TRA interventions to more rigorous evaluation, using, where appropriate, methodologies capable of identifying impact, including randomised impact evaluations. This, in turn, requires making TRA interventions more evaluative in the design. In this process, use of the wider NSA constituency could be considered (e.g. academia and think tanks). Implementing the recommendation would entail:

- Improving TRA design to make indicators realistic, informative, evidence-based and outcome-oriented.
- Scaling up internal learning opportunities by sharing results on poverty and socio-economic impact as they emerge from the M&E systems.
- Integrating at design stage a higher degree of “evaluability” (e.g. such as randomised control and treatment groups) where feasible.
- Ensuring higher local ownership of the monitoring framework and indicators chosen.

#### 5.2.2 Operational level recommendations

##### 5.2.2.1 TRA balance between regional and national level

##### Recommendation 5: Rebalance TRA between regional and national levels in areas where political commitment and capacities are weak

Based on Conclusion 8, and partly 1

Main implementation responsibility:  
EU HQ, and EUDs with regional responsibilities

The EU has been a staunch supporter of regional integration and has provided substantial funding, making it one of the world's largest donors in this area. While the EU has achieved many successes, there have also been challenges (especially in Africa) calling for a more strategic and contextualised approach that recognises different economic and political realities. This may include a scaling back of support in terms of volumes to some ACP-based regional organisations, compared to what has been seen previously. The remaining TRA to regional integration should focus on areas where tangible results can demonstrate regional “quick wins” that, in many places, will be less ambitious and less capacity demanding. Here, focus should be on monitoring and implementation of more concrete initiatives that improve regional trade, such as connectivity and border management support.

In this context, the EU should consider the following elements:

- Prior to supporting regional integration, carefully analysing the demand, capacities and political commitment needed to ensure success.
- Related to the above, providing clear identification of how trade and regional integration can further national development policy objectives, which in turn can strengthen political commitment.
- Ensuring better co-ordination and synergies between national and regional programmes. Lack of national demand for national programmes aimed at regional integrations is usually an indicator of limited political commitment.
- Promoting increased transparency and peer review, making member states more accountable for progress in regional integration. The ASEAN scorecard of member states progress is one such example that could serve as inspiration.



### 5.2.2.2 Institutional assessment

**Recommendation 6: Increase the analytical use of political economy tools and institutional assessment, especially for capacity development interventions**

Based on Conclusion 3, 6, 7 and 8

Main implementation responsibility:  
EU HQ, EUDs, TRA designers, TRA partners

There is a need to analyse more systematically and granularly the real binding constraints, especially when designing capacity development interventions. The EU should make better and more consistent use of its own robust tools developed for that purpose, including the backbone strategy on technical cooperation.<sup>84</sup> Especially in weak and fragile contexts, such analysis is required, and often also at organisational/unit level, as commitment and incentive structures may display significant intra-organisational differences.

Realising this recommendation would entail:

- Focusing more on real ownership and commitment to reform, using these tools. Money can't buy genuine reforms, and the mere promise of such has often proved to be just that. TRA is most effective when facilitating the implementation of domestically developed and owned reform.
- Avoiding mere gap and "lack of" analyses in designing capacity development support.
- Adopting realistic, rather than ideal, ambitions, especially if working with regional organisations. Too often there have been attempts to impose "best practices" and ideal levels of capacity that were beyond what was realistic in the short term.
- Embedding and co-ordinating capacity development support in wider civil service reforms, where relevant to optimise synergies.

### 5.2.2.3 Trade facilitation

**Recommendation 7: Direct trade facilitation to committed partners and strengthen co-ordination beyond customs reforms**

Based on Conclusions 3, 4 6 and 7

Main implementation responsibility:  
EUDs, EU HQ, implementing partners

Customs can be an especially sensitive area, with compromised governance and business processes characterised by a high degree of informality. Here, there is a need to apply sound and rigorous institutional assessments of commitment, resistance to – and strength of the drivers of – reforms. However, customs are only a part of the border management challenges that traders face: in fact, research shows that only one-third of the delays traders encounter at the border are customs-related.<sup>85</sup> Hence, in line with the enlarged focus on wider issues of trade-related border management that the EU is already addressing, there is a need to ensure better co-ordination of government agencies in such areas as health, agriculture, and quarantine. Too often, the institutional structure is characterised by overlapping authority, diminishing TRA effectiveness.

The EU should consequently:

- Encourage better co-ordination between all inspection and authorising agencies. Adopt a "whole of government" approach to trade facilitation.
- Work on making one-stop-shops and single windows more regional compliant.
- Work more on securing the political and institutional will and commitment needed to design and carry out cost effective border management reform.

<sup>84</sup> See e.g. "Reforming Technical Cooperation and Project Implementation Units" (2008), "Toolkit for Capacity Development" (2010), and "Using Political Economy Analysis to Improve Development Effectiveness" (2011).

<sup>85</sup> World Bank: *Border Management Modernisation*, Washington, 2011.

#### 5.2.2.4 Standards and technical barriers to trade

##### Recommendation 8: Intensify work on standards and technical barriers to trade where demand is strong.

Based on Conclusions 1, 4 and 9

Main implementation responsibility:  
EUDs, EU HQ, including SANCO

The importance of compliance both with public and private standards is probably going to remain high, and the EU has already provided substantial support to the area – often with considerable success, albeit materialising only slowly. This has clearly improved the coherence of, for example, EU health and development policies. More effort is still needed, but it will be key to base such increased assistance on thorough analysis of the demand and, partly as a consequence, the sustainability prospects. Moreover, to improve efficiency and effectiveness of TRA in this area, the EU may also have to assist in streamlining the institutional framework, as partly overlapping and duplicating organisations often exist. At regional level, there is the further complexity of member states' level of commitment to realising commonly agreed objectives within the area.

Implementing this recommendation would entail:

- Allocating resources to both identify and finance additional TRA to standards and TBT, focusing on identifying demand.
- Focusing on ensuring private sector involvement at the design stage, especially if the sector is to carry subsequent recurrent costs.
- Making sure, before committing funding, that there is a credible business plan that addresses sustainability issues.
- Making sure that regional work on standards and TBT is backed by genuine commitment from constituent member states, and that capacities and mandates at regional level are commensurate with the objectives.
- Reconsidering the balance between regional and national support in this area, especially in ACP, with a view to ensuring greater commitment and involvement of the private sector.

#### 5.2.2.5 Trade development

##### Recommendation 9: Consider increased focus on productive sectors beyond traditional commodities with more use of investment promotion and trade finance instruments.

Based on conclusion 1, 4 and 10

Main implementation responsibility:  
EUDs, EU HQs, implementing partners

The EU has increasingly provided assistance to the productive sector and helped stabilise export levels for many developing countries, especially in Africa. It has often focused on traditional exports, dominated by agriculture (see especially EQ8 and the inventory). With the more recent increases in commodity prices, the value of such exports has increased. However, to guard against future shocks and make the economies more resilient, the EU should consider also supporting non-traditional exports with higher labour productivity, higher added value, and positive externalities to the rest of the economy.<sup>86</sup> This can be characterised as support to growth-enhancing structural changes that is highly reliant on better integration into world markets. While some attempts have already been made, more can be done to support the role of research and innovation in trade-related productive sectors.

In addition, there is a considerable need for more support to enhance the investment climate in third countries. Investment promotion and targeted trade finance could have facilitated greater efforts aimed at changing the composition of trade and, by implication, the underlying production structure (as argued in conclusion 11). Indeed, indications are that the rise in commodity prices at the end of the period evaluated has pushed countries, especially in Africa, towards less productive sectors, reinforcing their undiversified trade and production structure. A key shortcoming of TRA both to the productive sectors and to investment and finance has thus been its inability to target more productive and newly-emerging sectors of the economies that could facilitate much-needed structural

<sup>86</sup> Indeed, the recent commodity price increases have actually led to a shift in the structural composition of the commodity-dependent countries, with labour moving away from long-term high-productive sectors towards low-productive sectors. See Rodrik & McMillan: Globalisation, Structural Change and Productivity Growth, Harvard, 2011.

transformation, which could foster integration into global markets.

The EU should target high-productive sectors that have a potential to assist in the above-mentioned structural transformation of the trade and production basis, facilitating more diversified exports. Too little concerted effort has been made to identify potentially high-productive sectors with international competitiveness, nor has sufficient effort been made to attract foreign investments.

This recommendation would require the following actions:

- Ensuring broader identification efforts are made when designing support to productive sectors. The EU should invest greater effort in identifying sectors and products that can support more structural changes in the economy.
- Increasing efforts to support the role of innovation and research in TRA to improve competitiveness.
- Ensuring better co-ordination with units, thematic instruments and initiatives that have a trade dimension related to this area.
- Ensuring greater and more targeted use of investment promotion efforts that assist in export diversification (e.g. beyond minerals and food commodities), using, where appropriate, a cluster approach with employment and spill-over effects.
- Ensuring that core agreements on investment – including Trade-Related Investment Measures (TRIMS) and General Agreements on Trade in Services (GATS) – are respected, and that labour and environmental issues are addressed.
- Ensuring greater and more targeted trade finance to the above-mentioned sectors, possibly delivered in partnership with other agencies, including EIB, IFC, MIGA and other specialised agencies.
- Assessing to what extent trade finance support, mainly provided through the EIB, could be better harmonised with non-financial trade support.

**5.2.2.6 Impact assessment**

**Recommendation 10: Ensure better analysis of poverty, spatial and gender implications of TRA**

Based on Conclusions 1 and 5

Main implementation responsibility:  
EUDs, TRA designers, implementing partners

The EU should improve its capacity to become more systematic about assessing, ex-ante, possible trade-related poverty-distributional outcomes in TRA and the reforms supported. Complementary or transitional policies, as well as compensation mechanisms and targeted programmes, may be needed to ensure that firms and workers can benefit from the new opportunities generated by trade reforms. Policies and actions to achieve these objectives often require engagement by labour and finance ministries, and are not part of the mandate of trade ministries. Spatially, the benefits from trade reforms often entail a change in the economic geography favouring metropolitan over rural areas, which in turn may also have distributional consequences. On the other hand, the emergence of new clusters of industries (e.g. garments in Bangladesh) can alter employment opportunities in gender-specific ways. Finally, recent commodity price volatility has been exacerbated internationally by trade policies of net producing nations, hurting poor consumers in particular elsewhere. Thus, it will be important to anchor TRA more robustly in the wider analysis of poverty determinants.

This recommendation will require:

- Including poverty and distributional considerations and analysis systematically in all TRA-related projects.
- Strengthening the ability of partners to undertake wider cost-benefit assessments of trade measures at domestic policy level that include the above-mentioned aspects.
- Determining the transitional cost of the reforms supported, and identifying possible mitigating measures.
- Working on TRA interventions that maintain trade’s ability to reduce price volatility – which hurts the poor – through diversification (see above), rather than the use of policies with negative spill-over effects for other countries. Recent price spikes, especially in food commodities, have seen an increase in the use of export bans, exacerbating international price volatility and lowering overall welfare outcomes.